



AGILE GROUP HOLDINGS LIMITED

雅居樂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability) Stock Code: 3383

ANNUAL REPORT 2023



CORPORATE PROFILE

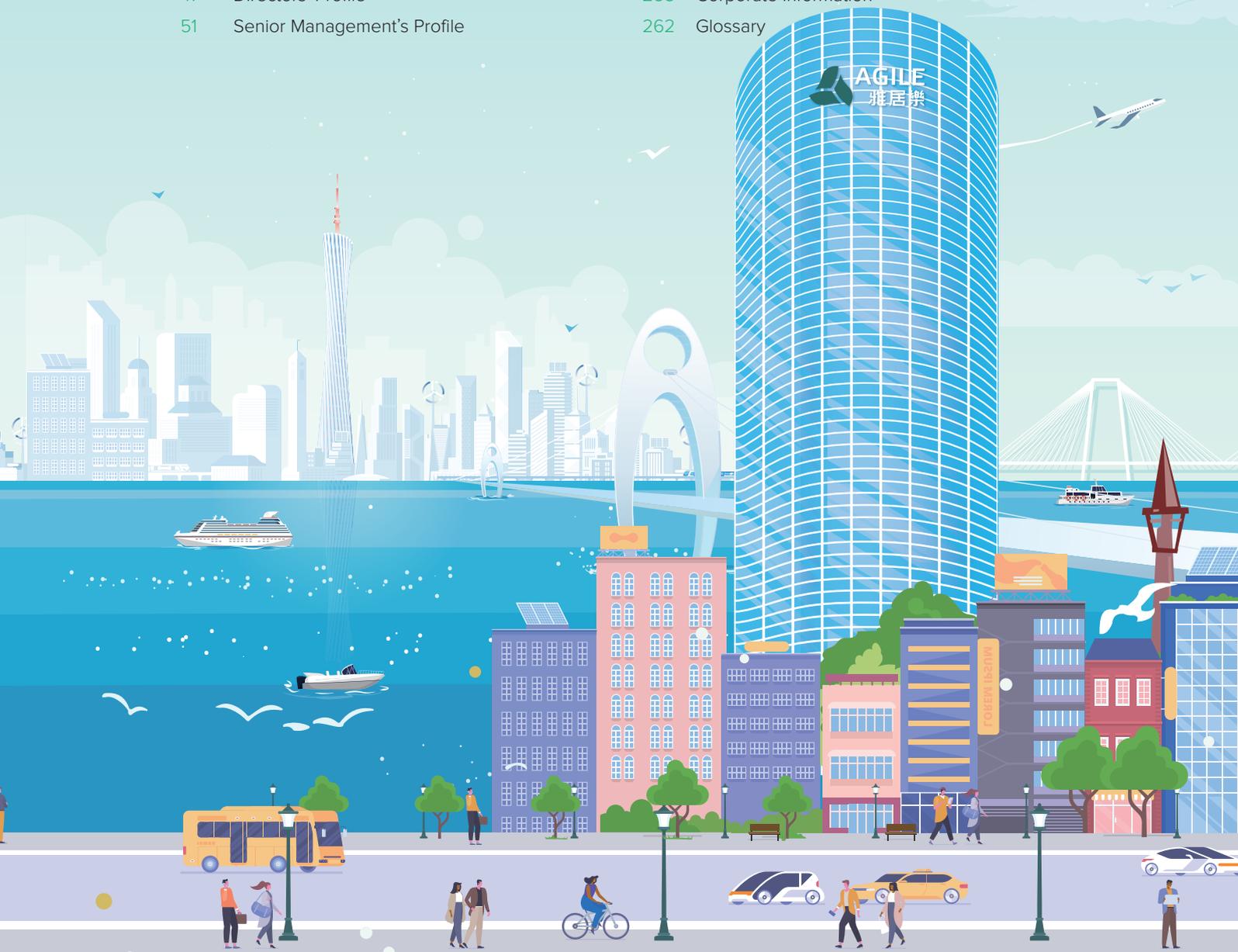
Agile Group Holdings Limited (Stock Code: 3383) and its subsidiaries are principally engaged in the development of large-scale mixed-use property projects, with extensive presence in the businesses such as property management, environmental protection and commercial. As a renowned brand in China, the Group has established diversified businesses in various cities and districts in China and overseas. As at 31 December 2023, the Group has a land bank with a total planned GFA of 33.35 million sq.m..

The shares of Agile have been listed on the Main Board of Hong Kong Stock Exchange since 2005, and currently is constituent stock of Hang Seng Composite Index, Hang Seng Composite Industry Index – Properties & Construction, Hang Seng Composite MidCap & SmallCap Index, Hang Seng Composite SmallCap Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index, Hang Seng Stock Connect Hong Kong SmallCap Index, and constituent stock of Morgan Stanley Small Cap (China) Index.



CONTENTS

2	Financial Highlights	53	Corporate Governance Report
4	Milestones 2023 and Major Honours and Awards	80	Report of the Directors
6	Chairman's Statement	98	Independent Auditor's Report
12	Management Discussion and Analysis	104	Consolidated Statement of Profit or Loss
22	Property Development	105	Consolidated Statement of Comprehensive Income
24	Business Overview	106	Consolidated Statement of Financial Position
26	Project Overview	108	Consolidated Statement of Changes in Equity
28	Land Bank Table	110	Consolidated Statement of Cash Flows
42	Diversified Businesses	113	Notes to the Consolidated Financial Statements
46	Investor Relations	256	Five-year Financial Summary
47	Directors' Profile	258	Corporate Information
51	Senior Management's Profile	262	Glossary



FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS HIGHLIGHTS

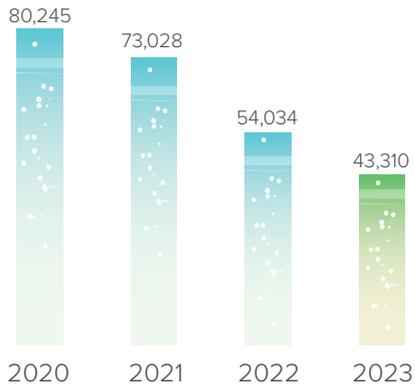
	For the year ended 31 December		
	2023	2022	Change
Revenue (RMB million)	43,310	54,034	-19.8%
Gross (loss)/profit (RMB million)	(524)	1,001	-152.4%
Gross (loss)/profit margin	(1.2%)	1.9%	-3.1 percentage points
Net loss (RMB million)	(12,777)	(13,373)	-4.5%
Net loss margin	(29.5%)	(24.7%)	-4.8 percentage points
Loss attributable to shareholders of the Company (RMB million)	(13,801)	(14,981)	-7.9%
Basic loss per share (RMB)	(2.873)	(3.827)	-24.9%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

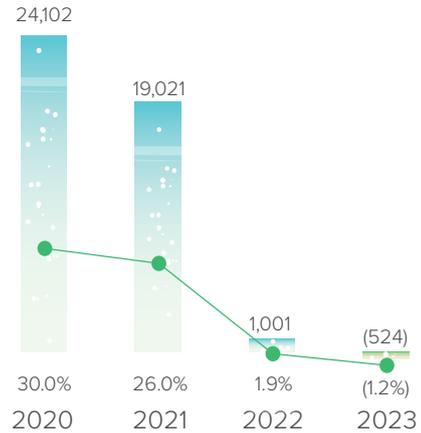
	As at 31 December		
	2023	2022	Change
Total assets (RMB million)	241,808	273,382	-11.5%
Cash and cash equivalents (RMB million)	8,637	8,463	+2.1%
Restricted cash (RMB million)	3,916	7,628	-48.7%
Short-term borrowings (RMB million)	25,869	24,027	+7.7%
Long-term borrowings (RMB million)	27,684	35,459	-21.9%
Shareholders' equity (RMB million)	27,442	40,446	-32.2%
Return on equity (ROE)	-50.3%	-37.0%	-13.3 percentage points
Total debt/total assets	22.1%	21.8%	+0.3 percentage points
Net debt/total equity	65.8%	57.3%	+8.5 percentage points

FINANCIAL HIGHLIGHTS (CONTINUED)

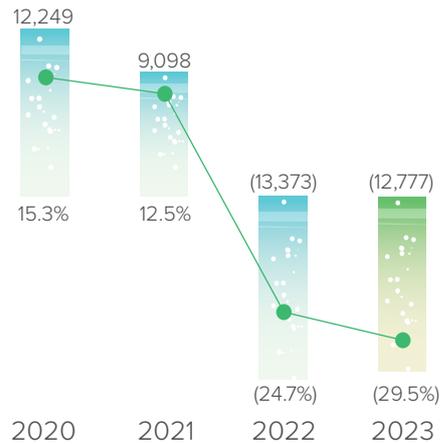
REVENUE (RMB million)



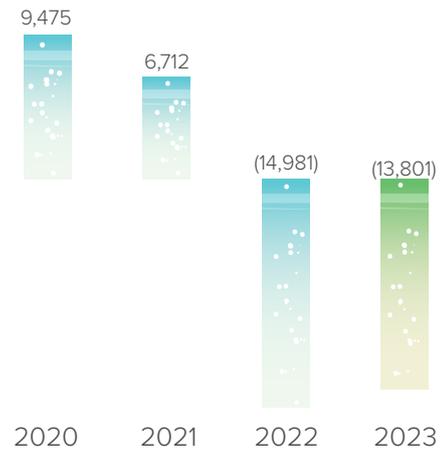
GROSS (LOSS)/ PROFIT AND GROSS (LOSS)/ PROFIT MARGIN (RMB million/%)



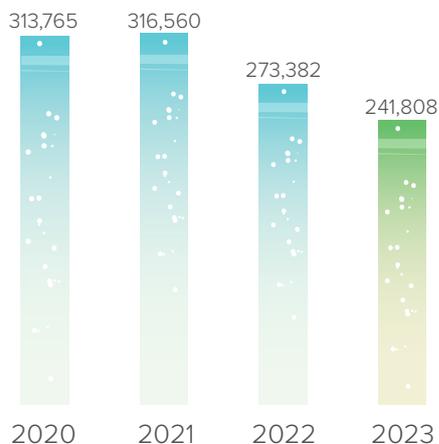
NET (LOSS)/PROFIT AND NET (LOSS)/PROFIT MARGIN (RMB million/%)



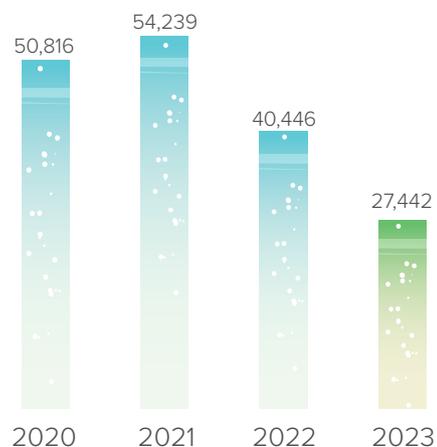
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (RMB million)



TOTAL ASSETS (RMB million)



SHAREHOLDERS' EQUITY (RMB million)



MILESTONES 2023 AND MAJOR HONOURS AND AWARDS

03

March

Agile was ranked TOP 19 among the “2023 Outstanding Enterprise Performance of Quality Delivery in Real Estate” by Guandian Index Institute

March

Agile was ranked TOP 22 among the “2023 Outstanding Enterprise Performance in Real Estate TOP 100” by Guandian Index Institute

04

April

A-Living was ranked TOP 2 among the “2023 Top 100 Property Management Companies in China”



07

July

Agile was ranked 284th among the “2023 Fortune China 500 List” by Fortune



August

Agile was ranked TOP 25 among the “2023 Top 100 China Real Estate Enterprises by Consolidated Strength” by EH Consulting

亿翰智库
· 发 · 展 · 中 · 国 · 地 · 产 · 前 · 行 · 的 · 力 · 量 ·

2023中国房企综合实力TOP100

排名	企业名称
20	卓越集团
21	美的置业集团有限公司
22	大悦城控股集团股份有限公司
23	新希望地产
24	中国电建地产集团有限公司
25	雅居乐集团控股有限公司

08

August

Agile was ranked TOP 6 among the “2023 Chinese Real Estate Enterprises for Diversified Development TOP 10” by EH Consulting

亿翰智库
· 发 · 展 · 中 · 国 · 地 · 产 · 前 · 行 · 的 · 力 · 量 ·

2023中国房企多元发展代表企业

排名	企业名称
1	碧桂园控股有限公司
2	中海置地有限公司
3	绿城中国控股有限公司
4	万科企业股份有限公司
5	新城控股集团股份有限公司
6	雅居乐集团控股有限公司
7	招商局蛇口工业区控股股份有限公司
8	中国海外发展有限公司
9	中国远洋控股股份有限公司
10	卓越集团

MILESTONES 2023 AND MAJOR HONOURS AND AWARDS (CONTINUED)



December

Agile was ranked TOP 28 among the “2023 Service Capacity of Chinese Real Estate Enterprises TOP 50” by EH Consulting

December

Agile was ranked TOP 35 among the “2023 Super Product Strength of Chinese Real Estate Enterprises TOP 100” by EH Consulting

December

Agile was ranked TOP 26 among the “2023 Outstanding Delivery Capacity of Chinese Real Estate Enterprises TOP 50” by EH Consulting

12

December

Agile was awarded the “2023 Model Enterprises Award for High-quality Development” by Leju



December

Agile was awarded the “2023 Weibo Beyond Guangdong Influential Real Estate Group Brand” by Sina Weibo



November

Agile was ranked 36th among the “TOP 100 Chinese Real Estate Enterprises by Product Quality in 2023” by CRIC

November

Agile was ranked TOP 50 among the “2023 Chinese Real Estate Enterprises by Sound Operation” by CRIC

11

September

Agile was ranked 200th among the “2023 Top 500 Chinese Private Companies” by China Business Times

09

CHAIRMAN'S STATEMENT

The Group is convinced that by adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses” and with the efforts of all employees, the overall business will be able to develop steadily, which will further increase the brand awareness of Agile across the country and cement its position in the competitive market. Meanwhile, the Group will continue to uphold its commitment to corporate social responsibilities through participating in charitable activities to contribute to the communities.

CHEN Zhuo Lin
Chairman and President



CHAIRMAN'S STATEMENT (CONTINUED)

Dear Shareholders,

On behalf of the board of Directors (the “**Board**”) of Agile Group Holdings Limited (“**Agile**” or the “**Company**”) and its subsidiaries (the “**Group**”), I hereby present the consolidated results of the Group for the year ended 31 December 2023 as follows:

Results

During the year, the revenue and the gross loss of the Group amounted to RMB43,310 million and RMB524 million, respectively. The Group's net loss and net loss attributable to shareholders of the Company for the year were RMB12,777 million and RMB13,801 million, respectively.

During the year, the Group's revenue from recognised sales of property development and diversified businesses was RMB23,598 million and RMB19,712 million, respectively, accounting for 54.5% and 45.5% of the total revenue. The proportion of the revenue from diversified businesses increased by 5.6 percentage points when compared with last year. The rise reflects the sustained effectiveness of the Group's operating model of “focusing on property development, supported by a synergy of diversified businesses”.

Market Review

During the year, the Board of Governors of the Federal Reserve System (the “**Federal Reserve**”) shrunk rate hikes and halted its interest rate-hiking campaign in the second half of the year. The international situation was still complicated and severe due to the ongoing geopolitical tensions, such as the Russia-Ukraine conflict. In China, the People's Bank of China continued adopting a loose monetary policy to stimulate the economy, with the annual gross domestic product growing by 5.2% year on year in 2023.

During the year, the Central Government remained committed to the long-term goal of “houses are for living in, not for speculation” and constantly improved its regulatory policies for the real estate sector by easing restriction policies on home purchases and lowering home loan interest rates in more cities, especially higher tier cities, respectively, so as to unlock the purchasing power.

Stable Progress in Property Business with Orderly Promotion of Projects Delivery

During the year, the aggregated pre-sold value of the Group, together with the joint ventures and associates of the Group as well as property projects which were on sale under the “Agile” brand name and managed by the Group amounted to RMB45.30 billion, while the corresponding aggregated GFA presold was 3.039 million sq.m. and the average pre-selling price was RMB14,904 per sq.m.. During the year, the Group delivered more than 72,000 residential units cumulatively in 60 cities (including Haikou, Lingshui, Guangzhou and Zhongshan) under 120 projects.

CHAIRMAN'S STATEMENT (CONTINUED)

Quality Land Bank and Inventory to Satisfy Future Sales Demand

As at 31 December 2023, the Group had a land bank with a total planned GFA of approximately 33.35 million sq.m. in 79 cities. The Group also continued to cultivate two major city clusters, namely the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) and the Yangtze River Delta. The Group held approximately 7.15 million sq.m. of land bank in the Greater Bay Area, which accounted for approximately 21.4% of its total land bank, with 44 projects under development currently. In the Yangtze River Delta, the Group held approximately 3.30 million sq.m. of land bank, which accounted for approximately 9.9% of its total land bank, with 40 projects under development currently. In Hong Kong, the Group has two high-quality property projects, including the King's Road & Mount Parker Road Project and the Kowloon Tong Eastbourne Road Project, with an aggregate land bank of 20,389 sq.m..

The Group had a total of 3 projects under development overseas, including one high-quality property project in Malaysia, namely Agile Bukit Bintang Kuala Lumpur, and Agile Sky Residence Phnom Penh and Project 88 under development in Phnom Penh, Cambodia and San Francisco, the United States, respectively. As at 31 December 2023, the Group held 123,524 sq.m. of land bank overseas, which accounted for approximately 0.4% of its total land bank.

The Group adopts a prudent yet proactive development strategy with China's property market as the stronghold for its development while employing prudent strategies for expansion in overseas markets.

Continuous Increase in Proportion of Revenue from Diversified Businesses

In respect of diversified businesses, the Group's property management services and other services continued to generate synergies and solid revenue for the Group. During the year, the contributions of the revenue from the property development business and the revenue from diversified businesses were 54.5% and 45.5%, respectively; particularly, the contribution of the revenue from diversified businesses increased by 5.6 percentage points when compared with last year, demonstrating the sustained effectiveness of the Group's operating model of "focusing on property development, supported by a synergy of diversified businesses".

A-Living refocused on the essence of service and operation, and pursued quality growth with the non-cyclical businesses as the core

During the year, A-Living Smart City Services Co., Ltd.[^] (雅生活智慧城市服務股份有限公司) ("**A-Living**") adhered to the development strategy of "brand enhancement, steady development, enhancing competence, facilitating integration", refocused on the essence of service and operation, and pursued quality growth with the non-cyclical businesses as the core. Despite the fluctuations in the macro environment and the challenges brought by competition in the industry, all the staff of A-Living worked together to ensure good quality and to effectively enhance property owners' experience of the services. Meanwhile, A-Living adjusted its strategy according to the current situation, focused on operating efficiency, paid close attention to payment collection and cash flow, and improved management efficiency with refined operations. During the year, A-Living continued to be recognized by the industry and the market for its performance, and was ranked second among the "2023 Top 100 Property Management Companies in China" and ranked among the top-tier property management companies in terms of the market expansion of third party projects. With its industry-leading overall strengths, the brand value of A-Living exceeded RMB21.2 billion.

CHAIRMAN'S STATEMENT (CONTINUED)

Despite the challenges brought by the macro environment and industry fluctuations, A-Living's overall operation was stable, and its property management scale grew steadily. As at 31 December 2023, GFA under management and the contracted GFA of A-Living were 590.5 million sq.m. and 766.6 million sq.m., respectively. Third-party projects accounted for 80.8% of the total contracted GFA.

Environmental Protection Arm Becoming an Integrated Service Provider Featuring a Synergy among Diversified Businesses

Since its establishment in 2015, Agile Environmental Protection Group has been envisioning "Clean and Beautiful Homeland, Happy and Better Life" for people and rapidly expanding its business, mainly engaged in hazardous industrial waste treatment, eco-industrial park, and wastewater treatment. The company has established its presence in over 40 industrial hubs across 14 provinces, municipalities or autonomous regions nationwide. It has formed a strategic structure prioritising environmental protection services for industries over those for municipalities to make it an integrated service provider achieving a synergy among diversified businesses.

Allotment of Shares in Agile to Enhance the Cash Flow of the Group

During the year, the Company conducted top-up placing and subscription of a total of approximately 566 million Shares in Agile in January and August, with total proceeds of approximately HK\$876 million. As at 31 December 2023, the total issued share capital of the Company was 5,046,047,500 Shares, of which approximately 58.20% was held by the Chen's Family and Directors of the Company.

During the year, the Group's Share Award Scheme was terminated in June to reduce administrative costs and improve the cash flow position.

Reasonable Planning for Debt Repayment to Demonstrate Excellent Corporate Creditworthiness

A healthy financial position is the backbone of the Group's rapid business development and the Group continues its consistent stable financial strategy, demonstrating excellent corporate creditworthiness and ability to repay debts.

During the year, in offshore, the 2020 syndicated loan refinancing comprising two tranches in the amount of approximately HK\$2.308 billion and approximately US\$36.9 million with a term of 12 months was granted to the Group in March, and the 2021 syndicated loan refinancing comprising two tranches in the amount of approximately HK\$5.257 billion and approximately US\$47.2 million with a term of 19 months was granted to the Group in May. The total equivalents of refinancing value of the above two syndicated loans exceed HK\$8.2 billion.

CHAIRMAN'S STATEMENT (CONTINUED)

In onshore, the Group issued RMB1,200 million 4.70% medium-term notes due 2026 in January; and publicly issued RMB700 million corporate bonds in March. In addition, in April, the Group repurchased and fully resold RMB10.124 million out of its public domestic corporate bonds of RMB1,450 million with an initial coupon rate of 5.9% due 2024; and the Group repaid the panda bond of RMB1,200 million with a coupon rate of 6.5% and the preferred asset-backed security of RMB950 million with a coupon rate of 6.5% respectively in October 2023.

The Group is dedicated to controlling its financing costs and has maintained an effective borrowing rate of 7.61%. As at 31 December 2023, the Group's net gearing ratio was 65.8%. Total cash and bank deposits amounted to RMB12,553 million.

Good Corporate Governance and Performance of Corporate Social Responsibilities

The Group upholds the concept of “mutual communication for a win-win situation”. Subject to the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and relevant laws, the Group maintains effective mutual communication and builds good relationships with commercial and investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency on an ongoing basis.

Throughout 30 years of development, the Group has developed projects at different development stages, such as urban high-end offerings, low-density offerings, large residential buildings and tourism real estate, and launched the “5N Omni-dimensional Product System” which includes A-Garden, A-County, A-Home, A-Mansion and Mountain & Sea Series, and “5S+ Living Service System”, a set of full-cycle service standards to cover the journey from home inspection to living after moving-in.

The Group has always been committed to becoming a provider of quality living services by focusing on people's pursuit of a beautiful life and a world-class, visionary and exceptional developer, establishing role models of human life to create an outstanding experience of “Lifestyle of a Lifetime” for owners, partners and employees. The Group also plays its part in environment protection, cares about the well-being of its staff, and promotes sustainable development in communities through supporting and participating in charity and community activities across areas such as environmental protection, medical care, education, culture, and sports.

Prospects and Strategy

It is expected that the market will keep track of the impacts of the Federal Reserve's interest rate cuts, the Russia-Ukraine conflict, the United States presidential election, and inflation on the global economy in 2024. With the introduction of a streak of policies by the Chinese government to stimulate the economy, China's economy is expected to recover further.

The Chinese Central Government will not change its stance that "houses are for living in, not for speculation" so as to stabilise the real estate market. People's demand for buying their first homes or improving their housing situation will be satisfied by local governments' continuous targeted implementation of housing policies. Furthermore, a whitelist mechanism has been established for local governments to coordinate the work of addressing financing issues facing real estate developers, which will boost the improvement in policies for the real estate sector and facilitate the recovery of the sales and healthy development of the industry.

The Group is convinced that by adhering to the business model of "focusing on property development, supported by a synergy of diversified businesses" and with the efforts of all employees, the overall business will be able to develop steadily, and further increase the brand awareness of Agile across the country and cement its position in the competitive market. Meanwhile, the Group will continue to uphold its commitment to corporate social responsibilities through participating in charitable activities to contribute to the communities.

Acknowledgement

On behalf of the Board, I would like to extend my heartfelt gratitude to our shareholders, customers, staff and other stakeholders for their unwavering support and dedication in contributing to and sustaining the steady growth of the Group.

CHEN Zhuo Lin

Chairman and President

Hong Kong, 28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the year, the Group's revenue was RMB43,310 million (2022: RMB54,034 million), representing a decrease of 19.8% over 2022. The Group's operating loss was RMB9,555 million (2022: operating loss RMB6,513 million), representing an increase of 46.7% over 2022.

The Group's net loss for the year was RMB12,777 million representing a decrease of 4.5% when compared with net loss RMB13,373 million in 2022.

Loss attributable to shareholders of the Company for the year was RMB13,801 million representing a decrease of 7.9% when compared with loss RMB14,981 million in 2022.

Basic loss per share was RMB2.873 for the year ended 31 December 2023 (2022: basic loss per share RMB3.827).

The loss was primarily due to the following:

1. the real estate business environment is still challenging, which has led to a slowdown of property sales, a decrease in the overall sales area and resulting in a gross loss during the year;
2. the disposal of subsidiaries, joint ventures and associates recorded losses; and
3. the loss on changes in fair value of financial assets/liabilities through profit or loss.

Land bank

As at 31 December 2023, the Group had a land bank with a total planned GFA of approximately 33.35 million sq.m. in 79 cities located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan Region, Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and Overseas. The average land cost was RMB3,030 per sq.m., which was competitive.

Property development and sales

During the year, revenue from recognised sales of property development of the Group was RMB23,598 million, representing a decrease of 27.3% when compared with RMB32,456 million in 2022. The decrease was mainly due to challenging operating environment in the real estate industry, which has weakened confidence of buyers and slowed down property sales, resulting in a decline in the overall sales. The total recognised GFA sold was 2.13 million sq.m., representing a decrease of 35.6% when compared with 2022.

Diversified business

Property management

During the year, revenue from property management of the Group was RMB14,534 million, representing an increase of 6.2% when compared with RMB13,683 million in 2022. As at 31 December 2023, the Group's total GFA under management was 590.5 million sq.m., representing an increase of 44.7 million sq.m. or a growth rate of 8.2% as compared with 545.8 million sq.m. as at 31 December 2022.

Others

Others mainly comprise the business units involved in provision of property construction services, ecological landscaping services, intelligent home and decoration services, environmental protection service and commercial management services. During the year, revenue from others of the Group amounted to RMB5,179 million, representing a decrease of 34.4% compared with RMB7,896 million in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Cost of sales

The Group's cost of sales mainly refers to the costs incurred directly from its property development activities and property management activities, including the cost of construction, fitting-out and design, costs of land use rights, capitalised interest, employee benefit expenses, cleaning expenses, security expenses, tax surcharge and others.

During the year, the cost of sales of the Group amounted to RMB43,835 million, representing a decrease of 17.3% compared with RMB53,033 million in 2022. The decrease was mainly due to challenging operating environment in the real estate industry and property sales have slowed down, resulting the decrease of recognised GFA sold, and the drop in expenses for property development activities caused by the decline in property development revenue. The total recognised GFA sold decreased by 35.6% to 2.13 million sq.m. in 2023 when compared with 3.31 million sq.m in 2022.

Gross (loss)/profit

During the year, gross loss of the Group was RMB524 million, representing a decrease of 152.4% when compared with gross profit of RMB1,001 million in 2022. During the year, gross loss margin of the Group was 1.2%, representing a decrease of 3.1 percentage points when compared with gross profit margin of 1.9% in 2022. The decrease was mainly due to challenging operating environment in the real estate industry, which has weakened confidence of buyers and slowed down property sales, resulting in a decline in the overall sales area. The recognised average selling price increased by 13.0% over last year, whilst the relevant average costs such as construction cost increased by 20.5% compared to 2022, causing the change from gross profit and gross profit margin to gross loss and gross loss margin.

Other income and gains, net

During the year, other income and gains, net of the Group was RMB633 million, representing a decrease of 72.1% compared with RMB2,270 million in 2022. The change was mainly attributable to the followings:

- (i) the interest income was RMB267 million, representing a decrease of RMB230 million compared with RMB497 million in 2022;
- (ii) gains on disposal of subsidiaries was RMB854 million in 2022 whereas losses was recorded during the year and was included in other expenses; and
- (iii) gains on disposal of joint ventures and associates was RMB1,120 million in 2022 whereas losses was recorded during the year and was included in other expenses.

Selling and marketing costs

During the year, the Group's selling and marketing costs amounted to RMB1,090 million, representing a decrease of 11.6% compared to RMB1,233 million in 2022. The decrease was mainly due to the decrease in advertising fee.

Administrative expenses

During the year, the Group's administrative expenses amounted to RMB3,843 million, representing a decrease of 10.7% compared to RMB4,305 million in 2022. Such decrease was mainly due to the stringent cost control by the Group during the year.

Other expenses

During the year, other expenses of the Group was RMB3,114 million, representing an increase of 169.3% when compared with RMB1,156 million in 2022, which was mainly attributable to the increase in net fair value losses on financial assets/liabilities at FVPL and losses on disposal of subsidiaries, joint ventures and associates.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Finance costs, net

The Group's finance costs mainly consist of interest expenses on bank borrowings, other borrowings, senior notes, exchangeable bonds, PRC corporate bonds, Panyu ABS, CMBS, MTN, and lease liabilities and exchange loss from borrowings, deduct capitalised interests and exchange losses on foreign currency denominated borrowings.

During the year, the Group's net finance costs amounted to RMB851 million, representing a decrease of 72.6% as compared to RMB3,102 million in 2022. Such decrease was mainly due to the exchange loss on foreign currency borrowings arising from the translation of the Group's foreign currency denominated borrowings was RMB435 million compared with a loss of RMB2,676 million in 2022 due to the higher depreciation of RMB in the prior year compared to the current year.

Share of losses of investments accounted for using the equity method

During the year, the share of losses of investments accounted for using the equity method was RMB1,444 million, representing an increase of 90.6% when compared with loss of RMB757 million in 2022.

Loss attributable to shareholders

Loss attributable to shareholders of the Company was RMB13,801 million for the year ended 31 December 2023, representing a decrease of 7.9% when compared with loss of RMB14,981 million for the year ended 31 December 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position and fund available

As at 31 December 2023, the total cash and bank balances of the Group were RMB12,553 million (31 December 2022: RMB16,091 million), of which RMB8,637 million (31 December 2022: RMB8,463 million) was cash and cash equivalents and RMB3,916 million (31 December 2022: RMB7,628 million) was restricted cash.

As at 31 December 2023 and 2022, restricted cash is mainly comprised of guarantee deposits for mortgage loans, guarantee deposits for construction of pre-sold properties, deposits for accident compensation and collateral for borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Borrowings

As at 31 December 2023, the Group's total borrowings amounted to RMB53,554 million, of which (i) bank borrowings and other borrowings; (ii) senior notes; (iii) PRC Corporate Bonds, CMBS, Panyu ABS, MTN and exchangeable bonds, amounted to RMB32,695 million, RMB12,339 million and RMB8,520 million, respectively.

Repayment schedule	As at 31 December 2023 <i>(RMB million)</i>	As at 31 December 2022 <i>(RMB million)</i>
Bank borrowings and other borrowings		
Within 1 year	22,469	20,680
Over 1 year and within 2 years	4,703	13,738
Over 2 years and within 5 years	4,382	2,665
Over 5 years	1,141	1,713
Subtotal	32,695	38,796
Senior notes		
Over 1 year and within 2 years	9,168	–
Over 2 years and within 5 years	3,171	12,112
Subtotal	12,339	12,112
PRC Corporate Bonds, CMBS, Panyu ABS, MTN and Exchangeable Bonds		
Within 1 year	3,401	3,347
Over 1 year and within 2 years	85	65
Over 2 years and within 5 years	5,034	1,527
Over 5 years	–	3,639
Subtotal	8,520	8,578
Total	53,554	59,486

As at 31 December 2023, the Group's bank borrowings (including syndicated loans) of which RMB27,614 million (31 December 2022: RMB30,899 million) and other borrowings of which RMB1,987 million (31 December 2022: RMB3,771 million) were secured by its bank deposits, land use rights, self-used properties, trade receivables, completed properties held for sale, properties under development, investment properties, the shares of certain subsidiaries and equity interest of a joint venture.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The senior notes were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares.

The Panyu ABS of RMB703 million was secured by the Group's receivables for certain properties under its management as at 31 December 2022 and it was matured and redeemed on 28 October 2023. The CMBS of RMB3,961 million (31 December 2022: RMB4,009 million) was secured by the Group's receivables for certain properties under its operation, land use rights, self-used properties and investment properties.

The exchangeable bonds of RMB1,240 million (31 December 2022: RMB1,223 million) were guaranteed by the Company and were secured by the pledges of A-Living Shares.

The net gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2023, the net gearing ratio was 65.8% (31 December 2022: 57.3%).

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in Hong Kong dollars, United States dollars, Macao Pataca and Malaysian Ringgit, and the Company's senior notes was denominated in United States dollars.

Since 2016, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast repayments of foreign debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging.

The Group uses a combination of foreign exchange forward contracts and foreign exchange option derivatives to hedge its exposure to foreign exchange risk.

Cost of borrowings

In 2023, the total cost of borrowings (not including the interest expense of lease liabilities) of the Group was RMB4,531 million, representing an increase of 1.5% when compared with RMB4,464 million in 2022. The increase was mainly attributable to higher effective interest rate of borrowings during 2023. The Group's effective borrowing rate for the year was 7.61% (2022: 6.03%).

Contingent liabilities and financial guarantees

The Group has cooperated with certain financial institutions to arrange mortgage loan facilities for its purchasers of properties and to provided guarantees to secure obligations of such purchasers for repayments. As at 31 December 2023, the outstanding guarantees amounted to RMB50,592 million (31 December 2022: RMB49,330 million). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificates which generally be available within one year after the purchaser take possession of the relevant properties; and (ii) the satisfaction of relevant mortgage loans by the purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the financial institutions, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantees starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable values of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of default in payments.

Several subsidiaries of the Group and other shareholders of associates have provided certain guarantees in proportion of their shareholding in associates in respect of loan facilities amounting to RMB1,938 million (31 December 2022: RMB2,923 million). As at 31 December 2023, the Group's share of the guarantees amounted to RMB1,698 million (31 December 2022: RMB1,980 million).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Several subsidiaries of the Group and joint venture partners have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB5,237 million (31 December 2022: RMB7,165 million). As at 31 December 2023, the Group's share of the guarantees amounted to RMB3,180 million (31 December 2022: RMB4,609 million).

As at 31 December 2023, the Group provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB3,350 million (31 December 2022: RMB3,508 million).

Allotment of Shares in Agile

(a) On 11 January 2023 (before trading hours), the Company, Top Coast Investment Limited (“**Top Coast**”), and BNP Paribas Securities (Asia) Limited, Credit Suisse (Hong Kong) Limited and J.P. Morgan Securities (Asia Pacific) Limited (as placing agents) entered into a placing and subscription agreement for the placing of 219,500,000 Shares at the placing price of HK\$2.25 per Share and for the subscription of up to 219,500,000 new Shares by Top Coast at the subscription price of HK\$2.25 per Share. The net price for the subscription, after deduction of all relevant fees, costs and expenses to be borne or incurred by the Company, is estimated to be approximately HK\$2.23 per subscription share. Based on a nominal value of HK\$0.10 per placing share, the aggregate nominal value of the subscription shares was HK\$21,950,000 on the basis of full subscription of all the subscription shares.

The placing shares have been placed by the placing agent to not less than six placees, who/which are professional, institutional and/or other investors procured by the placing agent. To the best knowledge and reasonable belief of the Company, these placees and their ultimate beneficial owners are independent of and not connected with the Company and connected persons of the Company, and none of such placees have become a substantial shareholder of the Company immediately upon completion of the placing. The Placing Price is HK\$2.25 per Share and represents: (1) a discount of approximately 13.46% to the closing price of HK\$2.60 per Share as quoted on the Stock Exchange on the Last Trading Day; (2) a discount of approximately 11.42%

to the average closing price of HK\$2.54 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and (3) a discount of approximately 7.02% to the average closing price of HK\$2.42 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Day.

The placing and subscription were completed on 13 January 2023 and 18 January 2023, respectively. The subscription shares represent approximately 4.67% of the Company's issued share capital as enlarged by the allotment and issue of the subscription shares. The net proceeds from the subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) amounted to approximately HK\$489.2 million.

The rationale for the placement and the subscription is to raise additional funds to strengthen the financial position and broaden the shareholder and capital base of the Company. The Company intends to use the net proceeds from the subscription for repaying the outstanding coupon payments for US\$500,000,000 5.75% senior unsecured bonds due 2025 issued by the Company, refinancing of existing indebtedness and general corporate purposes. As at 30 March 2023, the proceeds were fully utilised as planned. Please refer to the announcements of the Company dated 11 January 2023 and 18 January 2023 for further details.

(b) On 1 August 2023 (before trading hours), the Company, Top Coast, BNP Paribas Securities (Asia) Limited and J.P. Morgan Securities (Asia Pacific) Limited (as placing agents) entered into a placing and subscription agreement for the placing of 346,000,000 Shares at the placing price of HK\$1.13 per Share and for the subscription of up to 346,000,000 new Shares by Top Coast at the subscription price of HK\$1.13 per Share. The net price for the subscription, after deduction of all relevant fees, costs and expenses to be borne or incurred by the Company, is estimated to be approximately HK\$1.12 per subscription share. Based on the nominal value of HK\$0.10 each, the aggregate nominal value of the subscription shares was HK\$34,600,000 on the basis of full subscription of all the subscription shares.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The placing shares have been placed by the placing agent to not less than six placees, who/ which are professional, institutional and/or other investors procured by the placing agent. To the best knowledge and reasonable belief of the Company, these placees and their ultimate beneficial owners are independent of and not connected with the Company and connected persons of the Company, and none of such placees have become a substantial shareholder of the Company immediately upon completion of the placing. The Placing Price is HK\$1.13 per Share and represents: (1) a discount of approximately 18.12% to the closing price of HK\$1.38 per Share as quoted on the Stock Exchange on the Last Trading Day; (2) a discount of approximately 15.04% to the average closing price of HK\$1.33 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to and including the Last Trading Day; and (3) a discount of approximately 8.87% to the average closing price of HK\$1.24 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days prior to and including the Last Trading Day.

The placing and subscription were completed on 3 August 2023 and 15 August 2023, respectively. The subscription shares represent approximately 6.86% of the Company's issued share capital as enlarged by the allotment and issue of the subscription shares. The net proceeds from the subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) amounted to approximately HK\$387.2 million.

The rationale for the placement and the subscription is to raise additional funds to strengthen the financial position and broaden the shareholder and capital base of the Company. The Company intends to use the net proceeds from the subscription for refinancing of existing indebtedness and for general corporate purposes. As at 30 August 2023, the proceeds were fully utilised as planned. Please refer to the announcements of the Company dated 1 August 2023 and 15 August 2023 for further details.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

On 12 October 2023:

1. 常州雅居樂房地產開發有限公司(Changzhou Agile Real Estate Development Co., Ltd.)*(**“Changzhou Agile”**), being an indirect wholly-owned subsidiary of the Company, entered into a cooperation withdrawal agreement pursuant to which Changzhou Agile disposed its 50% equity interest in 常州嘉茂置業發展有限公司(Changzhou Jiamao Real Estate Development Co., Ltd.*) (**“Target Company 1”**), along with all rights, title and interest in the shareholder's loans associated with that 50% equity interest in Target Company 1, to 常州嘉宏房地產開發有限公司(Changzhou Jiahong Real Estate Development Co., Ltd. *) (**“Changzhou Jiahong”**) at a consideration of approximately RMB360 million;
2. 常州新雅房地產開發有限公司(Changzhou Xinya Real Estate Development Co., Ltd.)* (**“Changzhou Xinya”**), being an indirect non-wholly owned subsidiary of the Company, entered into a cooperation withdrawal agreement pursuant to which Changzhou Xinya disposed its 49% equity interest in 常州嘉宏南城置業發展有限公司(Changzhou Jiahong South City Real Estate Development Co., Ltd.)* (**“Target Company 2”**), along with all rights, title and interest in the shareholder's loans associated with that 49% equity interest in Target Company 2, to 常州億兆實業投資有限公司(Changzhou Yizhao Industrial Investment Co., Ltd.)* at a consideration of approximately RMB66 million;

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Changzhou Agile entered into a cooperation withdrawal agreement pursuant to which it acquired 50% equity interest in 常州嘉宏萬豐置業發展有限公司(Changzhou Jiahong Wanfeng Real Estate Development Co., Ltd. *) (“**Target Company 3**”), along with all rights, title and interest in the shareholder’s loans associated with that 50% equity interest in Target Company 3, from Changzhou Jiahong, at a consideration of approximately RMB507 million;
4. 南通雅居樂房地產開發有限公司(Nantong Agile Real Estate Development Co., Ltd. *) (“**Nantong Agile**”), being an indirect wholly-owned subsidiary of the Company, entered into a cooperation withdrawal agreement pursuant to which Nantong Agile acquired 50% equity interest in 啟東市雅宏房地產開發有限公司(Qidong Yahong Real Estate Development Co., Ltd. *) (“**Target Company 4**”), along with all rights, title and interest in the shareholder’s loans associated with that 50% equity interest in Target Company 4, from Changzhou Jiahong, at a consideration of approximately RMB105 million; and
5. Changzhou Agile entered into a cooperation withdrawal agreement pursuant to which Changzhou Agile acquired 33% interest in a development project from 常州盈豐商業管理有限公司(Changzhou Yingfeng Business Management Co., Ltd. *) at a consideration of approximately RMB175 million.

For further details of the above acquisition and disposal, please refer to the Company’s announcement dated 12 October 2023.

On 8 November 2023, Agile Real Estate Development (M) Sdn Bhd (“**AREDSB**”), being an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement as vendor with another vendor (as nominee of AREDSB) pursuant to which they sold all of their shares in Agile Property Development Sdn Bhd (“**APDSB**”), representing 100% equity interests in APDSB to a purchaser for a total consideration of Ringgit 310 million. For further details, please refer to the Company’s announcements dated 8 November 2023 and 2 January 2024.

Save as disclosed in this report, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the period, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this report.

* *The names of the companies represent management’s best efforts at translating the Chinese names of these companies as no English names have been registered or available.*

Events after the Balance Sheet Date

On 7 February 2024:

1. (i) among others, 南通雅信企業管理諮詢有限公司 (Nantong Yaxin Enterprise Management Consulting Co., Ltd.*) (“**Nantong Yaxin**”, as vendor) and 星合投資(上海)有限公司(Xinghe Investment (Shanghai) Co., Ltd.*) (“**Xinghe Investment**”, as purchaser) entered into an agreement (the “**Xiermei Equity Transfer Agreement**”), pursuant to which Nantong Yaxin conditionally agreed to sell, and Xinghe Investment conditionally agreed to purchase, the 40% equity interest in 啟東希爾美貿易有限公司 (Qidong Xiermei Trading Co., Ltd.*) (“**Xiermei**”) at the consideration of RMB10 million, and (ii) among others, Nantong Yaxin (as assignor) and Xinghe Investment (as assignee) entered into a loan transfer agreement (the “**Xiermei Loan Transfer Agreement**”, which together with the Xiermei Equity Transfer Agreement shall be collectively referred to as the “**Xiermei Agreements**”), pursuant to which Nantong Yaxin agreed to assign, and Xinghe Investment agreed to take assignment of, the shareholder’s loan owed by Xiermei to Nantong Yaxin in the carrying amount of RMB318,807,000 in the consideration of RMB318,807,000.
2. (i) among others, Xinghe Investment (as vendor) and Nantong Yaxin (as purchaser) entered into an equity transfer agreement (the “**Boermei Equity Transfer Agreement**”), pursuant to which Xinghe Investment conditionally agreed to sell, and Nantong Yaxin conditionally agreed to purchase, the 20% equity interest in 啟東博爾美貿易有限公司 (Qidong Boermei Trading Co., Ltd.*) (“**Boermei**”) at the consideration of RMB5 million, and (ii)

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

among others, Xinghe Investment (as assignor) and Nantong Yaxin (as assignee) entered into a loan transfer agreement (the “**Boermei Loan Transfer Agreement**” which together with the Boermei Equity Transfer Agreement shall be collectively referred to as the “**Boermei Agreements**”), pursuant to which Xinghe Investment agreed to assign, and Nantong Yaxin agreed to take assignment of, the shareholder’s loan owed by Boermei to Xinghe Investment in the carrying amount of RMB196,147,000 at a consideration of RMB196,147,000.

- among others, Nantong Yaxin and Xinghe Investment entered into a debt offsetting agreement, pursuant to which the parties agreed that the consideration payable under the Xiermei Agreements and the Boermei Agreements shall first be offset and after offsetting, the amount that remains payable by Xinghe Investment to Nantong Yaxin shall be RMB127,660,000 (i.e. the Netted Sum). The Netted Sum shall further be discounted by approximately 40% and the amount that remains payable by Xinghe Investment to Nantong Yaxin shall be RMB76,596,000.

For further information and details of the above transactions, please refer to the Company’s announcements dated 7 February 2024 and 7 March 2024.

On 28 March 2024, Guangzhou Panyu Agile Realty Development Co., Ltd.[^] (廣州番禺雅居樂房地產開發有限公司) (“**Panyu Agile**”) (an indirect wholly-owned subsidiary of the Company incorporated in the PRC) repurchased its public domestic corporate bonds. For further details, please refer to the section headed “PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES” of this announcement.

Save as disclosed above, the Group did not have any other material event after the Balance Sheet Date.

* *The names of the companies represent management’s best efforts at translating the Chinese names of these companies as no English names have been registered or available.*

Employees and remuneration policy

As at 31 December 2023, the Group had a total of 100,863 employees, among which 51 were senior management and 125 were middle management. By geographical locations, there were 100,799 employees in Chinese Mainland, 28 employees in Hong Kong and 36 employees in overseas. For the year ended 31 December 2023, the total remuneration costs, including directors’ remuneration, were RMB7,226 million (31 December 2022: RMB7,981 million).

The Group remunerates its employees by reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees’ needs.

Property development pre-sold

During the year, the aggregated pre-sold value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group amounted to RMB45.30 billion, while the corresponding aggregated GFA presold and average selling price were 3.039 million sq.m. and RMB14,904 per sq.m. respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Property management

During the year, A-Living adhered to the development strategy of “brand enhancement, steady development, enhancing competence, facilitating integration”, refocused on the essence of service and operation, and pursued quality growth with the non-cyclical businesses as the core. Despite the fluctuations in the macro environment and the challenges brought by competition in the industry, all the staff of A-Living worked together to ensure good quality and to effectively enhance property owners’ experience of the services. Meanwhile, A-Living adjusted its strategy according to the current situation, focused on operating efficiency, paid close attention to payment collection and cash flow, and improved management efficiency with refined operations. During the year, A-Living continued to be recognized by the industry and the market for its performance, and was ranked second among the “2023 Top 100 Property Management Companies in China” and ranked among the top-tier property management companies in terms of the market expansion of third party projects. With its industry-leading overall strengths, the brand value of A-Living exceeded RMB21.2 billion.

Outlook

It is expected that the market will keep track of the impacts of the Federal Reserve’s interest rate cuts, the Russia-Ukraine conflict, the United States presidential election, and inflation on the global economy in 2024. With the introduction of a streak of policies by the Chinese government to stimulate the economy, China’s economy is expected to recover further.

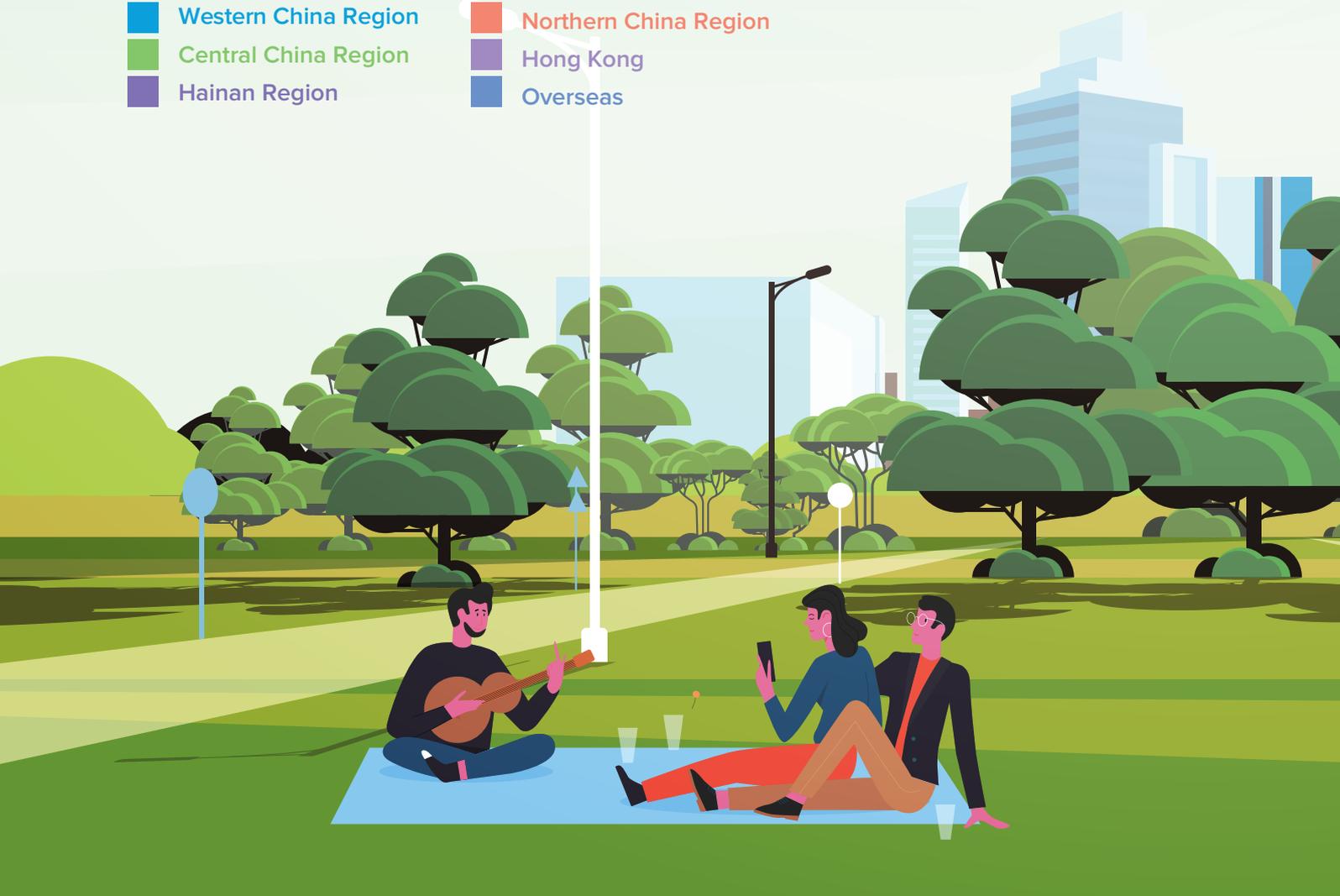
The Chinese Central Government will not change its stance that “houses are for living in, not for speculation” so as to stabilise the real estate market. People’s demand for buying their first homes or improving their housing situation will be satisfied by local governments’ continuous targeted implementation of housing policies. Furthermore, a whitelist mechanism has been established for local governments to coordinate the work of addressing financing issues facing real estate developers, which will boost the improvement in policies for the real estate sector and facilitate the recovery of the sales and healthy development of the industry.

The Group is convinced that by adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses” and with the efforts of all employees, the overall business will be able to develop steadily, and further increase the brand awareness of Agile across the country and cement its position in the competitive market. Meanwhile, the Group will continue to uphold its commitment to corporate social responsibilities through participating in charitable activities to contribute to the communities.

PROPERTY DEVELOPMENT

In order to support the long-term stable growth of the property development business, the Group continues to enhance its competitiveness and maintain a strong brand recognition in the face of vigorous market competition by improving the products' planning and design and offering excellent sales and aftersales services.

- | | |
|--|---|
|  Southern China Region |  Yunnan Region |
|  Eastern China Region |  Northeast China Region |
|  Western China Region |  Northern China Region |
|  Central China Region |  Hong Kong |
|  Hainan Region |  Overseas |





AGILE
雅居樂

PROPERTY DEVELOPMENT (CONTINUED)



Business Overview

During the Year, the accumulated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group amounted to RMB45.30 billion. The accumulated gross floor area (“GFA”) presold was 3.039 million sq.m., while the average selling price was RMB14,904 per sq.m..



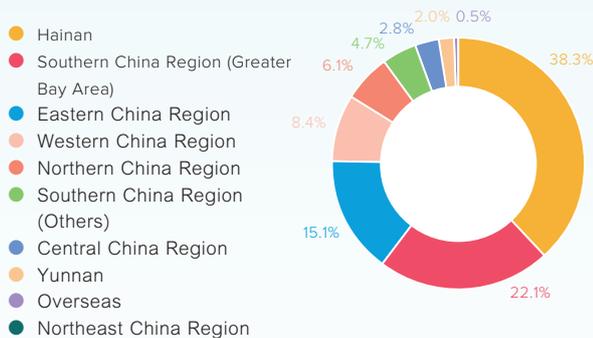
PROPERTY DEVELOPMENT (CONTINUED)

In 2023, Southern China Region, Eastern China Region, Hainan and Yunnan Region, Western China Region, Central China Region, Northern China Region and other regions accounted for 35.6%, 16.9%, 21.7%, 13.1%, 5.0%, 7.1% and 0.5% of GFA presold respectively. As at 31 December 2023, the Group had a land bank with total planned GFA of 33.35 million sq.m. in a total of 79 cities.

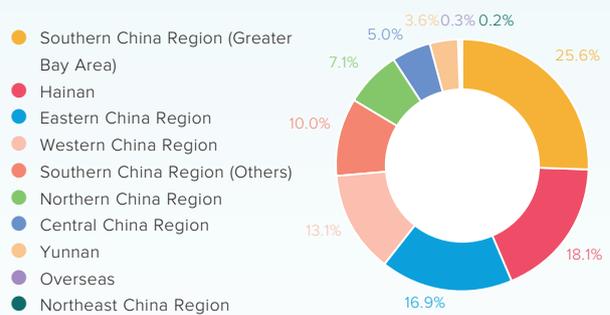


Breakdown by Regions

Pre-sale amounted to RMB45.30 billion

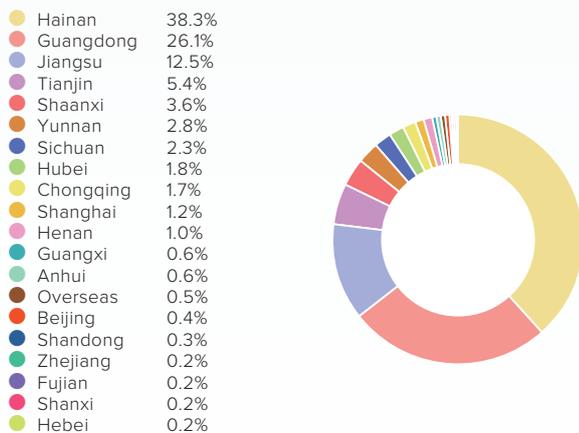


GFA presold was 3.039 million sq.m.

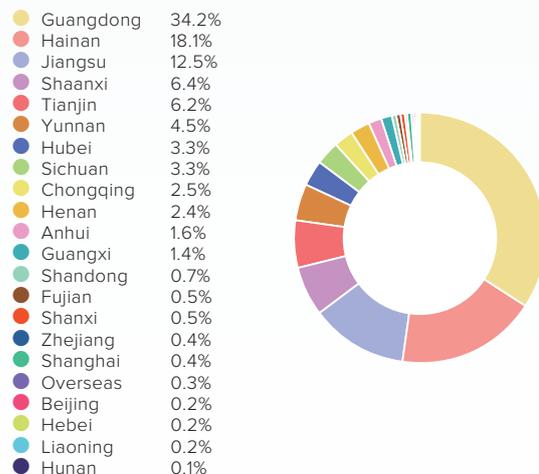


Breakdown by Provinces

Pre-sale amounted to RMB45.30 billion



GFA presold was 3.039 million sq.m.



PROPERTY DEVELOPMENT (CONTINUED)



Project Overview

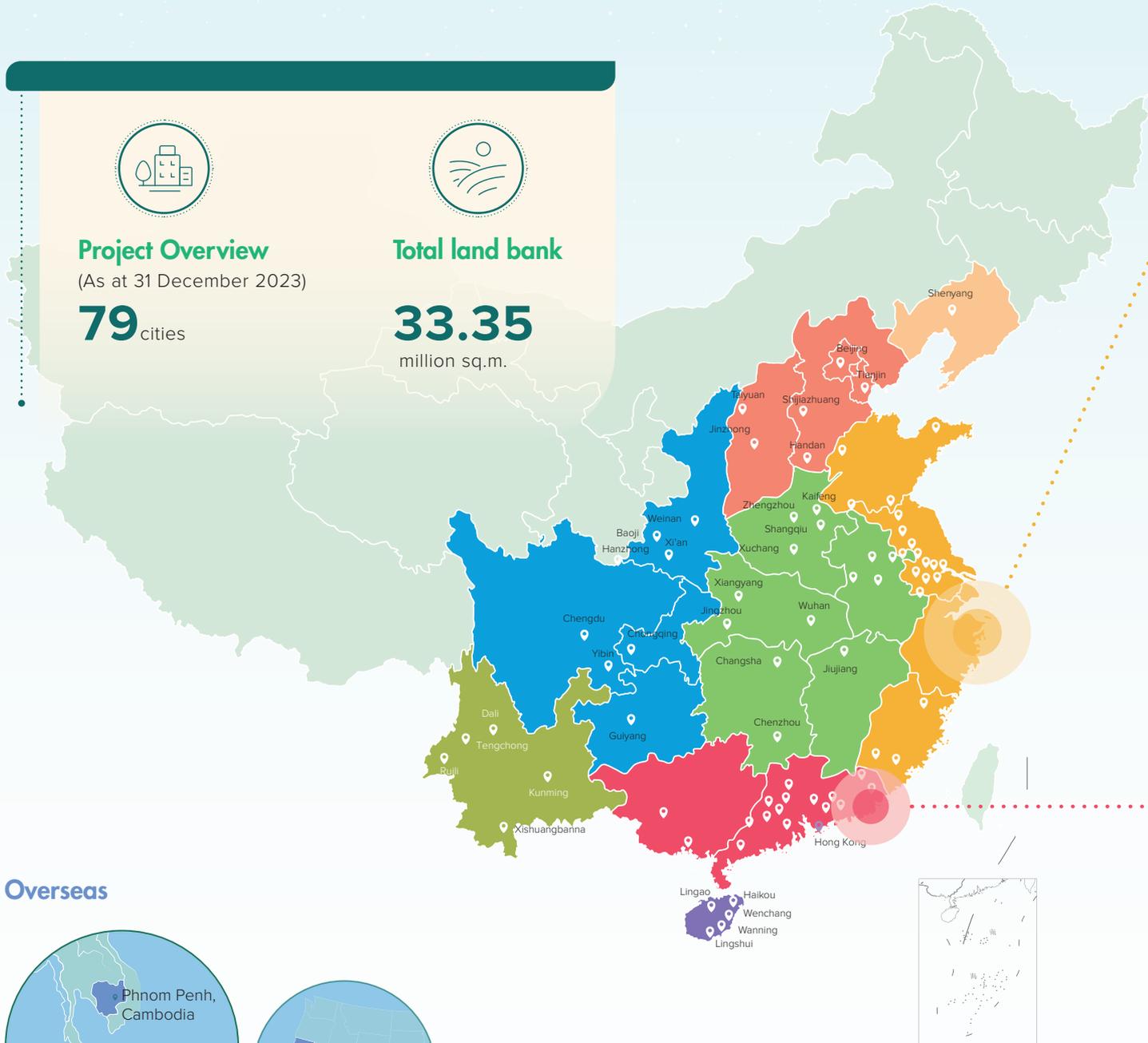
(As at 31 December 2023)

79 cities



Total land bank

33.35
million sq.m.



Overseas



■ Southern China Region	■ Yunnan Region
■ Eastern China Region	■ Northeast China Region
■ Western China Region	■ Northern China Region
■ Central China Region	■ Hong Kong
■ Hainan Region	■ Overseas

PROPERTY DEVELOPMENT (CONTINUED)

Changshu
Changzhou
Fuzhou
Hefei
Huai'an
Huzhou
Jiaxing
Jinan
Jinhua
Kunshan
Nanjing
Nantong
Qidong
Shanghai
Suzhou
Taixing
Weihai
Wuhu
Wuxi
Xiamen
Xuzhou
Yangzhou
Yixing
Zhangzhou
Zhenjiang

Nanning
Beihai
Qingyuan
Foshan
Guangzhou
Heyuan
Huizhou
Jiangmen
Jieyang
Maoming
Meizhou
Shantou
Shanwei
Yunfu
Zhaoqing
Zhongshan
Zhuhai

Province

	No. of Projects	Total Planned GFA of the Projects (sq. m.)	Lank Bank (sq. m.)
Anhui	4	704,982	142,217
Beijing	3	197,190	117,006
Chongqing	8	1,801,744	841,625
Fujian	5	1,472,206	1,183,435
Guangdong	53	29,419,809	8,398,282
Guangxi	2	1,624,087	1,200,397
Guizhou	1	72,390	72,390
Hainan	7	8,985,232	1,743,712
Hebei	3	197,036	197,347
Henan	11	2,991,407	1,655,203
Hong Kong	2	20,389	20,389
Hubei	4	1,450,357	356,558
Hunan	4	1,628,120	913,621
Jiangsu	30	6,916,365	2,819,612
Jiangxi	1	287,360	287,360
Liaoning	2	1,187,534	67,443
Overseas	3	302,542	123,524
Shaanxi	6	2,604,213	1,391,612
Shandong	2	3,131,890	3,051,261
Shanghai	1	103,678	103,678
Shanxi	3	849,071	659,060
Sichuan	9	3,536,881	1,252,926
Tianjin	5	5,499,638	2,485,675
Yunnan	6	7,614,590	4,029,168
Zhejiang	5	487,262	238,418
Total	180	83,085,973	33,351,916

Region

	No. of Projects	Total Planned GFA of the Projects (sq. m.)	Lank Bank (sq. m.)
Southern China	55	31,043,896.3	9,598,678.4
Eastern China	47	12,816,382.5	7,538,621.2
Western China	24	8,015,227.4	3,558,552.9
Central China	20	6,357,243.8	3,212,741.6
Hainan	7	8,985,231.9	1,743,711.7
Yunnan	6	7,614,590.4	4,029,167.6
Northeast China	2	1,187,534.0	67,442.6
Northern China	14	6,742,935.1	3,459,087.3
Hong Kong	2	20,388.9	20,388.9
Overseas	3	302,542.4	123,524.3
Total	180	83,085,973	33,351,916

PROPERTY DEVELOPMENT (CONTINUED)

Land Bank Table

As at 31 December 2023

No.	Project Name	City	Interests Attributable to the Group (Note 2)	Total Site Area of the Project (sq.m.)	Location
Southern China Region					
1	Agile Skyline 715 Guangzhou	Guangzhou	100%	21,908	Liwan District, Guangzhou City
2	Agile Huadu County Guangzhou	Guangzhou	100%	67,260	Huadu District, Guangzhou City
3	Agile Riverside Park Guangzhou	Guangzhou	49%	126,140	Conghua District, Guangzhou City
4	Agile Riverside Garden Guangzhou	Guangzhou	100%	24,814	Conghua District, Guangzhou City
Guangzhou Subtotal				240,122	
5	La Cité Greenville Zhongshan	Zhongshan	100%	1,970,275	Torch High-Tech Industrial Development Zone, Zhongshan City
6	Metro Agile Zhongshan	Zhongshan	100%	1,476,285	Sanxiang Town, Zhongshan City
7	Zhongshan Minzhong Town Project	Zhongshan	100%	63,450	Minzhong Town, Zhongshan City
8	Agile Cambridgeshire Zhongshan	Zhongshan	100%	375,357	East District, Zhongshan City
9	Agile Royal Mount Zhongshan	Zhongshan	100%	563,253	Wugui Mountain Town, Zhongshan City
10	Agile Coastal Pearl Zhongshan	Zhongshan	100%	338,892	Nanlang Town, Zhongshan City
11	Agile Haotousha County Zhongshan	Zhongshan	100%	83,483	Torch High-Tech Industrial Development Zone, Zhongshan City
12	Agile River Pearl Zhongshan	Zhongshan	100%	27,868	Shiqi District, Zhongshan City
13	Crescent Hill Center City Zhongshan	Zhongshan	100%	181,667	Sanxiang Town, Zhongshan City
14	Genting Highlands Zhongshan	Zhongshan	50%	162,795	Torch High-tech Industrial Development Zone, Zhongshan City
15	Mont Orchid Riverlet Zhongshan	Zhongshan	60%	131,863	Torch High-tech Industrial Development Zone, Zhongshan City
16	Agile Diyin Lake Town Zhongshan	Zhongshan	50%	478,955	Sanjiao Town, Zhongshan City
17	The Leading World Zhongshan	Zhongshan	100%	35,993	Sanxiang Town, Zhongshan City
18	Shenzhong One Zhongshan	Zhongshan	50%	180,718	Nanlang Town, Zhongshan City
19	Zhongshan Hehua Hotel Project	Zhongshan	100%	64,536	Sanxiang Town, Zhongshan City
20	Agile City of Lohas Zhongshan	Zhongshan	100%	69,808	Sanxiang Town, Zhongshan City
21	Zhongshan Dongfeng Town Project	Zhongshan	100%	669,960	Dongfeng Town, Zhongshan City
22	Agile The One Zhongshan Project A	Zhongshan	65%	245,526	Tsuihang New District (Start-up Area), Zhongshan City
23	Agile Garden Guzhen	Zhongshan	100%	26,799	Ancient Town, Zhongshan City
24	Agile The One Zhongshan Project B	Zhongshan	100%	503,617	Tsuihang New District (Start-up Area), Zhongshan City
Zhongshan Subtotal				7,651,100	
25	Agile International Garden Zhuhai	Zhuhai	100%	83,997	Scientific Innovation Coast North Area, Zhuhai City
Zhuhai Subtotal				83,997	
26	Agile Honorable Mansion Jiangmen	Jiangmen	51%	29,372	Xinhui District, Jiangmen City
27	Agile Chairman Taishan	Jiangmen	50%	29,257	Taishan City, Jiangmen City
28	Taishan Taicheng District Project	Jiangmen	100%	34,387	Taishan City, Jiangmen City
Jiangmen Subtotal				93,016	

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Date of the Project
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	91,298	35,311	35,311	–	–	35,311	–	–	2021/12/30
	103,354	73,462	15,760	57,702	–	71,957	–	1,505	2024/7/30
	287,740	248,791	670	160,526	87,595	248,791	–	–	After Q4, 2026
	91,987	29,716	–	29,716	–	29,716	–	–	2024/4/30
	574,379	387,280	51,741	247,944	87,595	385,775	–	1,505	
	1,889,961	4,610	4,610	–	–	4,610	–	–	2014/12/30
	3,519,253	144,427	23,225	80,551	40,650	130,567	–	13,860	2026/9/4
	95,175	95,175	–	–	95,175	95,175	–	–	After Q4, 2026
	1,444,668	153,471	–	–	153,471	153,471	–	–	After Q4, 2026
	1,126,505	874	874	–	–	874	–	–	2018/6/29
	677,782	219	219	–	–	219	–	–	2018/6/29
	62,933	62,836	–	62,836	–	62,836	–	–	2024/1/30
	69,316	108	108	–	–	108	–	–	2019/6/28
	454,167	21,360	21,360	–	–	21,360	–	–	2021/4/20
	356,382	354,698	–	120,065	234,633	354,698	–	–	After Q4, 2026
	395,588	113,314	113,314	–	–	113,314	–	–	2022/12/25
	843,268	801,235	85,724	127,620	587,890	801,235	–	–	After Q4, 2026
	71,986	2,306	2,306	–	–	2,306	–	–	2019/4/22
	451,795	451,793	–	–	451,793	451,793	–	–	After Q4, 2026
	129,072	125,039	–	–	125,039	125,039	–	–	After Q4, 2026
	154,987	8,638	8,638	–	–	8,638	–	–	2020/12/9
	1,490,400	1,490,400	–	–	1,490,400	1,490,400	–	–	After Q4, 2026
	930,169	908,031	17,570	321,777	568,684	545,661	–	362,369	After Q4, 2026
	81,146	106	106	–	–	106	–	–	2022/12/25
	850,211	850,211	–	–	850,211	850,211	–	–	After Q4, 2026
	15,094,765	5,588,849	278,054	712,849	4,597,946	5,212,620	–	376,229	
	206,494	5,527	5,527	–	–	5,390	–	137	2021/10/29
	206,494	5,527	5,527	–	–	5,390	–	137	
	63,525	15,492	15,132	360	–	15,132	–	360	2024/12/30
	73,142	3,839	3,839	–	–	3,839	–	–	2021/1/8
	96,284	–	–	–	–	–	–	–	2021/12/15
	232,951	19,331	18,971	360	–	18,971	–	360	

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 2)	Total Site Area of the Project (sq.m.)	Location
29	Agile Personage Nanhai	Foshan	100%	44,786	Nanhai District, Foshan City
30	Agile Sunday Nanhai	Foshan	100%	35,337	Nanhai District, Foshan City
31	Pleasure Mansion Sanshui	Foshan	33%	79,015	Beijiang New Town, Foshan City
32	Qingyue Shunde	Foshan	40%	81,455	Beijiaoma Village, Foshan City
33	Agile Garden Shunde	Foshan	100%	212,410	Shunde District, Foshan City
34	Agile Mix City Shunde	Foshan	100%	62,515	Shunde District, Foshan City
35	Agile Cambridgeshire Shunde	Foshan	50%	110,833	Shunde District, Foshan City
36	Emerald Park Foshan	Foshan	33%	81,136	Gaoming District, Foshan City
37	Agile Landscape Foshan	Foshan	51%	27,407	Shunde District, Foshan City
Foshan Subtotal				734,893	
38(A)	Agile Egret Lake Huizhou Project A	Huizhou	51%	580,524	Ruhu Town, Huizhou City
38(B)	Agile Egret Lake Huizhou Project B	Huizhou	100%	1,414,155	Ruhu Town, Huizhou City
39	Agile Lohas World Huizhou	Huizhou	100%	24,792	Huicheng District, Huizhou City
40	Agile Garden Huiyang	Huizhou	66%	1,248,191	Huiyang District, Huizhou City
41	Agile Duhuiya County Huizhou	Huizhou	70%	55,000	Zhongkai Huaihuan, Huizhou City
Huizhou Subtotal				3,322,662	
42	Agile HK City Zhaoqing	Zhaoqing	100%	287,781	New District, Zhaoqing City
Zhaoqing Subtotal				287,781	
43	Agile Garden Heyuan	Heyuan	100%	1,364,741	Huangsha Avenue, Heyuan City
44	Agile Kylin Mansion Heyuan	Heyuan	100%	113,202	Yuancheng District, Heyuan City
45	Heyuan Dongyuan County Central District Project	Heyuan	100%	60,704	Dongyuan County, Heyuan City
46	Agile Timeless Works Heyuan	Heyuan	50%	64,806	Zijin County, Heyuan City
47	Agile Chairman Shantou	Shantou	100%	78,193	Chaoyang District, Shantou City
48	Agile Costal Pearl Shanwei	Shanwei	100%	183,407	City District, Shanwei City
49	Fenghui Meizhou	Meizhou	50%	44,774	Meixian District, Meizhou City
Eastern Guangdong Subtotal				1,909,827	
50	Agile Lohas New City Maoming	Maoming	100%	86,400	South District of Maoming Station, Maoming City
51	Jieyang Jiedong District Project	Jieyang	5%	46,599	Jiedong District, Jieyang City
Western Guangdong Subtotal				132,999	
52	City of Lohas Qingyuan	Qingyuan	50%	53,331	Qingcheng District, Qingyuan City
53	Agile County Qingyuan	Qingyuan	51%	166,700	Qingcheng District, Qingyuan City
Northern Guangdong Subtotal				220,031	
54	Agile International Financial Center Nanning	Nanning	50%	56,736	Wuxiang New District, Nanning City
55	Agile Golden Bay Beihai	Beihai	100%	667,213	Yinhai District, Beihai City
Guangxi Subtotal				723,949	
Southern China Region Subtotal				15,400,376	

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Date of the Project
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	143,315	–	–	–	–	–	–	–	2012/12/20
	88,342	–	–	–	–	–	–	–	2021/6/28
	256,659	15,591	15,591	–	–	15,591	–	–	2023/6/30
	213,939	18,517	18,517	–	–	18,517	–	–	2023/5/31
	488,500	1,529	1,529	–	–	1,529	–	–	2012/12/20
	164,254	44,801	44,801	–	–	41,997	–	2,804	2024/5/30
	331,006	131,574	51,021	80,553	–	131,574	–	–	2024/12/30
	245,804	4,688	4,688	–	–	4,688	–	–	2022/9/30
	61,477	23,134	20,262	2,872	–	20,262	–	2,872	2024/8/30
	1,993,297	239,833	156,408	83,425	0	234,158	–	5,676	
	811,500	118,683	2,834	115,850	–	118,683	–	–	After Q4, 2026
	1,293,836	99,795	99,795	–	–	–	–	99,795	After Q4, 2026
	76,855	–	–	–	–	–	–	–	2021/9/30
	2,995,658	188,793	94,348	94,445	–	173,230	–	15,563	After Q4, 2026
	196,508	95,520	27,185	68,334	–	69,007	–	26,512	2024/3/30
	5,374,357	502,791	224,162	278,629	–	360,921	–	141,870	
	714,484	387,272	44,708	–	342,564	387,272	–	–	After Q4, 2026
	714,484	387,272	44,708	–	342,564	387,272	–	–	
	2,729,481	10,412	10,412	–	–	10,412	–	–	2019/12/31
	283,612	144	144	–	–	144	–	–	2021/6/30
	151,760	9,137	9,137	–	–	7,021	–	2,116	2024/8/31
	162,015	162,015	–	–	162,015	162,015	–	–	After Q4, 2026
	351,869	216,815	2,786	–	214,029	216,815	–	–	After Q4, 2026
	416,914	171,244	5,807	–	165,437	171,244	–	–	After Q4, 2026
	116,412	6,964	6,964	–	–	6,964	–	–	2022/10/30
	4,212,063	576,731	35,249	–	541,481	574,615	–	2,116	
	212,414	212,758	–	119,578	93,180	188,689	–	24,068	After Q4, 2026
	157,914	110,449	69,525	7,839	33,085	110,449	–	–	After Q4, 2026
	370,328	323,207	69,525	127,417	126,265	299,138	–	24,068	
	168,158	32,800	–	32,800	–	32,800	–	–	2024/12/30
	478,533	334,661	2,299	227,118	105,244	334,661	–	–	After Q4, 2026
	646,691	367,461	2,299	259,918	105,244	367,461	–	–	
	375,446	132,838	132,838	–	–	–	–	132,838	2019/12/20
	1248641	1,067,559	26,652	174,793	866,114	1,067,559	–	–	After Q4, 2026
	1,624,087	1,200,397	159,490	174,793	866,114	1,067,559	–	132,838	
	31,043,896	9,598,678	1,046,133	1,885,336	6,667,209	8,913,879	–	684,800	

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 2)	Total Site Area of the Project (sq.m.)	Location
Eastern China Region					
56	The Territory Nanjing	Nanjing	100%	316,697	Pukou District, Nanjing City
57	Agile Yunwang Mansion Nanjing	Nanjing	34%	35,058	Yuhatai District, Nanjing City
58	Agile Harbour City Nanjing	Nanjing	100%	233,257	Pukou District, Nanjing City
59	Agile Yajun Lanting Nanjing	Nanjing	100%	63,132	Jiangning District, Nanjing City
60	Agile International Yangzhou	Yangzhou	100%	110,597	Hanjiang District, Yangzhou City
61	Agile Mountain Yangzhou	Yangzhou	100%	148,142	Hanjiang District, Yangzhou City
62	Yangzhou International Waterfront New Town Project	Yangzhou	100%	306,886	Jiangqiao Road, Yangzhou City
63	Yangzhou Huaisi Industrial Project	Yangzhou	100%	48,430	Hanjiang District, Yangzhou City
64	Agile Luxuriant Palace Zhenjiang	Zhenjiang	100%	75,795	Jingkou District, Zhenjiang City
65	Agile Fuchun Mountain Xuzhou	Xuzhou	50%	132,397	Yunlong District, Xuzhou City
66	Xuzhou Gulou District Project	Xuzhou	30%	41,100	Gulou District, Xuzhou City
67	Landscape Hefei	Hefei	49%	92,216	Luyang District, Hefei City
68	Agile County Hefei	Hefei	100%	75,608	Xinzhan District, Hefei City
69	Hefei Feidong Industrial Project	Hefei	100%	79,893	Circular Economy Demonstration Park, Hefei City
70	Agile New Joy Mansion Wuhu	Wuhu	60%	124,059	Yijiang District, Wuhu City
71	Agile Sheshan One Shanghai	Shanghai	30%	88,442	Songjiang District, Shanghai City
72	Agile Guanghe City Jiaxing	Jiaxing	40%	31,163	Jiashan County, Jiaxing City
73	Agile Yuejingzhuang Chunfengdu Jiaxing	Jiaxing	50%	31,025	Tongxiang City, Jiaxing City
74	Shaoxing Fenglin West Road Project	Shaoxing	100%	63,836	Yuecheng District, Shaoxing City, Zhejiang Province
75	Huzhou Fenghuang District East Project	Huzhou	50%	65,257	Fenghuang District East, Huzhou City
76	Huzhou High Technology Town Project	Huzhou	100%	74,689	Changxing County, Huzhou City
77(A)	Agile Dream Lake Fairy Hill Changzhou Project A	Changzhou	100%	614,915	Jintan District, Changzhou City
77(B)	Agile Dream Lake Fairy Hill Changzhou Project B	Changzhou	95%	352,357	Jintan District, Changzhou City
78	Agile Tangsong Changzhou	Changzhou	100%	129,136	Zhonglou District, Changzhou City
79	Agile The Rivulet Changzhou	Changzhou	67%	98,451	Xinbei District, Changzhou City
80	Changzhou Industry Project	Changzhou	100%	85,644	Meixi Road, Changzhou City
81	Yixing Guanlin Industry Project	Yixing	100%	121,827	Guanlin Town, Yixing City
82	Agile Phoenix Terrace Changzhou	Changzhou	100%	142,321	Xinbei District, Changzhou City, Jiangsu Province
83	Agile Jingshang Yachen Changzhou	Changzhou	100%	48,985	Xinbei District, Changzhou City
84	Agile City Center Villa Wuxi	Wuxi	100%	214,664	Binhu District, Wuxi City
85	Life in Park Wuxi	Wuxi	50%	89,647	Xinwu District, Wuxi City
86	Agile Honor Mansion Wuxi	Wuxi	50%	88,976	Jiangyin City, Wuxi City
87	Revive Mansion Wuxi	Wuxi	23%	21,820	Economic Development Zone, Wuxi City
88	Agile Metropolis Nantong	Nantong	40%	141,257	Haimen City, Nantong City
89	Agile Central Mansion Qidong	Qidong	100%	49,737	Jinqiao Road, Qidong City
90	Qidong Huashi Road East Project	Qidong	40%	72,182	Huashi Road East, Qidong City
91	Huai'an Industry Project	Huai'an	100%	65,855	Xinzu Street, Hua'an City

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Date of the Project
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	910,561	37,267	37,267	–	–	–	–	37,267	2019/11/29
	98,425	–	–	–	–	–	–	–	2023/9/30
	702,531	563,039	1,045	182,836	379,158	128,814	30,010	404,215	After Q4, 2026
	155,769	155,705	–	155,705	–	155,705	–	–	2024/6/30
	436,858	261,396	–	261,396	–	108,601	–	152,795	After Q4, 2026
	235,600	7,788	7,788	–	–	4,557	–	3,231	2021/12/15
	527,893	321,477	10,787	122,551	188,139	270,883	–	50,594	After Q4, 2026
	77,017	77,017	–	77,017	–	–	–	77,017	2024/3/30
	127,524	34,170	453	33,717	–	34,170	–	–	2024/10/25
	175,912	79,670	18,215	61,455	–	79,670	–	–	2024/12/20
	99,804	8,887	8,887	–	–	8,887	–	–	2023/9/7
	185,483	110	110	–	–	–	–	110	2022/12/31
	135,495	28,691	231	28,461	–	28,691	–	–	2023/7/30
	111,073	111,073	–	93,781	17,292	–	–	111,073	2024/6/30
	272,930	2,344	2,344	–	–	2,344	–	–	2021/8/15
	103,678	103,678	–	103,678	–	103,678	–	–	2024/9/30
	68,555	5,942	5,942	–	–	595	–	5,347	2022/9/30
	70,867	70,867	–	70,867	–	70,867	–	–	2024/3/30
	108,418	108,418	–	108,418	–	108,418	–	–	2024/12/30
	133,842	40,735	40,735	–	–	34,219	–	6,517	2023/12/25
	105,580	12,456	12,456	–	–	–	–	12,456	2021/12/15
	297,309	74,626	–	–	74,626	74,626	–	–	After Q4, 2026
	183,468	69,911	–	–	69,911	69,911	–	–	After Q4, 2026
	282,740	–	–	–	–	–	–	–	2023/4/30
	151,330	73,211	644	72,567	–	73,211	–	–	2024/2/25
	121,712	5,384	5,384	–	–	–	–	5,384	2023/3/15
	109,824	74,878	5,804	43,327	25,748	–	–	74,878	2024/12/30
	170,785	–	–	–	–	–	–	–	2023/3/30
	107,599	107,599	–	107,599	–	106,808	–	791	2024/11/25
	590,325	129,303	–	129,303	–	–	–	129,303	2024/12/30
	160,905	86,083	2,961	83,121	–	86,083	–	–	2025/6/30
	179,262	178,248	–	178,248	–	178,248	–	–	After Q4, 2026
	49,039	49,039	–	49,039	–	49,039	–	–	2023/12/30
	296,226	714	714	–	–	65	–	649	2022/4/21
	126,522	128,131	–	128,131	–	110,381	–	17,750	2025/10/30
	137,165	137,165	–	74,838	62,328	137,165	–	–	After Q4, 2025
	66,101	66,102	–	33,484	32,618	–	–	66,102	2024/5/15

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 2)	Total Site Area of the Project (sq.m.)	Location
92	Agile Luxuriant Palace Suzhou	Suzhou	100%	81,202	Xiangcheng Development Zone, Suzhou City
93	Suzhou Caohu Project	Suzhou	51%	49,913	Xiangcheng District, Suzhou City
94	Agile Shanyue County Changshu	Changshu	100%	68,001	Yushan Town, Changshu City, Suzhou City
95	Agile Lake Whisper Garden Kunshan	Kunshan	100%	60,291	Dianshan Lake Town, Kunshan City
96	Long Beach Fuzhou	Fuzhou	49%	70,618	Ting Jiang District, Fuzhou City
97	Agile Mountains & Aqua Fuzhou	Fuzhou	100%	39,096	Mawei District, Fuzhou City
98	Fuzhou Cangshan District Project	Fuzhou	100%	20,007	Cangshan District, Fuzhou City
99	Agile Chairman Xiamen	Xiamen	100%	12,206	Xiang'an District, Xiamen City
100	Agile Xiangshan in the Bay Zhangzhou	Zhangzhou	51%	353,391	Zhangpu County, Zhangzhou City
101	Agile Champion Town Weihai	Weihai	64.8%	2,652,910	Nanhai New District, Weihai City
102	Agile City of Lohas Jinan	Jinan	100%	69,495	Changqing District, Jinan City
Eastern China Region Subtotal				8,052,583	
Western China Region					
103	Agile Garden Chengdu	Chengdu	100%	1,338,960	Shuangliu County, Chengdu City
104	Agile Born to Shine Chengdu	Chengdu	49%	56,005	Qingbaijiang District, Chengdu City
105	Flowers Island Chengdu	Chengdu	33%	69,999	Xinjin County, Chengdu City
106	Agile City of Lohas Chengdu	Chengdu	100%	66,009	Xinjin County, Chengdu City
107	Agile Boguang County Chengdu	Chengdu	49%	98,028	Wenjiang District, Chengdu City
108	IN Tian Fu Chengdu	Chengdu	30%	97,626	Chenghua District, Chengdu City
109	Agile Nine Foothills Chengdu	Chengdu	51%	372,732	Sanlang Town, Chongzhou, Chengdu City
110	Chengdu Jianyang Project	Chengdu	34%	62,450	Shiqiao Street, Jianyang City, Chengdu City
111	Yibin Xuzhou District Project	Yibin	100%	150,963	Beside Tsinghua Road in Guiyang Economic and Technological Development Zone, Guiyang City
112	Agile Life Diary Xi'an	Xi'an	100%	277,519	Chang'an District, Xi'an City
113	Agile North City County Xi'an	Xi'an	51%	128,087	Xixian New District, Xi'an City
114	Xi'an Lianhu District Project	Xi'an	49%	68,651	Daxing New District, Xi'an City
115	Baoji Taibai Mountain National Tourism Scenic Area Project	Baoji	35%	105,816	Mei County, Baoji City
116	Agile Garden Hanzhong	Hanzhong	100%	442,647	Hantai District, Hanzhong City
117	Agile Hanlin Garden Weinan	Weinan	51%	43,637	Downtown Weinan City
118	Guiyang Huaxi District Project	Guiyang	51%	29,104	Guiyang Economic and Technological Development Zone, Guiyang City
119	Agile Chairman Chongqing	Chongqing	100%	119,287	Dadukou District, Chongqing Municipality
120	Agile Mountain Chongqing	Chongqing	100%	203,112	Liangjiang New District, Chongqing Municipality
121	Chongqing Jiahe Avenue Project	Chongqing	100%	139,225	Hechuan District, Chongqing Municipality
122	Agile Jiulong County Chongqing	Chongqing	100%	50,035	Jiu Long Po District, Chongqing Municipality
123	Agile Star County Chongqing	Chongqing	100%	112,059	Beibei District, Chongqing Municipality
124	Chongqing Tianding Yinxing Project	Chongqing	100%	98,981	Downtown Beibei District, Chongqing Municipality
125	Chongqing Ba'nian District Project	Chongqing	60%	79,883	Ba'nian District, Chongqing Municipality
126	Agile Lan'an Garden Chongqing	Chongqing	51%	75,003	Bishan District, Chongqing Municipality
Western China Region Subtotal				4,285,818	

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Date of the Project
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
32,943	387	–	387	–	–	–	–	387	2022/8/19
89,746	89,746	–	89,746	–	–	89,746	–	–	2024/4/30
106,989	118	118	–	–	–	118	–	–	2023/9/15
108,481	2,550	2,550	–	–	–	2,550	–	–	2023/9/20
197,730	60,567	60,567	–	–	–	50,652	–	9,916	2022/10/10
62,519	5,119	5,119	–	–	–	5,119	–	–	2019/12/24
41,931	41,756	–	41,756	–	–	38,006	–	3,750	2022/12/30
29,300	38	38	–	–	–	–	–	38	2019/12/26
1,140,725	1,075,955	100,135	161,257	814,563	–	1,075,955	–	–	After Q4, 2026
2,945,289	2,864,660	45,168	171,977	2,647,515	–	2,819,997	22,000	22,663	2045/12/30
186,601	186,601	–	186,601	–	–	186,601	–	–	2024/3/30
12,816,382	7,538,621	375,460	2,851,264	4,311,897	–	6,294,380	52,010	1,192,231	
Total									
1,606,752	83,853	83,853	–	–	–	–	75,167	8,686	2020/6/30
112,011	5,826	5,826	–	–	–	2,436	–	3,390	2023/9/30
139,572	19,327	19,327	–	–	–	15,948	–	3,379	2022/3/30
165,023	–	–	–	–	–	–	–	–	2022/3/14
245,811	82,584	4,886	77,698	–	–	30,662	–	51,922	2024/12/30
244,000	98,553	822	97,731	–	–	55,318	–	43,236	2025/8/30
445,734	384,788	64,461	14,730	305,597	–	315,618	5,354	63,815	2028/9/30
156,125	156,125	–	83,262	72,863	–	141,777	–	14,348	2025/6/30
421,853	421,870	–	112,691	309,180	–	416,972	–	4,898	2027/3/30
691,420	113,624	–	70,447	43,176	–	–	–	113,624	2026/12/30
256,174	206,513	143	206,370	–	–	206,513	–	–	2024/12/25
192,223	192,223	–	–	192,223	–	192,223	–	–	2025/6/8
116,331	116,329	15,118	42,272	58,939	–	116,329	–	–	2027/12/31
1,244,439	760,236	4,631	515,501	240,104	–	760,236	–	–	2028/6/30
103,626	2,687	2,687	–	–	–	2,687	–	–	2023/3/30
72,390	72,390	–	72,390	–	–	72,390	–	–	2025/11/30 and thereafter
348,172	4,454	4,454	–	–	–	4,454	–	–	2018/12/30
367,428	86,016	6,107	39,098	40,811	–	80,817	–	5,199	2026/11/30
409,627	409,627	–	149,696	259,931	–	409,627	–	–	2028/9/30
104,318	16,894	16,894	–	–	–	16,846	–	49	2023/4/7
168,142	47,405	8,990	–	38,415	–	16,222	–	31,182	2026/5/30
166,967	166,967	–	–	166,967	–	166,967	–	–	2026/12/30
123,347	84,094	598	83,496	–	–	80,943	–	3,151	2026/5/30
113,744	26,167	1,327	24,840	–	–	6,626	–	19,541	2023/12/20
8,015,227	3,558,553	240,126	1,590,221	1,728,206	–	3,111,611	80,521	366,421	

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 2)	Total Site Area of the Project (sq.m.)	Location
Central China Region					
127	Bund Mansion Changsha	Changsha	50%	197,406	Kaifu District, Changsha City
128	Agile Evian Town Changsha	Changsha	100%	410,911	Ningxiang County, Changsha City
129	Agile Sunday Changsha	Changsha	100%	15,853	Economic Development Zone, Changsha City
130	Agile Forest Lake Zhengzhou	Zhengzhou	100%	78,328	Lubo Component, Zhongmou County, Zhengzhou City
131	Agile Chairman Zhengzhou	Zhengzhou	100%	49,485	Zhengdong New District, Zhengzhou City
132	Agile Celestial Mansion Zhengzhou	Zhengzhou	49%	52,189	Longhu County, Xinzheng City, Zhengzhou City
133	West City Garden Zhengzhou	Zhengzhou	33%	46,691	Shangyin West Road, Xingyang, Zhengzhou City
134	Agile Romantic Town Gongyi	Zhengzhou	36.7%	492,100	Baisha District, Gongyi, Zhengzhou City
135	Grand View Kaifeng	Kaifeng	51%	59,545	No. 6 Avenue, Kaifeng City
136	Guokong Kaifeng	Kaifeng	20.4%	264,008	Longting District, Kaifeng City
137	Agile International Garden Xuchang	Xuchang	49%	93,186	Dongcheng District, Xuchang City
138	Agile County of Earl Xuchang	Xuchang	100%	31,083	Dongcheng District, Weidu, Xuchang City
139	Agile Hanlinya County Xuchang	Xuchang	100%	165,972	Jian'an District, Xuchang City
140	Lantai Mansion Shangqiu	Shangqiu	49%	59,698	Suiyang District, Shangqiu City
141	Agile Nanlu Mountain Chenzhou	Chenzhou	50%	121,066	Suxian District, Chenzhou City
142	Agile International Garden Wuhan	Wuhan	100%	406,583	Jiangxia District, Wuhan City
143	Agile City of Lohas Jingzhou	Jingzhou	100%	42,113	Jingzhou District, Jingzhou City
144	Agile Modern Mansion Xiangyang	Xiangyang	100%	213,809	Dongjin New District, Xiangyang City
145	Agile Beichen County Xiangyang	Xiangyang	60%	37,700	Fancheng District (Gaoxin District), Xiangyang City, Hubei Province
146	Jiujiang Lianxi District Project	Jiujiang	30%	230,966	Fancheng District (Gaoxin District), Xiangyang City, Hubei Province
Central China Region Subtotal				3,068,691	
Hainan Region					
147	Hainan Clearwater Bay	Lingshui	100%	10,427,293	Yingzhou Town, Lingshui Li Minority Autonomous County
148	Agile Starlight City Hainan	Wenchang	100%	110,098	Longlou Town, Wenchang City
149	Agile Golden Bay Hainan	Haikou	60%	408,444	West Coast, Haikou City
150	Agile Center Haikou	Haikou	60%	36,494	Main Urban Area, Haikou City
151	Agile Shanqin Bay Wanning	Wanning	51%	233,325	Longgun Town, Wanning City
152	Hainan Shangen Bay Project	Wanning	100%	41,811	Longgun Town, Wanning City
153	Lingao Nanbao Town Project	Lingao	100%	88,963	Nanbao Town, Lingao City
Hainan Region Subtotal				11,346,428	

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Date of the Project
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	670,237	289,914	440	–	289,474	440	–	289,474	After Q4, 2026
	739,641	479,322	127,129	–	352,193	448,674	–	30,648	After Q4, 2026
	72,963	1,734	1,734	–	–	1,734	–	–	2021/7/1
	196,086	140	140	–	–	140	–	–	2019/6/25
	74,040	900	900	–	–	900	–	–	2019/12/19
	156,112	–	–	–	–	–	–	–	2023/11/30
	116,707	116,707	–	116,707	–	116,707	–	–	2025/12/30
	765,200	585,346	72,326	147,270	365,750	464,145	–	121,201	2029/6/20
	148,387	2,571	2,571	–	–	2,571	–	–	2022/6/30
	659,141	424,629	7,713	142,351	274,565	424,629	–	–	2026/12/31
	243,273	–	–	–	–	–	–	–	2024/1/31
	40,609	–	–	–	–	–	–	–	2021/11/30
	444,910	444,910	–	224,996	219,913	444,910	–	–	2029/7/31
	146,941	80,001	21,195	–	58,806	80,001	–	–	2025/12/31
	145,279	142,651	–	32,346	110,304	142,651	–	–	After Q4, 2026
	790,694	65,255	6,708	58,547	–	62,198	–	3,058	2024/6/30
	146,931	24,264	5,936	18,329	–	5,936	–	18,329	2023/6/30
	442,912	197,692	23,537	174,156	–	94,495	–	103,197	2025/6/30
	69,820	69,346	–	69,346	–	69,346	–	–	2024/5/31
	287,360	287,360	–	85,900	201,460	287,360	–	–	2024/9/30
	6,357,244	3,212,742	270,327	1,069,948	1,872,466	2,646,834	–	565,908	
	7,608,563	1,166,879	320,897	593,996	251,987	1,013,524	–	153,355	2026/12/30
	270,767	201,999	29,374	45,251	127,373	201,999	–	–	2027/6/30
	731,384	88,525	56,582	–	31,942	56,582	31,942	–	2023/10/30
	97,099	16,191	16,191	–	–	–	–	16,191	2021/12/17
	188,517	181,216	4,992	57,920	118,303	131,215	50,000	–	2029/9/30
	47,141	47,141	–	–	47,141	47,141	–	–	2026/12/30
	41,762	41,762	–	–	41,762	595	41,167	–	After Q4, 2027
	8,985,232	1,743,712	428,036	697,167	618,508	1,451,057	123,109	169,546	

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 2)	Total Site Area of the Project (sq.m.)	Location
Yunnan Region					
154	Agile International Garden Ruili	Ruili	100%	413,273	CBD area, Nongmo Lake, Ruili City
155	Agile Eden Yunnan	Tengchong	100%	2,423,266	Qushi Community, Qushi Town, Tengchong City
156	Agile Erhai Dali	Dali	100%	62,215	Economic and Technological Development Zone, Dali City, Dali Bai Autonomous Prefecture
157	Agile Quenya Yunnan	Xishuangbanna	100%	1,071,600	Jinghong City, Xishuangbanna
158	Agile Central County Kunming	Kunming	100%	114,200	Guandu District, Kunming City
159	Agile City Central Kunming	Kunming	50%	73,912	Xishan District, Kunming City
Yunnan Region Subtotal				4,158,466	
Northeast China Region					
160	Agile Garden Shenyang	Shenyang	100%	536,800	Shenbei New District, Shenyang City
161	Agile Sheng Jing Ya Fu Shenyang	Shenyang	100%	36,300.00	Hunnan District, Shenyang City
Northeast China Region Subtotal				573,100	
Northern China Region					
162	Tianjin Jinnan New City	Tianjin	25%	1,289,227	Jinnan District, Tianjin Municipality
163	Agile Chairman Tianjin	Tianjin	100%	85,689	Haihe Education Park, Tianjin Municipality
164	Agile Binhe County Tianjing	Tianjin	48%	802,610	Han'gu District, Tianjin Municipality
165(A)	Agile Samite Dajia Tianjin	Tianjin	50%	230,355	Haihe Education Park, Tianjin Municipality
165(B)	Tianjin Haijiao Garden Project B	Tianjin	100%	45,709	Haihe Education Park, Tianjin Municipality
166	Agile Baodi Jinqiao International Town Tianjin	Tianjin	49%	493,930	Baodi District, Tianjin Municipality
167	Agile Chairman Handan	Handan	90%	18,240	Congtai District, Handan City
168	Courtyard Handan	Handan	49%	30,581	Congtai District, Handan City
169	Agile Lohas Life Jinzhong	Jinzhong	33%	20,568	Yuci District, Jinzhong City
170	Younge'nd Peninsula Jinzhong	Jinzhong	49.5%	147,060	Yuci District, Jinzhong City
171	Beijing Yanqing District Project	Beijing	51%	198,254	Yanqing County, Beijing City
172	Agile Jinghua Ya Jun Beijing	Beijing	100%	36,478	Hexi District, Economic and Technological Development Zone, Beijing City
173	Beijing Mentougou District Project	Beijing	100%	52,916	Mentougou District, Beijing City
174	Agile Territory Epic Taiyuan	Taiyuan	95%	87,907	Yingze District, Taiyuan City
175	Agile Chairman Shijiazhuang	Shijiazhuang	100%	49,697	Zhengding New District, Shijiazhuang City
Northern China Region Subtotal				3,589,221	

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Date of the Project
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	1,400,178	596,081	32,695	–	563,385	596,081	–	–	2029/12/30
	4,004,836	2,397,845	69,585	–	2,328,260	2,356,165	–	41,680	2040/3/30
	240,744	154,845	–	39,877	114,968	154,845	–	–	2027/5/31
	1,285,920	498,318	41,232	185,415	271,671	497,504	–	815	2030/12/30
	368,609	241,349	2,868	107,307	131,174	110,175	–	131,174	2027/6/30
	314,304	140,729	21,146	119,584	–	21,146	–	119,584	2027/7/1
	7,614,590	4,029,168	167,527	452,183	3,409,458	3,735,915	–	293,252	
	1,110,834	1,135	1,135	–	–	1,135	–	–	2021/10/28
	76,700	66,308	66,308	–	–	61,788	–	4,520	2021/2/22
	1,187,534	67,443	67,443	–	–	62,922	–	4,520	
	3,010,901	631,457	82,806	512,650	36,000	188,622	36,000	406,835	2025/6/30
	128,532	20,014	–	20,014	–	20,014	–	–	2024/12/30
	1,122,661	1,003,391	661	249,888	752,842	1,003,391	–	–	2036/6/28
	327,276	184,836	–	113,158	71,678	113,158	–	71,678	2024/12/30
	77,704	–	–	–	–	–	–	–	2022/6/30
	832,564	645,977	45,100	250,282	350,596	414,427	20,000	211,551	2027/3/4
	36,480	36,499	–	36,499	–	36,499	–	–	2024/3/30
	61,162	61,162	–	61,162	–	61,162	–	–	2024/3/30
	53,796	335	335	–	–	335	–	–	2020/12/15
	450,699	309,882	–	243,914	65,968	306,441	–	3,441	2025/11/30
	65,000	65,000	–	–	65,000	65,000	–	–	2026/10/30
	80,252	66	66	–	–	66	–	–	2021/12/21
	51,938	51,940	–	51,940	–	51,507	–	433	2027/3/4
	344,577	348,844	–	235,907	112,936	347,575	–	1,269	2028/3/30
	99,394	99,686	–	99,686	–	99,686	–	–	2023/8/15
	6,742,935	3,459,087	128,968	1,875,100	1,455,019	2,707,882	56,000	695,206	

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 2)	Total Site Area of the Project (sq.m.)	Location
Hong Kong					
176(A)	Eastbourne Road Kowloon Tong Project A	Hong Kong	82%	2,010	6 Eastbourne Road, Kowloon Tong, Hong Kong
176(B)	Eastbourne Road Kowloon Tong Project B	Hong Kong	23%	2,548	8-10 Eastbourne Road, Kowloon Tong, Hong Kong
177	King's Road & Mount Parker Road Project	Hong Kong	100%	3,718	992-998 King's Road, 2-8, 10-16 Mount Parker Road, Quarry Bay, Hong Kong
Hong Kong Subtotal				8,276	
Overseas					
178	Agile Bukit Bintang Kuala Lumpur	Kuala Lumpur	70%	15,174	Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, Malaysia
179	Agile Sky Residence Phnom Penh	Phnom Penh	85%	4,220	Monivong Boulevard, Phoum 7, Sangkat Boeung Keng Kang 3, Khan Chamkarmon, Phnom Penh, Cambodia
180	San Francisco Project 88	San Francisco	50%	2,787	88 Arkansas Street, San Francisco, CA, United States
Overseas Subtotal				22,181	
Grand Total (Note 2)				50,505,140	

Notes:

- Land bank data includes only GFA that is calculated based on plot ratio and A=B=C. The data of completed GFA and GFA under development are as at 31 December 2023. Data are derived from the Group's internal record.
- The Group's equity interests in the projects listed in the Land Bank Table may change as a result of introduction of cooperation parties for the joint development of some of these projects. The current percentages of shareholdings listed in the Land Bank Table are for reference only.

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Date of the Project
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	6,030	6,030	–	–	6,030	6,030	–	–	After Q4, 2025
	7,644	7,644	–	–	7,644	7,644	–	–	After Q4, 2025
	6,715	6,715	–	–	6,715	6,715	–	–	2025/12/14
	20,389	20,389	–	–	20,389	20,389	–	–	
	214,868	83,543	–	83,543	–	83,543	–	–	2024/4/1
	77,000	29,307	29,307	–	–	29,307	–	–	2022/6/15
	10,674	10,674	–	10,674	–	10,674	–	–	2021/7/30
	302,542	123,524	29,307	94,217	–	123,524	–	–	
	83,085,973	33,351,916	2,753,327	10,515,436	20,083,153	29,068,393	311,640	3,971,883	

DIVERSIFIED BUSINESSES

The Group believes that a diversified business portfolio can generate steady income, broaden income base and disperse operational risks. In the meantime, all business segments also fully capitalise on synergies to lay a solid foundation for long-standing development in the future.





DIVERSIFIED BUSINESSES (CONTINUED)

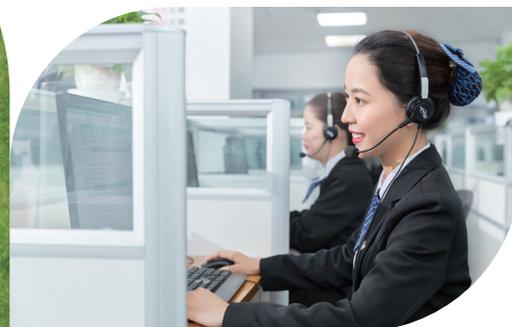


A-LIVING

Founded in 1992, A-Living was listed on Hong Kong Stock Exchange (stock code: 3319.HK). It ranks TOP 2 among the Top 100 Property Service Companies in China, with a brand value exceeding RMB21.2 billion. Its business covers property services, community business and urban services.

A-Living adhered to the development strategy of “brand enhancement, steady development, enhancing competence, facilitating integration”, refocused on the essence of service and operation, and pursued quality growth with the non-cyclical businesses as the core. Despite the fluctuations in the macro environment and the challenges brought by competition in the industry, all the staff of A-Living worked together to ensure good quality and to effectively enhance property owners’ experience of the services. Meanwhile, A-Living adjusted its strategy according to the current situation, focused on operating efficiency, paid close attention to payment collection and cash flow, and improved management efficiency with refined operations.

With the mission of “lifelong caring for you, heartwarming service to city”, A-Living is committed to becoming a preeminent quality service provider in China to create a happy living environment for every city and every individual with nationally leading service capabilities of all business portfolios, all scenarios and all along industry chains.



DIVERSIFIED BUSINESSES (CONTINUED)

ENVIRONMENTAL PROTECTION

Since its establishment in 2015, Agile Environmental Protection Group has been envisioning “Clean and Beautiful Homeland, Happy and Better Life” for people and rapidly expanding its business, mainly engaged in hazardous industrial waste treatment, eco-industrial park, and wastewater treatment. The company has established its presence in over 40 industrial hubs across 14 provinces, municipalities or autonomous regions nationwide. It has formed a strategic structure prioritising environmental protection services for industries over those for municipalities to make it an integrated service provider achieving a synergy among diversified businesses.



COMMERCIAL

The commercial business provides the properties in the portfolio with professional operating and management services, creating projects with Agile characteristics.

INVESTOR RELATIONS



The Group has been upholding the management concept of “mutual communication for a win-win situation”. Subject to related Listing Rules and regulations, the Group keeps close dialogues with the investment community through multichannels and maintains a high level of transparency. The Group aims to enhance investors’ understanding of the Group’s business by informing the market of the Group’s operating results and latest development in a timely and precise manner. The Group also takes into account the valuable suggestions from investors when formulating future development strategies.

As at 31 December 2023, 16 investment banks and securities research companies have initiated research coverage on the securities of the Company. Currently, the Company has established contacts with over 4,000 investors and analysts.

DIRECTORS' PROFILE

Mr. CHEN Zhuo Lin (陳卓林), aged 62, is the Chairman of the Board and the President of the Company. Mr. Chen is the founder of the Group. He has been the Chairman of the Board and an executive Director since August 2005 and a President of the Company since March 2014. Mr. Chen is also a director of certain subsidiaries of the Company. Mr. Chen has over 31 years of extensive experience in real estate development and management. He is mainly responsible for the formulation of development strategies, directions on the operations and management of overall business, decision-making on investment projects, setting the goal of the financial year for the Group and maintaining the relationship between the Group and the Shareholders. Mr. Chen received several honorary awards, including “World Outstanding Chinese Award (世界傑出華人獎)”, “Top 30 Chinese Philanthropist in 30 Years of Reform (改革開放30年·華人慈善30人)”, “China Philanthropy Outstanding Contribution Individual Award (中華慈善突出貢獻人物獎)”, “Top 10 Persons of the Year for China Enterprise Management Excellence Award (中國企業十大卓越管理年度人物)”, “Year of the People in Education of Zhongshan (中山教育年度人物)” and “Honourary Resident in Zhongshan (中山市榮譽市民)”. For the public services, Mr. Chen serves as an executive vice chairperson of the 5th China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會), an executive director of the 5th China Overseas Friendship Association (中華海外聯誼會), an honorary vice president of Chinese Language and Culture Education Foundation of China (中國華文教育基金會), an honorary chairperson of the 4th Council of Sun Yat-sen Foundation (孫中山基金會), the executive vice chairperson of the 5th Council of Guangdong Overseas Chinese Enterprises Association (廣東省僑商投資企業協會), an executive chairperson of the 5th Council of Guangdong Real Estate Chamber of Commerce (廣東省地產商會), the chairperson of the Bureau of Friends of Hong Kong Association Development Foundation, the vice president of New Home Association, the vice chairperson of the 6th Zhongshan Overseas Chinese Commercial Association (中山市僑資企業商會) and a special counsellor of Our Hong Kong Foundation. Mr. Chen is the brother of Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam. Mr. Chen is a director of each of Top Coast and Full Choice. Mr. Chen is also a shareholder of Full Choice.

Mr. CHAN Cheuk Hung (陳卓雄), aged 67, has been an executive Director since August 2005. He is also a member of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. Mr. Chan has over 31 years of extensive experience in real estate development and related business. He is mainly responsible for providing guidance for the overall operation of the Group, and the strategic planning of A-Living Group and A-City Eco Group of the Group. Mr. Chan received several honorary awards, including “Honourary Resident in Foshan (佛山市榮譽市民)” and “Community Construction Outstanding Contribution Award (小區建設突出貢獻獎)” in National Xiaokang Housing Demonstration Community Competition (國家小康住宅示範小區評比) hosted by Ministry of Construction (國家建設部) in 2000. For the public services, he was a standing committee member of Guangdong Province Real Estate Association (廣東省房地產業協會) in 2004. Mr. Chan is an executive director and the co-chairman of the board, and a member of the risk management committee of A-Living (stock code: 3319). Mr. Chan is the brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam.

DIRECTORS' PROFILE (CONTINUED)

Mr. HUANG Fengchao (黃奉潮), aged 61, has been an executive Director since 28 March 2014. He is also the chairperson of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. He is mainly responsible for providing foresighted and constructive opinion on the operation management and development strategy of the Group, and also formulating the overall strategic development of the A-Living Group of the Group and supervising their implementation. Mr. Huang graduated from Guangdong Petroleum School (廣東石油學校) (now known as Guangdong University of Petrochemical Technology) (廣東石油化工學院) majoring in turbine management. Since joining the Group in 1999, Mr. Huang had been the head of real estate management centre of the Group, general manager of Huadu and Nanhu projects and regional head of Hainan and Yunnan region. Prior to joining the Group, he worked for ExxonMobil (China) Co. Ltd. (美國埃索(中國)有限公司) and France TOTAL (China) Ltd. (法國道達爾(中國)有限公司). He is also an executive director, the co-chairman of the board, the chairperson of the risk management committee and the nomination committee, and a member of the remuneration and appraisal committee of A-Living (stock code: 3319).

Mr. CHAN Cheuk Hei (陳卓喜), aged 65, has been a non – executive Director since 28 March 2014. He was an executive Director and a Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 31 years of extensive experience in real estate development and related business. He is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan is the brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Hung and Mr. Chan Cheuk Nam.

Mr. CHAN Cheuk Nam (陳卓南), aged 60, has been a non-executive Director since 28 March 2014. He was an executive Director and a Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 31 years of extensive experience in real estate development and management. He is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan is the brother of Mr. Chen Zhuo Lin, Mr. Chan Cheuk Hung and Mr. Chan Cheuk Hei.

DIRECTORS' PROFILE (CONTINUED)

Dr. CHENG Hon Kwan (鄭漢鈞), *GBS, OBE, JP*, aged 96, has been an independent non-executive Director since 27 October 2005. He is also the chairperson of the remuneration committee and a member of the audit committee and the nomination committee of the Board. Dr. Cheng is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Science in Engineering degree from Tianjin University and a postgraduate diploma from Imperial College London. Dr. Cheng was also awarded several honorary doctorate degrees by The Hong Kong University of Science and Technology, City University of Hong Kong, Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong) and The Open University, United Kingdom, and is an honorary fellow of Imperial College London and City and Guilds of London Institute. Dr. Cheng is a past president, honorary fellow and gold medallist of The Hong Kong Institution of Engineers; past vice president, fellow and gold medallist of The Institution of Structural Engineers; fellow of The Institution of Civil Engineers, United Kingdom and American Society of Civil Engineers; an honorary fellow of The Institution of Engineers, Australia and Hong Kong Institute of Architects and an honorary member of The Hong Kong Institute of Planners. He obtained PRC Class 1 Registered Structural Engineer qualification and is an Authorised Person and a Registered Structural Engineer under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong). Dr. Cheng is a past chairman of Hong Kong Housing Authority and Transport Advisory Committee, a past member of both Executive Council and Legislative Council and a past member of Standing Committee of the Tianjin Committee of the Chinese People's Political Consultative Conference. Dr. Cheng is currently a permanent honorary chairman of Hong Kong Tianjin Friendship Association. He retired as an independent non-executive director of Tianjin Development Holdings Limited* (stock code: 882) in June 2023.

Mr. KWONG Che Keung, Gordon (鄺志強), aged 74, has been an independent non-executive Director since 27 October 2005. He is also the chairperson of the audit committee and a member of the remuneration committee and the nomination committee of the Board. Mr. Kwong is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Social Science degree from The University of Hong Kong and is a fellow member of both The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants. Mr. Kwong is currently an independent non-executive director of Henderson Land Development Company Limited* (stock code: 12), Henderson Investment Limited* (stock code: 97), Chow Tai Fook Jewellery Group Limited* (stock code: 1929), FSE Lifestyle Services Limited* (stock code: 331), COSCO SHIPPING International (Hong Kong) Co., Ltd.* (stock code: 517), Shanghai Commercial Bank Limited and Piraeus Port Authority S.A. (a company listed in Athens, Greece). He retired as an independent non-executive director of Global Digital Creations Holdings Limited* (stock code: 8271) in May 2020, China Power International Development Limited* (stock code: 2380) in June 2021 and NWS Holdings Limited* (stock code: 659) in November 2022. Mr. Kwong was a partner of Pricewaterhouse from 1984 to 1998 and a council member of Hong Kong Stock Exchange from 1991 to 1997.

* Listed on Hong Kong Stock Exchange

DIRECTORS' PROFILE (CONTINUED)

Mr. HUI Chiu Chung, Stephen (許照中), JP, aged 76, has been an independent non-executive Director since 27 June 2014. He is also the chairperson of the nomination committee, a member of the audit committee and the remuneration committee of the Board. Mr. Hui is mainly responsible for providing independent advice to the Board. He has over 50 years of experience in the securities and investment industry. He is a senior fellow member of Hong Kong Securities and Investment Institute and a fellow member of The Hong Kong Institute of Directors. He served as a council member and vice chairman of Hong Kong Stock Exchange, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission ("SFC"), a director of the Hong Kong Securities Clearing Company Limited, an appointed independent non-executive director of Hong Kong Exchange and Clearing Limited, a member of the Listing Committee of Hong Kong Stock Exchange, an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform, an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A, a member of the Committee on Real Estate Investment Trusts of the SFC, an appointed member of Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference, a member of Hengqin New Area Development Advisory Committee and a consultant of Hong Kong and Macao Legal Issues Expert Group of The Administrative Committee of Hengqin New Area, Zhuhai. Mr. Hui is appointed by the Government of the Hong Kong Special Administrative Region as a Justice of the Peace. He is currently a non-executive director of Luk Fook Holdings (International) Limited* (stock code: 590) and the chairman and chief executive officer of Luk Fook Financial Services Limited. He also serves as an independent non-executive director of China South City Holdings Limited* (stock code: 1668), Gemdale Properties and Investment Corporation Limited* (stock code: 535), SINOPEC Engineering (Group) Co., Ltd.^ 中石化煉化工程(集團)股份有限公司* (stock code: 2386), FSE Lifestyle Services Limited* (stock code: 331), HK Acquisition Corporation* (stock code: 7841), and Lifestyle International Holdings Limited (formerly stock code: 1212) (the shares of which were delisted from Hong Kong Stock Exchange in December 2022). He has ever been an independent non-executive director of Zhuhai Holdings Investment Group Limited (formerly stock code: 908), the shares of which were delisted from Hong Kong Stock Exchange on 18 June 2021.

* Listed on Hong Kong Stock Exchange

Dr. Peng Shuolong (彭說龍), aged 61, has been an independent non-executive Director since 26 June 2023. He is also a member of the nomination committee, the audit committee, the remuneration committee and the risk management committee of the Board. He received a Master degree in Education from Beijing Institute of Physical Education in June 1991, and a doctorate degree in Management from South China University of Technology in January 2007. In addition, Dr. Peng obtained the qualification certificate for independent director of listed companies issued by The Shenzhen Stock Exchange in July 2018. Dr. Peng has more than 23 years of management experience. From December 2004 to July 2017, he served as a standing member of the Party Committee and vice president of South China University of Technology. From February 2014 to February 2016, he served as the deputy mayor of Liupanshui City, Guizhou Province. From December 2013 to December 2015, he served as a standing member of the Municipal Committee of Liupanshui City, Guizhou Province. From August 1999 to February 2004, he served as the general manager of the Services Group of South China University of Technology. Dr. Peng is also an independent director of each of Guangzhou Zhiguang Electric Co., Ltd. (stock code: 002169) and Guangzhou Shangpin Home Furnishing Co., Ltd. (stock code: 300616) respectively, which companies are listed on The Shenzhen Stock Exchange.

SENIOR MANAGEMENT'S PROFILE

Mr. PAN Zhiyong (潘智勇), aged 54, is the Senior Vice President of the Company, mainly performs the duties of the chief financial officer in the Group. Mr. Pan is also a director of certain subsidiaries of the Company. Mr. Pan joined the Group in 2017. He is mainly responsible for the management of Financial Center, Information Technology Center of the Company and Hong Kong Headquarters. Before joining the Group, Mr. Pan had held various positions in Agricultural Bank of China Limited (“ABC”), Guangdong branch including the general manager of Marketing Department, Institutional Banking Division and Corporate Banking Department, assistant president and vice president. He had been the president of ABC, Zhaoqing branch. Mr. Pan holds a Bachelor degree in Economics from Jinan University, a Master’s degree in Business Administration and a Doctoral degree in Management from South China University of Technology. Mr. Pan also has a senior economist qualification. He was awarded the “Ten Outstanding Young Persons of ABC Guangdong Branch (中國農業銀行廣東省分行十大傑出青年)” in 2009, Model Worker of Zhaoqing (肇慶市勞動模範) in 2010, Senior Financial Management Talent of Guangzhou (廣州市金融高級管理人才) in 2015, China’s Top 10 Financial Management Innovation Leaders in 2019 (2019年度中國十大財務管理創新領軍人才) and Industrial Development and Innovative Talents of Guangzhou in 2019 (2019年度廣州市產業發展和創新人才). He is the deputy secretary of Guangdong Venture Capital and Private Equity Association (廣東省創業投資協會), executive director of China Mergers & Acquisitions Association (中國併購公會) and co-president of Zhongguancun Private Equity & Venture Capital Association (中關村股權投資協會).

Mr. LIU Tongpeng (劉同朋), aged 53, is the Senior Vice President of the Company and the Chairman of the Property Group of the Group. Mr. Liu is also a director of certain subsidiaries of the Company. Mr. Liu joined the Group in November 2018. He is mainly responsible for the management of Operation Centre, Investment Centre, Direct Sales Centre, Cost Procurement Centre and Human Resources and Administration Centre of the Company. Prior to joining the Group, Mr. Liu held different positions in Industrial and Commercial Bank of China, including vice president and president of Zhongshan Branch and vice president of Guangdong Branch. Mr. Liu holds a Bachelor degree of Economics degree from Hunan Finance and Economics University and a Master degree of Business Administration of China Europe International Business School. He is a senior economist. He was awarded the “China’s Real Estate Development Leader (中國地產開發領軍人物)” and “China’s Top 10 Real Estate CEOs in 2021 (2021年中國十大地產年度CEO)” in 2021”

Mr. WANG Haiyang (王海洋), aged 53, is the Senior Vice President of the Company and the chairman of the A-City Eco Group of the Group and president of Property Group of the Group. Mr. Wang is also a director of certain subsidiaries of the Company. Mr. Wang joined the Group in July 2011. He is mainly responsible for the management of Engineering Centre, Design Centre, Audit and Legal Centre of the Company and Environmental Protection Group of A-City Group. He was the general manager of China Machinery TDI International Engineering Co., Ltd., Zhongshan branch office (中機十院國際工程有限公司中山分公司). Mr. Wang holds a Bachelor’s degree in Construction Engineering from Xi’an University of Technology. He obtained PRC Class 1 Registered Structural Engineer qualification. He was awarded the “The 6th Model of Honesty and Faithfulness of Hainan Province (第六屆海南省誠實守信道德模範)”. He is the vice chairperson of Guangdong Province Real Estate Association (廣東省房地產協會), executive vice chairperson of Guangdong Commercial Real Estate Investment Association (廣東省商業地產投資協會) and member of the 8th council of China Real Estate Association (中國房地產業協會).

SENIOR MANAGEMENT'S PROFILE (CONTINUED)

Madam YUE Yuan (岳元), aged 48, is the Vice President of the Company and Property Group of the Group and an assistant to Chairman. Madam Yue is also a director of certain subsidiaries of the Company. Madam Yue joined the Group in 2006. She is mainly responsible for the management of Operation Centre, Cost Procurement Centre, Human Resources and Administration Centre, and Chairman Office of the Company and Property Group of the Group. Madam Yue holds a Bachelor of Engineering degree from Lanzhou Jiaotong University (formerly known as Lanzhou Railway University) and a Master degree of Science degree in Construction Project Management from the University of Hong Kong. She is a PRC registered budgeting engineer and a member of the Royal Institution of Chartered Surveyors. Madam Yue retired as a non-executive director of A-Living (stock code: 3319) in July 2023.

Madam DING Xiaoying (定曉穎), aged 48, is the Vice President of the Company. Madam Ding joined the Group in July 2015. She is mainly responsible for the management of Audit and Legal Centre of the Company. Madam Ding holds a Bachelor degree in Architectural Engineering and a Master degree of Engineering degree from Wuhan University. She is also qualified as a PRC certified builder, a certified cost engineer and a senior engineer. Madam Ding is an executive director of Guangzhou Institute of Internal Audit (廣州市內部審計協會) and a director of Guangdong Enterprise Institute for Internal Controls (廣東省企業內部控制協會).

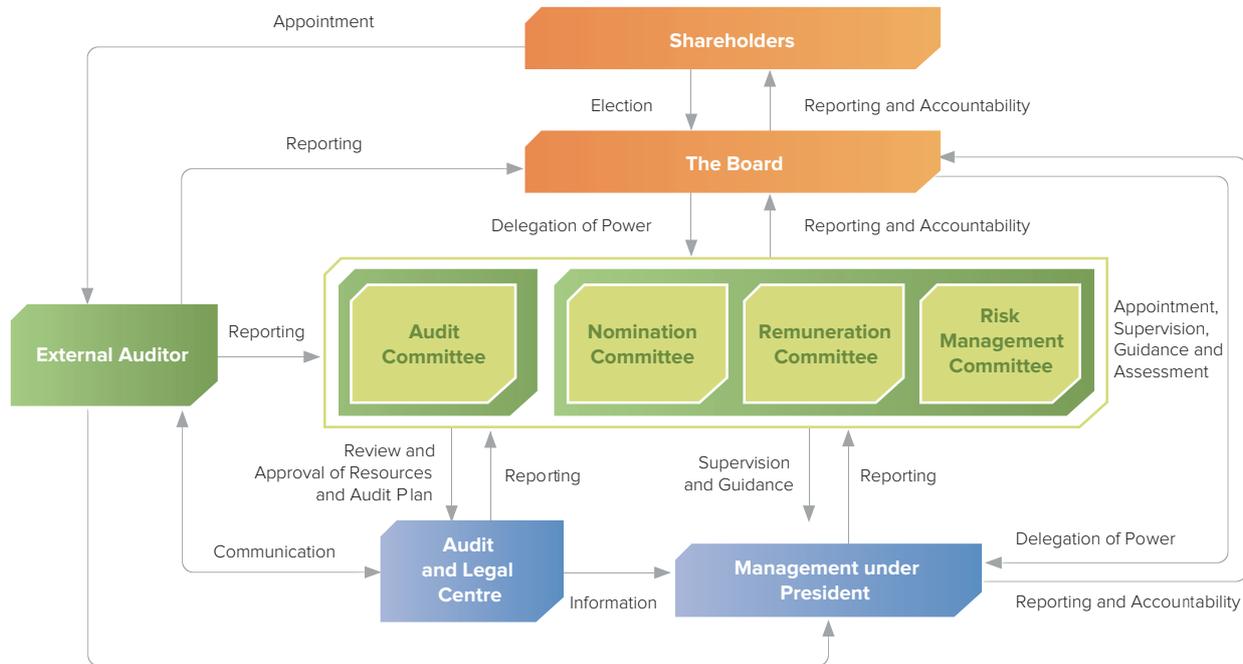
Mr. Cheung Chung Leuk (張中略), aged 41, is the Vice President and General Manager of the Sales and Marketing Centre of the Company and the Vice President of Property Development of the Group. Mr. Cheung joined the Group in March 2016. He is mainly responsible for the management of the Sales and Marketing Centre of the Company. Mr. Cheung has over 16 years of practical experience in large-scale real estate development management and has extensive experience in market strategy, business operations, marketing management, brand strategy, etc. Mr. Cheung holds a Bachelor degree in Management from Jinan University (暨南大學). He is the Chairman of Brand Development Committee and Executive Vice President of Guangzhou Real Estate Trade Association (廣州市房地產行業協會) and Guangzhou Institute of Real Estate (廣州市房地產學會), and an Instructor of Advanced Studies Seminar in Real Estate of Guangzhou Real Estate Trade Association (廣州市房地產行業協會).

Mr. Ng Wai Hung (吳偉雄), aged 60, is the Company Secretary of the Company. Mr. Ng is a practising solicitor in Hong Kong and a partner of Lu, Lai & Li Solicitors and Notaries. Mr. Ng has extensive experience in the areas of securities law, corporate law and commercial law in Hong Kong and has been involved in many initial public offerings of securities in Hong Kong as well as corporate restructuring, mergers and acquisitions and takeovers of listed companies in Hong Kong. Mr. Ng is a non-executive director of Coolpad Group Limited* (stock code: 2369) and a non-executive director of Kingkey Intelligence Culture Holdings Limited* (stock code: 550). Mr. Ng also serves as an independent non-executive director of each of Lajin Entertainment Network Group Limited* (stock code: 8172) and Xinyi Electric Storage Holdings Limited* (stock code: 8328). Mr. Ng retired as an independent non-executive director of Winshine Science Company Limited* (stock code: 209) in June 2023.

* Listed on Hong Kong Stock Exchange

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STRUCTURE



“Empathy” stands as the core values of the Company. The Company promotes a caring culture and respects the nature and every person’s needs. The Company strives to promote the development of its business to create and enhance Shareholders’ value and to bring returns to its Shareholders in a sustainable manner. It also strives for creating and delivering long-term value to its employees, customers, investors and the nature in its operation and development. Please refer to the Environmental, Social and Governance Report published by the Company for environmental and social risks and opportunities of the Company.

The Board believes that good governance is essential for achieving the objectives of the Company. As such, with reference to the CG Code, the Board has adopted its own corporate governance policy which provides guidance on how corporate governance principles are applied in the Company, and the Board reviews corporate governance practices from time to time in light of the new regulatory requirements and the needs of the Company. The Company is committed to maintaining a high level of corporate governance and adheres to the principles of integrity, transparency, accountability and independence. This corporate governance report helps Shareholders to understand and evaluate the corporate governance practices of the Company.

The Board plays a major role in the supervision of corporate governance to ensure that the Company maintains a sound governance framework and preserve long-term sustainable Shareholders’ value by way of, without limitation to, the:

- (a) formulation and review of the Company’s policies and practices on corporate governance;
- (b) review and monitoring of the training and continuous professional development of Directors and senior management;
- (c) review and monitoring of the Company’s policies and practices in compliance with legal and regulatory requirements;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- (d) formulation, review and monitoring of the code of conduct and compliance applicable to employees and Directors;
- (e) with the advice and assistance from the audit committee and the risk management committee, review and monitoring of the risk management and internal control systems of the Company to ensure their effectiveness; and
- (f) review of the Company's compliance with the CG Code and disclosure in its interim reports and annual reports.

During the year ended 31 December 2023, the Board:

1. reviewed the Company's policies and practices on corporate governance;
2. reviewed and monitored the compliance with applicable legal and regulatory requirements;
3. reviewed the compliance with Securities Dealing Code for Directors;
4. reviewed and monitored the code of conduct and compliance manual applicable to employees and directors;
5. reviewed and monitored the training and continuous professional development of Directors and senior management;
6. reviewed the effectiveness of the risk management and internal control systems; and
7. reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report in 2022 annual report.

During the year ended 31 December 2023, the Company has fully complied with all code provisions of the CG Code except for deviations to code provision C.2.1. Please refer to the paragraph headed "Chairman and President" below.

THE BOARD AND MANAGEMENT

The Board takes Shareholders' interests as its priority and takes into account the interests of other stakeholders in its operation and development. The Board is responsible for formulating the business and management directions of the Group in such a way as to achieve the objectives of the Company. It formulates corporate strategy and long-term business model of the Group and monitors and controls operating and financial performance in pursuit of strategic objectives of the Group.

The Board delegates day-to-day operations of the Group to the management of the Company. The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

The Board reviews the arrangements from time to time to ensure that the delineation between the Board and the management remains appropriate to the needs of the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD COMPOSITION

The Company is headed by the Board which comprises nine Directors, including three executive Directors (namely Mr. Chen Zhuo Lin (Chairman and President), Mr. Chan Cheuk Hung and Mr. Huang Fengchao), two NEDs (namely Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam) and four INEDs (namely Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen and Dr. Peng Shuolong). The biographical details and relationship amongst them, if any, are set out on pages 47 to 50 of this annual report.

CHAIRMAN AND PRESIDENT

The corporate governance policy of the Company sets out the roles of the chairman and the president who is also playing the role of chief executive. The Chairman provides leadership for the Board and ensures the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. The Chairman is also responsible for formulating the overall strategies and policies of the Company and monitoring their implementation. Meanwhile, the President, being the chief executive of the Company, is delegated the authority by the Board to lead other senior management including the vice presidents for the daily operation and business management of the Group in accordance with the objectives, directions, and risk management and internal control policies laid down by the Board.

During the year ended 31 December 2023, the Company has complied with all code provisions of the CG Code except code provision C.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. In the reporting year and until now, Mr. Chen Zhuo Lin is the Chairman of the Board and the President of the Company. The Board considered that such arrangement will provide strong and consistent leadership for the development of the Group and effective execution of policies and strategies of the Group given Mr. Chen's in-depth knowledge of the operations of the Group and of the industry as well as his extensive and strong business connections. The Board considered that such arrangement will not impair the balance of power and authority of the Board and it will be subject to review from time to time, and hence serves the best interest of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

INEDs play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. INEDs represent more than one-third of the Directors and ensure independent views are available in decision making at Board level. They are experienced professionals in areas such as accounting, financial management, structural and civil engineering, securities and investment industries. Their diversified experiences provide valuable views to the Board from different perspective, and thus enhance the decision-making of the Board and promote a sustainable and balanced development of the Group. In particular, they bring impartial views and opinions on issues of the Company's strategy, performance and control, and take the lead where potential conflicts of interests arise. The Board believes that its culture of openness and debate facilitates the effective contribution of Directors, in particular INEDs, to the Board and ensures constructive relationship among executive Directors, NEDs and INEDs.

During the year, the Company was in compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. INEDs represent at least one-third of the Board and at least one of them possesses relevant professional qualifications or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Board considers that the representation of INEDs is important to ensure independent views and input are available to the Board and is committed to comply with the requirements of the Listing Rules on appointment of sufficient number of INEDs. It will also review the implementation and effectiveness of such mechanism on an annual basis.

The Board consists of four INEDs, namely, Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen and Dr. Peng Shuolong. Dr. Cheng and Mr. Kwong were appointed on 27 October 2005 whereas Mr. Hui and Dr. Peng were appointed on 27 June 2014 and 26 June 2023 respectively.

An annual confirmation of independence was received from each of four INEDs pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Dr. Cheng, Mr. Kwong and Mr. Hui have served the Board for more than nine years. Notwithstanding their length of tenure, in view of their wide spectrum of knowledge, extensive business experience and familiarity with the Company's affairs as well as the independence confirmation of Dr. Cheng, Mr. Kwong and Mr. Hui, the Board is of the opinion that they possess the required character, integrity and experience to ensure their independence in order to objectively scrutinise the Company's performance.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Mr. Chen Zhuo Lin and Mr. Chan Cheuk Hung, executive Directors, have entered into service agreements with the Company, while Mr. Huang Fengchao, executive Director, and all NEDs (including INEDs) have entered into appointment letters with the Company setting out the terms and conditions of their appointment. Each Director is appointed for a specific term of 3 years, subject to the provisions on Directors' retirement as set out in the Articles. Any Director appointed by the Board either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment, and shall then be eligible for re-election. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation. At each annual general meeting, 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 by rotation. Every Director shall be subject to retirement at an annual general meeting at least once every three years. The names of Directors who are eligible for re-election at general meetings will be disclosed in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars. The re-election of each Director will be subject to vote of Shareholders by separate resolutions.

In accordance with the Articles, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Nam, Mr. Hui Chiu Chung, Stephen and Dr. Peng Shuolong shall retire by rotation and, being eligible, have offered themselves for re-election at the Forthcoming AGM.

Each Director has disclosed to the Company about the names of and the titles and nature of office held in the public companies or organisations prior to the acceptance of the appointment, and promised to inform the Company timely of any relevant change. The Company will also require Directors to submit written confirmation or update on their biographical details, if any, twice a year, and set out the updated biographical details of Directors, if any, in this annual report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD AND BOARD COMMITTEE MEETINGS

The Board meets four times each year or more as required. Directors may participate in meetings either in person or through electronic means of communication. The schedule of regular meetings for the following year will be presented to all Directors in the last Board meeting in a year such that they can arrange for the meetings. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The company secretary of the Company ("Company Secretary") assists the Chairman in preparing the agenda of regular Board meetings and circulates the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the Company Secretary after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

Each Director shall have access to the senior management including the Company Secretary, and they may also seek independent professional advice at the expense of the Company. Any material matter involving interest of substantial Shareholder(s) or Director(s) shall be subject to the consideration and approval by the Board at a physical Board meeting, or to be implemented and dealt with by the designated Board committee. Directors who have interest may attend the meeting, but shall not be counted towards quorum and shall abstain from voting on the relevant matter. All Directors may require the Company Secretary to provide advice and services on relevant aspects, including the follow-up of, or the provision of support to, any matters, ensuring that the Board procedures and all applicable rules and regulations are observed.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting and will answer any enquiry from the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss the matters.

The meeting minutes of the Board and its committees are drafted and kept by the Company Secretary. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The Company Secretary will distribute the draft meeting minutes to all Directors for their comment and final version of the meeting minutes to all Directors for their record within reasonable time after the meetings is held.

CORPORATE GOVERNANCE REPORT (CONTINUED)

During the year, the Board held a total of twelve Board meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meeting(s) is set out as follows:

	Number of attendance/meeting(s) held in 2023					
	The Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	General Meeting
Mr. Chen Zhuo Lin (Chairman and President)	12/12	–	–	–	–	1/1
Mr. Chan Cheuk Yin (Vice Chairperson) (resigned on 15 September 2023)*	7/9	–	–	–	–	1/1
Madam Luk Sin Fong, Fion (Vice Chairperson) (resigned on 22 December 2023)**	10/12	–	0/1	0/2	–	1/1
Mr. Chan Cheuk Hung	10/12	–	–	–	0/2	1/1
Mr. Huang Fengchao	12/12	–	–	–	2/2	1/1
Mr. Chan Cheuk Hei	12/12	–	–	–	–	1/1
Mr. Chan Cheuk Nam	11/12	–	–	–	–	1/1
Dr. Cheng Hon Kwan	12/12	1/2	1/1	2/2	–	1/1
Mr. Kwong Che Keung, Gordon	11/12	2/2	1/1	1/2	–	1/1
Mr. Hui Chiu Chung, Stephen	12/12	2/2	1/1	2/2	–	1/1
Dr. Peng Shuolong (appointed on 26 June 2023)***	7/7	1/1	0/0	0/0	1/1	0/0
Mr. Wong Shiu Hoi, Peter (resigned on 26 June 2023)****	4/5	1/1	1/1	2/2	1/1	0/1

Notes:

- * Nine Board meetings and one general meeting were held during the period of his appointment.
- ** Twelve Board meetings, one nomination committee meeting, two remuneration committee meetings and one general meeting were held during the period of her appointment.
- *** Seven Board meetings, one audit committee meeting, 0 nomination committee meeting, 0 remuneration committee meeting, one risk management committee meeting and 0 general meeting were held during the period of his appointment.
- **** Five Board meetings, one audit committee meeting, one nomination committee meeting, two remuneration committee meetings, one risk management committee meeting and one general meeting were held during the period of his appointment.

All Directors allocated a reasonable amount of time to follow up and deal with various affairs of the Company during the year. They made their best effort to attend meetings of the Board and its committees. They also allocated reasonable time in reviewing meeting materials, financial and operational statements as well as other documents provided by the Company from time to time. Furthermore, each member of the audit committee also spent sufficient time on reviewing internal audit reports provided by the Audit and Legal Centre during the year.

The code provision C.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the year, the Chairman met once with the INEDs without the other Directors present. The meeting was held on 4 December 2023.

CORPORATE GOVERNANCE REPORT (CONTINUED)

TRAINING AND SUPPORT FOR DIRECTORS

The Company has established procedures for training and development of Directors. Newly appointed Director will be provided with comprehensive, formal and tailored induction upon his/her appointment. Regular briefing and professional development will also be provided to the Directors to enhance their understanding on the business and operation of the Group and to increase their awareness of their responsibilities and obligations under the statutory and common laws, the Listing Rules, laws and other regulatory requirement and governance policies, so as to enable the Directors to discharge their duties properly. The Company Secretary maintains proper records of training attended by the Directors.

The summary of training received by the Directors during the year is as follows:

Directors	Training Matters (Note 1)
<i>Executive Directors</i>	
Mr. Chen Zhuo Lin (<i>Chairman and President</i>)	A, B
Mr. Chan Cheuk Hung	A, B
Mr. Huang Fengchao	A, B
<i>NEDs</i>	
Mr. Chan Cheuk Yin (<i>Vice Chairperson</i>) (<i>resigned on 15 September 2023</i>)	A, B
Madam Luk Sin Fong, Fion (<i>Vice Chairperson</i>) (<i>resigned on 22 December 2023</i>)	A, B
Mr. Chan Cheuk Hei	A, B
Mr. Chan Cheuk Nam	A, B
<i>INEDs</i>	
Dr. Cheng Hon Kwan	A, B
Mr. Kwong Che Keung, Gordon	A, B
Mr. Hui Chiu Chung, Stephen	A, B
Dr. Peng Shuolong (<i>appointed on 26 June 2023</i>)	A, B
Mr. Wong Shiu Hoi, Peter (<i>resigned on 26 June 2023</i>)	A, B
Note 1:	
A.	corporate governance
B.	regulatory

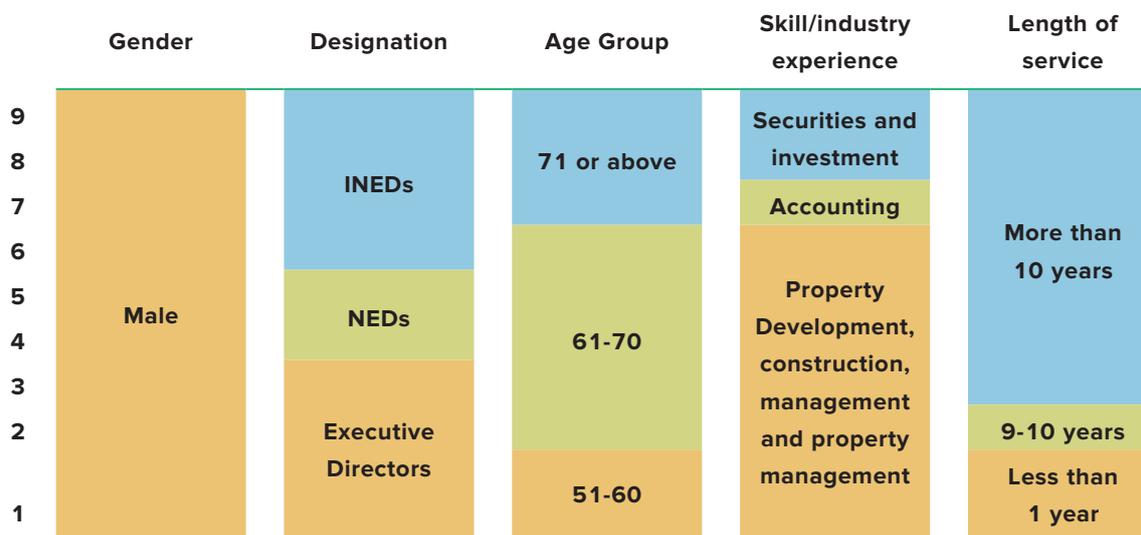
Board Diversity Policy

The Board recognizes the importance of board diversity in promoting the development of the Company. The Company adopted its own board diversity policy (the "Board Diversity Policy") on 15 August 2013. In making appointments of directors to the Board, a number of factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service at the Board are taken into account with an aim to make the Board more diverse. The decision will be made on merits in accordance with the nomination policy of the Company with due consideration of the Board Diversity Policy.

The nomination committee reviews the diversity structure, size and composition of the Board at least annually.

CORPORATE GOVERNANCE REPORT (CONTINUED)

An analysis of the current Board composition is set out in the following chart:



The Board recognizes the benefits of gender diversity. It had female representation from 2005 until Madam Luk Sin Fong, Fion resigned as non-executive Director on 22 December 2023. Following the resignation of Madam Luk as a non-executive director of the Company with effect from 22 December 2023 as announced by the Company in the announcements published on 27 February 2023 and 21 March 2023 respectively, the Company has a single gender board which does not meet the requirement under Rule 13.92 of the Listing Rules.

The Board has been endeavouring to identify a suitable female candidate as soon as possible through the networking and personal referrals of the Directors, senior managements of the Company and the Company's professional parties but requires more time to finalise an appropriate appointment. In making the appointment of a director to the Board, a number of factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge will be taken into account with an aim to make the Board more diverse, and the decision will be made based on merits in accordance with the nomination policy of the Company.

Gender is not the only factor to be taken into account in considering appointment to the Board. Appointment is made on merits after considering a number of factors including the educational background, professional experience, skills and knowledge of the candidate. Hence, the Board does not set any particular targets on the number of female representation at the Board. The Board and the nomination committee will closely monitor and review from time to time the composition of the Board and will take into account the board diversity policy including gender diversity in considering appointment to the Board with an aim to maintaining female representation at the Board.

Having reviewed the structure and composition of the Board and save as gender diversity which the Board is currently endeavouring to identify a suitable female candidate and requires more time to finalise an appropriate appointment, the Board considers that it is diversified in terms of age group, professional experience, skills, knowledge and length of service of its members. The Board has a balanced composition of executive Directors, NEDs and INEDs. INEDs represent more than one-third of the Directors and ensure independent views are available in decision making at the Board. The nomination committee reviews and monitors the implementation of the Board Diversity Policy annually and from time to time to ensure its effectiveness. The Board will set measurable objectives for achieving Board diversity as appropriate.

CORPORATE GOVERNANCE REPORT (CONTINUED)

As at 31 December 2023, gender ratio is approximately 11 (male): 9 (female) in workforce of the Group and approximately 5 (male): 2 (female) in senior management (other than Directors) of the Company. The Company has not set any objectives for gender ratio in workforce or in senior management. Appointment is primarily made on merits of the candidate after considering a number of factors including the educational background, professional experience, skills and knowledge of the candidate. Further, as the Group's business is mainly based in the PRC and most of its employees are in the PRC where gender imbalance is serious with more male than female, the Company believes setting a particular target of gender ratio for its workforce will hinder its flexibility in recruitment.

DIRECTORS AND SENIOR MANAGEMENT LIABILITY INSURANCE

The Company has arranged appropriate insurance covering the potential legal actions against its Directors and senior management in connection with the discharge of their responsibilities.

BOARD COMMITTEES

The Company has established 4 Board committees, namely remuneration committee, nomination committee, audit committee and risk management committee. Terms of reference of each of the committees are available on the Company's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkexnews.hk), and will be amended by the Board from time to time, where appropriate.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") has been established since November 2005 and currently comprises 4 INEDs. The members of the Remuneration Committee include Dr. Cheng Hon Kwan (as Chairperson), Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, Stephen, Dr. Peng Shuolong (appointed on 26 June 2023) and Mr. Wong Shiu Hoi, Peter (ceased on 26 June 2023).

The major duties of the Remuneration Committee are (i) to make recommendations to the Board on the remuneration packages of individual Directors (including executive Directors and NEDs) and senior management of the Group, (ii) to formulate the policies and structure for remuneration of Directors and senior management of the Group and (iii) to establish a formal and transparent procedure for developing remuneration policy. Remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment. In determining remuneration of Directors and senior management of the Group, the Board will consider the remuneration level of comparable companies, the time commitment and responsibilities and employment conditions elsewhere in the Group, individual performance of respective Directors and the Company's performance. No Director shall be involved in deciding his/her own remuneration. The remuneration committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

During the year, the Remuneration Committee held two meetings in March and June respectively in which they:

- evaluated the performance of executive Directors for 2022;
- discussed the recommendation on the remuneration adjustments of senior management for 2023;
- confirmed the remuneration of executive Directors, NEDs and INEDs for 2022;
- discussed and made recommendation on the remuneration adjustment of executive Directors, NEDs and INEDs for 2023; and
- reviewed the Share Award Scheme and made a recommendation to the Board for the termination of the Share Award Scheme. For further details, please refer to the section headed "Share Award Scheme" in the Report of Directors.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Details of the five highest paid individuals are set out in note 9 to the consolidated financial statements.

The remuneration paid to the members of senior management (other than Directors) by bands for the year ended 31 December 2023 is set out below:

Remuneration bands (RMB)	Number of members of senior management
≤1,000,000	6
1,000,001–2,000,000	–
2,000,001–3,000,000	1

NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) has been established since December 2006 and currently comprises 4 INEDs. The members of the Nomination Committee include Mr. Hui Chiu Chung, Stephen (as Chairperson), Dr. Cheng Hon Kwan, Mr. Kwong Che Keung, Gordon, Dr. Peng Shuolong (appointed on 26 June 2023) and Mr. Wong Shiu Hoi, Peter (ceased on 26 June 2023).

The major duties of the Nomination Committee are (i) to determine policy for the nomination of Directors, (ii) to give advice to the Board on the appointment or re-appointment and succession plan of Directors (particularly the Chairman and executive Directors), (iii) to review the Board Diversity Policy, the structure, number of members and composition (including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board, (iv) to assess the independence of INEDs, and (v) to review the disclosures on director independence, the policy for the nomination of directors performed by the Nomination Committee during the year and a summary of the Board Diversity Policy in corporate governance report.

The Nomination Committee is responsible for the development of selection procedures for candidates, and will consider different criteria (including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service). The Nomination Committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expense of the Company.

During the year, the Nomination Committee held a meeting in March in which they:

- considered the contribution to the Group by the retiring Directors, and advised the Board on the re-election of such retiring Directors at Last AGM;
- assessed the independence of the INEDs;
- considered and reviewed the structure, number of members and composition of the Board; and
- reviewed the corporate governance report in 2022 annual report including but not limited to disclosures on independence of directors and Board Diversity Policy.

NOMINATION POLICY

The Board has adopted a nomination policy (the “Nomination Policy”) on 7 December 2018.

1. Purpose

One of the main responsibilities of the Nomination Committee is to identify individuals suitably qualified to become directors and select or make recommendations to the Board on the selection of individuals nominated for directorships.

The Nomination Policy is aimed to set out the criteria and procedures to be adopted when making recommendations to the Board on the appointment or re-appointment of Directors and succession plan for Directors.

2. Nomination Criteria

When considering a candidate nominated for directorship or a Director’s re-appointment, the Nomination Committee shall have regard to the following factors:

- 2.1 Diversity of the Board, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service of the candidate;
- 2.2 Time commitment of the candidate. In this regard, the number and nature of offices held by the candidate in public companies or organisations, and other executive appointments or significant commitments will be considered;
- 2.3 Potential/actual conflicts of interest that may arise if the candidate is selected;
- 2.4 In the case of a proposed appointment of an INED, the independence of the candidate;
- 2.5 In the case of a proposed re-appointment of an INED, the number of years he/she has already served the Company; and
- 2.6 Other factors considered to be relevant by the nomination committee on a case by case basis.

3. Nomination procedure

Subject to the provisions in the Articles, if the Board recognises the need to appoint additional Director(s), the following procedures should be adopted:

- 3.1 The Nomination Committee identifies or selects candidate(s) recommended to the Nomination Committee, with or without assistance from external agencies or the Company, pursuant to the criteria set out in the Nomination Policy;
- 3.2 The Nomination Committee may use any process it deems appropriate to evaluate the candidate(s), which may include personal interviews, background checks, presentations or written submissions by the candidate(s) and third party references;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- 3.3 The Nomination Committee provides to the Board with all the information required in relation to the candidate(s), including information set out in Rule 13.51(2) of the Listing Rules;
- 3.4 The Nomination Committee makes recommendation to the Board including the terms of appointment and conditions of the appointment;
- 3.5 The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee;
- 3.6 All appointments of Directors shall be confirmed by a letter of appointment. The letter of appointment shall be approved by the Nomination Committee and set out the key terms and conditions of the appointment of the Directors;
- 3.7 Pursuant to Rule 13.74 of the Listing Rules, where Shareholders are required to vote on the election or re-election of directors, the circular accompanying the notice of the relevant general meeting should contain all the information of the candidate(s) required under Rule 13.51(2) of the Listing Rules; and
- 3.8 In the case of the re-appointment of existing directors, matters relating to the re-appointment shall be considered in accordance with the criteria set out in the Nomination Policy.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established since November 2005 and currently comprises 4 INEDs. The members of the Audit Committee include Mr. Kwong Che Keung, Gordon (as Chairperson), Dr. Cheng Hon Kwan, Mr. Hui Chiu Chung, Stephen, Dr. Peng Shuolong (appointed on 26 June 2023) and Mr. Wong Shiu Hoi, Peter (ceased on 26 June 2023).

The major duties of the audit committee are (i) to review accounting policy, (ii) to monitor the performance of the Company's external auditor and Audit and Legal Centre, (iii) to review financial information and the method and effectiveness of the financial reporting of the Company so as to ensure the compliance with the applicable accounting and reporting regulations and the requirements of laws and provisions, (iv) to supervise the financial reporting system and risk management and internal control policies, (v) to consider and review the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and (vi) to report the results to the Board. The Audit Committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of Company.

During the year, the Audit Committee held 2 meetings in March and August respectively in which they:

- reviewed annual results of 2022 and 2022 annual report, interim results of 2023 and 2023 interim report;
- reviewed audit and review reports of the external auditor;
- discussed and reviewed the effectiveness of internal control system and the measures and countermeasures on internal control and risk management systems;
- discussed and reviewed internal control management reports, audit monitoring plans and audit timetables;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- reviewed the independence of external auditor;
- reviewed the resources of accounting, financial reporting and internal audit functions of the Group;
- reviewed the effectiveness of the Company's internal audit function;
- reviewed staff malpractices monitoring reports; and
- met with the external auditor without the presence of the management of the Company.

The Audit Committee meets with the external auditor, at least once annually, in the absence of management, to discuss matters relating to its audit fees, issue arising from the audit and other matters the external auditor may wish to raise.

External Auditor

For the year ended 31 December 2023, the remuneration paid/payable to the auditors of the Group for audit and non-audit services are as follows:–

	2023 RMB'000	2022 RMB'000
Auditors' remuneration		
Audit services	14,530	12,760
Non-audit services:		
– Other permitted services	30	1,200
	14,560	13,960

Responsibility in financial statements

Directors acknowledged their responsibilities for preparing the accounts in this annual report, and Ernst & Young, the external auditor of the Company, acknowledged their reporting responsibility in the auditor's report of financial statements.

During the year, the Company published its annual results for the year ended 31 December 2022 and interim results for six months ended 30 June 2023 in compliance with the Listing Rules. The Company did not publish any quarterly results as suggested by the recommended best practice D.1.5 of the CG Code for the reasons that publication of quarterly results are not mandatory for the Company as a Main Board listed issuer and that preparation of quarterly reports are costly and does not bring significant benefits to the Shareholders.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Going concern

During the year ended 31 December 2023, the Group recorded a net loss of RMB12,776,851,000. As at 31 December 2023, the Group had cash and bank balances (including restricted cash) of RMB12,553,455,000 and short-term borrowings of RMB25,869,427,000. The real estate sector has continued to experience a downward trend mainly contributed by insufficient demand. Though many industry easing policies were introduced by various local government to stimulate demand, sales remained sluggish for most regions. Considering the above market condition, the Company remains cautious about its liquidity in the near term. The auditors of the Group have stated that the above conditions indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, however they have not issued a modified opinion in respect of this matter. For further details, please refer to the Independent Auditor's Report under the sections headed "Material Uncertainty related to Going Concern" and note 2.1 to the consolidated financial statements.

In view of these circumstances and the current economic environment, the Directors have given consideration to the future liquidity of the Group and its available sources of financing including credit facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors also have implemented various measures to ensure the Group maintains adequate working capital, including:

- (i) accelerating the pre-sale of properties and speeding up the collection of sales proceeds;
- (ii) closely monitoring the process of construction of its property development projects to ensure that construction and related payments are fulfilled and the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule, such that the Group is able to release restricted pre-sale proceeds as planned;
- (iii) seeking continuously for re-financing of existing borrowings as well as new debt financing and bank borrowings at costs acceptable to the Group to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- (iv) disposing of certain of its non-core properties and non-core businesses to generate more cashflow when needed; and
- (v) not committing on significant capital expenditures and land acquisitions before securing the necessary funding.

Taking into account (i) the Group's net current assets position of RMB7,655,492,000; (ii) the cash flow projection including the Group's ability to obtain new financing and to renew or refinance the existing credit facilities before maturity; (iii) the fact that the Group has successfully extended the repayment of current portion of borrowings of approximately RMB7,498,214,000 after the end of the reporting period and up to the date of this report; and (iv) the availability of unpledged assets that are immediately available for sales, the Directors consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

Notwithstanding the above, whether the Group will be able to continue as a going concern would depend upon the followings:

- (i) to accelerate the pre-sale of properties and to speed up the collection of sales proceeds; and
- (ii) the successful obtaining new borrowings and refinancing of the existing bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial information.

RISK MANAGEMENT COMMITTEE

The risk management committee of the Company (the “Risk Management Committee”) has been established since August 2016 and currently comprises 2 executive Directors and an INED. The members of the Risk Management Committee include Mr. Huang Fengchao (as Chairperson), Mr. Chan Cheuk Hung, Dr. Peng Shuolong (appointed on 26 June 2023) and Mr. Wong Shiu Hoi, Peter (ceased on 26 June 2023).

The major duties of the Risk Management Committee are (i) to consider and formulate risk management framework, (ii) to review and assess the effectiveness of the Group’s risk management framework, and (iii) to monitor and ensure the effective implementation of relevant risk management measures. The Risk Management Committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

During the year, the Risk Management Committee held 2 meetings in March and August respectively to review and discuss the following items:

- the Group’s risk management work report for 2022;
- the updates on the major risks and core risk indicators of the Company and the Group’s business segments in 2023;
- the resources for ESG performance and reporting functions of the Group;
- the effectiveness of risk management system;
- the risk management work plan for 2023;
- the Environmental, Social and Governance Report 2022;
- report of a sustainable development steering group on ESG risk management work; and
- the Group’s risk management work report for the first half of 2023.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group considers that effective risk management is important to the Group’s sustainable development and long-term business success.

Responsibilities of the Board and the management

The Board recognises its responsibilities to evaluate and determine the nature and level of risks to be taken in achieving the Group’s strategic objectives, to ensure that the Group establishes and maintains effective risk management and internal control systems, and to oversee management in the design, implementation and monitoring of the risk management and internal control systems. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business activities and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management is responsible for designing, implementing and monitoring the risk management and internal control systems, and for providing the Board with the recognition of the effectiveness of risk management and internal control systems.

CORPORATE GOVERNANCE REPORT (CONTINUED)

RISK MANAGEMENT

The design, implementation and maintenance of the risk management system

- 1) **Establishing the risk management committee:** The Board has established the Risk Management Committee to oversee the design, implementation and maintenance of the risk management system of the Group and has issued the “Term of Reference for the Risk Management Committee”:
 - Authorising the Risk Management Committee and defining its duties: the Risk Management Committee’s duties regarding risk management and its authorisation have been recognised in the “Term of Reference for the Risk Management Committee”;
 - Determining the organisation of the Risk Management Committee: providing the composition and quorum, requirements of the attendance at meetings, frequency of meetings and the manner of meetings; and
 - Determining the procedure of reporting to the Board: providing the procedure of reporting to the Board by the Risk Management Committee, including the minutes mechanism.

- 2) **Establishing the structure of the risk management organisation:** It has built up the official risk management organisation structure from the level of the Group to its three business segments (see figure 1 below: risk management organisation chart), and confirmed the direct management obligation and the risk information reporting procedure and frequency of risk management, and clarified the responsibilities of risk management positions, including integrating the requirement of risk management into the function and description of each position. The main features of the risk management organisation structure comprised:
 - Clear levels and responsibilities: the levels of risk management organisation included the Board and the Risk Management Committee at the decision-making level, with the composition of leading level and implementation level and carrying out the division of the duties of risk management. It has confirmed the direct management obligation and the risk information reporting procedure of risk management;
 - The wide span of level: the structure of risk management organisation is from the senior management of the Group to its managements of each business segment; and

CORPORATE GOVERNANCE REPORT (CONTINUED)

- Specific communication mechanism: it has confirmed that the managements of each level communicate with each other with regard to the responsibilities, reporting routine and reporting frequency of the risk management.



(Figure 1: Risk management organisation chart)

- * This business is being operated by A-Living, which is accounted as a subsidiary of the Company. The Company had a long positional approximately 47.05% in A-Living and a short position of approximately 6.45% in A-Living as at 31 December 2023.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The roles have been played by each level in the risk management structure as shown below.

The Roles in the Risk

Management Structure

Major Responsibilities

The Board (decision-making level)	<ul style="list-style-type: none">• To evaluate and determine the acceptability of the nature and extent of the risks in achieving the strategic objectives• To ensure that the effective risk management and internal control systems are established and maintained• To oversee senior management in the design, implementation and monitoring of the risk management and internal control systems
Risk Management Committee (decision-making level)	<ul style="list-style-type: none">• To review and formulate the framework of risk management• To review and assess the effectiveness of the framework of the Group's risk management on a regular basis• To coordinate and assist the senior management to promote risk management work• To oversee each business segment for setting up and implement risk response programme and risk treatment measures• To report any material risk management matters and recommend solutions to the Board• To monitor the frequency of major control failures or weak points, resulting in the extent of unforeseen consequences or emergencies which have caused, may have caused or will cause material impact on the financial performance or condition of the Company
Sustainable Development Steering Group (decision-making level)	<ul style="list-style-type: none">• To formulate the Company's ESG vision and strategy, monitor and review the Company's ESG policies and practices, and provide guidance on the Company's ESG management efforts• To oversee the implementation of the Company's ESG management policies and practices, review and assess the adequacy and effectiveness of the ESG management structure, and make recommendations to improve the structure and scope of responsibilities• To supervise the formulation of ESG management objectives (e.g. environmental and safety management objectives) for each business segment of the Company in accordance with its operations, review the reasonableness of the objectives on a regular basis, and monitor the achievement of the objectives on an ongoing basis• To review ESG disclosure regulations and regulatory requirements, assess the current state of management of ESG indicators, and review and publish the Company's annual Environmental, Social and Governance report• To evaluate the Company's ESG performance, including external stakeholder (e.g. investor) ratings of the Company's ESG efforts, the Company's ESG ratings in the capital markets, and the feasibility of inclusion in relevant ESG indicators

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Roles in the Risk

Management Structure

Major Responsibilities

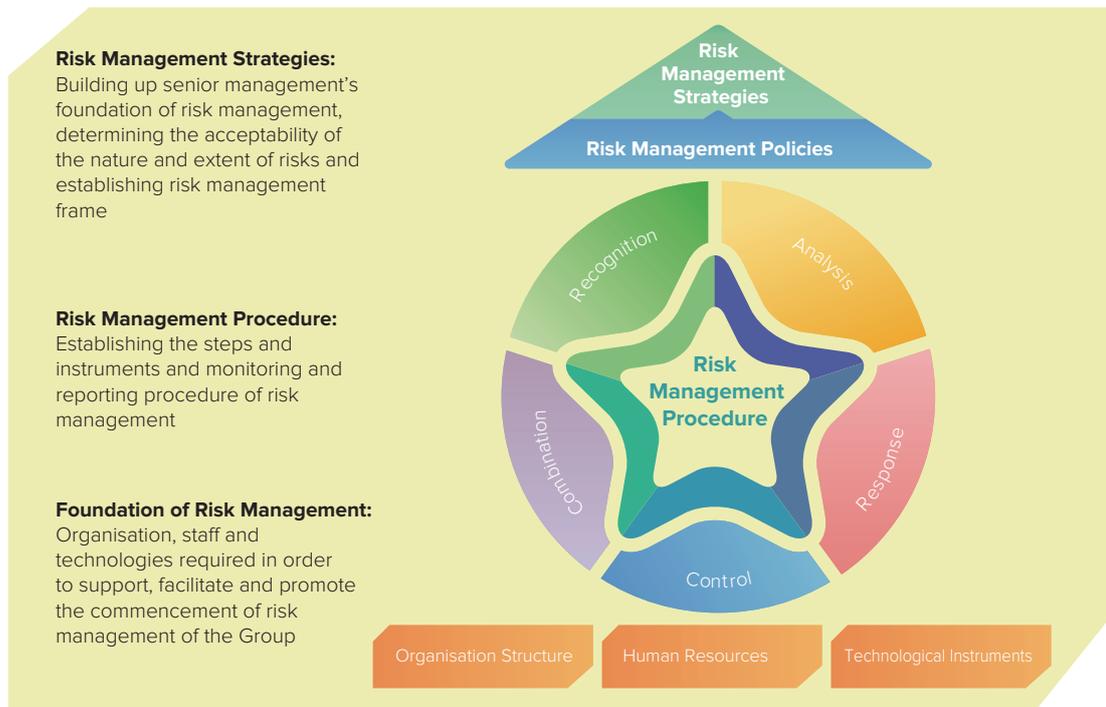
The senior management of the Group and the head of each business segment (leading level)	<ul style="list-style-type: none"> To make risk assessment from the Group's holistic perspective and each business segment, in order to formulate risk management measures To design, implement and monitor the risk management system To confirm the effectiveness of risk management system to the Board
The Group and its management of the business segments (implementation level)	<ul style="list-style-type: none"> To formulate and implement the relevant risk response programme of their business segment To promote and implement specific risk management measures To control different risks of their business and adjust risk management measures in time
Risk management coordination position	<ul style="list-style-type: none"> To coordinate the commencement of risk recognition and assessment To prepare periodic risk assessment report and propose the risk management leading level To organise and coordinate risk management training and guidance
Audit and Legal Centre	<ul style="list-style-type: none"> To be responsible for overseeing and evaluating risk management works done by the Group and its business segments for the risk management monitoring organisation

3) **Establishing the risk management system structure:** comprising the following main elements and features:

- Comprehensive framework of risk management: the mode of risk management framework has been established as the risk management system foundation (see figure 2 below for details: the mode of risk management) including the main elements such as risk management strategies, risk management process and risk management basic structure;
- Clear risk management procedure: the risk management procedure includes the procedure such as recognition, analysis, response, control and combining and reporting, which form a closed loop to control and manage the risks continuously; and

CORPORATE GOVERNANCE REPORT (CONTINUED)

- Appropriate standard of risk assessment for the Group: under the industry nature and operation features, strategic objectives of the Group as well as the risk preference of senior management, it sets up the applicable dimension and standard of risk assessment to each business segment. By using assessment method and assessment standard from mutual confirmation, it makes assessment to the risks which are most likely to affect the achievement of corporate objectives in order to obtain the risk assessment result which is actually fitted with corporation.



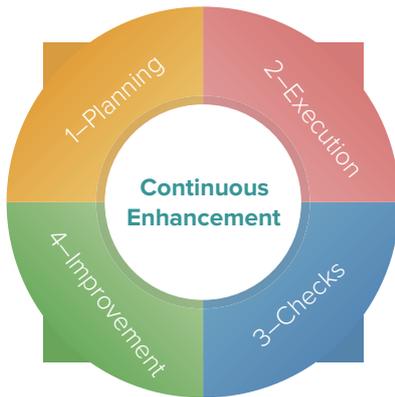
(Figure 2: The model of risk management)

Through the above efforts, the Group has clarified direct management obligation and risk information reporting procedure and frequency of risk management, and established an official risk management framework which recognises, analyses, evaluates and determines procedure of corporate risks to integrate with and control risks systematically.

Risk Assessment for each Business Segment of the Group in 2023

Based on risk management system of the Group as mentioned above, the senior management, with the assistance from the internal risk management team, sustained its intensive risk management works in the following four business segments in 2023: (1) property development; (2) property management; and (3) environmental protection.

- **Continuing to put into practice the risk assessment results of all business segments**



To enhance the application of the Group's risk management results, the senior management has worked out a closed loop for risk management works, namely to identify major risks (planning), to respond to such risks (execution), to check the outcome of such response (checks), and to propose optimisation plans (improvement), in order to improve the risk management and response capabilities of the Company on a continuous basis.

In the year 2023, risk management measures were prepared, facilitated and implemented with respect to the major risks identified in all business segments in 2022. Implementation body monitored various risks of the respective business constantly, and confirmed with senior management on the outcome of such risk mitigation measures.

- **Developing an alert indicator system for the major risks of all business segments**

To strengthen the monitoring of major risks, the head of respective business segments set up quantitative or qualitative monitoring indicators for major risks with clear thresholds and reporting mechanisms. The operation of a risk alert indicator system provides the management with reminders of the business areas where risks alerts are sounded, so that analysis can be taken place with risk mitigation measures taken in a timely fashion to reduce the impact of such risks and to implement control and respond to major risks with smart technology.

- **Updating the assessment on the major risks in all business segments in 2023**

The head of respective segments followed and updated the risk assessment criteria in 2022; adopted systematic assessment to review the change of the nature and the extent of major risks faced by each segment; identified major risks faced by each business segment; sorted out the current status of risk management and control, the measures of next step and key risk management plans considered. Also, the assessment results were reported to the risk management committee.

The risk management committee, on behalf of the Board, reviews and assesses the changes of nature and extent of major risks and conducts a review of the risk management system annually. It considered the risk management system of the Company to be effective and sufficient. Management will report major risks control situation formally to the risk management committee on a half-yearly basis.

CORPORATE GOVERNANCE REPORT (CONTINUED)

INTERNAL CONTROL

The Board is responsible for formulating proper internal control system for the Group to safeguard the assets of the Group and the interests of Shareholders. The Audit Committee shall conduct regular review on the effectiveness of the internal control system to ensure that the system is adequate.

The Audit and Legal Centre of the Group is accountable and reports directly to the Audit Committee. The Audit and Legal Centre of the Group performs internal audit. It is responsible for constantly monitoring the work flow and risk assessment of each department of the Group, and assisting the Board and senior management of the Group in complying with the regulatory requirements and guidelines, so as to improve the efficiency of internal control system. Through continuous internal audit and reporting from time to time, the Audit and Legal Centre shall ensure the effective operation of the internal control system.

The Audit Committee reviews the effectiveness of the internal control system at least twice every year to ensure the effectiveness and adequacy of the system. During the year, the Audit Committee reviewed the effectiveness of internal control system in respect of finance, operation, compliance and business matters and reported the result to the Board. Should any material fault or any material weakness in monitoring is found, the Audit and Legal Centre will report the same to the Audit Committee in timely manner.

In order to promote good corporate governance and strengthen the internal control of the Company, the Company has a whistleblowing policy, anti-corruption policy and information management policy in place.

Whistleblowing Policy

The whistleblowing policy was previously incorporated into the anti-corruption policy of the Company and was subsequently adopted as a separate policy in August 2022. Employees and third parties may report any suspected misconduct, malpractice or irregularity of the employees, customers and suppliers of the Group in confidence to the Audit and Legal Centre of the Group who shall report the cases to the audit committee regularly.

Anti-corruption Policy

The Company adopted its anti-corruption policy in September 2016 and updated it in August 2022. It aims to establish policies and systems to promote and support anti-corruption laws and regulations. The Audit and Legal Centre of the Group is responsible for overseeing the anti-corruption works of the Group. It formulates policies and conducts training sessions on anti-corruption, and investigates complaints on suspected corruption acts. Suspected cases may be reported to the competent authorities for handling.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Information Management Policy

In order to standardise information management works, the Board has formulated an information management policy. The information management policy includes procedures and internal controls for the handling and dissemination of inside information. The information management policy provides including but not limited to the procedures of the obligation and execution of the management and publication of inside information, confidentiality arrangement, collection and evaluation of information and the manner of publication to ensure timely reporting of inside information to the Board and communication with the Group's stakeholders.

Review of Accounting, Financial Reporting and Internal Audit Functions

The Audit Committee reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions.

Review of Environmental, Social and Governance Performance and Reporting Functions

The Risk Management Committee reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's ESG performance and reporting functions.

REVIEW OF THE EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has continued to oversee the management in the design, implementation and monitoring of the risk management and internal control systems. It conducted a comprehensive review of the risk management and internal control systems of the Company during the year, and continuously oversees major risks and regularly reviews the implementation of management and control measures covering the period of 2023. Based on its review and the advice from the Audit Committee and the Risk Management committee, it considered that the risk management and internal control systems are effective and adequate.

COMPANY SECRETARY

Mr. Ng Wai Hung was appointed as the Company Secretary with effect from 1 November 2022. Mr. Ng is a practicing solicitor in Hong Kong and an employee of the Company. He is familiar with the day-to-day affairs of the Company and has devoted sufficient time to the affairs of the Company. Mr. Ng reports to the Chairman and is responsible for advising the Board on governance matters, new director's induction and professional development of Directors as well as ensuring good information flow between the Board members and the compliance of the policy and procedure of the Board. Mr. Ng has confirmed that he has received relevant professional trainings of no less than 15 hours to update his skills and knowledge during the year.

CORPORATE GOVERNANCE REPORT (CONTINUED)

RELATION BETWEEN THE COMPANY AND SHAREHOLDERS

(i) Shareholders' Right to Convene General Meeting(s)

Pursuant to Article 58 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board. The requisition must specify the objects of the meeting, be signed by the requisitioner(s), and be deposited to the registered office and principal place of business in Hong Kong of the Company.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitioner(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) by the Company.

(ii) Shareholders' Right to Nominate a Director

Shareholder(s) who wish(es) to propose a person (other than himself/herself) for election as a Director at the general meeting of the Company, should deposit a written notice at the Company's principal place of business in Hong Kong for the attention of the Company Secretary. The notice must state the full name of the candidate, his/her biographical details as required by Rule 13.51(2) of the Listing Rules and be signed by the proposer and accompanied by a written consent signed by the candidate indicating his/her willingness to be elected as Director. The period for lodgment of the notice will commence no earlier than the day after the dispatch of the notice of general meeting and not later than 7 days prior to the date of general meeting. The relevant detailed procedures have been published on the Company's website (www.agile.com.cn).

(iii) Shareholders' Right to Make Enquiries

Shareholders may raise enquiries with the Board at any time. Such request shall be in writing and delivered by post to Capital Markets Department of the Company or the Company Secretary at Suites 1801-1806, 18/F., Three Pacific Place, 1 Queen's Road East, Hong Kong. Shareholders may also raise enquiries with the Board at the annual general meetings of the Company.

Shareholders and the investors may make a request for the public information of the Company at any time. Such request shall be in writing and delivered by post to Capital Markets Department of the Company at Suites 1801-1806, 18/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(iv) Communication with Shareholders

Both the Board and the management fully understand the importance of building up of good communication with the Shareholders and investing public in order to assist the Shareholders and investors to have a better understanding of the businesses of the Group and to allow the Board and the management to solicit and understand the views of the Shareholders and investors. The following key channels and platforms are used to facilitate two-way communication:

- The Company publishes the annual reports, interim reports, announcements, and circulars on the Company's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkexnews.hk). The Company also posts onto its website the financial highlights, press release, and the terms of reference of the Board's committees, so that Shareholders can obtain more corporate information from the Company's website. Moreover, in order to enable Shareholders to have a better understanding of the latest movement and development of the Group, company news has also been released in the Company's website;
- The Company is committed to improve its relation with investors. Senior management of the Company conducts meetings with institutional investors, fund managers and financial analysts, when appropriate. The report of meetings will also be presented to the Board for review in each regular Board meeting to ensure that views and recommendations of investors, fund managers and financial analysts can be reached to the Board;
- Annual general meeting of the Company is an important channel for regular face-to-face communications between the Board and the Shareholders. It provides a platform where Shareholders may communicate their views on various matters affecting the Company and the Board may solicit and understand the views of Shareholders and stakeholders. Members of the Board take part in the annual general meetings in order to have more contacts with the Shareholders. Mr. Chen Zhuo Lin (Chairman and President), Dr. Cheng Hon Kwan (Chairperson of Remuneration Committee), Mr. Kwong Che Keung, Gordon (Chairperson of Audit Committee), Mr. Hui Chiu Chung, Stephen (Chairperson of Nomination Committee), Mr. Huang Fengchao (Chairperson of Risk Management Committee) and the representative of external auditor had attended Last AGM. In the general meeting, there is a briefing on the business of the Company by the Chairman of the Board and a question and answer session as well as a discussion with Shareholders on the long-term development strategy of the Company. After the general meeting, poll results are posted on the Company's website (www.agile.com.cn), Hong Kong Stock Exchange's website (www.hkexnews.hk) and SGX's website (www.sgx.com); and
- The Company's notice of Last AGM had been dispatched to Shareholders in no less than 20 clear business days before the commencing date of the meeting (according to the Articles, an annual general meeting must be called by notice of not less than 21 clear days). All resolutions proposed at the general meeting had been taken by way of poll pursuant to Rules 13.39(4) of the Listing Rules. The Company Secretary had explained in detail, the relevant procedures of voting by poll to the attending Shareholders and made known by the Shareholders. For all other general meetings, at least 14 clear days notice will be given.

Based on above, the Company considers the above communication policy by way of regular updates on the business and financial information of the Group through the publication of annual and interim reports, meetings with investors and face-to-face communications at annual general meetings are effective and adequate.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(v) Dividend Policy

The Company adopted a dividend policy on 7 December 2018 which provides, among other things, that no less than 35% of the profits attributable to shareholders for each financial year shall be distributed as dividend subject to a number of considerations including but not limited to the amount of distributable profits, actual and expected financial conditions, operating results and strategies, cash flow, expected working capital requirements and expansion plans. For details of the dividend policy, please refer to page 81 of this annual report.

(vi) Shareholding

Based on the information available to the Board, the shareholding of the Company as at 31 December 2023 was as follows:

	Number of Shares	Approximate Percentage Shareholding
Parties associated with the Chen's Family Trust (Notes 1 and 2)	2,937,163,000	58.21%
Others	2,108,884,500	41.79%
Total	5,046,047,500	100.00%

Note 1:

As at 31 December 2023, to the best knowledge and belief of the Directors, the Chen's Family Trust held 2,453,096,250 Shares, representing approximately 48.61% of the then issued share capital of the Company.

Apart from the foregoing,

- Mr. Chen Zhuo Lin held a total of 130,572,000 Shares directly and through certain companies wholly-owned and controlled by him;
- Mr. Chen Zhuo Lin and Madam Luk Sin Fong, Fion held a total of 14,276,250 Shares through certain companies jointly owned and controlled by them;
- Mr. Chan Cheuk Yin held 15,687,500 Shares through a company wholly-owned and controlled by him;
- Mr. Chan Cheuk Hei and his spouse jointly held a total of 7,875,000 Shares;
- Mr. Chan Cheuk Nam and his spouse jointly held a total of 6,781,500 Shares;
- Mr. Chen Sze Long, being the son of Mr. Chen Zhuo Lin and Madam Luk Sin Fong, Fion, held a total of 307,432,500 Shares directly and through certain companies wholly-owned and controlled by him; and
- Mr. Huang Fengchao held 1,400,000 Shares directly.

Mr. Chen Zhuo Lin, Madam Luk Sin Fong, Fion, Mr. Chan Cheuk Yin, Mr. Chan Cheuk Hei, Mr. Chan Cheuk Nam, Mr. Chen Sze Long and Mr. Huang Fengchao are concert parties and are taken to have a total interest of 2,937,121,000 Shares, representing approximately 58.21% of the then issued share capital of the Company.

Note 2:

42,000 Shares held by Madam Yue Yuan are considered as shareholding held by senior management.

CORPORATE GOVERNANCE REPORT (CONTINUED)

(vii) Public Float

Based on the publicly available information and to the best knowledge of the Directors, as at the date of this annual report, the Company maintained its public float of at least 25% as required under Rule 8.08 of the Listing Rules.

(viii) Important Shareholders' Dates for 2024

Date	Event
26 April 2024	Issue of notice convening the Forthcoming AGM
14 May 2024 to 20 May 2024 (both dates inclusive)	Book closure days for Forthcoming AGM
20 May 2024	Forthcoming AGM
On or before 31 August 2024	Release of interim results for six months ended 30 June 2024

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. After having made specific enquires of all Directors, all Directors have confirmed that they had fully complied with the standard set out in the Securities Dealing Code for Directors during the year.

The Company has also adopted a securities transactions code by employees of the Group which is on no less exacting terms than the Model Code.

CONSTITUTIONAL DOCUMENTS

On 25 May 2023, the Shareholders approved the proposed amendments to the previous amended and restated articles of association of the Company (the "Previous Articles") at the annual general meeting and adopted the second amended and restated articles of association of the Company (the "Current Articles") in substitution for and to the exclusion of the Previous Articles by way of a special resolution with effect from 25 May 2023.

The Current Articles have been updated for the purposes of bringing the Articles in alignment with Appendix A1 of the Listing Rules which has come into effect on 1 January 2022, as well as to make certain other housekeeping amendments. The full text of the Current Articles is available on both the websites of the Company and Hong Kong Stock Exchange.

Save as disclosed above, there is no other change in the Company's constitutional documents during the year ended 31 December 2023 and up to the date of this annual report.

REPORT OF THE DIRECTORS

The Board is pleased to present their report for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal businesses of the Company is investment holding. Its major subsidiaries, joint ventures and associated companies are principally engaged in the businesses of property development, property management and others. An analysis of the Group's performance for the year by principal business segments is set out in note 4 to the consolidated financial statements.

RESULTS AND OVERALL PERFORMANCE

The Group's results for the year ended 31 December 2023 are set out on pages 104 to 105 of this annual report.

BUSINESS REVIEW

Business review for the year and future business development of the Group as well as the major risks and uncertainties of the Group are set out in "Management Discussion and Analysis" on pages 12 to 21 and the "Chairman's Statement" on pages 6 to 11 of this annual report. Please refer to note 48 to the consolidated financial statements for the financial risks exposed to the Group. Analysis of the performance of the Group for the year based on key financial indicators is set out in "Five-Year Financial Summary" on pages 256 to 257 of this annual report. Save as disclosed in this annual report, the Group has no significant events since the financial year under review.

The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the Group. Please refer to the Environmental, Social and Governance Report published by the Company.

The Group is mainly engaged in the property development in China. As a property developer in China, the Group is required to comply with various national and local laws and regulations on environmental protection, including laws and regulations of air pollution, sound pollution, waste and sewage. The Group has complied with the laws and regulations which are significant to the operation of the Group.

The Group is of the view that our employees, customers and business partners are important to our sustainable development. The Group is committed to maintaining close relationship with our employees, providing quality services to customers and strengthening the cooperation with our business partners.

REPORT OF THE DIRECTORS (CONTINUED)

DIVIDEND POLICY

The Board has adopted a dividend policy (the “Dividend Policy”) on 7 December 2018.

Pursuant to the Dividend Policy, no less than 35% of the profits attributable to shareholders for each financial year shall be distributed as dividend subject to, among other things, distributable profits, actual and expected financial conditions, operating results and strategies, cash flow, expected working capital requirements and expansion plans, future development prospects, shareholders’ interests and other factors that the Board deems appropriate.

Recommendation, declaration and payment of dividends shall be determined at the sole discretion of the Board and subject to the requirements of the Companies Law of the Cayman Islands, the Articles and all applicable laws and regulations.

The Board will review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. There is no assurance that dividends will be paid in any particular amount for any given period.

DIVIDENDS

During the year, the Board did not pay any interim dividend to the Shareholders (2022: nil). The Board did not propose any final dividend for the year ended 31 December 2023 (2022: nil).

CLOSURE OF REGISTER OF MEMBERS

To facilitate the processing of proxy voting for the Forthcoming AGM to be held on Monday, 20 May 2024, the register of members of the Company will be closed from Tuesday, 14 May 2024 to Monday, 20 May 2024, both dates inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at the Forthcoming AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Monday, 13 May 2024.

SHARE CAPITAL

Details of the movement in the share capital of the Company during the year are set out in note 34 to the consolidated financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

RESERVES

Details of movement in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

As at 31 December 2023, the distributable reserves of the Company were approximately RMB6,678 million (2022: RMB7,185 million).

SENIOR NOTES

Details of senior notes of the Company are set out in note 32 to the consolidated financial statements.

SENIOR PERPETUAL CAPITAL SECURITIES

Details of senior perpetual capital securities of the Company are set out in note 37 to the consolidated financial statements.

EXCHANGEABLE BONDS

Details of exchangeable bonds of the Company are set out in note 32 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

INTANGIBLE ASSETS

Details of movement in intangible assets of the Group during the year are set out in note 18 to the consolidated financial statements.

INVESTMENT PROPERTIES

During the year, the fair value losses of the Group's investment properties amounted to RMB37 million (2022: gains of RMB28 million) and have been recognised directly in the consolidated financial statements.

Details of movement in investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

BORROWINGS

Details of the Group's borrowings are set out in note 32 to the consolidated financial statements.

INTEREST CAPITALISED

Interest and other borrowing costs capitalised of the Group during the year are set out in note 7 to the consolidated financial statements.

DONATIONS

The Group's charitable and other donations during the year amounted to RMB3 million (2022: RMB10 million).

RETIREMENT BENEFIT SCHEME

Details of retirement benefit scheme of the Group are set out in note 6 to the consolidated financial statements.

GROUP FINANCIAL SUMMARY

A financial summary of the Group for the past five financial years is set out on pages 256 to 257 of this annual report.

DIRECTORS

The Directors as at the date of this report are listed on page 258 of this annual report. Except for (1) Mr. Wong Shui Hoi who resigned as an INED on 26 June 2023 due to his advancing age and desire to ease workload so as to spare more time for his personal commitments; (2) Dr. Peng Shuolong who was appointed as an INED on 26 June 2023; (3) Mr. Chan Cheuk Yin who resigned as a NED on 15 September 2023 in order to devote more time to his personal and other business commitments; and (4) Madam Luk Sin Fong, Fion who resigned as a NED on 22 December 2023 in order to devote more time to her personal and other business commitments, all Directors served throughout the year.

INDEPENDENCE CONFIRMATION

The Company has received the confirmation from all INEDs listed on page 258 of this annual report regarding their independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

REPORT OF THE DIRECTORS (CONTINUED)

TERMS OF APPOINTMENT

Article 84 of the Articles provides that one-third of Directors for the time being shall retire from office by rotation at the annual general meeting and every Director shall be subject to retirement at least once every three years. In accordance therewith, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Nam and Mr. Hui Chiu Chung, Stephen will retire as Directors at the Forthcoming AGM and, being eligible, offer themselves for re-election. Article 83 of the Articles provides that any director appoint to fill a casual vacancy on the Board shall hold office only until the first annual general meeting of the Company after his appointment. In accordance therewith, Dr. Peng Shuolong will retire as Director at the Forthcoming AGM and, being eligible, offer himself for re-election.

Each of the executive Directors, NEDs and INEDs has entered into a service agreement/an appointment letter with the Company for a term of three years subject to retirement by rotation pursuant to Article 84 of the Articles. None of the Director has a service agreement/an appointment letter with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 10 December 2013 under which the Company may grant award (“Share Award(s)”) of shares (“Awarded Shares”) to the employees of the Group to recognise their contributions and to provide them with incentives in order to retain them for continual operation and development of the Group as well as to attract suitable personnel for the growth and further development of the Group. Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date and it has expired on 9 December 2023.

The scheme mandate is set at 10% of the issued share capital of the Company. The Board shall not make any further Share Award if it will result in the nominal value of the Awarded Shares awarded under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of Awarded Shares that may be granted to an individual employee selected by the Board (“Selected Employee(s)”) under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Company has set up a trust (“Employee Share Trust”) for the purposes of administering the Share Award Scheme and holding Awarded Shares before they vest onto individual employees. The Company issued and allotted a total of 34,470,000 new shares to the trustee of the Employee Share Trust (as trustee) on 10 February 2014 to hold on trust for the Selected Employees in accordance with the trust deed and rules of the Share Award Scheme. The Share Awards would vest and the Awarded Shares would be transferred to the Selected Employees upon their satisfaction of the relevant vesting conditions specified by the Board at the time of the grant of the Share Award(s). Vesting of the Awarded Shares are subject to the vesting conditions and schedule (if any) as set out in the relevant grant notice issued to the Selected Employee(s).

On 3 January 2014, Share Awards in respect of 32,750,000 Awarded Shares were granted to 116 Selected Employees subject to a number of vesting conditions including the performance conditions of both the Group and the awardees being fulfilled and the awardees remaining employed by the Group. No consideration was required to be paid on the acceptance of such Share Awards by the Selected Employees and no purchase price of was required to be paid by the Selected Employees for each such Awarded Share. The 32,750,000 Awarded Shares granted shall vest in three tranches, in which (i) the first tranche (representing 30% of the Awarded Shares) shall vest on 26 August 2015; (ii) the second tranche (representing 30% of the Awarded Shares) shall vest on 23 August 2016; and (iii) the third tranche (representing 40% of the Awarded Shares) shall vest on 28 August 2017.

REPORT OF THE DIRECTORS (CONTINUED)

The Share Awards in respect of the first 30% of the 32,750,000 Awarded Shares and the Share Awards in respect of the second 30% of the 32,750,000 Awarded Shares lapsed effective from 26 August 2015 and 23 August 2016 respectively. As the relevant vesting conditions were confirmed to be not satisfied on 20 June 2017, the Board resolved in its meeting held on 28 August 2017 that the Share Awards in respect of the remaining 40% of the 32,750,000 Awarded Shares lapsed effective from 28 August 2017. The lapsed Awarded Shares are not cancelled.

Since all of the Awarded Shares had lapsed, and no further awards had been granted under the Share Award Scheme thereafter, the total number of the Company's shares available for being awarded under the Share Award Scheme (being no more than 10% of the issued share capital of the Company at the material time) as at 1 January 2023 and 31 December 2023 were 448,054,750 and nil, respectively.

During the year ended 31 December 2023, no material matters relating to the Share Award Scheme were reviewed and/or approved by the Remuneration Committee. During the year, given there was no outstanding award under the Share Award Scheme, and the Company had no intention to grant any further awards under the Share Award Scheme, the Remuneration Committee resolved to terminate the Share Award Scheme in June 2023 and recommended the same to the Board for approval. The Board, after considering the recommendations of the Remuneration Committee, resolved to terminate the Share Award Scheme with effect from 20 June 2023 in accordance with the terms of the rules of the Share Award Scheme and the trust deed. For further details, please refer to the Company's announcement dated 20 June 2023.

During the year, no Share Awards were granted, outstanding, vested, lapsed or cancelled prior to the termination of the Share Award Scheme. Accordingly, the total of number of the Company's shares available for being awarded under the Share Award Scheme (representing 10% of the issued share capital of the Company at the material time) as at 1 January 2023, 31 December 2023 and the date of this annual report were 448,054,750, nil and nil, respectively.

Please also refer to note 35 to the consolidated financial statements for details.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. After having made specific enquiries of all Directors, each of the Directors has confirmed to the Company that he or she had fully complied with the Securities Dealing Code for Directors during the year ended 31 December 2023.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests or short positions of the Directors and chief executives 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 SFO) which (i) were notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code to be notified to the Company and Hong Kong Stock Exchange, were as follows:

(1) Long positions in Shares of the Company

Name of Director	Capacity of interests held	Shares held in the Company			Approximate percentage to issued share capital
		Number of Shares	Note	Total number of Shares	
Mr. Chen Zhuo Lin	Beneficiary of a trust	2,453,096,250	1	2,597,944,500	51.48%
	Beneficial owner	88,274,000			
	Controlled corporation	14,276,250	2		
	Controlled corporation	42,298,000	3		
Mr. Chan Cheuk Hung	Beneficiary of a trust	2,453,096,250	1	2,453,096,250	48.61%
Mr. Chan Cheuk Hei	Beneficiary of a trust	2,453,096,250	1	2,460,971,250	48.77%
	Beneficial owner	7,875,000	4		
Mr. Chan Cheuk Nam	Beneficiary of a trust	2,453,096,250	1	2,459,877,750	48.75%
	Beneficial owner	6,781,500	5		
Mr. Huang Fengchao	Beneficial owner	1,400,000		1,400,000	0.03%

Notes:

- Held by Top Coast which is wholly-owned by Full Choice being the trustee of the Chen's Family Trust, beneficiaries of which are Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam.
- 6,187,500 and 8,088,750 Shares are held by Brilliant Hero Capital Limited (輝雄資本有限公司) and Famous Tone Investments Limited (名通投資有限公司) respectively, which are jointly controlled by Mr. Chen Zhuo Lin and his spouse Madam Luk Sin Fong, Fion.
- 9,978,000, 11,828,000 and 20,492,000 Shares are held by Dragon Treasure Global Limited (龍寶環球有限公司), Star Noble Global Limited (星御環球有限公司) and Supreme Elite Holdings Limited (優傑控股有限公司) respectively, which are wholly-owned by Mr. Chen Zhuo Lin.
- Jointly held by Mr. Chan Cheuk Hei and his spouse Madam Lu Yanping.
- Jointly held by Mr. Chan Cheuk Nam and his spouse Madam Chan Siu Na.

REPORT OF THE DIRECTORS (CONTINUED)

(2) Long positions in the shares of associated corporations of the Company

A. Top Coast

Name of Director	Capacity of interests held	Number of shares	Description of shares	Percentage to issued share capital
Mr. Chen Zhuo Lin	Controlled corporation	2 (Note)	Ordinary	100.00

Note: By virtue of the SFO, Mr. Chen Zhuo Lin is deemed to be interested in 2 ordinary shares, representing 100% of the then issued voting shares, in Top Coast, a company wholly-owned by Full Choice which in turn owned as to 50% by Mr. Chen Zhuo Lin and Mr. Chan Cheuk Yin respectively.

B. A-Living

Name of Director	Capacity of interests held	Number of shares	Note	Description of shares	Approximate percentage to total issued share capital
Mr. Chen Zhuo Lin	Beneficiary of a trust	668,136,750	1	H shares	47.05
Mr. Chan Cheuk Hung	Beneficiary of a trust	668,136,750	1	H shares	47.05
Mr. Chan Cheuk Hei	Beneficiary of a trust	668,136,750	1	H shares	47.05
Mr. Chan Cheuk Nam	Beneficiary of a trust	668,136,750	1	H shares	47.05
Mr. Huang Fengchao	Controlled corporation	12,288,972	2	H shares	0.87

Notes:

- The Company holds, through its indirect wholly-owned subsidiaries, Zhongshan A-Living Enterprises Management Services Co., Ltd.[^] (中山雅生活企業管理服務有限公司) ("Zhongshan A-Living"), Deluxe Star International Limited (旺紀國際有限公司) and Farsail Goldman International Limited (遠航金門國際有限公司) ("Farsail"), 610,311,750, 7,200,000 and 50,625,000 H shares in A-Living respectively, and Full Choice holds, through Top Coast, 48.61% equity interests of the Company, as trustee of the Chen's Family Trust, beneficiaries of which are Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam. By virtue of the SFO, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam are deemed to be interested in these 668,136,750 H shares in A-Living.
- Mr. Huang Fengchao is a limited partner of and owns 99.9% interest in Tianjin Fengxin Commercial Center (Limited Partnership)[^] (天津奉欣商業中心(有限合夥)) ("Tianjin Fengxin"). Tianjin Fengxin is a limited partner of and respectively owns 94.96% and 95% interest in Shanghai Baoya Business Consultancy Limited Partnership[^] (上海葆雅商務諮詢合夥企業(有限合夥)) ("Shanghai Baoya") and Shanghai Bingya Business Consultancy Limited Partnership[^] (上海秉雅商務諮詢合夥企業(有限合夥)) ("Shanghai Bingya"). Mr. Huang is also a general partner of Shanghai Baoya and Shanghai Bingya respectively, and has full control over Shanghai Baoya and Shanghai Bingya. Shanghai Baoya is a general partner of Shanghai Yongya Business Consultancy Limited Partnership[^] (上海詠雅商務諮詢合夥企業(有限合夥)) ("Shanghai Yongya") and has full control over Shanghai Yongya. Shanghai Bingya is a limited partner of and owns 50% interest in Shanghai Yongya. Shanghai Yongya is a limited partner of and owns 45% interest in Gongqingcheng which owns 12,288,972 H Shares of A-Living. Mr. Huang is a limited partner of and owns 4.99% interest in Gongqingcheng. By virtue of the SFO, Mr. Huang is deemed to be interested in these 12,288,972 H Shares of A-Living.

REPORT OF THE DIRECTORS (CONTINUED)

(3) Short positions in the shares of associated corporations of the Company

A-Living

Name of Director	Capacity of interests held	Number of shares	Description of shares	Approximate percentage to total issued share capital
Mr. Chen Zhuo Lin	Beneficiary of a trust	91,556,229 (Note)	H shares	6.45
Mr. Chan Cheuk Hung	Beneficiary of a trust	91,556,229 (Note)	H shares	6.45
Mr. Chan Cheuk Hei	Beneficiary of a trust	91,556,229 (Note)	H shares	6.45
Mr. Chan Cheuk Nam	Beneficiary of a trust	91,556,229 (Note)	H shares	6.45

Note: The Company holds, through its indirect wholly-owned subsidiaries, Zhongshan A-Living and Farsail, 40,299,479 and 51,256,750 H shares in A-Living respectively, and Full Choice holds, through Top Coast, 48.61% equity interests of the Company, as trustee of the Chen's Family Trust, beneficiaries of which are Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam. By virtue of the SFO, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam are deemed to be interested in these 91,556,229 H shares in A-Living.

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code to be notified to the Company and Hong Kong Stock Exchange.

REPORT OF THE DIRECTORS (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

To the best knowledge of the Directors or chief executive of the Company, as at 31 December 2023, the interests or short positions of substantial Shareholders (other than Directors or the chief executive of the Company) in the Shares or underlying Shares which (i) have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in Shares of the Company

Name of Shareholder	Capacity of interests held	Shares held in the Company			Approximate percentage to issued share capital
		Number of Shares	Note	Total number of Shares	
Full Choice	Trustee	2,453,096,250	1	2,453,096,250	48.62%
Top Coast	Beneficial owner	2,453,096,250	1	2,453,096,250	48.62%
Mr. Chan Cheuk Yin	Beneficiary of a trust	2,453,096,250	1	2,468,783,750	48.93%
	Controlled corporation	15,687,500	2		
Madam Luk Sin Fong, Fion	Beneficiary of a trust	2,453,096,250	1	2,597,944,500	51.48%
	Controlled corporation	14,276,250	3		
	Spouse	130,572,000	4		
Madam Zheng Huiqiong	Spouse	2,468,783,750	5	2,468,783,750	48.93%
Madam Lu Liqing	Spouse	2,453,096,250	6	2,453,096,250	48.62%
Madam Lu Yanping	Beneficial owner	7,875,000	7	2,460,971,250	48.77%
	Spouse	2,453,096,250	8		
Madam Chan Siu Na	Beneficial owner	6,781,500	9	2,459,877,750	48.75%
	Spouse	2,453,096,250	10		
Mr. Chen Sze Long	Beneficial owner	95,942,993		307,432,500	6.09%
	Controlled corporation	211,489,507	11		
Madam Wang Huizhao	Spouse	307,432,500	12	307,432,500	6.09%

Notes:

- Held by Top Coast which is wholly-owned by Full Choice being the trustee of the Chen's Family Trust with Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam as beneficiaries.
- Held by Renowned Idea Investments Limited (明思投資有限公司), which is wholly-owned by Mr. Chan Cheuk Yin.
- 6,187,500 and 8,088,750 Shares are held by Brilliant Hero Capital Limited (暉雄資本有限公司) and Famous Tone Investments Limited (名通投資有限公司) respectively, which are jointly controlled by Madam Luk Sin Fong, Fion and her spouse, Mr. Chen Zhuo Lin.
- By virtue of the SFO, Madam Luk Sin Fong, Fion is deemed to be interested in the shares held by her spouse, Mr. Chen Zhuo Lin (1) as beneficial owner, and (2) through Dragon Treasure Global Limited (龍寶環球有限公司), Star Noble Global Limited (星御環球有限公司) and Supreme Elite Holdings Limited (優傑控股有限公司), which are wholly-owned by him.
- By virtue of the SFO, Madam Zheng Huiqiong is deemed to be interested in the Shares held by her spouse, Mr. Chan Cheuk Yin.

REPORT OF THE DIRECTORS (CONTINUED)

6. By virtue of the SFO, Madam Lu Liqing is deemed to be interested in the Shares held by her spouse, Mr. Chan Cheuk Hung.
7. Jointly held by Madam Lu Yanping and her spouse, Mr. Chan Cheuk Hei.
8. By virtue of the SFO, Madam Lu Yanping is deemed to be interested in the Shares held by her spouse, Mr. Chan Cheuk Hei.
9. Jointly held by Madam Chan Siu Na and her spouse, Mr. Chan Cheuk Nam.
10. By virtue of the SFO, Madam Chan Siu Na is deemed to be interested in the Shares held by her spouse, Mr. Chan Cheuk Nam.
11. 41,271,000, 96,114,507 and 74,104,000 Shares are held by Cosmic Advance Holdings Limited (宇進控股有限公司), Union High Investment Group Limited (聯高投資集團有限公司) and Sage New Limited (賢新有限公司) respectively, which are wholly-owned by Mr. Chen Sze Long.
12. By virtue of the SFO, Madam Wang Huizhao is deemed to be interested in the Shares held by her spouse, Mr. Chen Sze Long.

Save as disclosed above, as at 31 December 2023, none of the substantial Shareholders (other than Directors or chief executives of the Company) had informed the Company that they had any interests or short positions which (i) shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

INTERESTS OF ANY OTHER PERSONS

Save as disclosed in the foregoing, as at 31 December 2023, none of any other persons had informed the Company that they had any interests and short positions in the Shares which (i) shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

REMUNERATION POLICY OF THE GROUP

As at 31 December 2023, the Group had a total of 100,863 employees. The related employees' costs for the year amounted to approximately RMB7,226 million. The remuneration package of the Group is determined with reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

BASIS FOR DETERMINING EMOLUMENTS TO DIRECTORS

Apart from taking into account the advice from the remuneration committee of the Board and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for each Director. Appropriate benefit schemes are in place for the Directors.

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this annual report, Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin (resigned as a NED and the Vice Chairperson on 15 September 2023), Madam Luk Sin Fong, Fion (resigned as a NED and the Vice Chairperson on 22 December 2023), Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam are having interests in Changjiang Hotel Company. Changjiang Hotel Company is principally engaged in hotel business under Zhongshan Agile Changjiang Hotel in Zhongshan, the PRC which business competes or is likely to compete, either directly or indirectly, with the business of the Group.

In accordance with the Articles and Statement of Policy for Corporate Governance, Directors shall abstain from voting on any resolution of Directors in respect of any contract, arrangement or proposal in which he or she or any of his or her associates has material interests.

As the Board is independent from the board of directors of Changjiang Hotel Company and the above Directors are unable to control the Board, the Directors are of the view that the Group is able to operate its hotel business fairly and independent of Changjiang Hotel Company.

DIRECTORS' MATERIAL INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

As at the end of or any time during the year, there were no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party, and in which a Director and/or his or her related entities had a material interest in the transactions, arrangements or contracts, whether directly or indirectly.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

The Company, Top Coast and the other parties entered into two placing and subscription agreements in January 2023 and August 2023. Please refer to pages 17 to 18 of this annual report for details. Save as disclosed, neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries, during the year.

CHANGES IN INFORMATION OF DIRECTORS

In respect of the change in emoluments of Directors, please refer to note 8 to the consolidated financial statement.

Save as to the resignation of Mr. Chan Cheuk Yin (the Vice Chairperson and a NED) on 15 September 2023 and the resignation of Madam Luk Sin Fong, Fion (the Vice Chairperson, a NED and a member of each of the Nomination Committee and the Remuneration Committee) on 22 December 2023, there have been no change in information of Directors since the date of 2023 interim report and up to the date of this report pursuant to Rule 13.51B(1) of the Listing Rules.

The biographical details of the Directors are set out in "Directors' Profile" on pages 47 to 50 of this annual report.

REPORT OF THE DIRECTORS (CONTINUED)

MAJOR CUSTOMERS AND SUPPLIERS

During the year, sales to the largest customer of the Group accounted for approximately 0.4% of sales of the Group for the year and sales to the five largest customers of the Group accounted for less than 30% of sales of the Group for the year.

During the year, purchases from the largest supplier of the Group accounted for 1.2% of purchases of the Group for the year and purchases from the five largest suppliers of the Group accounted for less than 30% of purchases of the Group for the year.

None of the Directors, their respective close associates nor any Shareholders (who are interested in more than 5% of the issued Shares to the knowledge of the Directors) had any interests in any of the five largest customers or suppliers of the Group.

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in note 45 to the consolidated financial statements. Certain of them are continuing connected transactions which are fully exempted from reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

On 26 April 2023, Zhongshan City Yachen Real Estate Development and Operation Co., Ltd.[^] (中山市雅琛房地產開發經營有限公司) (the "Project Company") (as borrower) and Zhongshan Rural Commercial Bank Co., Ltd., Shiqi Sub-branch[^] (中山農村商業銀行股份有限公司石岐支行) (the "Bank") entered into a facility agreement (the "Facility Agreement") pursuant to which the Bank has agreed, subject to the terms and conditions contained therein, to grant to the Project Company, a loan facility in an aggregate principal amount of up to RMB700,000,000. The Project Company is owned as to 65% by Guangxi Beihai Zhongya Investment Development Co., Ltd.[^] (廣西北海中雅投資發展有限公司) ("Zhongya Investment"), an indirect non wholly-owned subsidiary of the Company and 35% by Shenzhen Hengchuang Investment Management Co., Ltd.[^] (深圳恒創投資管理有限公司) ("Hengchuang Investment"), an indirect non-wholly owned subsidiary of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) ("Ping An").

As part of the security for the due performance of the repayment obligations of the Project Company to the Bank under the Facility Agreement, Zhongya Investment has entered into a guarantee agreement in favour of the Bank on 26 April 2023, pursuant to which Zhongya Investment has agreed to provide an irrevocable guarantee for the due performance of the repayment obligations of the Project Company to the Bank under the Facility Agreement (the "Guarantee").

REPORT OF THE DIRECTORS (CONTINUED)

Ping An is a then substantial shareholder of certain subsidiaries of the Company, therefore Ping An is a connected person at subsidiary level of the Company under the Listing Rules at that material time. As the Project Company is held as to 35% directly by Hengchuang Investment and Ping An has at least 30% indirect interest in the Project Company through Hengchuang Investment, the Project Company is an associate of Ping An, and is therefore also a connected person at subsidiary level of the Company at that material time. Therefore, the Guarantee constitutes a connected transaction of the Company. The Board has approved the Guarantee, and the independent non-executive Directors of the Company have confirmed that the terms of the Guarantee Agreement are fair and reasonable, and the Guarantee is on normal commercial terms and in the interests of the Company and its shareholders as a whole. Accordingly, the Guarantee is subject to the reporting and announcement exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.101 of the Listing Rules.

Save as above, the Group did not have any connected transactions which is discloseable pursuant to Chapter 14A of the Listing Rules during the year ended 31 December 2023.

MANAGEMENT CONTRACTS

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

PERMITTED INDEMNITY PROVISION

According to the Articles, every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate insurance covering the potential legal actions against its Directors and senior management in connection with the discharge of their responsibilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 10 April 2023, Panyu Agile repurchased RMB10.124 million with a face value of RMB100 each out of its public domestic corporate bonds of RMB1,450 million (the "Public Bonds I") with an initial coupon rate of 5.9% due 2024 (corporate bond code: 175934) followed by the resale of the same during the period from 10 April 2023 to 10 May 2023. The Public Bonds I are listed on the Shanghai Stock Exchange. On 9 April 2024, the Company fully redeemed the Public Bonds I at its principal amount with accrued interests. The Public Bonds I had been delisted from the Shanghai Stock Exchange.

On 18 May 2023, Great Dawn Investments Limited (鴻昕投資有限公司) ("Great Dawn") (an indirect wholly-owned subsidiary of the Company incorporated in British Virgin Islands) purchased US\$2.5 million out of US\$500 million 5.75% senior notes due 2025 issued by the Company (ISIN code: XS2194361494) (the "Senior Notes") on SGX at a total consideration of approximately US\$0.93 million (inclusive of accrued interests). On 7 June 2023, Great Dawn resold the aforesaid purchased Senior Notes for a total consideration of approximately US\$1.01 million (inclusive of accrued interests) on SGX.

On 11 October 2023, the Company fully redeemed its non-public domestic corporate bonds in an aggregate principal amount of RMB1,200 million due 2023 with an initial coupon rate of 5.7% (corporate bond code: 135883) at its principal amount with accrued interests. These bonds had been delisted from the Shanghai Stock Exchange.

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

REPORT OF THE DIRECTORS (CONTINUED)

On 28 March 2024, Panyu Agile repurchased RMB220 million with a face value of RMB100 each out of its public domestic corporate bonds of RMB500 million with an initial coupon rate of 7.5% due 2025 (corporate bond code: 115100) (the “Public Bonds II”) followed by the resale of the same before 12 April 2024. The Public bonds II are listed on the Shanghai Stock Exchange.

On 28 March 2024, Panyu Agile repurchased RMB20 million with a face value of RMB100 each out of its public domestic corporate bonds of RMB200 million with an initial coupon rate of 5% due 2025 (corporate bond code: 115101) (the “Public Bonds III”). The repurchased bonds has not been resold and were cancelled before 12 April 2024. The Public Bonds III are listed on the Shanghai Stock Exchange.

SPECIFIC PERFORMANCE BY THE CONTROLLING SHAREHOLDERS

1. As disclosed in the Company’s announcement dated 27 June 2019, the Company as borrower and one of its subsidiaries as guarantor with a bank as agent and original lender entered into a facility agreement (“2019 Facility”). Pursuant to which a term loan facility of MOP1,854 million (or its HKD equivalent) consisting of tranche A and tranche B has been granted to the Company for a term of 24 months. Tranche A of MOP1,030 million was fully repaid as of 25 June 2021. As for tranche B of MOP824 million, the final repayment date has been further extended to 29 June 2023 from its extended date of 29 June 2022. The 2019 Facility was fully repaid on 18 July 2023.
2. As disclosed in the Company’s announcement dated 24 June 2020, the Company as borrower and certain of its subsidiaries as original guarantors with a bank, one of the original lenders, as facility agent and security agent and certain financial institutions as original lenders entered into a facility agreement (“2020 Facility”). Pursuant to which a term loan facility comprising of HK\$3,242 million (with a greenshoe option of US\$600 million or its HKD equivalent) has been granted to the Company for a term of 36 months. The 2020 Facility was fully repaid on 4 April 2023.
3. As disclosed in the Company’s announcement dated 24 May 2021, the Company as borrower and certain of its subsidiaries as original guarantors with a bank, one of the original lenders, as facility agent and certain other financial institutions as original lenders entered into a facility agreement (“2021 Facility”). Pursuant to which a term loan facility comprising of HK\$5,253 million and US\$28.5 million (with a greenshoe option of US\$1,200 million) has been granted to the Company for a term of 36 months. The 2021 Facility was fully repaid on 24 May 2023.

In connection with the aforesaid facilities, it will be an event of default if (i) Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam (hereinafter collectively the “Controlling Shareholders”) collectively, directly or indirectly, do not own more than 50% (only for 2019 Facility and 2020 Facility)/more than 40% (only for 2021 Facility) of the total issued share capital of the Company; and/or (ii) the Controlling Shareholders together do not or cease to be entitled to exercise management control of the Company (only for 2020 Facility and 2021 Facility); and/or (iii) Mr. Chen Zhuo Lin is not or ceases to be the chairman of the Board. In case of an occurrence of an event of default, the facility agent (only for 2020 Facility and 2021 Facility)/the agent (only for 2019 Facility) may (a) cancel the commitments (only for 2020 Facility and 2021 Facility)/cancel the commitments/any part of any commitments (only for 2019 Facility); (b) declare that all or part of the loans, together with accrued interests, and all other amounts accrued or outstanding under the finance documents and other ancillary documents be immediately due and payable; (c) declare that all or part of the loans be payable on demand; and/or (d) exercise or direct the security agent (only for 2020 Facility)/the sub-collateral agent (only for 2021 Facility) to exercise all or any of its rights, remedies, powers or discretions under the finance documents and other ancillary documents.

REPORT OF THE DIRECTORS (CONTINUED)

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights in the memorandum of association of the Company and the Articles and under the laws of the Cayman Islands which would oblige the Company to offer new Shares (if any) to the existing Shareholders on a pro rata basis.

EQUITY LINKED AGREEMENT

During the year, the Company did not enter into any equity linked agreement except those under and “Share Award Scheme” and the disclosure in note 35 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the then CG Code throughout the year except for certain deviations, details of which are set out in the Corporate Governance Report of this annual report.

SUSTAINABLE DEVELOPMENT

The Group believes that promoting sustainability is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its operations. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group is committed to strengthening its management’s efforts to promote sustainability through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix C2 to the Listing Rules. The report will present the Company’s commitment to sustainable development during the year under review and it will cover the significant economic, environmental and social achievements and impact arising from the activities of the Group and its joint ventures.

SHAREHOLDERS’ TAX RELIEF

If the Shareholders have any doubt in relation to any relief from taxation by holding the Shares, they are advised to consult their own professional advisers.

PUBLIC FLOAT

Based on the publicly available information and to the best knowledge of its Directors, at least 25% of the Company’s total issued share capital is being held by the public for the year ended 31 December 2023 and as at the date of this annual report.

AUDIT COMMITTEE

The Audit Committee have reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023, and reviewed the accounting principles and practices adopted by the Group with the management of the Group, and discussed the internal controls and financial reporting matters with them.

REPORT OF THE DIRECTORS (CONTINUED)

AUDITOR

As disclosed in the Company's announcement dated 15 December 2022, PricewaterhouseCoopers resigned as auditor of the Company with effect from 15 December 2022 and Ernst & Young was appointed as auditor of the Company with effect from the same date and was re-appointed at the Last AGM. The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by Ernst & Young, the auditor of the Company, which will retire and, being eligible, offer itself for re-appointment at the Forthcoming AGM. A resolution to re-appoint the auditor and to authorise the Directors to fix their remuneration will be proposed at the Forthcoming AGM.

Save as disclosed above, the Company did not change its external auditor in the past three years.

On behalf of the Board

Chen Zhuo Lin

Chairman and President

Hong Kong, 28 March 2024

FINANCIAL SECTION

98	Independent Auditor's Report
104	Consolidated Statement of Profit or Loss
105	Consolidated Statement of Comprehensive Income
106	Consolidated Statement of Financial Position
108	Consolidated Statement of Changes in Equity
110	Consolidated Statement of Cash Flows
113	Notes to the Consolidated Financial Statements
256	Five-year Financial Summary

INDEPENDENT AUDITOR'S REPORT



To the Shareholders of Agile Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Agile Group Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 104 to 255, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group recorded a net loss of RMB12,776,851,000 and as of 31 December 2023, the Group had cash and bank balances (including restricted cash) of RMB12,553,455,000 and short-term borrowings of RMB25,869,427,000. Along with the current situation as set forth in note 2.1, which indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Assessment of provisions for impairment of properties under development and completed properties held for sale</p> <p>The Group had properties under development and completed properties held for sale of approximately RMB76,598 million and approximately RMB18,873 million, respectively, as at 31 December 2023, which represented 32% and 8% of the Group's total assets, respectively. The carrying amounts of properties under development and completed properties for sale were stated at the lower of cost and net realisable value.</p> <p>Determination of net realisable value of the properties under development and completed properties held for sale involved critical accounting estimates on the selling price, costs to make the sale and, for properties under development, the costs to completion. Given the significant balances of properties under development and completed properties held for sale and the involvement of critical accounting estimates, assessment of net realisable value of properties under development and completed properties for sale is considered as a key audit matter.</p> <p>The accounting policies and disclosures of the properties under development and completed properties held for sale were included in notes 2.4, 3, 22 and 23 to the consolidated financial statements.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">• We obtained an understanding of the management's internal control and process of the assessment of the net realisable value of properties under development and completed properties held for sale. <p>In relation to properties under development, we evaluated the property construction cycle with particular focus on, but not limited to, reviewing the cost budgeting for estimated costs to completion.</p> <ul style="list-style-type: none">• We evaluated management's assessment about the estimated selling price less the estimated cost to make the sale and the estimated cost to completion by (i) checking the recent market transaction prices of properties with comparable locations and conditions, where applicable; (ii) comparing the estimated cost to make the sale with the average historical costs to make the sales of the Group; (iii) comparing the latest estimated costs to completion to the budget approved by management and (iv) examining the supporting documents such as construction contracts, internal correspondences and approvals.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matter

How our audit addressed the Key Audit Matter

Impairment assessment of goodwill

At 31 December 2023, the goodwill carried in the Group's financial statements was approximately RMB3,405 million, net of an aggregate provision of approximately RMB2,117 million, primarily in relation to the Group's acquisition of property management services companies, environmental protection companies and construction companies.

Management is required to perform a test on goodwill for impairment at least on an annual basis. This test is largely based on management expectations, assumptions and estimates of future results of the cash-generating units to which the goodwill has been allocated. The assumptions are affected by expectations of future market or economic conditions. The impairment test is based on the comparison between the recoverable amounts of the relevant cash-generating units and their respective carrying amounts. Management engaged an independent external valuer to prepare the valuation models to assist with the impairment assessment.

Given the complexity and judgmental nature of the impairment testing, this is identified as a key audit matter.

The accounting policies and disclosures of the recoverability of goodwill were included in notes 2.4, 3 and 17 to the consolidated financial statements.

Our audit procedures included, among others, the following:

- We considered the competency, capabilities and objectivity of the independent professional valuer engaged by the management and involved our internal valuation specialists to assist us in evaluating the methodology and key assumptions adopted in the impairment assessments.
- We evaluated management expectations, assumptions and estimates of future results of the cash-generating units used in the valuation models by (i) testing the assumptions used in the cash flow forecasts; (ii) comparing the historical forecast with actual results; and (iii) comparing revenue growth rates adopted for the forecast periods to the historical revenue growth rates.
- We also assessed the adequacy of the disclosures for the impairment testing of goodwill.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, 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 HKSAAs 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 (CONTINUED)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Revenue	5	43,310,454	54,034,327
Cost of sales		(43,834,877)	(53,033,344)
Gross (loss)/profit		(524,423)	1,000,983
Other income and gains, net	5	632,545	2,269,787
Selling and marketing costs		(1,090,094)	(1,232,913)
Administrative expenses		(3,842,655)	(4,305,384)
Net impairment losses on financial and contract assets	6	(1,517,160)	(1,687,410)
Impairment losses on investments accounted for using the equity method	6,19	(99,277)	(1,401,226)
Other expenses		(3,114,280)	(1,156,477)
		(9,555,344)	(6,512,640)
Finance costs, net	7	(851,197)	(3,101,837)
Share of losses of investments accounted for using the equity method		(1,444,061)	(757,452)
Loss before income tax	6	(11,850,602)	(10,371,929)
Income tax expenses	10	(926,249)	(3,001,356)
Loss for the year		(12,776,851)	(13,373,285)
Loss attributable to:			
– Shareholders of the Company		(13,801,195)	(14,981,154)
– Holders of Perpetual Capital Securities		1,041,397	995,305
– Non-controlling interests		(17,053)	612,564
		(12,776,851)	(13,373,285)
Loss per share attributable to shareholders of the Company			
– Basic and diluted (in RMB per share)	13	(2.873)	(3.827)

The notes on pages 113 to 255 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
Loss for the year	(12,776,851)	(13,373,285)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
– Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	–	(8,357)
– Share of other comprehensive income of associates and joint ventures	2,199	–
– Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax	75,378	14,958
Items that may be reclassified to profit or loss in subsequent periods:		
– Currency translation differences	(830)	(3,207)
Other comprehensive income for the year, net of tax	76,747	3,394
Total comprehensive loss for the year	(12,700,104)	(13,369,891)
Attributable to:		
– Shareholders of the Company	(13,722,377)	(14,979,105)
– Holders of Perpetual Capital Securities	1,041,397	995,305
– Non-controlling interests	(19,124)	613,909
	(12,700,104)	(13,369,891)

The notes on pages 113 to 255 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	12,993,107	13,827,590
Investment properties	15	9,585,752	9,367,543
Right-of-use assets	16(a)	2,609,738	2,848,669
Goodwill	17	3,404,994	4,668,472
Other intangible assets	18	1,432,476	1,684,010
Investments accounted for using the equity method	19	25,373,636	28,774,197
Properties under development	22	20,516,104	19,919,251
Other receivables	25	9,972,774	8,381,269
Financial assets at fair value through other comprehensive income	20	43,443	32,093
Deferred income tax assets	33	5,059,142	3,765,838
		90,991,166	93,268,932
Current assets			
Completed properties held for sale	23	18,873,383	19,603,176
Inventories		309,818	283,886
Prepayments for acquisition of land use rights	24	1,279,394	2,062,840
Contract assets	26	3,111,970	4,164,317
Properties under development	22	56,081,722	67,116,816
Trade and other receivables	25	50,995,522	61,502,865
Prepaid income taxes		4,779,458	4,348,755
Financial assets at fair value through profit or loss	21	2,801,807	2,846,949
Restricted cash	27	3,916,329	7,628,349
Cash and cash equivalents	28	8,637,126	8,463,079
Assets of disposal groups classified as held for sale	11	30,457	2,092,251
		150,816,986	180,113,283
Total assets		241,808,152	273,382,215

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium	34	5,378,677	4,705,779
Shares held for Share Award Scheme	35	–	(156,588)
Reserves	36	22,063,091	35,897,012
		27,441,768	40,446,203
Perpetual Capital Securities	37	14,265,874	13,224,477
Non-controlling interests		20,649,169	22,056,183
Total equity		62,356,811	75,726,863
LIABILITIES			
Non-current liabilities			
Borrowings	32	27,684,144	35,458,984
Other payables	29	4,883,909	5,500,842
Financial liabilities at fair value through profit or loss	31	56,999	434,595
Lease liabilities	16(b)	98,071	136,636
Deferred income tax liabilities	33	3,566,724	3,869,070
		36,289,847	45,400,127
Current liabilities			
Borrowings	32	25,869,427	24,027,305
Trade and other payables	29	53,622,669	60,156,496
Financial liabilities at fair value through profit or loss	31	697,537	144,333
Contract liabilities	30	41,353,892	45,870,354
Lease liabilities	16(b)	152,962	195,862
Current income tax liabilities		21,465,007	20,803,206
Liabilities directly associated with assets classified as held for sale	11	–	1,057,669
		143,161,494	152,255,225
Total liabilities		179,451,341	197,655,352
Total equity and liabilities		241,808,152	273,382,215

The notes on pages 113 to 255 form an integral part of this consolidated financial information.

The consolidated financial statements on pages 104 to 112 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf by:

Chen Zhuo Lin
Chairman

Chan Cheuk Hung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to shareholders of the Company												
	Share capital	Share premium	Shares held for Award Scheme	Merger reserve	Statutory reserve and enterprise expansion funds	Translation reserve	Share-based payment reserve	Other reserves	Retained earnings	Total	Perpetual Capital Securities	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 34)	(note 34)	(note 35)	(note 36(a))	(note 36(b))		(note 36(d))	(note 36(c))			(note 37)		
Balance at 1 January 2023	449,144	4,256,635	(156,588)	442,395	5,493,749	1,750	132,990	(1,351,508)	31,177,636	40,446,203	13,224,477	22,056,183	75,726,863
(Loss)/profit for the year	-	-	-	-	-	-	-	-	(13,801,195)	(13,801,195)	1,041,397	(17,053)	(12,776,851)
Other comprehensive (loss)/ income:													
Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax	-	-	-	-	-	-	-	75,378	-	75,378	-	-	75,378
Share of other comprehensive income of associates and joint ventures	-	-	-	-	-	-	-	1,035	-	1,035	-	1,164	2,199
Currency translation differences	-	-	-	-	-	2,405	-	-	-	2,405	-	(3,235)	(830)
Total comprehensive (loss)/ income for the year	-	-	-	-	-	2,405	-	76,413	(13,801,195)	(13,722,377)	1,041,397	(19,124)	(12,700,104)
Issuance of new shares	51,158	739,020	-	-	-	-	-	-	-	790,178	-	-	790,178
Transfer to statutory reserve and enterprise expansion funds (note 36)	-	-	-	-	229,290	-	-	-	(229,290)	-	-	-	-
Put option exercise	-	-	-	-	-	-	-	25,413	-	25,413	-	(25,413)	-
Disposal of partial interests in subsidiaries (note 36(c))	-	-	-	-	-	-	-	(27,978)	-	(27,978)	-	51,413	23,435
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	41,742	41,742
Non-controlling interests on acquisition of subsidiaries (note 39)	-	-	-	-	-	-	-	-	-	-	-	759	759
Disposal of subsidiaries (note 40)	-	-	-	-	-	-	-	-	-	-	-	(655,130)	(655,130)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	(130,654)	-	(130,654)	-	(581,939)	(712,593)
Dividends distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(219,322)	(219,322)
Equity-settled share based arrangement	-	-	-	-	-	-	21,675	-	-	21,675	-	-	21,675
Disposal of shares held for Share Award Scheme (note 35)	-	(117,280)	156,588	-	-	-	-	-	-	39,308	-	-	39,308
Balance at 31 December 2023	500,302	4,878,375	-	442,395*	5,723,039*	4,155*	154,665*	(1,408,314)*	17,147,151*	27,441,768	14,265,874	20,649,169	62,356,811

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Year ended 31 December 2023

	Attributable to shareholders of the Company												
	Share capital RMB'000 (note 34)	Share premium RMB'000 (note 34)	Shares held for Award Scheme RMB'000 (note 35)	Merger reserve RMB'000 (note 36(a))	Statutory reserve and enterprise expansion funds RMB'000 (note 36(b))	Translation reserve RMB'000	Share-based payment reserve RMB'000 (note 36(d))	Other reserves RMB'000 (note 36(c))	Retained earnings RMB'000	Total RMB'000	Perpetual Capital Securities RMB'000 (note 37)	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022	400,253	3,021,630	(156,588)	442,395	4,868,962	12,299	-	(1,133,417)	46,783,577	54,239,111	13,015,124	22,177,042	89,431,277
(Loss)/profit for the year	-	-	-	-	-	-	-	-	(14,981,154)	(14,981,154)	995,305	612,564	(13,373,285)
Other comprehensive (loss)/ income:													
Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax	-	-	-	-	-	-	-	14,958	-	14,958	-	-	14,958
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(2,360)	-	(2,360)	-	(5,997)	(8,357)
Currency translation differences	-	-	-	-	-	(10,549)	-	-	-	(10,549)	-	7,342	(3,207)
Total comprehensive (loss)/ income for the year	-	-	-	-	-	(10,549)	-	12,598	(14,981,154)	(14,979,105)	995,305	613,909	(13,369,891)
Issuance of new shares	48,891	1,235,005	-	-	-	-	-	-	-	1,283,896	-	-	1,283,896
Transfer to statutory reserve and enterprise expansion funds (note 36)	-	-	-	-	624,787	-	-	-	(624,787)	-	-	-	-
Distribution to holders of Perpetual Capital Securities (note 37)	-	-	-	-	-	-	-	-	-	-	(785,952)	-	(785,952)
Disposal of partial interests in subsidiaries (note 36(c))	-	-	-	-	-	-	-	(91,922)	-	(91,922)	-	882,536	790,614
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	213,989	213,989
Disposal of subsidiaries (note 40)	-	-	-	-	-	-	-	-	-	-	-	(760,809)	(760,809)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	(138,767)	-	(138,767)	-	(473,962)	(612,729)
Dividends distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(596,522)	(596,522)
Equity-settled share based arrangement	-	-	-	-	-	-	132,990	-	-	132,990	-	-	132,990
Balance at 31 December 2022	449,144	4,256,635	(156,588)	442,395*	5,493,749*	1,750*	132,990*	(1,351,508)*	31,177,636*	40,446,203	13,224,477	22,056,183	75,726,863

* These reserve accounts comprise the consolidated reserves of RMB22,063,091,000 (2022: RMB35,897,012,000) in the consolidated statement of financial position.

The notes on pages 113 to 255 form an integral part of this consolidated financial information.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Loss before income tax		(11,850,602)	(10,371,929)
Adjustments for:			
Interest income	5	(266,941)	(496,579)
Depreciation of property, plant and equipment	14	709,464	703,823
Amortisation of other intangible assets	18	244,534	332,908
Depreciation of right-of-use assets	16	216,553	268,987
Provisions for impairment of properties under development and completed properties held for sale	6	2,480,931	3,788,621
Write-down of the disposal groups to fair value less costs to sell	6	–	151,620
Impairment of goodwill	17	1,119,841	403,115
Impairment of property, plant and equipment	14	33,129	284,933
Impairment of other intangible assets	18	–	17,527
Net impairment losses on financial and contract assets	25	1,517,160	1,687,410
Gains on redemption of senior notes	5	–	(119,734)
Losses on disposal of right-of-use assets, investment properties, property, plant and equipment, other intangible assets and assets of disposal groups classified as held for sale	6	16,316	622,749
Exchange gains, net	5	(124,141)	(62,142)
Fair value losses/(gains) on investment properties	6,15	36,724	(28,357)
Share of losses of investments accounted for using the equity method	19	1,444,061	757,452
Impairment losses on investments accounted for using the equity method	6,19	99,277	1,401,226
Finance costs, net	7	851,197	3,101,837
Losses/(gains) from disposal of subsidiaries	6,40	916,776	(853,958)
Gains from bargain purchase of subsidiaries	5,39	(186)	(6,790)
Remeasurement (gains)/losses resulting from joint ventures transferred to subsidiaries	5,19	(6,835)	5,094
Net fair value losses on financial assets/liabilities at fair value through profit or loss	6	1,402,291	916,218
Fair value (gains)/losses on put options written on non-controlling interests	5	(14,976)	31,086
Losses/(gains) from disposal of joint ventures and associates	6	523,942	(1,119,909)
Revenue from operating concessions construction		–	(488)
Equity-settled share based arrangement expenses		21,675	132,990
		(629,810)	1,547,710
Decrease in properties under development and completed properties held for sale		15,708,285	13,408,652
Decrease in prepayments for acquisition of land use rights		783,446	206,228
Decrease in restricted cash		3,552,422	4,550,515
Decrease/(increase) in trade and other receivables		8,349,706	(7,780,292)
(Decrease)/increase in trade and other payables		(5,330,435)	5,460,214
Decrease in contract assets		462,974	251,238
(Decrease)/increase in contract liabilities		(5,589,907)	2,298,958
Cash generated from operations		17,306,681	19,943,223
Interest paid		(4,382,745)	(4,641,009)
Income tax paid		(2,267,134)	(2,888,405)
Net cash generated from operating activities		10,656,802	12,413,809

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from investing activities			
Advance consideration received from disposal of equity interests in certain subsidiaries		50,380	10,000
Net cash inflow from disposal of subsidiaries	40	629,705	1,041,286
Investments in associates and joint ventures		(95,869)	(363,124)
Purchases of property, plant and equipment, investment properties, right-of-use assets		(1,435,095)	(2,965,690)
Proceeds received from disposal of right-of-use assets, investment properties, property, plant and equipment and assets of disposal groups classified as held for sale		1,270,502	2,744,987
Cash (outflow)/inflow from acquisition of subsidiaries through business combinations	39	(164,436)	53,707
Cash advances made to joint ventures, associates and other related parties		(1,316,568)	(3,981,957)
Repayment of cash advances from joint ventures, associates and other related parties		916,713	7,155,591
Repayment of cash advances from non-controlling interests		115,013	567,973
Cash advance made to non-controlling interests		(1,023,883)	(2,147,912)
Payments to settle derivative financial instruments		–	(236,305)
Purchases of wealth management products		(2,252,943)	(5,002,411)
Redemption of wealth management products		1,209,351	4,432,415
Payment for acquisition of other financial assets at fair value through profit or loss		(6,452)	(637,939)
Proceeds from settlement of other financial assets at fair value through profit or loss		7,320	399,926
Proceeds from disposal of joint ventures and associates		754,968	1,821,038
Interest and dividend income received		518,317	763,633
Net cash (used in)/generated from investing activities		(822,977)	3,655,218

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
New borrowings		5,786,946	7,813,816
Repayments of borrowings		(13,552,452)	(33,397,928)
Decrease in guarantee deposits for borrowings		157,465	2,823,626
Cash advances from related parties		231,864	1,751,252
Repayments of cash advances made to related parties		(1,297,285)	(4,686,989)
Cash advance from non-controlling interests and third parties		847,833	880,464
Repayments of cash advances from non-controlling interests and third parties		(2,110,809)	(6,037,362)
Disposal of partial interests in subsidiaries		23,435	790,614
Capital injection by non-controlling interests		41,742	159,089
Principal elements of lease payments		(159,553)	(211,435)
Payment to non-controlling interests from acquisition of additional interests in subsidiaries		(219,663)	(133,366)
Distribution to holders of Perpetual Capital Securities		–	(785,952)
Issuance of new shares	34	790,178	1,283,896
Disposal of shares held for Share Award Scheme		39,308	–
Dividends paid to non-controlling interests		(253,561)	(549,312)
Net cash used in financing activities		(9,674,552)	(30,299,587)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		8,463,079	22,802,716
Exchange losses on cash and cash equivalents		14,774	(109,077)
Cash and cash equivalents at end of the year	28	8,637,126	8,463,079
Analysis of balances of cash and cash equivalents			
Cash and bank balances	28	8,637,126	8,463,079

The notes on pages 113 to 255 form an integral part of this consolidated financial information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Agile Group Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 14 July 2005 and is principally engaged in investment holding. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (the “Group”) are principally engaged in property development and property management in the People’s Republic of China (the “PRC”).

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) since 15 December 2005.

In the opinion of the Company’s directors, the immediate holding company and the ultimate holding company of the Company are Top Coast Investment Limited and Full Choice Investments Limited, respectively.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries as at 31 December 2023 are as follows:

Name	Place of incorporation/ registration and legal status	Registered/issued ordinary and paid-up capital	Principal activities/ place of operation	Proportion of equity directly held by the Company (%)	Proportion of equity held by the Group (%)	Proportion of equity held by non- controlling interests (%)
Eastern Supreme Group Holdings Limited (directly held by the Company)	British Virgin Islands (the “BVI”)/limited liability company	US\$50,000	Investment holding/ Hong Kong	100%	100%	—
雅生活智慧城市服務股份有限公司 A-Living Smart City Services Co., Ltd. (“A-Living”) (note (i))	PRC/foreign invested enterprise	RMB1,420,000,800	Property management/ Chinese Mainland	—	47.05%	52.95%
雅居樂地產置業有限公司 Agile Property Land Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB50,000,000	Management consultant/Chinese Mainland	—	100%	—
中山雅居樂雅園房地產有限公司 Zhongshan Agile Majestic Garden Real Estate Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	HK\$1,428,571,429	Property development/ Chinese Mainland	—	100%	—
廣州番禺雅居樂房地產開發有限公司 Guangzhou Panyu Agile Realty Development Co., Ltd. (note (ii) and (iii))	PRC/wholly foreign owned enterprise	RMB500,000,000	Property development/ Chinese Mainland	—	100%	—
廣州花都雅居樂房地產開發有限公司 Guangzhou Huadu Agile Realty Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB455,000,000	Property development/ Chinese Mainland	—	100%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows: (continued)

Name	Place of incorporation/ registration and legal status	Registered/issued ordinary and paid-up capital	Principal activities/ place of operation	Proportion of equity directly held by the Company (%)	Proportion of equity held by the Group (%)	Proportion of equity held by non- controlling interests (%)
佛山市南海區雅居樂房地產有限公司 Foshan Nanhai Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB300,000,000	Property development/ Chinese Mainland	—	100%	—
中山市凱茵豪園房地產開發有限公司 Zhongshan Greenville Realty Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB208,163,265	Property development/ Chinese Mainland	—	100%	—
中山市雅建房地產發展有限公司 Zhongshan Ever Creator Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB251,020,408	Property development/ Chinese Mainland	—	100%	—
廣州雅居樂實業投資有限公司 Guangzhou Agile Industrial Investment Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	US\$21,690,000	Property development/ Chinese Mainland	—	100%	—
佛山市雅居樂房地產有限公司 Foshan Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	US\$117,500,000	Property development/ Chinese Mainland	—	100%	—
南京雅居樂房地產開發有限公司 Nanjing Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	US\$118,900,000	Property development/ Chinese Mainland	—	100%	—
河源市雅居樂房地產開發有限公司 Heyuan Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	HK\$270,000,000	Property development/ Chinese Mainland	—	100%	—
海南清水灣控股有限公司 Hainan Clearwater Bay Holdings Limited	BVI/limited liability company	US\$69	Investment holding/BVI	—	100%	—
海南雅居樂房地產開發有限公司 Hainan Agile Real Estate Development Co., Ltd. ("Hainan Agile") (note (iii))	PRC/foreign invested enterprise	HK\$3,187,540,000	Property development/ Chinese Mainland	—	100%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows: (continued)

Name	Place of incorporation/ registration and legal status	Registered/issued ordinary and paid-up capital	Principal activities/ place of operation	Proportion of equity directly held by the Company (%)	Proportion of equity held by the Group (%)	Proportion of equity held by non- controlling interests (%)
海南雅恒房地產發展有限公司 Hainan Yaheng Real Estate Development Co., Ltd. ("Hainan Yaheng") (note (iii))	PRC/foreign invested enterprise	HK\$1,770,000,000	Property development/ Chinese Mainland	—	100%	—
廣州從化雅居樂房地產開發有限公司 Guangzhou Conghua Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	HK\$570,000,000	Property development/ Chinese Mainland	—	100%	—
四川雅居樂房地產開發有限公司 Sichuan Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	HK\$780,000,000	Property development/ Chinese Mainland	—	100%	—
佛山市三水雅居樂房地產有限公司 Foshan Sanshui Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	HK\$200,000,000	Property development/ Chinese Mainland	—	100%	—
陝西昊瑞房地產開發有限責任公司 Shanxi Haorui Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB210,000,000	Property development/ Chinese Mainland	—	100%	—
上海靜安城投重慶市置業有限公司 Shanghai Jing'an Chengtou Chongqing Land Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	HK\$300,000,000	Property development/ Chinese Mainland	—	100%	—
雅恒數字(上海)商業管理有限公司 Yaheng Digital (Shanghai) Business Management Co., Ltd. (notes (ii) and (iii))	PRC/wholly foreign owned enterprise	RMB810,000,000	Property development/ Chinese Mainland	—	100%	—
廣州雅居樂酒店有限公司 Guangzhou Agile Hotel Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	HK\$7,000,000	Hotel operation/ Chinese Mainland	—	100%	—
佛山市雅居樂酒店有限公司 Foshan Agile Hotel Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	HK\$10,000,000	Hotel operation/ Chinese Mainland	—	100%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows: (continued)

Name	Place of incorporation/ registration and legal status	Registered/issued ordinary and paid-up capital	Principal activities/ place of operation	Proportion of equity directly held by the Company (%)	Proportion of equity held by the Group (%)	Proportion of equity held by non- controlling interests (%)
廣州雅恒房地產開發有限公司 Guangzhou Yaheng Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	US\$203,877,551	Property development/ Chinese Mainland	—	100%	—
中山市雅信房地產開發有限公司 Zhongshan Yaxin Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB220,000,000	Property development/ Chinese Mainland	—	100%	—
中山市雅創房地產開發有限公司 Zhongshan Yachuang Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB350,000,000	Property development/ Chinese Mainland	—	100%	—
廣州雅生房地產開發有限公司 Guangzhou Yasheng Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB100,000,000	Property development/ Chinese Mainland	—	100%	—
中山市雅景房地產開發有限公司 Zhongshan Yajing Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB310,000,000	Property development/ Chinese Mainland	—	100%	—
廣州雅粵房地產開發有限公司 Guangzhou Yayue Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	HK\$1,000,000,000	Property development/ Chinese Mainland	—	100%	—
廣州雅騰房地產開發有限公司 Guangzhou Yateng Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	HK\$100,000,000	Property development/ Chinese Mainland	—	100%	—
佛山市三水雅居樂雍景園房地產有限公司 Foshan Sanshui Agile Majestic Garden Real Estate Co., Ltd. (note (iii))	PRC/limited liability company	RMB300,000,000	Property development/ Chinese Mainland	—	100%	—
廣東西樵商貿廣場有限公司 Guangdong Xiqiao Commerce Plaza Co., Ltd. (note (iii))	PRC/limited liability company	RMB30,000,000	Property development/ Chinese Mainland	—	100%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows: (continued)

Name	Place of incorporation/ registration and legal status	Registered/issued ordinary and paid-up capital	Principal activities/ place of operation	Proportion of equity directly held by the Company (%)	Proportion of equity held by the Group (%)	Proportion of equity held by non- controlling interests (%)
南京江寧雅居樂房地產開發有限公司 Nanjing Jiangning Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	US\$119,800,000	Property development/ Chinese Mainland	—	100%	—
遼寧雅居樂房地產開發有限公司 Liaoning Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	US\$59,990,000	Property development/ Chinese Mainland	—	100%	—
西安雅居樂物業投資管理有限公司 Xi'an Agile Property Investment Management Co., Ltd. (note (iii))	PRC/limited liability company	RMB650,000,000	Property development/ Chinese Mainland	—	100%	—
佛山市順德區雅居樂房地產有限公司 Foshan Shunde Agile Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB450,000,000	Property development/ Chinese Mainland	—	100%	—
南京雅建置業有限公司 Nanjing Yajian Land Co., Ltd. (note (iii))	PRC/limited liability company	RMB450,000,000	Property development/ Chinese Mainland	—	100%	—
常州雅居樂房地產開發有限公司 Changzhou Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	US\$418,367,347	Property development/ Chinese Mainland	—	100%	—
騰沖雅居樂旅遊置業有限公司 Tengchong Agile Resort Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB550,000,000	Property development/ Chinese Mainland	—	100%	—
海南雅航旅遊置業有限公司 Hainan Yahang Travel Property Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB1,122,450,000	Property development/ Chinese Mainland	—	100%	—
西雙版納雅居樂旅遊置業有限公司 Xishuangbanna Agile Resort Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB500,000,000	Property development/ Chinese Mainland	—	100%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows: (continued)

Name	Place of incorporation/ registration and legal status	Registered/issued ordinary and paid-up capital	Principal activities/ place of operation	Proportion of equity directly held by the Company (%)	Proportion of equity held by the Group (%)	Proportion of equity held by non- controlling interests (%)
瑞麗雅居樂旅遊置業有限公司 Ruili Agile Resort Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB304,000,000	Property development/ Chinese Mainland	—	100%	—
西安曲江雅居樂房地產開發有限公司 Xi'an Qujiang Agile Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB664,000,000	Property development/ Chinese Mainland	—	70%	30%
佛山市順德區雅新房地產開發有限公司 Foshan Shunde Yaxin Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB450,000,000	Property development/ Chinese Mainland	—	100%	—
揚州雅居樂房地產開發有限公司 Yangzhou Agile Real Estate Development Co., Ltd. (note (iii))	PRC/foreign invested enterprise	HK\$1,130,000,000	Property development/ Chinese Mainland	—	100%	—
來安雅居樂房地產開發有限公司 Lai'an Agile Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB250,000,000	Property development/ Chinese Mainland	—	60%	40%
無錫雅居樂房地產開發有限公司 Wuxi Agile Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB400,000,000	Property development/ Chinese Mainland	—	100%	—
上海松江雅居樂房地產開發有限公司 Shanghai SongJiang Agile Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB903,000,000	Property development/ Chinese Mainland	—	100%	—
昆山市富恒房地產開發有限公司 Kunshan Fuheng Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB130,000,000	Property development/ Chinese Mainland	—	100%	—
中山市雅尚房地產開發有限公司 Zhongshan Yashang Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB300,000,000	Property development/ Chinese Mainland	—	100%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows: (continued)

Name	Place of incorporation/ registration and legal status	Registered/issued ordinary and paid-up capital	Principal activities/ place of operation	Proportion of equity directly held by the Company (%)	Proportion of equity held by the Group (%)	Proportion of equity held by non- controlling interests (%)
杭州余杭雅居樂房地產開發有限公司 Hangzhou Yuhang Agile Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB30,000,000	Property development/ Chinese Mainland	—	100%	—
南京濱江雅居樂房地產開發有限公司 Nanjing Binjiang Agile Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB2,080,722,000	Property development/ Chinese Mainland	—	100%	—
鄭州雅居樂房地產開發有限公司 Zhengzhou Agile Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB100,000,000	Property development/ Chinese Mainland	—	60%	40%
佛山市南海區雅恒房地產開發有限公司 Foshan Nanhai Yaheng Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB200,000,000	Property development/ Chinese Mainland	—	100%	—
武漢長凱物業發展有限公司 Wuhan Changkai Property Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB621,148,000	Property development/ Chinese Mainland	—	100%	—
中山市雅盈房地產開發有限公司 Zhongshan Yaying Real Estate Development Company Limited (note (iii))	PRC/limited liability company	RMB1,000,000	Property development/ Chinese Mainland	—	100%	—
北京雅晟房地產開發有限公司 Beijing Yasheng Real Estate Development Co., Ltd. (note (iii))	PRC/wholly foreign owned enterprise	RMB1,000,000,000	Property development/ Chinese Mainland	—	100%	—
中山市世光創建置業有限公司 Zhongshan Shiguang Chuangjian Zhiye Company Limited (note (iii))	PRC/limited liability company	RMB100,000,000	Property development/ Chinese Mainland	—	100%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows: (continued)

Name	Place of incorporation/ registration and legal status	Registered/issued ordinary and paid-up capital	Principal activities/ place of operation	Proportion of equity directly held by the Company (%)	Proportion of equity held by the Group (%)	Proportion of equity held by non- controlling interests (%)
重慶雅恆房地產開發有限公司 Chongqing Yaheng Real Estate Development Co. Ltd. (note (iii))	PRC/limited liability company	RMB600,000,000	Property development/ Chinese Mainland	—	100%	—
廣州雅悅房地產開發有限公司 Guangzhou Yayue Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB200,000,000	Property development/ Chinese Mainland	—	100%	—
漢中龍騰雅居房地產開發有限公司 Hanzhong Longteng Yaju Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB50,000,000	Property development/ Chinese Mainland	—	100%	—
河南雅同置業有限公司 Henan Yatong Land Co., Ltd. (note (iii))	PRC/limited liability company	RMB209,402,000	Property development/ Chinese Mainland	—	100%	—
海南雅海旅遊發展有限公司 Hainan Yahai Travel Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB646,073,000	Property development/ Chinese Mainland	—	61%	39%
山西雅居晉明房地產開發有限公司 Shanxi Yaju Jinming Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB55,555,556	Property development/ Chinese Mainland	—	82%	18%
合肥雅坤房地產開發有限公司 Hefei Yakun Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB125,000,000	Property development/ Chinese Mainland	—	100%	—
佛山雅建房地產開發有限公司 Foshan Yajian Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB10,055,451	Property development/ Chinese Mainland	—	100%	—
南京雅寧房地產開發有限公司 Nanjing Yanning Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB50,291,692	Property development/ Chinese Mainland	—	100%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows: (continued)

Name	Place of incorporation/ registration and legal status	Registered/issued ordinary and paid-up capital	Principal activities/ place of operation	Proportion of equity directly held by the Company (%)	Proportion of equity held by the Group (%)	Proportion of equity held by non- controlling interests (%)
四川雅潤房地產開發有限公司 Sichuan Yarun Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB100,000,000	Property development/ Chinese Mainland	—	100%	—
天津市雅澤房地產開發有限公司 Tianjin Yaze Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB30,000,000	Property development/ Chinese Mainland	—	100%	—
重慶雅灝房地產開發有限公司 Chongqing Yahao Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB100,000,000	Property development/ Chinese Mainland	—	100%	—
中山市雅軒房地產開發有限公司 Zhongshan Yaxuan Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB3,000,000	Property development/ Chinese Mainland	—	100%	—
常州雅勁房地產開發有限公司 Changzhou Yajing Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB746,938,776	Property development/ Chinese Mainland	—	100%	—
大理美詔房地產開發有限公司 Dali Meizhao Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB400,000,000	Property development/ Chinese Mainland	—	100%	—
玉林市新滔環保科技有限公司 Yulin Xintao Eco Technology Co., Ltd. (note (iii))	PRC/limited liability company	RMB1,200,000,000	Property development/ Chinese Mainland	—	100%	—
振中建設集團有限公司 Zhenzhong Construction Group Co., Ltd. (note (iii))	PRC/limited liability company	RMB3,030,000,000	Property development/ Chinese Mainland	—	100%	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries as at 31 December 2023 are as follows: (continued)

Name	Place of incorporation/ registration and legal status	Registered/issued ordinary and paid-up capital	Principal activities/ place of operation	Proportion of equity directly held by the Company (%)	Proportion of equity held by the Group (%)	Proportion of equity held by non- controlling interests (%)
廣州市雅豐建築材料有限公司 Guangzhou Yafeng Construction Material Co., Ltd. (note (iii))	PRC/limited liability company	RMB1,020,000,000	Property development/ Chinese Mainland	—	100%	—
廣州市雅玥園林工程有限公司 Guangzhou Yayue Landscape Engineering Co., Ltd. (note (iii))	PRC/limited liability company	RMB1,010,200,000	Property development/ Chinese Mainland	—	100%	—
天津市天富房地產開發有限公司 Tianjin Tianfu Real Estate Development Co., Ltd. (note (iii) and note (iv))	PRC/limited liability company	RMB110,000,000	Property development/ Chinese Mainland	—	48%	52%
重慶雅沛房地產開發有限公司 Chongqing Yapei Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB100,000,000	Property development/ Chinese Mainland	—	100%	—
成都雅頌房地產開發有限公司 Chengdu Yasong Real Estate Development Co., Ltd. (note (iii))	PRC/limited liability company	RMB824,576,531	Property development/ Chinese Mainland	—	100%	—

Structured entity

Principal activities

The Company's Employee Share Trust Purchasing, administrating and holding the Company's shares in respect of the Share Award Scheme set up for the benefit of eligible employees

As the Company's Employee Share Trust is set up solely for the purpose of purchasing, administrating and holding the Company's shares in respect of the Share Award Scheme, the Company has the rights to variable returns from its involvement with the Employee Share Trust and has the ability to affect those returns through its power over the trust. The assets and liabilities of the Employee Share Trust are included in the Group's consolidated financial statements and the shares held by the Employee Share Trust are presented as a deduction in equity as "Shares held for Share Award Scheme". The Share Award Scheme was terminated on 20 June 2023 in accordance with the rules relating to the Share Award Scheme and the relevant trust deed.

The above table lists the principal subsidiaries of the Group which, in the opinion of the Company's directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 GENERAL INFORMATION (CONTINUED)

Notes:

- (i) A-Living is a company listed on the Main Board of the Hong Kong Stock Exchange. As at 31 December 2023, the Group held 35,000,000 (2022: 35,000,000) listed shares of A-Living pledged as collateral for the exchangeable bonds issued by a subsidiary of the Company.

As the Group has exposure or rights to variable returns from its involvement with A-Living and has the ability to affect the returns through its significant voting rights relative to the size and dispersion of holdings of other shareholders, the Group has practical ability to exercise control of A-Living and thus A-Living is regarded as a subsidiary of the Group.

- (ii) As at 31 December 2023, Guangzhou Panyu Agile Realty Development Co., Ltd. has issued PRC corporate bonds (note 32(b)) and asset-backed securities (note 32(e)), Yaheng Digital (Shanghai) Business Management Co., Ltd. has issued commercial mortgage backed securities (note 32(d)) and Farsail Goldman International Limited issued exchangeable bond (note 32(f)). Other subsidiaries of the Company listed above have not issued any debt securities.
- (iii) The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.
- (iv) The company is accounted for as a subsidiary of the Group because the Group owns more than half of the voting rights even though the equity interests in the entity attributable to the Group are less than 50%.

The equity interests in certain subsidiaries are pledged as at the end of the reporting period.

2.1 BASIS OF PREPARATION

Going concern basis

During the year ended 31 December 2023, the Group recorded a net loss of RMB12,776,851,000. As at 31 December 2023, the Group had cash and bank balances (including restricted cash) of RMB12,553,455,000 and short-term borrowings of RMB25,869,427,000. The real estate sector has continued to experience a downward trend mainly contributed by insufficient demand. Though many industry easing policies were introduced by various local government to stimulate demand, sales remained sluggish for most regions. Considering the above market condition, the Company remains cautious about its liquidity in the near term. The above conditions indicated the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances and the current economic environment, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of financing including credit facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company also have implemented various measures to ensure the Group maintains adequate working capital, including:

- (i) accelerating the pre-sale of properties and speeding up the collection of sales proceeds;
- (ii) closely monitoring the process of construction of its property development projects to ensure that construction and related payments are fulfilled and the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule, such that the Group is able to release restricted pre-sale proceeds as planned;
- (iii) seeking continuously for re-financing of existing borrowings as well as new debt financing and bank borrowings at costs acceptable to the Group to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- (iv) disposing of certain of its non-core properties and non-core businesses to generate more cashflow when needed; and
- (v) not committing on significant capital expenditures and land acquisitions before securing the necessary funding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

Going concern basis (continued)

Taking into account (i) the Group's net current assets position of RMB7,655,492,000; (ii) the cash flow projection including the Group's ability to obtain new financing and to renew or refinance the existing credit facilities before maturity; (iii) the fact that the Group has successfully extended the repayment of current portion of borrowings of approximately RMB7,498,214,000 after the end of the reporting period and up to the date of this report; and (iv) the availability of unpledged assets that are immediately available for sales, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period. Accordingly, these consolidated financial statements have been prepared on the going concern basis which assumes, inter alia, the realisation of assets and satisfaction of liabilities in the normal course of business.

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

- (i) to accelerate the pre-sale of properties and to speed up the collection of sales proceeds; and
- (ii) the successful obtaining new borrowings and refinancing of the existing bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial information.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through other comprehensive income ("FVOCI") and financial assets and financial liabilities at fair value through profit or loss ("FVPL") which have been measured at fair value. Disposal groups classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation

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

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

- a) the contractual arrangement with the other vote holders of the investee;
- b) rights arising from other contractual arrangements; and
- c) the Group’s voting rights and potential voting rights.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note 33 to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively.

The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

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

³ No mandatory effective date yet determined but available for adoption

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

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

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

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

2.4 MATERIAL ACCOUNTING POLICIES

Investments accounted for using the equity method

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments accounted for using the equity method (continued)

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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

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

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

Business combinations and goodwill

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

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

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

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

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

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

Fair value measurement

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties under development, completed properties held for sale, contract assets, deferred tax assets, financial assets, investment properties and disposal groups classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (continued)

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

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

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

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

Buildings	10 to 30 years
Office equipment	5 to 10 years
Transportation equipment	4 to 10 years
Machinery	5 to 10 years

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investment properties

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

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

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

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

Non-current assets and disposal groups held for sale

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

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

Properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Upon completion, the properties are transferred to completed properties held for sale.

The costs of properties under development and completed properties held for sale consist of land costs, construction expenditures, borrowing costs capitalised and other direct costs. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and cost to make the sale.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Prepayments for acquisition of land use rights

Prepayments for acquisition of land use rights are classified as current assets when they are acquired for the future property development projects for sale. They are stated at the lower of cost and net realisable value.

Intangible assets (other than goodwill)

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

Trademarks and licences

Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5 to 20 years.

Customer relationships and backlogs

Customer relationships and backlogs acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships and backlogs have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method over the expected life of 2 to 20 years for the customer relationships and backlogs.

Computer software

Computer software is stated at cost and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years. The useful life of software is determined mainly with reference to (i) maintenance expenditure required to obtain the expected future economic benefits from the software for continuous operations, (ii) expected usage required from the operations of the Group and the infrequent change of the software, (iii) product life cycles for the similar software used in the past, and (iv) the period of control over the software.

Operating concessions

Operating concessions are capitalised on the basis of the costs incurred to build and operate water waste treatment plants and refuse-burning power plants. These costs are amortised over the shorter of their estimated useful lives and service concession period of 3 to 28 years.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Service concession arrangements

(a) Service concession arrangements under financial asset model

A financial asset (receivables under a service concession arrangement) is recognised to the extent that the Group has an unconditional right to receive cash or another financial asset from the grantor for the construction services rendered. This right arises where the grantor has little or no discretion to avoid payment, usually because the agreement is enforceable by law. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group specified or determinable amounts or the shortfall, if any, between amounts received from the users of the public service and the specified or determinable amounts. The financial asset (receivable under a service concession arrangement) is accounted for in accordance with the policy set out for financial assets measured at amortised cost.

During the construction period, the Group recognises a contract asset and accounts for the significant financing component in the arrangement. When the construction services are completed, the contract asset would be classified and measured as receivables under a service concession arrangement accordingly. The considerations for construction obligations performed will be accounted for as non-current assets during the construction period, except for the portion that are expected to be settled in the following year of operation period which will be reclassified as current contract assets.

When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the financial asset (if any) which will be used to reduce the carrying amount of financial receivables on the consolidated statement of financial position, (ii) interest income which will be recognised as revenue in profit or loss and (iii) revenue from infrastructure operation service in the profit or loss. Revenue from operating service is calculated based on cost plus a profit margin.

(b) Service concession arrangements under intangible asset model

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses and services. The intangible asset (operating concession) is accounted for in accordance with the policy set out for “intangible assets (other than goodwill)” above, which is amortised on a straight-line basis over the service concession period.

(c) Construction services

The fair value of the construction service under the concession arrangement is calculated as the estimated total construction cost plus a profit margin. The profit margins are valued by management of the Group, based on prevailing market rate applicable to similar construction services rendered on similar location at date of agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

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

Land use rights	40 to 70 years
Properties, plant and equipment	1 to 28 years

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

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development and completed properties held for sale".

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for any leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the consolidated statement of profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables and borrowings at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial liabilities at fair value through profit or loss, and borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the consolidated statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

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

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Exchangeable bonds

The fair value of the liability portion of an exchangeable bond is determined using a market interest rate for a non-exchangeable bond with similar terms. This amount is recorded as a liability on an amortised cost basis until conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion and redemption option. This is recognised and included in shareholders’ equity and derivative liability according to the conversion feature embedded. Any directly attributable transaction costs are allocated to the liability and equity or derivative liability component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of an exchangeable bond is measured at amortised cost using the effective interest method. The equity component of an exchangeable bond is not re-measured subsequent to initial recognition except on conversion or expiry. The derivative liability component of a convertible bond is measured at fair value with changes in fair value recognised in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the consolidated statement of profit or loss.

Perpetual Capital Securities

Perpetual Capital Securities with no contractual obligation to repay their principal or to pay any distribution are classified as part of equity, as described in note 37.

Inventories

Raw materials

Raw materials are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Sales of properties

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

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

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

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

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Incremental costs incurred to obtain a contract with a customer are capitalised as contract acquisition costs if the Group expects to recover these costs. Costs of obtaining a contract are amortised when properties sales revenue is recognised.

(b) Property management services, value-added services, city sanitation and cleaning services

Revenue from property management services (including property management services under commission basis or lump sum basis) and value-added services (including pre-delivery services, household assistance services, property agency services and other services) is recognised when services are rendered.

For property management services and city sanitation and cleaning services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group entitles to revenue at the value of property management services and fees for city sanitation and cleaning services received or receivable. The revenue of the property management services is primarily generated from properties managed under lump sum basis.

For value-added services related to property management, revenue is recognised when the related community value-added services are rendered. Payment of the transaction is due immediately when the community value-added services are rendered to the customer.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(c) Construction services

Revenue from construction contracts satisfies the performance obligation over time, for the performance of construction contracts creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group recognised revenue over time by reference to the progress towards complete satisfaction of that performance obligation. For the contracts being able to obtain direct measurement of the value or units delivered of work performed, the customers will provide a final statement when the whole project is completed and may have adjustments on accumulated confirmation according to the actual construction efforts or inputs to the satisfaction of the performance obligation, the Group calculated the cost allocation based on specific contracts.

(d) Environmental protection

Revenue arising from environmental protection is recognised in the accounting period in which environmental protection services are rendered.

(e) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillaries is recognised in the accounting period in which the services are rendered.

(f) Design service and project management service

Revenue from design service and project management services is recognised progressively over time based on direct measurements of the values of services delivered or surveys of work performed.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

(a) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(b) Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as properties under development and completed properties held for sale, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the consolidated statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Costs to obtain 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, e.g., commission to sales agents. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Share-based payments

The Company and A-Living operate a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute 12% to 22% of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

Foreign currencies

These consolidated financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their consolidated statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for impairment of properties under development and completed properties held for sale

Properties under development for sale and completed properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less cost to make the sale and the estimated cost of completion (if any), which are estimated based on past experience and prevailing market conditions as well as all available information. As at 31 December 2023, a provision for completed properties held for sale was amounted to RMB2,035,079,000 (2022: RMB1,730,748,000) (note 23), and a provision for properties under development was amounted to RMB4,819,264,000 (2022: RMB2,642,664,000) (note 22).

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. As at 31 December 2023, accumulated impairment for goodwill was amounted to RMB2,116,870,000 (2022: RMB1,156,802,000) (note 17).

Estimation of fair value of investment properties

Investment properties were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Chinese Mainland corporate income tax (“CIT”) and Chinese Mainland land appreciation tax (“LAT”)

The Group is subject to CIT in Chinese Mainland. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

The Group is subject to LAT in Chinese Mainland which is levied at progressive rate ranging from 30% to 60% on the appreciation of land value. The provision for LAT is based on management’s best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realise.

The carrying amount of current income tax liabilities, including provision for CIT and LAT, at 31 December 2023 was RMB21,465,007,000 (2022: RMB20,803,206,000).

Deferred income tax assets

Deferred income tax assets are recognised for tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets at 31 December 2023 was RMB5,059,142,000 (2022: RMB3,765,838,000).

Expected credit losses on contract assets and trade and other receivables

The management assesses on a forward-looking basis the expected credit losses associated with its contract assets and trade and other receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The allowances are applied to these contract assets and receivables where the expectation is different from the original estimate, such difference will impact the carrying amount of contract assets and trade and other receivables and impairment charge in the periods during which such estimate has been changed.

As at 31 December 2023, the provision for impairment of contract assets and trade receivables, and for other receivables were amounted to RMB1,896,317,000 (2022: RMB1,491,791,000) and RMB2,418,892,000 (2022: RMB1,508,231,000), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 OPERATING SEGMENT INFORMATION

The executive directors of the Company, which are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into three business segments: property development, property management and others. The associates and joint ventures of the Group are principally engaged in property development and property management and are included in the property development and property management segment, respectively.

- (a) Property development segment mainly comprises the business units involved in development and sales of properties.
- (b) Property management segment mainly comprises the business units involved in property management business and city sanitation and cleaning services operated by A-Living Smart City Services Co., Ltd.
- (c) Others mainly comprise the business units involved in provision of property construction services, ecological landscaping services, intelligent home and decoration services, environmental protection service and commercial management services, each of which segments is less than 10% of the Group's consolidated revenue, and therefore separate segment information is not considered necessary.

The corresponding items of segment information for the prior year have been restated following to a change of structure of the Group's internal organisation that causes a change of the composition of its reportable segments in the current year.

As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the Chinese Mainland, and most of the non-current assets are located in Chinese Mainland, disclosure of entity-wide geographical information for revenue and non-current assets is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results, being loss/profit before income tax before deducting finance costs.

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties. Eliminations comprise inter-segment trade and non-trade balances. Pricing policy for inter-segment transactions is determined by reference to market prices.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, other intangible assets, properties under development, completed properties held for sale, investment properties, prepayment for acquisition of land use rights, receivables, contract assets and cash and bank balances. Unallocated assets comprise deferred income tax assets, prepaid income taxes, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and financial liabilities at fair value through profit or loss.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets, investment properties and other intangible assets including assets from acquisition of subsidiaries during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Segment information provided to the executive directors of the Company for the reporting segments for the years ended 31 December 2023 and 2022 is as follows:

Year ended 31 December 2023

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Group <i>RMB'000</i>
Gross segment sales	23,597,923	15,443,449	5,178,824	44,220,196
Inter-segment sales	–	(909,742)	–	(909,742)
Sales to external customers	23,597,923	14,533,707	5,178,824	43,310,454
Fair value losses on investment properties (note 15)	–	–	(36,724)	(36,724)
Operating (losses)/profits	(7,169,724)	730,558	(3,116,178)	(9,555,344)
Share of profits and losses of investments accounted for using the equity method (note 19)	(1,484,271)	44,937	(4,727)	(1,444,061)
Segment result	(8,653,995)	775,495	(3,120,905)	(10,999,405)
Finance costs, net (note 7)				(851,197)
Loss before income tax				(11,850,602)
Income tax expenses (note 10)				(926,249)
Loss for the year				(12,776,851)
Depreciation and amortisation	233,624	392,309	544,618	1,170,551
Provisions for impairment of properties under development and completed properties held for sale	2,480,931	–	–	2,480,931
Net impairment losses on financial and contract assets	522,665	339,008	655,487	1,517,160
Impairment of goodwill	–	427,889	691,952	1,119,841
Impairment of property, plant and equipment	–	–	33,129	33,129
Impairment losses on investments accounted for using the equity method	99,277	–	–	99,277

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022 (restated)

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Group <i>RMB'000</i>
Gross segment sales	32,455,666	15,378,576	7,895,824	55,730,066
Inter-segment sales	–	(1,695,739)	–	(1,695,739)
Sales to external customers	32,455,666	13,682,837	7,895,824	54,034,327
Fair value gains on investment properties (note 15)	–	–	28,357	28,357
Operating (losses)/profits	(5,341,097)	1,372,508	(2,544,051)	(6,512,640)
Share of profits and losses of investments accounted for using the equity method (note 19)	(809,383)	56,393	(4,462)	(757,452)
Segment result	(6,150,480)	1,428,901	(2,548,513)	(7,270,092)
Finance costs, net (note 7)				(3,101,837)
Loss before income tax				(10,371,929)
Income tax expenses (note 10)				(3,001,356)
Loss for the year				(13,373,285)
Depreciation and amortisation	304,488	332,805	668,425	1,305,718
Provisions for impairment of properties under development and completed properties held for sale	3,788,621	–	–	3,788,621
Net impairment losses on financial and contract assets	287,453	338,657	1,061,300	1,687,410
Impairment of goodwill	–	–	403,115	403,115
Impairment of property, plant and equipment	284,933	–	–	284,933
Impairment losses on investments accounted for using the equity method	1,401,226	–	–	1,401,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities and capital expenditure as at 31 December 2023 are as follows:

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Elimination <i>RMB'000</i>	Group <i>RMB'000</i>
Segment assets	159,860,086	21,566,215	76,239,395	(28,541,394)	229,124,302
Unallocated assets					<u>12,683,850</u>
Total assets					<u>241,808,152</u>
Segment assets include: Investments accounted for using the equity method (note 19)	<u>23,555,079</u>	<u>1,202,285</u>	<u>616,272</u>	<u>–</u>	<u>25,373,636</u>
Segment liabilities	42,725,269	11,070,112	74,857,516	(28,541,394)	100,111,503
Unallocated liabilities					<u>79,339,838</u>
Total liabilities					<u>179,451,341</u>
Capital expenditure	<u>397,861</u>	<u>321,787</u>	<u>984,041</u>	<u>–</u>	<u>1,703,689</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities and capital expenditure as at 31 December 2022 are as follows (restated):

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Elimination <i>RMB'000</i>	Group <i>RMB'000</i>
Segment assets	185,810,340	20,809,461	97,232,252	(41,463,473)	262,388,580
Unallocated assets					<u>10,993,635</u>
Total assets					<u>273,382,215</u>
Segment assets include:					
Investments accounted for using the equity method (note 19)	26,983,338	1,169,571	621,288	–	28,774,197
Segment liabilities	55,381,282	9,704,211	89,295,839	(41,463,473)	112,917,859
Unallocated liabilities					<u>84,737,493</u>
Total liabilities					<u>197,655,352</u>
Capital expenditure	275,700	478,667	2,704,588	–	<u>3,458,955</u>

Non-current assets

As at 31 December 2022 and 2023, non-current assets of the Group were mainly located in Chinese Mainland.

Information about a major customer

During the current and prior years, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2023 RMB'000	2022 RMB'000 (restated)
<i>Revenue from contracts with customers</i>		
Sales of properties	23,597,923	32,455,666
Property management services	14,533,707	13,682,837
Others	4,941,902	7,676,170
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	236,922	219,654
Total	43,310,454	54,034,327

Revenue from contracts with customers

(a) Disaggregated revenue information

Year ended 31 December 2023

	Property development RMB'000	Property management RMB'000	Others RMB'000	Group RMB'000
<i>Types of goods and services</i>				
Sales of properties	23,597,923	–	–	23,597,923
Property management services	–	14,533,707	–	14,533,707
Others	–	–	4,941,902	4,941,902
Total	23,597,923	14,533,707	4,941,902	43,073,532
<i>Timing of revenue recognition</i>				
At a point in time	23,112,452	634,067	1,063,466	24,809,985
Over time	485,471	13,899,640	3,878,436	18,263,547
Total	23,597,923	14,533,707	4,941,902	43,073,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

Year ended 31 December 2022 (restated)

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Group <i>RMB'000</i>
Types of goods and services				
Sales of properties	32,455,666	–	–	32,455,666
Property management services	–	13,682,837	–	13,682,837
Others	–	–	7,676,170	7,676,170
Total	32,455,666	13,682,837	7,676,170	53,814,673
Timing of revenue recognition				
At a point in time	31,837,708	366,920	827,793	33,032,421
Over time	617,958	13,315,917	6,848,377	20,782,252
Total	32,455,666	13,682,837	7,676,170	53,814,673

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Sales of properties	22,311,205	25,867,766
Property management	1,340,277	1,180,991
Total	23,651,482	27,048,757

5 REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

Revenue from contracts with customers (continued)

(b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sales of properties

For property sales contracts, revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time.

Property construction services

For construction contracts, revenue is recognised over time, the performance obligation is satisfied for the performance of construction contracts creates or enhances an asset that the customer controls as the asset is created or enhanced.

Property management services, value-added services, city sanitation and cleaning services

The performance obligation is satisfied when services are rendered. For property management services and city sanitation and cleaning services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. For value-added services related to property management, revenue is recognised when the services are rendered, payment of the transaction is due immediately when the services are rendered to the customer.

Environmental protection services, sewage and reclaimed water treatment services

Depending on the terms of the contract, the performance obligation is satisfied over time or at a point in time when services are rendered.

The amounts of unsatisfied performance obligation were approximately the same as the balances of contract liabilities as of 31 December 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

An analysis of other income and gains, net is as follows:

	2023 RMB'000	2022 RMB'000
Other income		
Interest income	245,602	392,731
Interest income from related parties	21,339	103,848
Government grants	113,824	203,309
Miscellaneous	46,548	32,435
Total other income	427,313	732,323
Other gains, net		
Gains from disposal of subsidiaries	–	853,958
Gains from disposal of joint ventures and associates (note 19(c))	–	1,119,909
Losses on disposal of right-of-use assets, investment properties, property, plant and equipment, other intangible assets and assets of disposal groups classified as held for sale	–	(622,749)
Fair value gains on investment properties	–	28,357
Fair value gains/(losses) on put options written on non-controlling interests (note 31)	14,976	(31,086)
Remeasurement gains/(losses) resulting from joint ventures transferred to subsidiaries (note 19)	6,835	(5,094)
Gains from bargain purchase of subsidiaries (note 39)	186	6,790
Exchange gains, net (note (a))	124,141	62,142
Gains on redemption of senior notes	–	119,734
Miscellaneous	59,094	5,503
Total other gains, net	205,232	1,537,464
Total other income and gains, net	632,545	2,269,787

(a) Amounts do not include the exchange gain or loss related to borrowings which are included in the “finance costs, net” (note 7).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 LOSS BEFORE INCOME TAX

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

	Note	2023 RMB'000	2022 RMB'000
Auditors' remuneration			
– Audit services		14,530	12,760
– Non-audit services		30	1,200
Total		14,560	13,960
Cost of properties sold		24,410,019	30,789,190
Cost of inventories consumed		2,337,356	2,451,020
Depreciation of property, plant and equipment	14	709,464	703,823
Depreciation of right-of-use assets	16	216,553	268,987
Amortisation of other intangible assets	18	244,534	332,908
Employees' benefits costs (including directors' emoluments)			
– Wages and salaries		6,044,157	6,577,874
– Share-based payments		21,675	132,990
– Pension scheme contributions***		604,225	556,378
– Bonuses		29,560	75,339
– Others		526,189	638,672
Total		7,225,806	7,981,253
Net fair value losses on financial assets/liabilities at fair value through profit or loss****	21,31	1,402,291	916,218
Provisions for impairment of properties under development and completed properties held for sale**	22,23	2,480,931	3,788,621
Impairment of goodwill*	17	1,119,841	403,115
Impairment of property, plant and equipment*	14	33,129	284,933
Impairment of other intangible assets*	18	–	17,527
Net impairment losses on financial and contract assets	25	1,517,160	1,687,410
Impairment losses on investments accounted for using the equity method	19	99,277	1,401,226
Write-down of the disposal groups to fair value less costs to sell		–	151,620
Losses/(gains) from disposal of subsidiaries****	40	916,776	(853,958)
Losses/(gains) from disposal of joint ventures and associates****	19	523,942	(1,119,909)
Losses on disposal of right-of-use assets, investment properties, property, plant and equipment, other intangible assets and assets of disposal groups classified as held for sale****		16,316	622,749
Fair value losses/(gains) on investment properties****	15	36,724	(28,357)
Short-term and low-value assets lease expenses	16(c)	127,814	98,394
Charitable donations		2,866	9,673
Professional fee		452,623	583,269

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 LOSS BEFORE INCOME TAX (CONTINUED)

- * They are included in “Administrative expenses” in the consolidated statement of profit or loss.
- ** Provisions for impairment of properties under development and completed properties held for sale was related to a decrease in estimated market prices of properties and is included in “Cost of sales” in the consolidated statement of profit or loss.
- *** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.
- **** They are included in “other income and gains, net/other expenses” in the consolidated statement of profit or loss.

7 FINANCE COSTS, NET

An analysis of finance costs is as follows:

	2023 RMB'000	2022 RMB'000
Interest expense:		
– Bank borrowings, syndicated loans and other borrowings	2,962,985	2,814,205
– Senior notes and exchangeable bonds	1,027,083	1,111,909
– PRC Corporate Bonds, Panyu ABS, CMBS and MTN (as defined in note 32)	541,091	538,339
– Lease liabilities	15,036	25,704
Exchange losses from borrowings	435,019	2,676,011
Subtotal	4,981,214	7,166,168
Less: Interest and exchange losses capitalised	(4,099,537)	(4,097,155)
Changes in fair value of derivative financial instruments (note 31)	(30,480)	32,824
Total	851,197	3,101,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

Directors' and chief executive officer's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2023 RMB'000	2022 RMB'000
Fees	10,198	10,519
Other emoluments		
– Salaries	900	2,705
– Bonus	–	–
– Housing allowance and contribution to a retirement benefit scheme	16	67
Subtotal	916	2,772
Total	11,114	13,291

The remuneration of each director for the year ended 31 December 2023 is set out below:

Name of director	Fees RMB'000	Salaries RMB'000	Bonus RMB'000	Housing allowance and contribution to a retirement benefit scheme RMB'000	Total RMB'000
Executive directors:					
Mr. Chen Zhuo Lin	4,032	–	–	16	4,048
Mr. Chan Cheuk Hung	2,876	–	–	–	2,876
Mr. Huang Fengchao	376	900	–	–	1,276
Non-executive directors:					
Mr. Chan Cheuk Yin**	282	–	–	–	282
Madam. Luk Sin Fong, Fion***	376	–	–	–	376
Mr. Chan Cheuk Hei	376	–	–	–	376
Mr. Chan Cheuk Nam	376	–	–	–	376
Independent non-executive directors:					
Dr. Cheng Hon Kwan	376	–	–	–	376
Mr. Kwong Che Keung, Gordon	376	–	–	–	376
Mr. Hui Chiu Chung, Stephen	376	–	–	–	376
Dr. Peng Shuolong****	188	–	–	–	188
Mr. Wong Shiu Hoi, Peter*	188	–	–	–	188
Total	10,198	900	–	16	11,114

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (CONTINUED)

The remuneration of each director for the year ended 31 December 2022 is set out below:

Name of director	Fees <i>RMB'000</i>	Salaries <i>RMB'000</i>	Bonus <i>RMB'000</i>	Housing allowance and contribution to a retirement benefit scheme <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:					
Mr. Chen Zhuo Lin	3,973	–	–	16	3,989
Mr. Chan Cheuk Hung	2,835	–	–	5	2,840
Mr. Huang Fengchao	371	2,705	–	46	3,122
Non-executive directors:					
Mr. Chan Cheuk Yin	371	–	–	–	371
Madam. Luk Sin Fong, Fion	371	–	–	–	371
Mr. Chan Cheuk Hei	371	–	–	–	371
Mr. Chan Cheuk Nam	371	–	–	–	371
Independent non-executive directors:					
Dr. Cheng Hon Kwan	464	–	–	–	464
Mr. Kwong Che Keung, Gordon	464	–	–	–	464
Mr. Hui Chiu Chung, Stephen	464	–	–	–	464
Mr. Wong Shiu Hoi, Peter	464	–	–	–	464
Total	10,519	2,705	–	67	13,291

* Mr. Wong Shiu Hoi, Peter resigned as an independent non-executive director of the Company on 26 June 2023.

** Mr. Chan Cheuk Yin resigned as a non-executive director of the Company on 15 September 2023.

*** Madam. Luk Sin Fong, Fion resigned as a non-executive director of the Company on 22 December 2023.

**** Dr. Peng Shuolong was appointed as an independent non-executive director of the Company on 26 June 2023.

8 DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (CONTINUED)

During the years ended 31 December 2023 and 2022, no emolument was paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of offices.

No other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings during the year ended 31 December 2023 (2022: Nil).

During the years ended 31 December 2023 and 2022, there was no additional retirement benefit received by the directors except for the attribution to a retirement benefit scheme as disclosed above.

During the years ended 31 December 2023 and 2022, there was no termination benefit received by the directors.

During the years ended 31 December 2023 and 2022, no consideration was paid for making available the services of the directors of the Company.

During the years ended 31 December 2023 and 2022, there was no loan, quasi-loan and other dealing entered into by the Company or its subsidiaries undertakings, where applicable, in favour of directors of the Company.

Save for the transactions disclosed in note 45(b)(i), no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2022: none), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the three (2022: five) highest paid employees who are neither a director nor chief executive officer of the Company are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Salaries	3,644	8,568
Share-based payments	3,190	44,487
Bonus	–	–
Contribution to pension scheme	43	120
Total	6,877	53,175

The numbers of non-director and non-chief executive officer highest paid employees whose remuneration fell within the following bands are as follows:

	Number of individuals	
	2023	2022
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	2	–
HK\$7,500,001 to HK\$8,000,000	–	1
HK\$9,000,001 to HK\$9,500,000	–	1
HK\$12,000,001 to HK\$12,500,000	–	1
HK\$15,000,001 to HK\$15,500,000	–	1
HK\$17,000,001 to HK\$17,500,000	–	1

During the years ended 31 December 2023 and 2022, no emolument was paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made for the years ended 31 December 2023 and 2022 as the Group did not generate any assessable profits arising in Hong Kong during the years.

Chinese Mainland corporate income tax has been provided at the rate of 25% for the year ended 31 December 2023 (2022: 25%). Dividend distribution made by Chinese Mainland subsidiaries, joint ventures and associates to shareholders outside of Chinese Mainland in respect of their profits earned after 1 January 2008 is subject to withholding income tax at tax rates of 5% or 10%, where applicable.

Certain subsidiaries of the Group obtained the Certificate of High-New Technical Enterprise. According to the Corporate Income Tax Law of the Chinese Mainland (the "CIT Law"), corporations which obtain the Certificate of High-New Technical Enterprise are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to these companies during the year ended 31 December 2023 was 15% (2022: 15%).

Certain subsidiaries of the Group have enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15% during the year ended 31 December 2023 (2022: 15%). Certain subsidiaries of the Group in the Chinese Mainland are located in western cities, and they are subject to a preferential income tax rate of 15% (2022: 15%).

Certain subsidiaries of the Group in the Chinese Mainland provide environmental protection services and these companies enjoy the policy of "three exemption and three half corporate income tax". Such subsidiaries are not subject to CIT for the first three years since the year when the relevant subsidiaries generating revenue, and the relevant subsidiaries are subject to a preferential income tax rate of 12.5% for the next three years.

Certain subsidiaries of the Group in the Chinese Mainland are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% in certain years (2022: 15%).

Certain subsidiaries of the Group enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 25% or 50% of their taxable income.

Chinese Mainland land appreciation tax 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 costs of land and development and construction expenditures.

	2023 RMB'000	2022 RMB'000
Current income tax:		
Corporate income tax	1,825,734	2,879,352
Chinese Mainland land appreciation tax	723,983	1,978,834
Subtotal	2,549,717	4,858,186
Deferred income tax (note 33)	(1,623,468)	(1,856,830)
Income tax expenses	926,249	3,001,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 INCOME TAX EXPENSES (CONTINUED)

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

	2023 RMB'000	2022 RMB'000
Loss before income tax	(11,850,602)	(10,371,929)
Less: Share of losses of investments accounted for using the equity method	1,444,061	757,452
	(10,406,541)	(9,614,477)
Tax calculated at domestic tax rates applicable to profits in the respective regions	(2,903,343)	(3,312,671)
Tax effect of super deduction items	(15,359)	(25,210)
Tax losses for which no deferred income tax asset was recognised	3,137,412	4,376,989
Income not subject to tax	(26,910)	(7,224)
Expenses not deductible for tax	291,761	279,008
Tax rate change on deferred tax	(15,368)	–
Withholding tax on dividend income from Chinese Mainland	(84,931)	206,339
LAT provided	723,983	1,978,834
Tax effect of LAT	(180,996)	(494,709)
Income tax charged for the year	926,249	3,001,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2023, the Company decided to sell a hotel building, which was included in segment of property development, and expected to be completed the sale within one year. During the year ended 31 December 2022, the Company decided to sell several ecological landscaping companies, investment properties, property, plant and equipment and right-of-use assets, which were included in segments of property development and others. There are several interested parties and the sales are expected to be completed within one year. The following assets and liabilities were reclassified as held for sale in relation to these disposal groups as at 31 December 2023 and 2022:

	2023 RMB'000	2022 RMB'000
Assets of disposal groups classified as held for sale:		
Other intangible assets	–	19,267
Property, plant and equipment (note 14)	12,553	138,443
Investment properties (note 15)	–	380,734
Investments accounted for using the equity method (note 19)	–	10,228
Properties under development	17,904	38,168
Right-of-use assets (note 16(a))	–	6,308
Contract assets	–	705,897
Trade and other receivables	–	614,199
Cash and cash equivalents	–	71,616
Restricted cash	–	3,557
Deferred income tax assets	–	19,646
Others	–	84,188
Total assets of disposal groups classified as held for sale	30,457	2,092,251
Liabilities directly associated with assets classified as held for sale:		
Borrowings	–	(124,029)
Trade and other payables	–	(815,844)
Deferred income tax liabilities	–	(6,813)
Contract liabilities	–	(110,983)
Total liabilities of disposal groups classified as held for sale	–	(1,057,669)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (CONTINUED)

The directors of the Company are of the opinion that the loss allowance of contract asset and trade and other receivables was assessed to be minimal as at 31 December 2023 and 2022.

Assets of disposal groups classified as held for sale were measured at the lower of its carrying amount and fair value less costs to sell at the time of and/or subsequent to the reclassification.

Details of the fair value measurement of disposal groups are as follows:

31 December 2023

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Net assets classified as held for sale	Market approach	Transaction price	RMB60,578,000	The higher transaction price, the higher fair value

31 December 2022

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Net assets classified as held for sale (excluding investment properties)	Market approach	Transaction price	RMB819,004,000	The higher transaction price, the higher fair value
Investment properties classified as held for sale	Market approach	Transaction price	RMB380,734,000	The higher transaction price, the higher fair value

12 DIVIDENDS

The Board did not propose any interim or final dividend during the years ended 31 December 2023 and 2022.

13 LOSS PER SHARE

The calculation of the basic and diluted loss per share amounts is based on the loss for the year attributable to shareholders of the Company, and the weighted average number of ordinary shares of 4,804,212,000 (2022: 3,914,834,000) in issue during the year less shares held for Share Award Scheme.

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

	2023	2022
Loss attributable to shareholders of the Company (RMB'000)	(13,801,195)	(14,981,154)
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme ('000)	4,804,212	3,914,834
Basic and diluted loss per share (RMB per share)	(2.873)	(3.827)

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Office equipment RMB'000	Transportation equipment RMB'000	Machinery RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2023						
At 1 January 2023	7,173,745	111,272	167,352	1,986,431	4,388,790	13,827,590
Additions	10,146	15,183	37,975	174,243	1,332,996	1,570,543
Revaluation surplus upon transfer (note b)	100,505	–	–	–	–	100,505
Acquisition of subsidiaries (note 39)	–	242	–	–	–	242
Transfer from completed construction projects	324,509	–	–	175,380	(499,889)	–
Transfer to investment properties (note 15)	(210,000)	–	–	–	–	(210,000)
Disposals	(241,468)	(11,245)	(7,616)	(22,387)	(418,799)	(701,515)
Disposal of subsidiaries (note 40)	(424,277)	(3,518)	(4,745)	(168,892)	(250,233)	(851,665)
Depreciation	(348,494)	(38,759)	(55,704)	(266,507)	–	(709,464)
Impairment charge	–	(83)	–	–	(33,046)	(33,129)
At 31 December 2023	6,384,666	73,092	137,262	1,878,268	4,519,819	12,993,107
At 31 December 2023						
Cost	8,641,664	315,813	341,520	2,616,590	4,552,865	16,468,452
Accumulated depreciation	(2,256,998)	(242,638)	(204,258)	(738,322)	–	(3,442,216)
Accumulated impairment loss	–	(83)	–	–	(33,046)	(33,129)
Net carrying amount	6,384,666	73,092	137,262	1,878,268	4,519,819	12,993,107
Year ended 31 December 2022						
At 1 January 2022						
Cost	8,102,824	223,055	385,504	2,093,196	4,782,510	15,587,089
Accumulated depreciation	(2,020,015)	(195,004)	(238,021)	(426,552)	–	(2,879,592)
Accumulated impairment loss	–	–	–	–	(32,727)	(32,727)
Net carrying amount	6,082,809	28,051	147,483	1,666,644	4,749,783	12,674,770
At 1 January 2022	6,082,809	28,051	147,483	1,666,644	4,749,783	12,674,770
Additions	1,104,817	134,265	68,612	146,317	1,503,763	2,957,774
Revaluation surplus upon transfer (note b)	19,944	–	–	–	–	19,944
Acquisition of subsidiaries (note 39)	3,400	–	–	–	–	3,400
Transfer from completed construction projects	1,069,451	–	–	467,711	(1,537,162)	–
Transfer to investment properties (note 15)	(70,000)	–	–	–	–	(70,000)
Disposals	(267,411)	(4,204)	(4,740)	(5,863)	(33,825)	(316,043)
Disposal of subsidiaries (note 40)	–	(1,995)	(1,494)	(60,316)	(251,251)	(315,056)
Depreciation	(393,023)	(43,382)	(39,911)	(227,507)	–	(703,823)
Impairment charge	(259,091)	–	–	–	(25,842)	(284,933)
Transfer to assets of disposal groups classified as held for sale (note 11)	(117,151)	(1,463)	(2,598)	(555)	(16,676)	(138,443)
At 31 December 2022	7,173,745	111,272	167,352	1,986,431	4,388,790	13,827,590
At 31 December 2022 and 1 January 2023						
Cost	9,428,864	407,322	346,457	2,545,874	4,414,632	17,143,149
Accumulated depreciation	(1,996,028)	(296,050)	(179,105)	(559,443)	–	(3,030,626)
Accumulated impairment loss	(259,091)	–	–	–	(25,842)	(284,933)
Net carrying amount	7,173,745	111,272	167,352	1,986,431	4,388,790	13,827,590

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) As at 31 December 2023, buildings with net carrying value of RMB3,200,136,000 (2022: RMB3,041,769,000) were pledged as collateral for the Group's borrowings.
- (b) During the year ended 31 December 2023, an office building of RMB210,000,000 was transferred to investment property on the inception of an operating lease. A revaluation surplus of RMB100,505,000 on the date transferred has arisen, among which the corresponding revaluation surplus net of tax of RMB75,378,000 was recorded in other comprehensive income and deferred income tax liabilities of RMB25,127,000 were recorded in the consolidated statement of financial position, respectively.

During the year ended 31 December 2022, an office building of RMB70,000,000 was transferred to investment property on the inception of an operating lease. A revaluation surplus of RMB19,944,000 on the date transferred has arisen, among which the corresponding revaluation surplus net of tax of RMB14,958,000 was recorded in other comprehensive income and deferred income tax liabilities of RMB4,986,000 were recorded in the consolidated statement of financial position, respectively.

- (c) Buildings mainly represent the office buildings and hotel buildings. Constructions in progress mainly represent construction costs and other costs incurred for the construction of environmental factories and machinery.

15 INVESTMENT PROPERTIES

	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January	9,367,543	11,514,964
Additions	26,459	148,011
Transfer from completed properties held for sale	24,635	–
Transfer from property, plant and equipment (note 14)	210,000	70,000
Transfer to assets of disposal groups classified as held for sale (note 11)	–	(380,734)
Revaluation (losses)/gains recognised in profit or loss (note 6)	(36,724)	28,357
Disposals	(6,161)	(2,013,055)
Carrying amount at 31 December	9,585,752	9,367,543

The Group's investment properties consist of completed office buildings, hotels, retail shops and car parks located in Chinese Mainland and are held on lease of between 40 and 70 years. The Group's investment properties were valued at 31 December 2023 by independent professionally qualified valuers, including Vigers Appraisal & Consulting Limited, Colliers International Limited, Jones Lang LaSalle Incorporated and Worldunion Appraisal Co., Ltd., who hold recognised relevant professional qualifications and have recent experiences in the locations and segments of the investment properties to be valued. For all investment properties, their current use equates to the highest and best use.

15 INVESTMENT PROPERTIES (CONTINUED)

As at 31 December 2023 and 2022, all of the Groups investment properties were measured within Level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs. There was no transfer between Levels 1, 2 and 3 during the year (2022: Nil).

Fair values of office buildings, hotels, retail shops and car parks are generally derived using the income capitalisation method or the direct comparison approach.

The adoption of the income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers, view of recent lettings, within the subject properties and other comparable properties.

The adoption of the direct comparison approach assumes the sale of each of these properties in its existing state with the benefit of vacant possession. By taking reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the internal valuation team and the independent valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuers.

Any changes in Level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the executive directors and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

Most of the investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

As at 31 December 2023, investment properties of RMB5,981,965,000 (2022: RMB5,756,000,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings.

During the year ended 31 December 2023, certain retail shops were transferred from the completed properties held for sale to investment properties.

During the years ended 31 December 2023 and 2022, certain floor areas of office buildings were transferred from property, plant and equipment to investment properties as the Group started to lease out such areas.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 INVESTMENT PROPERTIES (CONTINUED)

Below is a summary of the valuation techniques of Level 3 valuation used and the key inputs to the valuation of investment properties:

Description	Location	Fair value as at 31 December 2023 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Office, hotel and retail shop	Chinese Mainland	8,938,967	Income capitalisation	Term yields Reversionary yields Market rents (RMB/square meter/month)	3.5%~4.0% 4.0%~4.5% 36~879
Office and car park	Chinese Mainland	646,785	Direct comparison method	Market price (RMB/square meter)	2,526~53,000

Description	Location	Fair value as at 31 December 2022 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Office, hotel and retail shop	Chinese Mainland	8,730,957	Income capitalisation	Term yields Reversionary yields Market rents (RMB/square meter/month)	3.5%~4.0% 4.0%~4.5% 36~843
Office and car park	Chinese Mainland	636,586	Direct comparison method	Market price (RMB/square meter)	2,526~54,000

There are inter-relationships between unobservable inputs.

For office buildings, hotels and retail shops, increase/(decrease) in term yields and reversionary yields may result in decrease/(increase) of fair value. Increase/(decrease) in market rent may result in increase/(decrease) of fair value.

For office buildings, hotels, retail shops and car parks, increase/(decrease) in market price may result in increase/(decrease) in fair value.

During the year ended 31 December 2023, valuation techniques of investment properties remained unchanged.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15 INVESTMENT PROPERTIES (CONTINUED)

The amounts recognised in profit or loss for investment properties are as follows:

	2023 RMB'000	2022 RMB'000
Rental income	236,922	219,654
Direct operating expenses that related to rental income	(140,261)	(124,013)
Direct operating expenses of investment properties that did not generate rental income	(11,501)	(26,890)
Total	85,160	68,751

16 LEASES

The Group as a lessee

The Group has lease contracts for various items of land use rights and property, plant and equipment. Land use rights represent land lease arrangements with Chinese Mainland government which are held for self use. Rental contracts are typically made for fixed periods of 1 year to 70 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes except for those with land use right certifications. At 31 December 2023, certain land use rights with a net carrying amount of approximately RMB1,776,608,000 (2022: RMB1,682,455,000) were pledged to secure the Group's borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 LEASES (CONTINUED)

The Group as a lessee (continued)

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use rights <i>RMB'000</i>	Property, plant and equipment <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	2,347,900	500,769	2,848,669
Additions	411	98,633	99,044
Early termination	(31,284)	(19,008)	(50,292)
Disposal of subsidiaries	(61,401)	(140)	(61,541)
Depreciation*	(68,247)	(157,895)	(226,142)
At 31 December 2023	2,187,379	422,359**	2,609,738
At 1 January 2022	2,593,203	676,849	3,270,052
Additions	22,969	85,369	108,338
Early termination	(171,923)	(53,373)	(225,296)
Transfer to assets of disposal groups classified as held for sale (note 11)	(6,308)	–	(6,308)
Disposal of subsidiaries	(19,295)	–	(19,295)
Depreciation*	(70,746)	(208,076)	(278,822)
At 31 December 2022	2,347,900	500,769**	2,848,669

* RMB9,589,000 (2022: RMB9,835,000) among the depreciation of land use rights was capitalised to construction in progress.

** As at 31 December 2023, included in property, plant and equipment were buildings amounting to RMB124,477,000 (2022: RMB172,035,000) and equipment and others amounting to RMB297,882,000 (2022: RMB328,734,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at 1 January	332,498	564,476
New leases	99,044	85,369
Early termination	(20,956)	(105,912)
Accretion of interest recognised during the year	15,036	25,704
Payments	(174,589)	(237,139)
Carrying amount at 31 December	251,033	332,498
Analyses into:		
Current portion	152,962	195,862
Non-current portion	98,071	136,636

The maturity analysis of lease liabilities is disclosed in note 48(d) to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	15,036	25,704
Depreciation charge of right-of-use assets (note 6)	216,553	268,987
Expense relating to short-term leases and leases of low-value assets (included in cost of goods sold, selling and marketing costs and administrative expenses) (note 6)	127,814	98,394
Total amount recognised in profit or loss	359,403	393,085

(d) The total cash outflow for leases is disclosed in note 41(iii) to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 LEASES (CONTINUED)

The Group as a lessor

The Group leases its investment properties (note 15) including office units, hotels, shopping malls and car parks in the Chinese Mainland under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB236,922,000 (2022: RMB219,654,000).

At 31 December 2023 and 2022, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2023 RMB'000	2022 RMB'000
Within one year	130,559	142,440
After one year but within two years	27,453	121,223
After two years but within three years	27,452	25,759
After three years but within four years	25,452	25,585
After four years but within five years	22,898	25,585
After five years	31,328	46,996
Total	265,142	387,588

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 GOODWILL

	<i>RMB'000</i>
<hr/>	
At 1 January 2022:	
Cost	5,779,867
Accumulated impairment	(753,687)
Net carrying amount	5,026,180
Cost at 1 January 2022, net of accumulated impairment	5,026,180
Acquisition of subsidiaries (note 39)	191,670
Transfer to assets of disposal groups classified as held for sale	(108,044)
Disposal	(38,219)
Impairment during the year	(403,115)
At 31 December 2022	4,668,472
At 31 December 2022:	
Cost	5,825,274
Accumulated impairment	(1,156,802)
Net carrying amount	4,668,472
Cost at 1 January 2023, net of accumulated impairment	4,668,472
Disposal (note 40)	(143,637)
Impairment during the year	(1,119,841)
Net carrying amount at 31 December 2023	3,404,994
At 31 December 2023:	
Cost	5,521,864
Accumulated impairment	(2,116,870)
Net carrying amount	3,404,994

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 GOODWILL (CONTINUED)

The excess of the consideration and other items transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill as at 31 December 2023 and 2022 was related to the following operations or cash-generating units (“CGUs”):

	2023 RMB'000	2022 RMB'000
Property management	2,887,011	3,314,901
Environmental protection	517,983	1,286,863
Construction	–	66,708
Total	3,404,994	4,668,472

The Group performed an impairment assessment on the goodwill as at 31 December 2023. The recoverable amount of the property management, environmental protection and construction businesses operated by the acquired subsidiaries has been assessed by the independent valuers or the management and determined based on value-in-use (“VIU”) calculations. The calculations used cash flow projections based on financial budgets covering a five-year period approved by the management.

The following table sets forth each key assumption on which the management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2023 and 2022:

	Property management companies	Environmental protection companies	Construction companies
As at 31 December 2023			
Compound annual growth rate of revenue during the projection period	0% to 24%	1% to 25%	6%
Earnings before interest, tax, depreciation and amortisation (“EBITDA”) margin during the projection period	-27% to 12%	-11% to 87%	-1% to 17%
Long term growth rate	3%	0%	0%
Pre-tax discount rate	16% to 23%	10% to 12%	13%
As at 31 December 2022			
Compound annual growth rate of revenue during the projection period	-2% to 32%	-4% to 40%	30%
EBITDA margin during the projection period	-28% to 32%	0% to 80%	-5% to 14%
Long term growth rate	3%	0%	0%
Pre-tax discount rate	17% to 25%	11% to 13%	12%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 GOODWILL (CONTINUED)

Management has determined the value assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Compound annual growth rates of revenue	Based on past performance and management's expectations of market development. For Greenland Property Services, year-on-year increment in projected revenue is mainly attributable to the estimated incremental gross floor area committed by Greenland Holdings Group Company Limited ("Greenland Holdings") according to the investment cooperation framework agreement. For construction companies, the compound annual growth rates of revenue are estimated based on the historical growth rates of the relevant construction companies.
EBITDA margin	Based on past performance and management's expectations for the future.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Pre-tax discount rates	Reflect specific risks relating to the relevant cash-generating units.

(i) Property management companies

As at 31 December 2023, the VIU results of certain CGUs were assessed to be below their carrying amounts. According to the management's estimation of the recoverable amount of these CGUs with the assistance of an independent valuer, impairment of goodwill of approximately RMB427,890,000 was recognised.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations for A-Living Futurelife Property Management Limited ("A-Living Futurelife PM") that would remove the remaining headroom respectively as at 31 December 2023:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 GOODWILL (CONTINUED)

(i) Property management companies (continued)

As at 31 December 2023	Possible changes to the key assumptions A-Living Futurelife PM
Compound annual growth rate of revenue	-4.6%
EBITDA margin	-1.2%
Average trade receivables turnover days	+23.59 days
Long term growth rate	-4.40%
Pre-tax discount rate	3.40%

As at 31 December 2023, management reassessed the key assumptions for impairment testing of goodwill of the other CGUs. Based on the assessment, the Group considered that no additional impairment of goodwill was required.

(ii) Environmental protection companies

As at 31 December 2023, the recoverable amount of RMB3,911,657,000 of certain acquired companies calculated based on VIU calculation was below their carrying value and an impairment loss of RMB625,244,000 was recognised in profit or loss for the year (2022: RMB341,976,000). Accordingly, the accumulated impairment for goodwill related to certain environmental protection cash-generating units amounted to RMB1,622,273,000 as at 31 December 2023 (2022: RMB1,095,663,000).

For remaining goodwill arising from acquisition of environmental protection companies, the individual amount is not significant and accordingly, the sensitivity analysis for the unimpaired goodwill is not presented.

(iii) Construction companies

As at 31 December 2023, the recoverable amount of RMB12,900,000 of certain acquired construction companies calculated based on fair value less costs of disposal calculation was below their carrying value and an impairment loss of RMB66,708,000 was recognised in profit or loss for the year (2022: RMB61,139,000). Accordingly, the accumulated impairment for goodwill related to certain construction cash-generating units amounted to RMB66,708,000 as at 31 December 2023 (2022: RMB61,139,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 OTHER INTANGIBLE ASSETS

	Computer software <i>RMB'000</i>	Trademarks and licences <i>RMB'000</i>	Operating concessions <i>RMB'000</i>	Customer relationships and backlogs <i>RMB'000</i>	Total <i>RMB'000</i>
Cost at 1 January 2023, net of accumulated amortisation	98,299	98,488	177,284	1,309,939	1,684,010
Additions	6,918	460	23	–	7,401
Amortisation charge	(21,198)	(11,220)	(15,084)	(197,032)	(244,534)
Disposal	(379)	–	(5,392)	–	(5,771)
Disposal of subsidiaries (note 40)	(6,917)	–	–	(1,713)	(8,630)
At 31 December 2023	76,723	87,728	156,831	1,111,194	1,432,476
At 31 December 2023:					
Cost	248,574	159,806	229,916	1,896,700	2,534,996
Accumulated amortisation	(171,851)	(72,078)	(73,085)	(785,506)	(1,102,520)
Net carrying amount	76,723	87,728	156,831	1,111,194	1,432,476
Cost at 1 January 2022, net of accumulated amortisation	114,231	110,838	1,060,153	1,342,608	2,627,830
Additions	9,037	–	362	–	9,399
Acquisition of subsidiaries (note 39)	–	–	–	232,033	232,033
Amortisation charge	(17,358)	(12,350)	(75,461)	(227,739)	(332,908)
Transfer to assets of disposal groups classified as held for sale	(229)	–	(15,645)	(19,883)	(35,757)
Disposal	(6,815)	–	(1,701)	–	(8,516)
Disposal of subsidiaries (note 40)	(120)	–	(790,424)	–	(790,544)
Impairment charge	(447)	–	–	(17,080)	(17,527)
At 31 December 2022	98,299	98,488	177,284	1,309,939	1,684,010
At 31 December 2022:					
Cost	258,768	159,383	252,989	1,911,480	2,582,620
Accumulated amortisation	(160,022)	(60,895)	(75,705)	(584,461)	(881,083)
Accumulated impairment loss	(447)	–	–	(17,080)	(17,527)
Net carrying amount	98,299	98,488	177,284	1,309,939	1,684,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 OTHER INTANGIBLE ASSETS (CONTINUED)

An independent valuation was performed by an independent valuer to determine the fair value of the customer relationship acquired through a business combination. The method and key assumption in determining its fair value as at acquisition date are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets as at 31 December 2022
Customer relationship	Discounted cash flow	12.88%	20 years

19 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	2023 RMB'000	2022 RMB'000
Share of net assets	26,070,454	29,371,738
Less: Impairment	(696,818)	(597,541)
Total	25,373,636	28,774,197

The directors of the Company consider that none of the associates and the joint ventures as at 31 December 2023 and 31 December 2022 were individually material to the Group and thus the individual financial information of the associates and the joint ventures is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

The movements of the interests in the associates and the joint ventures during the year is as follows:

	2023 RMB'000	2022 RMB'000
Balance as at 1 January	28,774,197	31,304,280
Additions	215,863	1,156,870
Transfer from subsidiaries (note (a) and note 40)	–	320,371
Transfer to subsidiaries (note (b) and note 39)	(85,572)	(22,500)
Remeasurement gains/(losses) on the investments in joint ventures (note (b) and note 5)	6,835	(5,094)
Share of losses	(1,444,061)	(757,452)
Impairment charge	(99,277)	(1,401,226)
Disposal (note (c))	(1,739,444)	(1,482,840)
Transfer to assets of disposal groups classified as held for sale	–	(10,228)
Dividends received	(257,104)	(328,321)
Share of other comprehensive income	2,199	–
Exchange gains	–	337
Balance as at 31 December	25,373,636	28,774,197

- (a) During the year ended 31 December 2022, the Group disposed of partial equity interests in several subsidiaries to independent third parties for the considerations of RMB725,000,000 in aggregate. Upon the completion of the disposal, the subsidiaries became the joint ventures and associates of the Group, and the carrying amounts of investments in joint ventures and associates were recognised according to the fair value of the remaining equity investments held by the Group at the respective disposal dates (note 40).
- (b) During the year ended 31 December 2023, the Group acquired additional equity interests in a joint venture from the other independent shareholder of the joint venture at the consideration of RMB85,572,000 (2022: RMB22,500,000 in aggregate for certain joint ventures). Upon the completion of the acquisition, the joint venture became a subsidiary of the Group with remeasurement gains on the investment in the joint venture recognised in an amount of RMB6,835,000 (2022: remeasurement loss of RMB5,094,000) (note 5) and transferred to subsidiaries in an amount of RMB85,572,000 (note 39).
- (c) During the year ended 31 December 2023, the Group disposed of certain joint ventures and associates to independent third parties for the consideration of RMB1,215,502,000 (2022: RMB2,602,749,000) in aggregate. Upon the completion of the disposal, the Group recognised the disposal losses in an amount of RMB523,942,000 (note 6) (2022: gains in an amount of RMB1,119,909,000 (note 5)).

As at 31 December 2023, the Group's shares of losses of certain associates and joint ventures exceeded its interests in the underlying entities, and the unrecognised share of losses of these investment companies amounted to RMB2,523,334,000 (31 December 2022: RMB1,370,926,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

The impairment charge was related to the decrease in prices of properties held by the associates and joint ventures of the Group. The directors of the Company had estimated the recoverable amount, which is the fair value less cost of disposal, of the Group's investments accounted for using the equity method for the purpose of impairment testing. The fair value was measured based on the adjusted net asset value of the relevant associates and joint ventures (Level 3 of the fair value hierarchy) by reviewing the lower of cost and net realisable value of the properties as at the end of the reporting period. Based on the assessment, the directors of the Company are of the opinion that an impairment of RMB99,277,000, arising from the property development segment, was considered necessary which was recognised in the profit or loss.

There is no material commitment relating to the Group's investments accounted for using the equity method.

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 RMB'000	2022 RMB'000
Unlisted equity investments	43,443	32,093

Equity securities which are not held for trading, and the Group has irrevocably elected at initial recognition to recognise the financial assets at fair value through other comprehensive income. These are strategic investments and the Group considers this classification to be more relevant.

	2023 RMB'000	2022 RMB'000
Losses recognised in other comprehensive income, net of tax for the year	–	(8,357)

	2023 RMB'000	2022 RMB'000
As at beginning of the year	32,093	43,368
Additions	11,350	–
Losses recognised in other comprehensive income	–	(11,275)
As at end of the year	43,443	32,093

On disposal of these equity investments, any related balance within the other reserves is reclassified to retained earnings.

As at 31 December 2023 and 2022, none of the equity securities in any individual investee company held by the Group equalled or exceeded 5% of the Group's total assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB'000	2022 RMB'000
Wealth management products	2,336,667	1,361,218
Hong Kong listed equity securities	1,502	3,247
Unlisted equity and debt investments	460,400	1,479,246
Others	3,238	3,238
Total	2,801,807	2,846,949

	2023 RMB'000	2022 RMB'000
Analysis by:		
Held for trading or mandatorily measured at fair value through profit or loss	2,341,407	1,367,703
Equity investments for which the Group has not elected to recognise fair value through other comprehensive income	460,400	1,479,246
Total	2,801,807	2,846,949

Decrease in fair values of financial assets at fair value through profit or loss amounting to RMB980,715,000 (2022: RMB770,848,000) is recorded as "other expenses" in profit or loss during the years ended 31 December 2023 and 2022.

As at 31 December 2023 and 2022, none of the equity or debt securities or financial products in any individual investee company held by the Group equalled or exceed 5% of the Group's total asset.

As at 31 December 2023, certain of the Group's financial assets at fair value through profit or loss with a net carrying amount of approximately RMB337,153,000 (2022: RMB319,218,000) were pledged as collateral for the Group's borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 PROPERTIES UNDER DEVELOPMENT

	2023 RMB'000	2022 RMB'000
Properties under development expected to be completed:		
Within one operating cycle included under current assets	56,081,722	67,116,816
Beyond one operating cycle included under non-current assets	20,516,104	19,919,251
Total	76,597,826	87,036,067
Properties under development comprise:		
Construction costs and capitalised expenditures	18,114,326	21,206,622
Capitalised interests	8,814,733	9,401,749
Land use rights	49,668,767	56,427,696
Total	76,597,826	87,036,067

One operating cycle of property development is approximately 18 months.

Most of the Group's properties under development are located in Chinese Mainland. The relevant land use rights in the PRC are on leases of 40 to 70 years.

The capitalisation rate of borrowings was 8.29% for the year ended 31 December 2023 (2022: 6.92%).

As at 31 December 2023, the balance of provision in respect of write-down of the properties under development was RMB4,819,264,000 (31 December 2022: RMB2,642,664,000). The write-down of these properties recognised in profit or loss for the current year was RMB2,176,600,000 (2022: RMB3,339,242,000).

As at 31 December 2023, land use rights included in the properties under development with a net book value of RMB31,846,227,000 (31 December 2022: RMB36,138,495,000) were pledged as collateral for the Group's borrowings.

The properties under development amounted to RMB33,236,432,000 as at 31 December 2023 (31 December 2022: RMB43,244,100,000) under normal operating cycle classified as current assets were expected to be completed and delivered beyond one year.

23 COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are located in Chinese Mainland. The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2023, the balance of provision in respect of write-down of the properties held for sale was RMB2,035,079,000 (31 December 2022: RMB1,730,748,000). The write-down of these properties recognised in profit or loss for the current year was RMB304,331,000 (2022: RMB449,379,000).

As at 31 December 2023, completed properties held for sale of approximately RMB1,983,438,000 (31 December 2022: RMB1,168,027,000) were pledged as collateral for the Group's borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 PREPAYMENTS FOR ACQUISITION OF LAND USE RIGHTS

Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the consolidated statement of financial position when the Group obtains contractual usage rights of the relevant lands.

25 TRADE AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables		
Third parties	9,231,079	10,207,660
Joint ventures (note 45(c))	2,607,229	2,644,462
Associates (note 45(c))	24,228	46,364
Gross trade receivables	11,862,536	12,898,486
Less: Allowance for impairment of trade receivables	(1,807,666)	(1,430,091)
Total trade receivables	10,054,870	11,468,395
Other receivables due from:		
Third parties	22,249,975	28,662,020
Joint ventures (note 45(c))	17,736,650	18,908,878
Associates (note 45(c))	716,010	1,035,207
Other related parties (note 45(c))	272,474	358,459
Non-controlling interests	4,732,091	4,081,197
Loan and interest receivables due from related parties (note 45(c))	2,640,400	2,968,591
Prepaid value added taxes and other taxes	2,364,234	1,887,148
Deposits for acquisition of land use rights	677,211	771,492
Prepayments	1,943,273	1,250,978
Gross other receivables	53,332,318	59,923,970
Less: Allowance for impairment of other receivables	(2,418,892)	(1,508,231)
Total other receivables	50,913,426	58,415,739
Less: Other receivables - non-current portion	(9,972,774)	(8,381,269)
Other receivables - current portion	40,940,652	50,034,470
Trade and other receivables - current portion	50,995,522	61,502,865

As at 31 December 2023, the fair value of trade and other receivables approximated their carrying amounts. The maximum exposure to credit risk is the carrying amount of trade and other receivables mentioned above.

As at 31 December 2023, trade receivables of approximately RMB1,009,282,000 (31 December 2022: RMB1,312,841,000) were pledged as collateral for Group's borrowings (note 32).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables mainly arose from sales of properties, provision of property management services, provision of construction services and provision of environmental protection services. Trade receivables are settled in accordance with the terms stipulated respectively in the property sale and purchase agreements or service agreements. As at 31 December 2023 and 2022, the ageing analysis of the trade receivables based on invoice date is as follows:

	2023 RMB'000	2022 RMB'000
Within 90 days	5,277,705	5,452,144
Over 90 days and within 365 days	3,118,893	3,677,415
Over 365 days	3,465,938	3,768,927
Total	11,862,536	12,898,486

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets and trade receivables. To measure the expected credit losses, contract assets and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of insolvencies include, amongst others, the failure of a debtor in engaging a repayment plan with the Group, and failure to make contractual payments. Trade receivables without known insolvencies and contract assets are assessed on a collective basis based on shared credit risk characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 TRADE AND OTHER RECEIVABLES (CONTINUED)

The cost and loss allowance provision for trade receivables and contract assets are categorised as follows for assessment purpose:

Individual: Trade receivables with known insolvencies

Collective: Other trade receivables and contract assets

	2023		2022	
	Cost <i>RMB'000</i>	Loss allowance <i>RMB'000</i>	Cost <i>RMB'000</i>	Loss allowance <i>RMB'000</i>
Individual:				
Trade receivables with known insolvencies	526,138	477,687	332,168	332,168
Collective:				
Other trade receivables	11,336,398	1,329,979	12,566,318	1,097,923
Contract assets	3,200,621	88,651	4,226,017	61,700
Total	15,063,157	1,896,317	17,124,503	1,491,791

As at 31 December 2023, the Group has assessed that the expected loss rate for other receivables from related parties was immaterial considering the good finance position and credit history of the related parties. Thus no significant increase of loss allowance provision for other receivables from related parties was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 TRADE AND OTHER RECEIVABLES (CONTINUED)

The expected credit losses below also incorporated forward-looking information. On that basis, as at 31 December 2023, the loss allowance provision for the trade receivables and contract assets under collective basis was determined as follows:

	Past due				Total
	Current	Up to 1 year	1 to 2 years	Over 2 years	
At 31 December 2023					
Expected loss rate	0%~3%	1%~15%	1%~24%	25%~100%	–
Gross carrying amount – trade receivables under collective basis (RMB'000)	5,010,688	3,094,196	2,107,024	1,124,490	11,336,398
Gross carrying amount – contract assets (RMB'000)	3,200,621	–	–	–	3,200,621
Loss allowance – trade receivables (RMB'000)	40,291	313,597	422,234	553,857	1,329,979
Loss allowance – contract assets (RMB'000)	88,651	–	–	–	88,651

	Past due				Total
	Current	Up to 1 year	1 to 2 years	Over 2 years	
At 31 December 2022					
Expected loss rate	0%~2%	0.15%~10%	1%~24%	25%~100%	–
Gross carrying amount – trade receivables under collective basis (RMB'000)	5,119,976	3,677,415	2,528,628	1,240,299	12,566,318
Gross carrying amount – contract assets (RMB'000)	4,226,017	–	–	–	4,226,017
Loss allowance – trade receivables (RMB'000)	26,138	314,548	404,093	353,144	1,097,923
Loss allowance – contract assets (RMB'000)	61,700	–	–	–	61,700

The Group uses the expected credit loss model to determine the expected loss provision for other receivables (excluding prepayments and prepaid value added taxes and other taxes). As at 31 December 2023, the Group has assessed that there is no significant increase of credit risk for other receivables. Thus, the Group used a loss rate approach with reference to the historical loss record of the Group to assess credit loss of other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 TRADE AND OTHER RECEIVABLES (CONTINUED)

The expected credit losses below also incorporated forward-looking information. As at 31 December 2023 and 2022, the loss allowance provision for the other receivables was determined as follows:

As at 31 December 2023	
Gross carrying amount (RMB'000)	49,024,811
Expected loss rate	4.93%
<hr/>	
Loss allowance provision (RMB'000)	2,418,892
<hr/>	
As at 31 December 2022	
Gross carrying amount (RMB'000)	56,785,844
Expected loss rate	2.66%
<hr/>	
Loss allowance provision (RMB'000)	1,508,231
<hr/>	

As at 31 December 2023 and 2022, the loss allowance provision for contract assets and trade and other receivables (excluding prepayments and prepaid value added taxes and other taxes) reconciles to the opening loss allowance for that provision as follows:

	Contract assets and trade receivables <i>RMB'000</i>	Other receivables (excluding prepayments and prepaid value added taxes) <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	1,491,791	1,508,231	3,000,022
Provision for loss allowance recognised in profit or loss	559,676	957,484	1,517,160
Disposal of subsidiaries	(102,321)	(2,036)	(104,357)
Receivables written off during the year as uncollectible	(52,829)	(44,787)	(97,616)
At 31 December 2023	1,896,317	2,418,892	4,315,209
<hr/>			
	Contract assets and trade receivables <i>RMB'000</i>	Other receivables (excluding prepayments and prepaid value added taxes) <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	744,282	712,925	1,457,207
Provision for loss allowance recognised in profit or loss	815,633	871,777	1,687,410
Receivables written off during the year as uncollectible	(68,124)	(76,471)	(144,595)
At 31 December 2022	1,491,791	1,508,231	3,000,022
<hr/>			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 CONTRACT ASSETS

	2023 RMB'000	2022 RMB'000
Contract assets relating to properties sale contracts	400,336	635,690
Contract assets relating to construction contracts	2,800,285	3,590,327
Loss allowance	(88,651)	(61,700)
Net carrying amount	3,111,970	4,164,317

Contract assets are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. Upon completion of installation or construction and acceptance by the customers, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2023 was the result of the decrease in the ongoing provision of construction services as at 31 December 2023.

During the year ended 31 December 2023, RMB26,951,000 (2022: RMB51,417,000) was recognised as an allowance for expected credit losses on contract assets.

For contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2023 RMB'000	2022 RMB'000
Within one year	3,111,970	4,164,317

27 RESTRICTED CASH

As at 31 December 2023 and 2022, the Group's restricted cash was mainly denominated in RMB. The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2023, deposits totalling RMB336,657,000 (2022: RMB476,574,000) were pledged as collateral for bank borrowings or facilities extended to certain business development partners of the Company. The remaining restricted cash is mainly comprised of guarantee deposits for mortgage loans, guarantee deposits for construction of pre-sold properties and deposits for accident compensation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 CASH AND CASH EQUIVALENTS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	8,629,649	8,461,078
Short-term bank deposits	7,477	2,001
Total	8,637,126	8,463,079
Denominated in RMB	8,089,969	7,652,901
Denominated in other currencies	547,157	810,178
Total	8,637,126	8,463,079

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29 TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables (note(a))	25,012,538	27,585,540
Other payables due to:		
Third parties (note(b) and note(e))	12,588,371	13,296,872
Related parties (note 45(c) and note (e))	9,522,910	12,050,605
Non-controlling interests (note(e))	2,102,581	3,276,492
Staff welfare benefit payable	1,153,512	1,133,411
Accruals	1,954,327	2,072,339
Advances from disposal of equity interests (note(c))	–	45,000
Other taxes payable (note(d))	6,172,339	6,197,079
Total trade and other payables	58,506,578	65,657,338
Less: Other payables – non-current portion	(4,883,909)	(5,500,842)
Trade and other payable – current portion	53,622,669	60,156,496

- (a) The ageing analysis of the trade payables of the Group based on invoice date as at 31 December 2023 and 2022 is as follows:

	2023 RMB'000	2022 RMB'000
Within 90 days	7,723,154	11,449,189
Over 90 days and within 180 days	5,711,604	5,870,261
Over 180 days and within 365 days	3,983,982	4,020,254
Over 365 days	7,593,798	6,245,836
Total	25,012,538	27,585,540

- (b) The other payables to third parties mainly include: (i) the deposits received from third parties for potential equity cooperation in certain property development projects; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured and repayable according to terms and conditions mutually agreed with the counter parties.
- (c) As at 31 December 2022, amounts of RMB45,000,000 represented advances from disposal of certain equity interests according to respective agreements with several independent third parties.
- (d) Amounts of RMB2,903,598,000 represented value added tax payable of advanced proceeds received from customers (2022: RMB3,261,812,000).
- (e) Amounts included current cash advances of RMB564,236,000 bearing interest at rates between 5.0% and 24.0% per annum (2022: RMB1,417,177,000, between 5.7% and 12.0%) and non-current cash advances of RMB476,774,000 bearing interest at rates between 2.8% and 10.0% per annum (2022: RMB133,885,000, between 9.0% and 10.0%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Contract liabilities		
Related parties (note 45(c))	59,927	80,890
Third parties	41,293,965	45,789,464
Total	41,353,892	45,870,354

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties and provision of property management services.

As at 1 January 2022, the carrying value of contract liabilities was RMB44,582,302,000.

31 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2023, the Group had the following financial liabilities at fair value through profit or loss:

	2023 RMB'000	2022 RMB'000
Non-current portion:		
Derivative financial instruments	56,999	158,634
Put options	–	275,961
Total – non-current	56,999	434,595
Current portion:		
Put options	697,537	144,333

The total notional principal amount of the outstanding forward foreign exchange contracts as at 31 December 2023 was US\$483,000,000, approximating to RMB3,420,944,000 (2022: US\$883,000,000, approximating to RMB6,149,742,000).

During the year ended 31 December 2023, a fair value gain of derivative financial instruments of RMB30,480,000 (2022: a fair value loss of RMB32,824,000) has been recorded in “finance costs, net” in the consolidated statement of profit or loss (note 7).

During the year ended 31 December 2023, a fair value loss of put options (current portion) of RMB421,576,000 (2022: a fair value loss of put options (non-current portion) of RMB145,370,000) has been recorded in “other expenses” in the consolidated statement of profit or loss.

During the year ended 31 December 2023, a fair value gain of put options (current portion) of RMB14,976,000 (2022: a fair value loss of RMB31,086,000) has been recorded in “other income and gains, net” and RMB312,000 (2022: RMB5,889,000) has been recorded in “finance costs, net” in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 BORROWINGS

	2023		2022	
	Maturity	RMB'000	Maturity	RMB'000
Borrowings included in non-current liabilities:				
Senior notes (note(a))				
– Senior notes issued in 2020 ("2020 Senior Notes") (note(a)(i))	2025	6,950,804	2025	6,826,216
– Senior notes issued in 2021 ("2021 Senior Notes") (note(a)(ii))	2025-2026	5,388,203	2025-2026	5,285,889
PRC corporate bonds (note(b))	2024-2025	2,140,515	2023-2024	2,643,698
Medium Term Notes ("MTN") (note(c))	2026	1,177,303	Nil	–
Commercial mortgage backed securities (note(d))	2036	3,960,919	2024	4,008,610
Asset-backed securities (note(e))	Nil	–	2023	702,923
Exchangeable bonds (note(f))	2026	1,240,374	2026	1,222,649
Long-term syndicated loans				
– secured (note(g))	2024	8,635,133	2023-2024	9,446,540
Long-term bank borrowings				
– secured (note(g))	2024-2041	15,887,953	2023-2041	19,655,490
– unsecured (note(h))	2024-2026	2,181,613	2023-2024	2,728,229
Other borrowings				
– secured (note(g))	2024-2029	1,982,146	2023-2027	3,720,852
– unsecured (note(h))	2024	445,552	2024	501,052
Less: Current portion of non-current borrowings		(22,306,371)		(21,283,164)
Total – non-current		27,684,144		35,458,984
Borrowings included in current liabilities:				
Short-term bank borrowings				
– secured (note(g))	2024	3,090,550	2023	1,796,697
– unsecured (note(h))	2024	467,164	2023	897,444
Short-term other borrowings				
– secured (note(g))	2024	5,000	2023	50,000
– unsecured (note(h))	2024	342	Nil	–
Current portion of non-current borrowings		22,306,371		21,283,164
Total – current		25,869,427		24,027,305
Total		53,553,571		59,486,289

32 BORROWINGS (CONTINUED)

Notes:

(a) Senior notes

The senior notes are jointly guaranteed by certain subsidiaries of the Group and are secured by pledges of the shares of these subsidiaries.

(i) 2020 Senior Notes

On 3 July 2020, the Company issued 5.75% senior notes with an aggregated nominal value of US\$500,000,000 (equivalent to approximately RMB3,531,900,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$497,109,000 (equivalent to approximately RMB3,511,482,000). The notes will mature in January 2025.

On 13 October 2020, the Company issued 6.05% senior notes with an aggregated nominal value of US\$483,000,000 (equivalent to approximately RMB3,232,868,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$480,039,000 (equivalent to approximately RMB3,212,904,000). The notes will mature in October 2025.

(ii) 2021 Senior Notes

On 17 May 2021, the Company issued 5.5% senior notes with an aggregated nominal value of US\$450,000,000 (equivalent to approximately RMB2,890,050,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$445,710,000 (equivalent to approximately RMB2,862,351,000). The notes will mature in May 2026.

On 21 July 2021, the Company issued 5.5% senior notes with an aggregated nominal value of US\$314,000,000 (equivalent to approximately RMB2,035,819,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$311,051,000 (equivalent to approximately RMB2,016,701,000). The notes will mature in April 2025.

On 31 August 2021, the Company issued 4.85% senior notes with an aggregated nominal value of US\$400,000,000 (equivalent to approximately RMB2,587,160,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$397,740,000 (equivalent to approximately RMB2,572,547,000). On 22 August 2022, the Company has redeemed the senior notes in an aggregate principal amount of US\$39,574,000 (equivalent to approximately RMB260,800,000) plus accrued and unpaid interest and the Company has redeemed all the remaining amount upon maturity on 31 August 2022.

The Company, at its option, can redeem all or a portion of the senior notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 BORROWINGS (CONTINUED)

Notes: (continued)

(b) PRC corporate bonds

On 11 October 2016, the Company issued 5.7% corporate bonds with an aggregate amount of RMB1,200,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,192,500,000. On 11 October 2023 (“the Redemption Date”), the Group redeemed the outstanding corporate bonds in full at a redemption price equal to 100% of the principal amount of the corporate bonds and the accrued and unpaid interest as of the Redemption Date.

On 9 April 2021, a PRC subsidiary of the Company issued 5.9% corporate bonds with an aggregate amount of RMB1,450,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,445,650,000. The bonds will mature on 9 April 2024. The Company shall be entitled to adjust the coupon rate at the end of the first year whereas the investors shall be entitled to sell back the bonds in whole or in part. On 9 April 2022, the coupon rate was adjusted up to 6.5%.

On 28 March 2023, a PRC subsidiary of the Company issued 7.5% corporate bonds with an aggregate amount of RMB500,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB491,214,000. The bonds will mature on 28 March 2025. The Company shall be entitled to adjust the coupon rate at the end of the first year whereas the investors shall be entitled to sell back the bonds in whole or in part.

On 28 March 2023, a PRC subsidiary of the Company issued 5.0% corporate bonds with an aggregate amount of RMB200,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB196,486,000. The bonds will mature on 28 March 2025. The Company shall be entitled to adjust the coupon rate at the end of the first year whereas the investors shall be entitled to sell back the bonds in whole or in part.

(c) Medium Term Notes

On 18 January 2023, a PRC subsidiary of the Company issued 4.7% Medium Term Notes with an aggregate amount of RMB1,200,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,167,600,000. The MTN will mature on 19 January 2026.

(d) Commercial mortgage backed securities

A PRC subsidiary of the Company engaged in commercial property operation entered into a Commercial Mortgage Backed Securities (“CMBS”) arrangement at the coupon rate of 5.85% with an asset management company by pledging of the receivables for certain properties under its operation as well as the self-used properties, the land use rights and the investment properties. On 10 April 2018, the CMBS arrangement was formally established with an aggregate nominal value of RMB4,600,000,000 and a 18-year maturity, amongst which RMB500,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from the CMBS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB4,066,700,000. The CMBS have been resold to new investors at the coupon rate of 5.1%, and on 21 January 2027 the holder will have right to redeem the CMBS in whole or in part.

(e) Asset-backed securities

A PRC subsidiary of the Company engaged in property development entered into Panyu Asset-Backed Securities (the “Panyu ABS”) arrangement with an asset management company by pledging of the receivables for certain properties under its management. On 31 October 2020, the Panyu ABS arrangement was formally established with an aggregate nominal value of RMB1,000,000,000 and a 2-year maturity, amongst which RMB50,000,000 was purchased by the PRC subsidiary as original holder. The investors shall be entitled to sell back the Panyu ABS in whole or in part at the end of the second year. The net proceeds from the Panyu ABS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB948,245,000. The Group redeemed the Panyu ABS in full on 28 October 2022 as the investors exercised the right to sell back. The Panyu ABS have been resold to new investors in an aggregate amount of RMB702,923,000, and the Panyu ABS matured on 28 October 2023. The Company has redeemed all the outstanding Asset-backed securities upon maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 BORROWINGS (CONTINUED)

Notes: (continued)

(f) Exchangeable bonds

On 24 November 2021, a subsidiary (the “Issuer”) of the Company issued 7% exchangeable bonds with an aggregated principal amount of HK\$2,418,000,000 (equivalent to approximately RMB1,982,784,000), which would be exchangeable into the H shares of nominal value of RMB1.00 each of A-Living Smart City Service Co., Ltd. The exchange right in respect of exchangeable bonds might be exercised by the bondholder, at any time during the period from (and including) 4 January 2022 up to (and including) the date which falls seven days prior to 24 November 2026, in which the exchange price will initially be HK\$27.48 per A-Living share. The exchangeable bonds will mature in November 2026. On 24 November 2024, the holder of each bond will have the right to require the issuer to redeem that bond at their principal amount together with interest accrued. The initial value of the liability component was calculated using a market interest rate for an equivalent non-exchangeable bond of the Company. The residual amount of the conversion option amounting to HK\$758,459,000 was initially accounted for as an equity component and included in other reserves.

(g) As at 31 December 2023, the Group’s borrowings were secured by certain of its land use rights, self-used properties, trade receivables, completed properties held for sale, properties under development, investment properties and the shares of certain subsidiaries and equity interests in a joint venture.

(h) As at 31 December 2023, the Group’s unsecured borrowings of RMB3,478,160,000 were jointly guaranteed by certain subsidiaries of the Group (31 December 2022: RMB4,117,573,000).

The carrying amounts of the borrowings with the respective effective interest rates are as follows:

	2023		2022	
	RMB'000	Effective interest rate	RMB'000	Effective interest rate
Senior notes	12,339,007	5.91%	12,112,105	5.76%
PRC corporate bonds	2,140,515	7.11%	2,643,698	5.88%
Medium Term Notes	1,177,303	5.54%	–	Nil
Commercial mortgage backed securities	3,960,919	5.09%	4,008,610	5.13%
Asset-backed securities	–	Nil	702,923	6.03%
Exchangeable bonds	1,240,374	13.90%	1,222,649	12.62%
Bank borrowings	30,262,413	8.12%	34,524,400	5.72%
Other borrowings	2,433,040	7.93%	4,271,904	7.59%
Total	53,553,571		59,486,289	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 BORROWINGS (CONTINUED)

The carrying amounts and fair value of the non-current borrowings are as follows:

	2023		2022	
	Carrying amount <i>RMB'000</i>	Fair value <i>RMB'000</i>	Carrying amount <i>RMB'000</i>	Fair value <i>RMB'000</i>
Senior notes (note(i))	12,339,007	1,715,635	12,112,105	6,007,260
Medium Term Notes (note(ii))	1,177,303	1,209,858	–	–
Bank borrowings, syndicated loans and other borrowings (note(iii))	14,167,834	14,167,834	22,124,230	22,124,230
Exchangeable bonds (note(iv))	–	–	1,222,649	1,010,466
Total	27,684,144	17,093,327	35,458,984	29,141,956

Notes:

- (i) The fair value of senior notes is determined directly by reference to the price quotations published by the Singapore Exchange Limited and The Stock Exchange of Hong Kong Limited on 31 December 2023, the last dealing date of 2023, and the senior notes are within Level 1 of the fair value hierarchy.
- (ii) The fair values of Medium Term Notes on 31 December 2023, was determined directly by reference to the price quotations published by the Shanghai Clearing House and Medium Term Notes are within Level 1 of the fair value hierarchy.
- (iii) The fair values of non-current bank borrowings, syndicated loans and other borrowings approximate their carrying amount as the impact of discounting was not significant. The fair values were based on cash flows discounted at the average borrowing rate of 8.04% (2022: 6.10%), and were within Level 2 of the fair value hierarchy.
- (iv) The fair value of exchangeable bonds, classified as current portion, was valued on 31 December 2023, the last dealing date of 2023, by an independent professionally qualified valuer who holds relevant professional qualifications and has recent experience in evaluating fair values of the bonds and the exchangeable bonds are within Level 2 of the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 BORROWINGS (CONTINUED)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
6 months or less	12,909,848	14,030,808
6 to 12 months	13,801,934	15,605,694
1 to 5 years	26,841,789	29,849,787
Total	53,553,571	59,486,289

At 31 December 2023 and 2022, the Group's bank and other borrowings were repayable as follows:

Bank borrowings:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	21,550,436	17,889,514
Between 1 and 2 years	3,710,118	12,621,763
Between 2 and 5 years	3,867,450	2,299,894
Over 5 years	1,134,409	1,713,229
Subtotal	30,262,413	34,524,400

Other borrowings:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	4,318,991	6,137,791
Between 1 and 2 years	10,245,501	1,181,036
Between 2 and 5 years	8,719,831	14,004,452
Over 5 years	6,835	3,638,610
Subtotal	23,291,158	24,961,889
Total	53,553,571	59,486,289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32 BORROWINGS (CONTINUED)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
RMB	26,100,101	30,209,268
Hong Kong dollar ("HK\$")	11,979,678	12,104,518
United States dollar ("US\$")	15,028,887	15,945,310
Malaysian ringgit ("MYR")	444,905	533,304
Macau pataca ("MOP")	–	693,889
Total	53,553,571	59,486,289

As at 31 December 2023, the Group's borrowings of RMB47,141,082,000 were secured by the Group's equity interests in subsidiaries of RMB26,066,162,000 (31 December 2022: RMB23,121,152,000) and certain assets of the Group (notes 14, 15, 16, 21, 22, 23, 25 and 27).

33 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Deferred income tax assets	5,065,021	3,846,611
Set-off of deferred tax assets	(5,879)	(80,773)
Subtotal	5,059,142	3,765,838
Deferred income tax liabilities	(3,572,603)	(3,949,843)
Set-off of deferred tax liabilities	5,879	80,773
Subtotal	(3,566,724)	(3,869,070)
Deferred income tax asset/(liabilities), net	1,492,418	(103,232)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets

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

	Tax losses	Write-down of completed properties held for sale and properties under development	Temporary differences arising from trade and other receivables and contract assets	Unrealised profit on intra-group transactions	Lease provisions	LAT provisions	Provision for impairment losses on investments accounted for using the equity method	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	802,676	531,135	350,607	357,860	7,843	226,567	–	2,276,688
Acquisition of subsidiaries (note 39)	3,228	–	2,289	–	–	–	–	5,517
Cancellation of subsidiaries	(9)	–	–	–	–	–	–	(9)
Disposal of subsidiaries (note 40)	(25,489)	–	(209)	–	–	–	–	(25,698)
Credited/(charged) to the consolidated statement of profit or loss (note 10)	(102,309)	578,068	414,726	71,428	(3,856)	502,317	149,385	1,609,759
Classified as held for sale (note 11)	(19,646)	–	–	–	–	–	–	(19,646)
At 31 December 2022 and 1 January 2023	658,451	1,109,203	767,413	429,288	3,987	728,884	149,385	3,846,611
Disposal of subsidiaries (note 40)	(4,679)	–	(2,068)	–	–	–	–	(6,747)
Credited/(charged) to the consolidated statement of profit or loss (note 10)	(179,568)	620,233	334,374	(34,331)	(430)	460,059	24,820	1,225,157
At 31 December 2023	474,204	1,729,436	1,099,719	394,957	3,557	1,188,943	174,205	5,065,021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities

	Excess of carrying amount of investment properties and property, plant and equipment over the tax bases <i>RMB'000</i>	Excess of carrying amount of intangible assets over the tax bases <i>RMB'000</i>	Excess of carrying amount of land use right over the tax bases <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	1,789,710	484,593	1,824,166	74,661	4,173,130
Acquisition of subsidiaries (note 39)	–	58,008	19,419	–	77,427
Disposal of subsidiaries (note 40)	–	(47,847)	–	–	(47,847)
(Credited)/charged to the consolidated statement of profit or loss (note 10)	(170,620)	(103,731)	(253,328)	280,608	(247,071)
Charged to other comprehensive income	4,986	(1,077)	–	(2,892)	1,017
Classified as held for sale (note 11)	–	(6,813)	–	–	(6,813)
At 31 December 2022 and 1 January 2023	1,624,076	383,133	1,590,257	352,377	3,949,843
Disposal of subsidiaries (note 40)	(174)	(3,882)	–	–	(4,056)
(Credited)/charged to the consolidated statement of profit or loss (note 10)	(44,744)	(54,104)	(112,342)	(187,121)	(398,311)
Charged to other comprehensive income	25,127	–	–	–	25,127
At 31 December 2023	1,604,285	325,147	1,477,915	165,256	3,572,603

The Group had unutilised tax losses arising in Chinese Mainland of RMB21,674,051,000 as at 31 December 2023 (2022: RMB17,610,237,000) that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 SHARE CAPITAL AND PREMIUM

	2023 Nominal value of ordinary shares <i>HK\$'000</i>	2023 Equivalent nominal value of ordinary shares <i>RMB'000</i>	2022 Nominal value of ordinary shares <i>HK\$'000</i>	2022 Equivalent nominal value of ordinary shares <i>RMB'000</i>
Authorised 10,000,000,000 shares at HK\$0.1 each	1,000,000	N/A	1,000,000	N/A
	2023 Nominal value of ordinary shares <i>HK\$'000</i>	2023 Equivalent nominal value of ordinary shares <i>RMB'000</i>	2022 Nominal value of ordinary shares <i>HK\$'000</i>	2022 Equivalent nominal value of ordinary shares <i>RMB'000</i>
Issued and fully paid: 5,046,047,500 shares (2022: 4,480,547,500 shares)	504,605	500,302	448,055	449,144

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 SHARE CAPITAL AND PREMIUM (CONTINUED)

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

	Number of ordinary shares '000	Share capital RMB'000	Share premium RMB'000
At 1 January 2022	3,917,048	400,253	3,021,630
Issue of ordinary shares of the Company on 23 November 2022 pursuant to the placing and subscription agreement dated 18 November 2022	295,000	25,665	694,245
Issue of ordinary shares of the Company on 30 December 2022 pursuant to the placing and subscription agreement dated 22 December 2022	268,500	23,226	540,760
At 31 December 2022 and 1 January 2023	4,480,548	449,144	4,256,635
Issue of ordinary shares of the Company on 18 January 2023 pursuant to the placing and subscription agreement dated 13 January 2023	219,500	19,534	416,285
Issue of ordinary shares of the Company on 15 August 2023 pursuant to the placing and subscription agreement dated 3 August 2023	346,000	31,624	322,735
Disposal of shares held for Share Award Scheme	–	–	(117,280)
At 31 December 2023	5,046,048	500,302	4,878,375

The total authorised number of ordinary shares is 10,000,000,000 shares (2022: 10,000,000,000 shares), with a par value of HK\$0.1 per share (2022: HK\$0.1 per share).

All issued shares are fully paid.

34 SHARE CAPITAL AND PREMIUM (CONTINUED)

During the year ended 31 December 2023 and 2022, the Company implemented two top-up placing of existing shares and subscription of new shares under general mandate:

- i) A total of 219,500,000 placing shares have been placed and subscribed at the price of HK\$2.25 per placing share on 13 January 2023 and 18 January 2023, respectively. The net proceeds, after deducting all relevant fees, costs and expenses to be borne or incurred by the Company, amounted approximately to HK\$489,200,000 from the subscription (equivalent to RMB435,819,000).
- ii) A total of 346,000,000 placing shares have been placed and subscribed at the price of HK\$1.13 per placing share on 3 August 2023 and 15 August 2023, respectively. The net proceeds, after deducting all relevant fees, costs and expenses to be borne or incurred by the Company, amounted approximately to HK\$387,200,000 from the subscription (equivalent to RMB354,359,000).
- iii) A total of 295,000,000 placing shares have been placed and subscribed at the price of HK\$2.68 per placing share on 18 November 2022 and 23 November 2022, respectively. The net proceeds, after deducting all relevant fees, costs and expenses to be borne or incurred by the Company amount approximately to HK\$783,000,000 from the subscription (equivalent to RMB719,909,000).
- iv) A total of 268,500,000 placing shares have been placed and subscribed at the price of HK\$2.32 per placing share on 22 December 2022 and 30 December 2022, respectively. The net proceeds, after deducting all relevant fees, costs and expenses to be borne or incurred by the Company amount approximately to HK\$617,200,000 from the subscription (equivalent to RMB563,986,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35 SHARE AWARD SCHEME

On 10 December 2013, the Board adopted a Share Award Scheme, under which shares may be awarded to employees of the Company in accordance with the terms and conditions of the Share Award Scheme.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust ("Employee Share Trust") for the purposes of administering the Share Award Scheme and holding Awarded Shares before they vest. On 10 February 2014, the Company allotted and issued 34,470,000 new shares to the trustee to hold on trust. On 3 January 2014, 32,750,000 of which have been granted to the 116 selected employees, subject to, among others, the fulfillment of performance conditions of both the Group and the awardees and the awardees remaining employed by the Group.

The award of first 30% and second 30% Awarded Shares lapsed effective from 26 August 2015 and 23 August 2016 respectively. Following the confirmation that relevant vesting conditions have not been satisfied by 20 June 2017, the Board resolved in its meeting held on 28 August 2017 that the award of the remaining 40% Awarded Shares lapsed effective from 28 August 2017. As at 20 June 2023, the Share Award Scheme has been terminated as there is no outstanding award under the Share Award Scheme.

During the year ended 31 December 2023, the Company disposed of 34,470,000 shares under the Share Award Scheme for an aggregate cash consideration of RMB39,308,000.

As at 31 December 2023, there was no share under the Share Award Scheme held by the Employee Share Trustee (2022: 34,470,000 shares amounting to RMB156,588,000, presented within equity in the consolidated statement of financial position). For the year ended 31 December 2023, no expenses in relation to the Share Award Scheme were recognised in the consolidated statement of profit or loss as the performance conditions were not fulfilled and no awarded shares were vested (2022: none).

36 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 108 to 109 of the consolidated financial statements.

Notes:

- (a) Merger reserve of the Group represents the difference between the share capital of subsidiaries acquired over the nominal value of the shares of the Company issued in exchange pursuant to the Group reorganisation undertaken for listing of Company's shares on the Hong Kong Stock Exchange.
- (b) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the boards of directors of the PRC subsidiaries.

36 RESERVES (CONTINUED)

Notes: (continued)

- (c) During the year ended 31 December 2022, the Group disposed of an aggregate of 97,600,000 overseas listed shares of A-Living Smart City Services Co., Ltd. (representing approximately 6.87% of the total issued share capital), for a total consideration of RMB740,614,000. The difference of RMB60,713,000 between the carrying value of the non-controlling interests and the consideration was recorded as other reserve.

During the year ended 31 December 2022, the Group partially disposed of an equity interest in Lai'an Agile Real Estate Development Co., Ltd. without loss of control for an aggregated consideration of RMB50,000,000. The difference of RMB31,209,000 between the carrying value of the non-controlling interests and the consideration was recorded as other reserve.

During the year ended 31 December 2022, the Group acquired additional equity interests in certain subsidiaries from NCI at an aggregate consideration of RMB612,729,000. The difference of RMB138,767,000 between the carrying value of the non-controlling interests and the consideration paid was recorded as other reserve.

During the year ended 31 December 2023, the Group disposed of an aggregate of 5,520,000 overseas listed shares of A-Living Smart City Services Co., Ltd. (representing approximately 0.39% of the total issued share capital), for a total consideration of RMB23,435,000. The difference of RMB27,978,000 between the carrying value of the non-controlling interests and the consideration was recorded as other reserve.

During the year ended 31 December 2023, the Group acquired additional equity interests in certain subsidiaries from NCI at an aggregate consideration of RMB712,593,000. The difference of RMB130,654,000 between the carrying value of the non-controlling interests and the consideration paid was recorded as other reserve.

- (d) Gongqingcheng A-Living Investment Management Limited Partnership (共青城雅生活投資管理合夥企業(有限合夥)) ("Gongqingcheng Investment") is a limited partnership established in accordance with the Partnership Laws of the People's Republic of China with Gongqingcheng Yagao Investment Management Co., Ltd. (共青城雅高投資管理有限公司) as its general partner and Shanghai Yongya Business Consultancy Limited Partnership (上海詠雅商務諮詢合夥企業(有限合夥)), Shanghai Yeya Business Consultancy Limited Partnership (上海燁雅商務諮詢合夥企業(有限合夥)), Mr. Huang Fengchao, Mr. Li Dalong and Mr. Feng Xin as its limited partners. Gongqingcheng Investment is a shareholding platform for employees of A-Living Smart City Services Co., Ltd., a subsidiary of the Company whose shares are listed on the Main Board of Hong Kong Stock Exchange.

On 20 January 2022 and 12 July 2022, A-Living received notices that Gongqingcheng Investment entered into share transfer agreements with certain senior management of the Group and persons having made outstanding contributions to the development of the Group (collectively, the "Purchasers A"), pursuant to which Gongqingcheng Investment agreed to sell, and the Purchasers A agreed to purchase the ordinary shares of A-Living ("H Shares") at HK\$3.062 per H Share. The fair value of the equity instruments granted as at the date of share transfer of RMB132,990,000 was recognised as a share-based payment expense with a corresponding amount credit to the share-based payment reserve.

On 21 July 2023, A-Living received notices that Gongqingcheng Investment entered into share transfer agreements with certain senior management of the Group and persons having made outstanding contributions to the development of the Group (collectively, the "Purchasers B"), pursuant to which Gongqingcheng Investment agreed to sell, and the Purchasers B agreed to purchase H Shares at HK\$0.33 per H Share. The fair value of the equity instruments granted as at the date of share transfer of RMB21,675,000 was recognised as a share-based payment expense with a corresponding amount credit to the share-based payment reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37 PERPETUAL CAPITAL SECURITIES

Movements of the Perpetual Capital Securities are as follows:

	Principal <i>RMB'000</i>	Distribution <i>RMB'000</i>	Total <i>RMB'000</i>
Balance as at 1 January 2022	12,802,110	213,014	13,015,124
Profit attributable to holders of Perpetual Capital Securities	–	995,305	995,305
Distribution made to holders of Perpetual Capital Securities	–	(785,952)	(785,952)
Balance as at 31 December 2022	12,802,110	422,367	13,224,477
Balance as at 1 January 2023	12,802,110	422,367	13,224,477
Profit attributable to holders of Perpetual Capital Securities	–	1,041,397	1,041,397
Balance as at 31 December 2023	12,802,110	1,463,764	14,265,874

On 27 March 2018, the Company issued senior perpetual capital securities with the aggregate principal amount of US\$500,000,000. Net proceeds of the perpetual capital securities (the “2018 Perpetual Capital Securities I”) after deducting the issuance cost amounted to US\$491,539,000 (equivalent to approximately RMB3,107,957,000).

On 4 June 2019, the Company issued senior perpetual capital securities (the “2019 Perpetual Capital Securities”) with the principal amount of US\$700,000,000. Net proceeds after deducting the issuance cost amounted to US\$693,792,000 (equivalent to approximately RMB4,779,956,000).

On 31 October 2019, the Company issued senior perpetual capital securities (the “2019 Perpetual Capital Securities II”) with the principal amount of US\$500,000,000. Net proceeds after deducting the issuance cost amounted to US\$496,558,000 (equivalent to approximately RMB3,497,619,000).

On 25 November 2019, the Company issued senior perpetual capital securities (the “2019 Perpetual Capital Securities III”) with the principal amount of US\$200,000,000. Net proceeds after deducting the issuance cost amounted to US\$198,730,000 (equivalent to approximately RMB1,399,798,000).

The Perpetual Capital Securities do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the Perpetual Capital Securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position. When the Company elects to declare dividends to its ordinary shareholders, the Company shall make distribution to the holders of Perpetual Capital Securities at the distribution rate as defined in the subscription agreements. The Company elected to defer the distribution scheduled to be paid on the distribution payment date falling on 4 December 2022, 31 January 2023, 7 March 2023, 25 May 2023, 4 June 2023, 31 July 2023, 7 September 2023, 25 November 2023 and 4 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the investment in a subsidiary with material non-controlling interests are set out below:

Name of entity	Place of incorporation and legal status	% of equity held by non-controlling interests	
		2023	2022
雅生活智慧城市服務股份有限公司 A-Living Smart City Services Co., Ltd.	PRC/foreign invested enterprise	52.95%	52.56%

Summarised consolidated statement of financial position of A-Living:

	2023 RMB'000	2022 RMB'000
Current assets	16,487,988	15,300,866
Current liabilities	(9,044,337)	(8,188,135)
Current net assets	7,443,651	7,112,731
Non-current assets	7,562,592	7,400,848
Non-current liabilities	(557,112)	(388,985)
Non-current net assets	7,005,480	7,011,863
Net assets	14,449,131	14,124,594
Accumulated balance of non-controlling interests	8,731,535	8,481,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Summarised consolidated statement of profit or loss of A-Living:

	2023 RMB'000	2022 RMB'000
Revenues	15,443,449	15,378,576
Profit for the year	698,733	1,934,932
Other comprehensive income/(loss)	2,199	(8,357)
Total comprehensive income	700,932	1,926,575
Profit for the year allocated to non-controlling interests	478,662	1,062,224
Dividends paid/payable to non-controlling interests	(180,050)	(419,805)

Summarised consolidated statement of cash flows:

	2023 RMB'000	2022 RMB'000
Cash flows generated from/(used in) operating activities	997,642	(892,643)
Cash flows (used in)/generated from investing activities	(353,421)	1,156,865
Cash flows used in financing activities	(374,003)	(850,508)
Net increase/(decrease) in cash and cash equivalents	270,218	(586,286)

39 BUSINESS COMBINATIONS

During the year ended 31 December 2023, the Group completed several acquisitions of equity interests in certain companies, mainly included property development companies and property management companies, at consideration of RMB481,781,000 in aggregate. Total identifiable net assets of RMB482,726,000 were recognised. The directors of the Company consider that none of these subsidiaries acquired during the year were significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

During the year ended 31 December 2022, the Group completed several acquisitions of equity interests in certain companies, mainly included property development companies and property management companies, at consideration of RMB433,910,000 in aggregate. Goodwill of RMB191,670,000 and total identifiable net assets of RMB251,145,000 were recognised. The directors of the Company consider that none of these subsidiaries acquired during the year were significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39 BUSINESS COMBINATIONS (CONTINUED)

Details of the purchase consideration, the net asset acquired and goodwill, are as follows:

	Notes	2023 RMB'000	2022 RMB'000
Consideration			
Cash paid		238,258	403,910
Liabilities assumed by the Group in exchange for control of the acquirees		157,951	7,500
Fair value of investments in joint ventures held before business combinations		85,572	22,500
		481,781	433,910
Cash and cash equivalents		64,693	333,089
Property, plant and equipment	14	242	3,400
Properties under development		4,080,472	1,562,864
Other intangible assets	18	–	232,033
Inventories		223,584	1,108
Trade and other receivables		125,849	59,031
Trade and other payables		(1,474,060)	(895,566)
Contract liabilities		(1,211,722)	(43,366)
Borrowings		(1,326,250)	(920,000)
Current income tax liabilities		(82)	(9,538)
Deferred income tax assets	33	–	5,517
Deferred income tax liabilities	33	–	(77,427)
Total identifiable net assets		482,726	251,145
Non-controlling interests		759	2,115
Identifiable net assets attributable to the Company		481,967	249,030
Gain from bargain purchase of subsidiaries	5	(186)	(6,790)
Goodwill	17	–	191,670

The fair value of the trade and other receivables as at the date of acquisition amounted to RMB125,849,000 (2022: RMB59,031,000). The gross contractual amount of trade and other receivables was RMB125,849,000 (2022: RMB59,031,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39 BUSINESS COMBINATIONS (CONTINUED)

Net cash (outflow)/inflow arising on acquisition during the years ended 31 December 2023 and 31 December 2022:

	2023 RMB'000	2022 RMB'000
Cash and cash equivalents in the subsidiaries acquired	64,693	333,089
Less: Total cash considerations	(238,258)	(403,910)
Add: Cash considerations payable as at 31 December	–	4,528
Add: Cash considerations paid in the prior year	9,129	120,000
Cash (outflow)/inflow in the year	(164,436)	53,707

The acquired businesses contributed revenues of RMB154,760,000 (2022: RMB280,984,000) and caused a net loss of RMB11,716,000 (2022: net loss RMB16,336,000) to the Group for the period from the respective acquisition dates to 31 December 2023.

If the acquisitions had occurred on 1 January 2023, the Group's consolidated pro-forma revenue and net loss for the year ended 31 December 2023 would have been RMB43,834,877,000 and RMB12,824,713,000, respectively.

If the acquisitions had occurred on 1 January 2022, the Group's consolidated pro-forma revenue and net loss for the year ended 31 December 2022 would have been RMB54,034,327,000 and RMB13,423,153,000, respectively.

No contingent liability has been recognised for the business combinations.

40 DISPOSAL OF SUBSIDIARIES

Pursuant to the share transfer agreements, the Group disposed of its equity interests in some subsidiaries to third parties for a consideration of RMB868,868,000. The consideration was determined by reference to the fair values of the equity interests disposed of. The Group recorded a net disposal loss of RMB916,776,000 during the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40 DISPOSAL OF SUBSIDIARIES (CONTINUED)

Details of the disposal transactions for the year ended 31 December 2023 are as follows:

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Cash and cash equivalents	6,995	4,401	68,284	79,680
Restricted cash	1,629	–	504	2,133
Financial assets at fair value through profit or loss	–	–	107,150	107,150
Property, plant and equipment	44	509	851,112	851,665
Investments accounted for using the equity method	–	–	287	287
Properties under development	1,077,789	–	5,106	1,082,895
Other intangible assets	–	–	8,630	8,630
Right-of-use assets	–	–	61,541	61,541
Goodwill	–	–	143,637	143,637
Contract assets	–	–	562,422	562,422
Completed properties held for sale	55,386	–	–	55,386
Trade and other receivables	291,610	38,932	517,105	847,647
Assets of disposal groups classified as held for sale	–	–	1,523,010	1,523,010
Trade and other payables	(230,273)	(49,054)	(1,127,876)	(1,407,203)
Contract liabilities	(55,012)	–	(83,265)	(138,277)
Borrowings	(60,579)	–	(206,550)	(267,129)
Current income tax liabilities	(38,168)	(2,333)	(11,065)	(51,566)
Deferred income tax assets	–	3,337	3,410	6,747
Deferred income tax liabilities	–	(174)	(3,882)	(4,056)
Liabilities directly associated with assets classified as held for sale	–	–	(1,023,825)	(1,023,825)
Subtotal	1,049,421	(4,382)	1,395,735	2,440,774
Less: Non-controlling interests	(25,007)	(4,718)	(625,405)	(655,130)
(Losses)/gains from disposal of subsidiaries	(678,578)	16,655	(254,853)	(916,776)
Total consideration	345,836	7,555	515,477	868,868
Disposal considerations				
Cash received	320,836	5,649	455,773	782,258
Remaining unpaid acquisition consideration of subsidiaries disposed of	–	–	10,956	10,956
Fair value of remaining equity interests in the Disposed Projects	–	300	–	300
Others	25,000	1,606	48,748	75,354
Total	345,836	7,555	515,477	868,868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40 DISPOSAL OF SUBSIDIARIES (CONTINUED)

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

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Total cash consideration received	320,836	5,649	455,773	782,258
Less:				
Cash and cash equivalents disposed of	(6,995)	(4,401)	(105,157)	(116,553)
Advances from disposal of the subsidiaries received in the prior years	–	–	(36,000)	(36,000)
Net cash inflow on disposal	313,841	1,248	314,616	629,705

During the year ended 31 December 2022, the Group disposed of certain equity interests in several subsidiaries (the “Disposed Projects”) to independent third parties at a consideration of RMB725,000,000 in total. The Group lost sole control over the Disposed Projects and according to the shareholders agreements, the Group is eligible to exercise joint control or significant influence over the Disposed Projects together with relevant buyers. The Group accounted for the Disposed Projects as joint ventures and associates, recorded a disposal gain of RMB536,664,000 during the year ended 31 December 2022.

Pursuant to the share transfer agreement, the Group disposed of its equity interests in some subsidiaries to third parties and a joint venture for considerations of RMB2,081,148,000 and RMB849,000,000, respectively. The considerations were determined by reference to the fair value of the equity interests disposed of. The Group recorded a net disposal gain of RMB317,294,000 during the year ended 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40 DISPOSAL OF SUBSIDIARIES (CONTINUED)

Details of the disposal transactions for the year ended 31 December 2022 are as follows:

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Cash and cash equivalents	356,504	1,000,115	12,855	1,369,474
Restricted cash	590,605	–	21,116	611,721
Property, plant and equipment	514	–	314,542	315,056
Investments accounted for using the equity method	688,164	–	–	688,164
Properties under development	5,641,574	–	60,553	5,702,127
Other intangible assets	142	–	790,402	790,544
Right-of-use assets	–	–	19,295	19,295
Goodwill	–	–	38,219	38,219
Contract assets	–	–	2,082	2,082
Completed properties held for sale	641,637	–	–	641,637
Trade and other receivables	440,633	5,108	459,036	904,777
Assets of disposal groups classified as held for sale	269,525	–	2,586,132	2,855,657
Trade and other payables	(3,512,371)	(1,001,992)	(817,956)	(5,332,319)
Contract liabilities	(936,088)	–	(6,959)	(943,047)
Borrowings	(1,862,753)	–	(375,962)	(2,238,715)
Current income tax liabilities	(2,106)	(2,139)	(1,408)	(5,653)
Deferred income tax assets	18,628	209	6,861	25,698
Deferred income tax liabilities	–	–	(47,847)	(47,847)
Liabilities directly associated with assets classified as held for sale	–	–	(1,514,500)	(1,514,500)
Total net assets of the Disposal Projects	2,334,608	1,301	1,546,461	3,882,370
Less: Non-controlling interests	(357,108)	–	(403,701)	(760,809)
Gains from disposal of subsidiaries	435,349	(1,301)	419,910	853,958
	2,412,849	–	1,562,670	3,975,519
Disposal considerations				
Cash received	1,858,574	–	1,458,420	3,316,994
Remaining unpaid acquisition consideration of subsidiaries disposed of	233,904	–	88,261	322,165
Fair value of remaining equity interests in the Disposed Projects	320,371	–	–	320,371
Others	–	–	15,989	15,989
	2,412,849	–	1,562,670	3,975,519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40 DISPOSAL OF SUBSIDIARIES (CONTINUED)

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

	Property development <i>RMB'000</i>	Property management <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Total cash consideration received	1,858,574	–	1,458,420	3,316,994
Less:				
Cash and cash equivalents of the Disposal Projects disposed of	(356,504)	(1,000,115)	(53,843)	(1,410,462)
Advances from disposal of the subsidiaries received in the prior years	(317,837)	–	(547,409)	(865,246)
Net cash inflow/(outflow) on disposal	1,184,233	(1,000,115)	857,168	1,041,286

41 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(i) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB99,044,000 (2022: RMB85,369,000) and RMB99,044,000 (2022: RMB85,369,000), respectively, in respect of lease arrangements for properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(ii) Changes in liabilities arising from financing activities

	Borrowings <i>RMB'000</i>	Other payables – related parties <i>RMB'000</i>	Other payable – non- controlling interests and third parties <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividends payable <i>RMB'000</i>
At 1 January 2023	59,486,289	12,050,605	4,436,283	332,498	137,149
Cash flows					
Inflow from financing activities	5,786,946	231,864	847,833	–	–
Outflow from financing activities	(13,552,452)	(1,297,285)	(2,110,809)	(159,553)	(253,561)
Non-cash changes					
Exchange gain and financing amortisation recognised	773,667	–	–	–	–
Acquisition of subsidiaries	1,326,250	–	–	–	–
Disposal of subsidiaries	(267,129)	–	–	–	–
Disposal of joint ventures	–	(265,237)	–	–	–
Addition of lease liabilities	–	–	–	99,044	–
Early termination of lease liabilities	–	–	–	(20,956)	–
Accrued dividends	–	–	–	–	219,322
Other non-cash movements	–	(1,197,037)	–	–	–
At 31 December 2023	53,553,571	9,522,910	3,173,307	251,033	102,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(ii) Changes in liabilities arising from financing activities (continued)

	Borrowings <i>RMB'000</i>	Other payables – related parties <i>RMB'000</i>	Other non- controlling interests and third parties <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividends payable <i>RMB'000</i>
At 1 January 2022	83,874,045	15,143,842	9,593,181	564,476	89,939
Cash flows					
Inflow from financing activities	7,813,816	1,751,252	880,464	–	–
Outflow from financing activities	(33,397,928)	(4,686,989)	(6,037,362)	(211,435)	(549,312)
Non-cash changes					
Exchange gain and financing amortisation recognised	2,939,100	–	–	–	–
Acquisition of subsidiaries	920,000	–	–	–	–
Disposal of subsidiaries	(2,238,715)	–	–	–	–
Disposal of joint ventures	–	(157,500)	–	–	–
Classified as held for sale	(124,029)	–	–	–	–
Addition of lease liabilities	–	–	–	85,369	–
Early termination of lease liabilities	–	–	–	(105,912)	–
Accrued dividends	–	–	–	–	596,522
Other non-cash movements	(300,000)	–	–	–	–
At 31 December 2022	59,486,289	12,050,605	4,436,283	332,498	137,149

(iii) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within operating activities	142,850	124,098
Within financing activities	159,553	211,435
Total cash outflow for leases	302,403	335,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42 CONTINGENT LIABILITIES AND FINANCIAL GUARANTEES

	2023 RMB'000	2022 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers (note (a))	50,592,159	49,329,528
Guarantees in respect of borrowings of associates (note (b) and note 45(b))	1,698,040	1,979,894
Guarantees in respect of borrowings of joint ventures (note (c) and note 45(b))	3,179,580	4,608,779
Guarantees in respect of borrowings of third parties (note (d))	3,349,859	3,507,816
Total	58,819,638	59,426,017

- (a) The Group has cooperated with certain financial institutions to arrange mortgage loan facilities for its purchasers of properties and to provide guarantees to secure obligations of such purchasers for repayments. As at 31 December 2023, the outstanding guarantees amounted to RMB50,592,159,000 (2022: RMB49,329,528,000). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within one year after the purchasers take possession of the relevant properties; and (ii) the satisfaction of relevant mortgage loans by purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to the financial institutions, and the Group is entitled to take over the legal titles and possession of the related properties. The Group's guarantees start from the dates when the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable values of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties in case of any default in payments.

- (b) Several subsidiaries of the Group and other shareholders of associates have provided certain guarantees in proportion of their shareholding in associates in respect of loan facilities amounting to RMB1,938,000,000 (2022: RMB2,922,720,000). As at 31 December 2023, the Group's share of the guarantees amounted to RMB1,698,040,000 (2022: RMB1,979,894,000).
- (c) Several subsidiaries of the Group and joint venture partners have provided certain guarantees in proportion of their shareholding in certain joint ventures in respect of loan facilities amounting to RMB5,237,216,000 (2022: RMB7,164,564,000). As at 31 December 2023, the Group's share of the guarantees amounted to RMB3,179,580,000 (2022: RMB4,608,779,000).
- (d) As at 31 December 2023, the Group provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB3,349,859,000 (31 December 2022: RMB3,507,816,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43 PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's borrowings are included in note 32 to the financial statements.

44 COMMITMENTS

The Group had the following contractual commitments as at 31 December 2023:

	2023 RMB'000	2022 RMB'000
Property development activities	17,832,626	10,873,280
Acquisition of land use rights	3,410,027	3,410,027
Property, plant and equipment	161,116	237,914
Acquisitions of additional equity interests from non-controlling interests	136,508	212,643
Total	21,540,277	14,733,864

45 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Full Choice Investments Limited	The ultimate holding Company of the Group
Top Coast Investment Limited	The immediate holding Company of the Group
The Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei, and Mr. Chan Cheuk Nam (the "Founding Shareholders")	The Founding Shareholders
Zhongshan Changjiang Golf Course (note(i)) 中山長江高爾夫球場	Controlled by the Founding Shareholders
Zhongshan Agile Changjiang Hotel Co., Ltd. (note(ii)) 中山雅居樂長江酒店有限公司	Controlled by the Founding Shareholders
Hainan Agile Hanhai Hotel Management Co., Ltd. (note(i)) 海南雅居樂瀚海酒店管理有限公司	Controlled by the Founding Shareholders
Foshan Yashun Real Estate Development Co., Ltd. (note (i)) 佛山雅順房地產開發有限公司	Associate of the Group
Foshan Changzhong Real Estate Development Co., Ltd. (note(ii)) 佛山市昌重房地產開發有限公司	Associate of the Group
Foshanshi Sanshuiqu Qingmei Real Estate Co., Ltd. (note(i)) 佛山市三水區擎美房地產有限公司	Associate of the Group
Foshan Yaxu Real Estate Development Co., Ltd. (note(i)) 佛山雅旭房地產開發有限公司	Associate of the Group
Fuzhou Shengquan Real Estate Development Co., Ltd. (note(i)) 福州盛全房地產開發有限公司	Associate of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties (continued)

Name	Relationship
Sichuan Yacan Real Estate Development Co., Ltd. (note(i)) 四川雅燦房地產開發有限公司	Associate of the Group
Jinzhongshi Jinhong Yubao Real Estate Development Co., Ltd. (note(ii)) 晉中市錦洪裕寶房地產開發有限責任公司	Associate of the Group
Nantong Xinya Real Estate Development Co., Ltd. (note(ii)) 南通新雅房地產開發有限公司	Associate of the Group
Sichuan Yaheng Real Estate Development Co., Ltd. (note(ii)) 四川雅恒房地產開發有限公司	Associate of the Group
Nantongshi Tongzhouqu Dongju Land Co., Ltd. (note(i)) 南通市通州區東居置業有限公司	Associate of the Group
Handan Yurong Real Estate Development Co., Ltd. (note(ii)) 邯鄲裕榮房地產開發有限公司	Associate of the Group
Wuxi Yahui Real Estate Development Co., Ltd. (note(i)) 無錫雅輝房地產開發有限公司	Associate of the Group
Chengdu Xueling Corporation Management Co., Ltd. (note(ii)) 成都雪瓊企業管理有限公司	Associate of the Group
Kunming Yaxin Real Estate Development Co., Ltd. (note(ii)) 昆明雅欣房地產開發有限公司	Associate of the Group
Guangzhou Yajing Investment Co., Ltd. (note (i)) 廣州雅景投資有限公司	Associate of the Group
Jinzhong Jintian Heyi Real Estate Development Co., Ltd. (note (ii)) 晉中錦添合意房地產開發有限公司	Associate of the Group
Guangdong Prb BIO-TECH Co., Ltd. (note (i)) 廣東珠江橋生物科技股份有限公司	Associate of the Group
Zhejiang Lvlong Eco Technology Co., Ltd. (note(ii)) 浙江綠龍生態科技有限公司	Associate of the Group
Guangzhou Yahong Real Estate Development Co., Ltd. (note (ii)) 廣州雅宏房地產開發有限公司	Associate of the Group
Guangzhou Haiya Investments Co., Ltd. (note (i)) 廣州海雅投資有限公司	Associate of the Group
Guangzhou Yajing Real Estate Development Co., Ltd. (note (ii)) 廣州雅景房地產開發有限公司	Associate of the Group
Xuzhou Dexin Xuyun Real Estate Co., Ltd. (note (ii)) 徐州德信徐運置業有限公司	Associate of the Group
Meixian Jinhaimao Real Estate Development Co., Ltd. (note (ii)) 眉縣金海茂房地產開發有限公司	Associate of the Group
Zhenjiang Yarun Real Estate Development Co., Ltd. (note (i)) 鎮江雅潤房地產開發有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties (continued)

Name	Relationship
Tianjin Jinnan Xincheng Real Estate Development Co., Ltd. (note(i)) 天津津南新城房地產開發有限公司	Joint venture of the Group
Zhongshan Yahong Real Estate Development Co., Ltd. (note (i)) 中山市雅鴻房地產開發有限公司	Joint venture of the Group
Guangzhou Huadu Yazhan Realty Development Co., Ltd. (note(i)) 廣州花都雅展房地產開發有限公司	Joint venture of the Group
Changsha Shangcheng Land Co., Ltd. (note(i)) 長沙上城置業有限公司	Joint venture of the Group
Guangxi Fuya Investments Co., Ltd. (note(i)) 廣西富雅投資有限公司	Joint venture of the Group
Charm Talent Limited	Joint venture of the Group
Foshan Yazhan Property Development Co., Ltd. (note(i)) 佛山雅展房地產開發有限公司	Joint venture of the Group
Zhongshan Zhili Land Co., Ltd. (note(ii)) 中山市志力置業有限公司	Joint venture of the Group
Zhongshan Minsen Real Estate Development Co., Ltd. (note(i)) 中山市民森房地產發展有限公司	Joint venture of the Group
Hainan Yahong Travel Property Co., Ltd. (note(i)) 海南雅宏旅遊置業有限公司	Joint venture of the Group
Foshan Zhongjiao Real Estate Development Co., Ltd. (note(i)) 佛山中交房地產開發有限公司	Joint venture of the Group
Foshan Xiangsong Land Co., Ltd. (note(i)) 佛山香頌置業有限公司	Joint venture of the Group
Hefei Changzhe Real Estate Development Co., Ltd. (note(i)) 合肥昌哲房地產開發有限公司	Joint venture of the Group
Foshan Yuankai Real Estate Development Co., Ltd. (note (i)) 佛山市遠凱房地產開發有限公司	Joint venture of the Group
Jinan Yaheng Real Estate Development Co., Ltd. (note (i)) 濟南雅恒房地產開發有限公司	Joint venture of the Group
First Synergy Investment Limited	Joint venture of the Group
Guangzhou Zhixin Engineering Cost Consulting Co., Ltd. (note (ii)) 廣州至信工程造價諮詢有限公司	Joint venture of the Group
Shangqiu Chuanda Real Estate Development Co., Ltd. (note (i)) 商丘川達房地產開發有限公司	Joint venture of the Group
Prism Ray Investment Limited	Joint venture of the Group
Twin Drive Investment Limited	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties (continued)

Name	Relationship
Qidong Xinya Real Estate Development Co., Ltd. (note (i)) 啟東市信雅房地產開發有限公司	Joint venture of the Group
Qidong Longhe Real Estate Development Co., Ltd. (note (i)) 啟東市龍禾房地產開發有限公司	Joint venture of the Group
Zhuji Xiangya Enterprise Management Consulting Partnership (Limited Partnership) (note (i)) 諸暨市祥雅企業管理諮詢合夥企業(有限合夥)	Joint venture of the Group
Shenyang Yasong Real Estate Development Co., Ltd. (note (i)) 瀋陽雅頌房地產開發有限公司	Joint venture of the Group
Shenyang Yajule Enterprise Management Consulting Co., Ltd. (note (i)) 瀋陽雅居樂企業管理諮詢有限公司	Joint venture of the Group
Wuxi XinPan Real Estate Development Co., Ltd. (note (i)) 無錫新盤房地產開發有限公司	Joint venture of the Group
Nantong Haijia Real Estate Co., Ltd. (note (i)) 南通海嘉置業有限公司	Joint venture of the Group
Guangzhou Zhongsheng Real Estate Co., Ltd. (note (i)) 廣州市眾盛置業有限公司	Joint venture of the Group
Lianyungangshi Ganglong Land Co., Ltd. (note(i)) 連雲港市港龍置業有限公司	Joint venture of the Group
Xuzhou Chuanda Real Estate Development Co., Ltd. (note(i)) 徐州川達房地產開發有限公司	Joint venture of the Group
Zhongshan Haide Real Estate Development Co., Ltd. (note (i)) 中山市海德房地產開發有限公司	Joint venture of the Group
Gongyi Agile Land Co., Ltd. (note (i)) 鞏義雅居樂置業有限公司	Joint venture of the Group
Yangzhou Yahao Business Management Co., Ltd. (note (i)) 揚州雅昊商務管理有限公司	Joint venture of the Group
Huizhou Zhongyuan Enterprise Co., Ltd. (note (i)) 惠州市仲元實業有限公司	Joint venture of the Group
Qidong Hilme Trading Co., Ltd. (note (i)) 啟東希爾美貿易有限公司	Joint venture of the Group
Qidong Bolme Trading Co., Ltd. (note (i)) 啟東博爾美貿易有限公司	Joint venture of the Group
Guangdong Xinmeiju Real Estate Development Co., Ltd. (note (i)) 廣東新美居房地產發展有限公司	Joint venture of the Group
Yangzhou Yayue Real Estate Development Co., Ltd. (note (i)) 揚州雅悅房地產開發有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties (continued)

Name	Relationship
Tianjin Yayi Real Estate Development Co., Ltd. (note (i)) 天津雅逸房地產開發有限公司	Joint venture of the Group
Shaoxing Xiangya Real Estate Development Co., Ltd. (note (i)) 紹興祥雅房地產開發有限公司	Joint venture of the Group
Jianyang Hexu Real Estate Development Co., Ltd. (note (i)) 簡陽合煦房地產開發有限公司	Joint venture of the Group
Xingyang Yaheng Land Co., Ltd. (note (i)) 滎陽市雅恒置業有限公司	Joint venture of the Group
Chongqing Meinan Land Co., Ltd. (note (i)) 重慶美南置業有限公司	Joint venture of the Group
Zhongshan Yachen Corporation Management Co., Ltd. (note (i)) 中山雅辰企業管理有限公司	Joint venture of the Group
Chongqing Beijia Corporation Co., Ltd. (note (i)) 重慶碯家企業管理有限公司	Joint venture of the Group
Hangzhou Dongliang Enterprise Management Co., Ltd. (note (i)) 杭州東良企業管理有限公司	Joint venture of the Group
Kaifeng Guokong Songdu Land Co., Ltd. (note(i)) 開封國控宋都置業有限公司	Joint venture of the Group
Jiaxing Xingya Real Estate Development Co., Ltd. (note(ii)) 嘉興興雅房地產開發有限公司	Joint venture of the Group
Xuzhou Yafeng Real Estate Development Co., Ltd. (note(ii)) 徐州雅豐房地產開發有限公司	Joint venture of the Group
Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd. (note(i)) 梅州中南昱晟房地產開發有限公司	Joint venture of the Group
Jiangxi Jianda Investment Co., Ltd. (note(i)) 江西建大投資有限公司	Joint venture of the Group
Fujian Chuxin Eco Technology Co., Ltd. (note(ii)) 福建省儲鑫環保科技有限公司	Joint venture of the Group
Jinzhong Xiya Real Estate Development Co., Ltd. (note(ii)) 晉中熙雅房地產開發有限公司	Joint venture of the Group
Wuhu Yaxu Real Estate Development Co., Ltd. (note(ii)) 蕪湖雅旭房地產開發有限公司	Joint venture of the Group
Chenzhou Agile Real Estate Development Co., Ltd. (note(ii)) 郴州雅居樂房地產開發有限公司	Joint venture of the Group
Chongqing Jinbi Agile Real Estate Development Co., Ltd. (note(i)) 重慶金碧雅居房地產開發有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties (continued)

Name	Relationship
Kaifeng Fenghui Land Co., Ltd. (note (i)) 開封豐輝置業有限公司	Joint venture of the Group
Huizhou Huiyang Agile Real Estate Development Co., Ltd. (note (i)) 惠州市惠陽雅居樂房地產開發有限公司	Joint venture of the Group
Tianjin Ruiya Real Estate Development co., Ltd. (note(i)) 天津瑞雅房地產開發有限公司	Joint venture of the Group
Chongqing Huayu Yefeng Enterprise Development Co., Ltd. (note (i)) 重慶華宇業豐實業有限公司	Joint venture of the Group
Henry Fischer Real Estate Co., Ltd.	Joint venture of the Group
Huizhou Egret Lake Tourist Tour Industry Opening Co., Ltd. (note (i)) 惠州白鷺湖旅遊實業開發有限公司	Joint venture of the Group
Xuzhou Jialefang Land Development Co., Ltd. (note (i)) 徐州佳樂房地產開發有限公司	Joint venture of the Group
Weihai Yalan Investment and Development Co., Ltd. (note (i)) 威海雅藍投資開發有限公司	Joint venture of the Group
Wuxi Yayuan Real Estate Development Co., Ltd. (note (i)) 無錫雅遠房地產開發有限公司	Joint venture of the Group
Nanjing Yinyan Real Estate Development Co., Ltd. (note (i)) 南京銀雁房地產開發有限公司	Joint venture of the Group
Guangzhou Baiquan Construction Engineering Co., Ltd. (note (i)) 廣州佰全建築工程有限公司	Joint venture of the Group
Shanwei Agile Real Estate Development Co., Ltd. (note (i)) 汕尾市雅居樂房地產開發有限公司	Joint venture of the Group
Zhuhai Yahan Real Estate Development Co., Ltd. (note (i)) 珠海市雅瀚房地產開發有限公司	Joint venture of the Group
Zhongshan Yachen Real Estate Development and Operation Co., Ltd. (note (i)) 中山市雅琛房地產開發經營有限公司	Joint venture of the Group
Guangxi Yashun Real Estate Development Co., Ltd. (note (i)) 廣西雅順房地產開發有限公司	Joint venture of the Group
Guangxi Yakai Real Estate Development Co., Ltd. (note (i)) 廣西雅凱房地產開發有限公司	Joint venture of the Group
Beihai Yagang Real Estate Development Co., Ltd. (note (i)) 北海雅港房地產開發有限公司	Joint venture of the Group
Tongxiang Anyue Real Estate Co., Ltd. (note (i)) 桐鄉市安悅置業有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties (continued)

Name	Relationship
Beihai Yaguang Real Estate Development Co., Ltd. (note (i)) 北海雅廣房地產開發有限公司	Joint venture of the Group
Guangzhou Zhenmei Architectural Design Co., Ltd. (note (i)) 廣州臻美建築設計有限公司	Joint venture of the Group
Henan Yafu Real Estate Co., Ltd. (note (i)) 河南雅福置業有限公司	Joint venture of the Group
Beihai Yazheng Real Estate Development Co., Ltd. (note (i)) 北海雅正房地產開發有限公司	Joint venture of the Group
Zhuhai Yahao Real Estate Development Co., Ltd. (note (i)) 珠海市雅灝房地產開發有限公司	Joint venture of the Group
Wuxi Yaxiang Real Estate Development Co., Ltd. (note (i)) 無錫雅祥房地產開發有限公司	Joint venture of the Group
Shijiazhuang Qingda Real Estate Development Co., Ltd. (note (i)) 石家莊青達房地產開發有限公司	Joint venture of the Group
Chongqing Beitianqin Enterprise Management Consulting Co., Ltd. (note (i)) 重慶北天秦企業管理諮詢有限公司	Joint venture of the Group
Henan Yajing Real Estate Co., Ltd. (note (i)) 河南雅景置業有限公司	Joint venture of the Group
Heyuan Jiangya Real Estate Development Co., Ltd. (note (i)) 河源市江雅房地產開發有限公司	Joint venture of the Group
Xiamen Yazhan Real Estate Development Co., Ltd. (note (i)) 廈門雅展房地產開發有限公司	Joint venture of the Group
Wuxi Xinshi Yajia Real Estate Development Co., Ltd. (note (i)) 無錫新石雅嘉置業發展有限公司	Joint venture of the Group
Gongqing-Aliving Investment Management Partnership (Limited Partnership) (note (i)) 共青城雅生活投資管理合夥企業(有限合夥)	Controlled by a key management personnel of the Group
Gongqing-Yagao Investment Management Co., Ltd. (note (i)) 共青城雅高投資管理有限公司	Controlled by a key management personnel of the Group
Atlas (China) Co., Ltd. ("Atlas (China)") (note (i)) 寰圖(中國)有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Beijing) Business Development Co., Ltd. (note (i)) 寰圖(北京)商務發展有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Shanghai) Business Services Co., Ltd. (note (i)) 寰圖(上海)商務服務有限公司	Significantly influenced by the close family member of the Founding Shareholders

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties (continued)

Name	Relationship
Atlas (Guangzhou) Business Development Co., Ltd. (note (i)) 寰圖(廣州)商務發展有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Xi'an) Business Services Co., Ltd. (note (i)) 寰圖(西安)商務服務有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Guangzhou) Business Services Co., Ltd. (note (i)) 寰圖(廣州)商業服務有限公司	Significantly influenced by the close family member of the Founding Shareholders
Huanhui (Tianjin) Business Management Second Branch Co., Ltd. (note (i)) 寰匯商業管理(天津)有限公司廣州第二分公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Shenzhen) Business Development Co., Ltd. (note (i)) 寰圖(深圳)商務發展有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Guangzhou) Business Development First Branch Co., Ltd. (note (i)) 寰圖(廣州)商務發展有限公司第一分公司	Significantly influenced by the close family member of the Founding Shareholders
Huanshao (Shanghai) Business Services Co., Ltd. (note (i)) 寰紹(上海)商務服務有限公司	Significantly influenced by the close family member of the Founding Shareholders
Huanlun (Shanghai) Business Services Co., Ltd. (note (i)) 寰倫(上海)商務服務有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Guangzhou) Company Services Co., Ltd. (note (i)) 寰圖(廣州)企業服務有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (China) Zhujiang New Town Branch Co., Ltd. (note (i)) 寰圖(中國)有限公司廣州珠江新城分公司	Significantly influenced by the close family member of the Founding Shareholders
Circle Complex Limited (note (i)) 園集團有限公司	Significantly influenced by the close family member of the Founding Shareholders
Zone Set (Hong Kong) Limited (note (i)) 域置(香港)有限公司	Significantly influenced by the close family member of the Founding Shareholders
Zhongshan Boting Business Management Co., Ltd. (note (i)) 中山市柏霆商業管理有限公司	Significantly influenced by the close family member of the Founding Shareholders

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties (continued)

Name	Relationship
Poseidon Management Company Limited	Significantly influenced by the close family member of the Founding Shareholders
陳思楊(Mr. Chen Si Yang)	The close family member of the Founding Shareholders
陳思樂(Mr. Chen Si Le)	The close family member of the Founding Shareholders
陸燕平(Ms. Lu Yan Ping)	The close family member of the Founding Shareholders
陸麗卿(Ms. Lu Li Qing)	The close family member of the Founding Shareholders

Note:

- (i) The names of the companies represent management's best efforts at translating the Chinese names of these companies, as no English names have been registered or available.

(b) Transactions with related parties

- (i) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Office service fee charged by Atlas (China) (note(a))	110,104	233,319
Golf facility service fee charged by Zhongshan Changjiang Golf Course (note(a))	7,044	7,108
Restaurant and hotel service fees charged by Zhongshan Agile Changjiang Hotel Co., Ltd. (note(a))	69	1,035
Total	117,217	241,462
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Rental income from Atlas (China) (note (a))	116,177	115,048

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

(i) (continued)

	2023 RMB'000	2022 RMB'000
Loans made to related parties		
Associates	8,602	64,235
Joint ventures	2,877	216,041
Total	11,479	280,276
Repayment of loans by related parties		
Associates	222,939	742,843
Joint ventures	116,731	131,700
Total	339,670	874,543
Interest income from (note(b))		
Associates	5,780	52,083
Joint ventures	15,559	51,765
Total	21,339	103,848
Provision of construction, property management and other services to		
Associates	46,180	86,712
Joint ventures	1,442,967	2,113,154
Total	1,489,147	2,199,866
Disposal of equity interest to		
Joint venture	–	849,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties (continued)

(i) (continued)

Notes:

- (a) Office service fee, golf facility service fee, restaurant and hotel service fee and rental fees were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the respective related parties and the Group.
- (b) Interest income was charged in accordance with the terms of the loan contracts signed between the respective related parties and the Group.

(ii) Key management compensation

	2023 RMB'000	2022 RMB'000
Salaries and other short-term employee benefits	18,000	20,781
Retirement scheme contributions	140	212
Total compensation paid to key management personnel	18,140	20,993

Further details of directors' and the chief executive officer's emoluments are included in note 8 to the financial statements.

- (iii) The Group have provided guarantees for borrowings of certain joint ventures and associates of RMB4,877,620,000 as at 31 December 2023 (31 December 2022: RMB6,588,673,000) (note 42).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

As at 31 December 2023 and 2022, the Group had the following significant trade and non-trade balances with related parties:

	2023 RMB'000	2022 RMB'000
Trade receivables due from (note(i))		
Joint ventures	2,607,229	2,644,462
Associates	24,228	46,364
Total	2,631,457	2,690,826
Other receivables due from (note(i))		
Joint ventures	17,736,650	18,908,878
Associates	716,010	1,035,207
Other related parties	272,474	358,459
Total	18,725,134	20,302,544
Loans and interest receivables due from (note(ii))		
Associates	2,015,510	2,229,847
Joint ventures	624,890	738,744
Total	2,640,400	2,968,591
Other payables due to (note(i))		
Associates	1,077,931	1,575,308
Joint ventures	7,682,766	8,176,763
Other related parties	762,213	2,298,534
Total	9,522,910	12,050,605
Contract liabilities		
Associates	24,655	1,609
Joint ventures	35,272	79,281
Total	59,927	80,890

Notes:

- (i) The balances are cash advances and trade receivables in nature, which are unsecured and interest-free.
- (ii) The balances are loan receivables and interest from associates and joint ventures, which are unsecured and interest-bearing. The effective interest rates range from 4.35% to 15% per annum (2022: 4.35% to 15%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Financial assets at amortised cost		
– Trade and other receivables excluding prepaid value added taxes and other taxes and prepayments (note 25)	56,660,789	66,746,008
– Restricted cash (note 27)	3,916,329	7,628,349
– Cash and cash equivalents (note 28)	8,637,126	8,463,079
Financial assets at FVPL (note 21)	2,801,807	2,846,949
Financial assets at FVOCI (note 20)	43,443	32,093
Total	72,059,494	85,716,478

Financial liabilities

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Financial liabilities at amortised cost		
– Borrowings (note 32)	53,553,571	59,486,289
– Trade and other payables, excluding staff welfare benefit payable, other taxes payable and advances from disposal of equity interests (note 29)	51,180,727	58,281,848
– Lease liabilities (note 16)	251,033	332,498
Financial liabilities at FVPL (note 31)	754,536	578,928
Total	105,739,867	118,679,563

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments as at 31 December 2023 and 2022 approximated to their fair values.

Management has assessed that the fair values of cash and cash equivalents, restricted cash, the current portion of trade and other receivables and the current portion of financial liabilities included in trade and other payables, lease liabilities and borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of other receivables, other payable, lease liabilities and borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for borrowings as at 31 December 2023 and 2022 were assessed to be insignificant. The fair value of the liability portion of the exchangeable bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar exchangeable bond with consideration of the Group's own non-performance risk.

The fair values of listed equity investments are based on quoted market prices. The fair values of other financial assets at FVPL in Level 3 have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple.

The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted equity investments at FVOCI and wealth management products issued by financial institutions in Chinese Mainland and Malaysia. The Group has estimated the fair values of these unlisted investments based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with various counterparties, principally banks in Hong Kong. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

For the fair values of the unlisted equity and debt investments at fair value through profit or loss, management has estimated the potential effect using reasonably possible alternatives as inputs to the valuation model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023 and 2022:

31 December 2023

	Valuation technique	Significant unobservable input	Range/weighted average	Sensitivity of fair value to the input	
Unlisted equity investments	Market approach	Price-to-sales (P/S)	5.44 to 17.60	The higher the price-to-sales, the higher the fair value	
		Discount for lack of marketability (DLOM)	20.00%	The higher the DLOM, the lower the fair value	
	Asset-based approach	Market unit sale rate (RMB/square meter)	62,813 to 74,000	The higher the sale rate, the higher the fair value	
		Guideline public companies method	Market unit sale rate (RMB/square meter)	72,324 to 88,000	The higher the sale rate, the higher the fair value
		Market unit sale rate (RMB)	450,000 to 500,000	The higher the sale rate, the higher the fair value	
	Expected net profit	RMB4,518,000	The higher the expected net profit, the higher the fair value		
Put option of exchangeable bond	Binary tree model	Volatility	68.00%	The higher the volatility, the higher the fair value	
Wealth management products	Discounted cashflow model	Yield rate (floating)	0.17%	The higher the yield rate, the higher the fair value	
		Expected interest rate per annum	1.70%	The higher the expected interest rate per annum, the higher the fair value	
	Income approach	Expected interest rate per annum	6.20%	The higher the expected interest rate per annum, the higher the fair value	
Contingent consideration	Discounted cashflow model	Expected net profit	RMB42,726,000 to 414,960,000	The higher the expected net profit, the lower the fair value	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023 and 2022: (continued)

31 December 2022

	Valuation technique	Significant unobservable input	Range/weighted average	Sensitivity of fair value to the input
Unlisted equity investments	Market approach	Volatility	70.27% to 74.32%	The higher the volatility, the higher the fair value
		P/S	0.93 to 10.12	The higher the price-to-sales, the higher the fair value
		DLOM	15.00%	The higher the DLOM, the lower the fair value
	Asset-based approach	Market unit sale rate (RMB/square meter)	69,428 to 77,250	The higher the sale rate, the higher the fair value
	Guideline public companies method	Market unit sale rate (RMB/square meter)	75,852 to 83,395	The higher the sale rate, the higher the fair value
		Market unit sale rate (RMB)	450,000 to 500,000	The higher the sale rate, the higher the fair value
Expected net profit		RMB11,486,000	The higher the expected net profit, the higher the fair value	
Put option of exchangeable bond	Binary tree model	Volatility	62.90%	The higher the volatility, the higher the fair value
Wealth management products	Discounted cashflow model	Yield rate (floating)	0.17%	The higher the yield rate, the higher the fair value
		Expected interest rate per annum	2.70%	The higher the expected interest rate per annum, the higher the fair value
	Income approach	Expected interest rate per annum	7.2%	The higher the expected interest rate per annum, the higher the fair value
Contingent consideration	Discounted cashflow model	Expected net profit	RMB42,726,000 to 414,960,000	The higher the expected net profit, the lower the fair value
Financial liabilities for put options	Discounted cashflow model	Expected discount rate	16.1% to 16.3%	The higher the expected discount rate, the lower the fair value

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method, at 31 December 2023 and 2022. The disclosures relating to the investment properties which are measured at fair value are stated in note 15.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2023				
Financial assets				
Financial assets at FVPL				
Hong Kong listed equity securities	1,502	–	–	1,502
Unlisted equity and debt investments	–	–	460,400	460,400
Wealth management products	–	–	2,336,667	2,336,667
Others	–	–	3,238	3,238
Financial assets at FVOCI				
Unlisted equity investments	–	–	43,443	43,443
Total	1,502	–	2,843,748	2,845,250
Financial liabilities				
Financial liabilities at FVPL				
Derivative financial instruments	–	56,999	–	56,999
Put options	–	–	697,537	697,537
Total	–	56,999	697,537	754,536
At 31 December 2022				
Financial assets				
Financial assets at FVPL				
Hong Kong listed equity securities	3,247	–	–	3,247
Unlisted equity and debt investments	–	–	1,479,246	1,479,246
Wealth management products	–	–	1,361,218	1,361,218
Others	–	–	3,238	3,238
Financial assets at FVOCI				
Unlisted equity investments	–	–	32,093	32,093
Total	3,247	–	2,875,795	2,879,042
Financial liabilities				
Financial liabilities at FVPL				
Derivative financial instruments	–	158,634	–	158,634
Put options	–	–	420,294	420,294
Total	–	158,634	420,294	578,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the changes in Level 3 items:

	Financial assets <i>RMB'000</i>	Financial liabilities <i>RMB'000</i>
At 1 January 2022	2,812,315	(237,949)
Additions	5,640,351	–
Losses recognised in other gains, net	(752,821)	(176,456)
Losses recognised in other comprehensive income	(11,275)	–
Finance costs	–	(5,889)
Disposal	(380,360)	–
Redemption of wealth management products	(4,432,415)	–
At 31 December 2022 and 1 January 2023	2,875,795	(420,294)
Additions	2,163,595	–
Losses recognised in other gains, net	(979,146)	(406,600)
Finance costs	–	(312)
Disposal	(7,145)	–
Redemption of wealth management products	(1,209,351)	–
Transfer to other payable upon exercise	–	129,669
At 31 December 2023	2,843,748	(697,537)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2022: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC. The Group finances its operations from shareholders' fund, sales of properties, issuance of senior notes, bank and other borrowings and perpetual capital securities. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

(a) Currency risk

The Group's businesses are principally conducted in RMB, except that certain receipts of proceeds from sales of properties, financial asset at FVPL, senior notes, exchangeable bonds, bank borrowings and syndicated loans are in other currencies. As at 31 December 2023, major non-RMB assets and liabilities are cash and cash equivalents, senior notes, exchangeable bonds, bank borrowings and syndicated loans denominated in HK\$, US\$, MOP and other currencies. Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group has entered into several forward exchange contracts to limit its exposure to foreign exchange risk during the year ended 31 December 2023.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of reporting period are as follows:

	Group	
	2023 RMB'000	2022 RMB'000
Monetary assets		
HK\$	761,706	738,432
US\$	6,334,098	5,581,590
Others	6,246	6,440
Total	7,102,050	6,326,462
Monetary liabilities		
HK\$	12,510,537	14,644,608
US\$	16,778,539	17,240,523
MOP	–	693,889
Total	29,289,076	32,579,020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Currency risk (continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/(decrease) in RMB against the relevant currencies, the increase/(decrease) in the profit for the year is as follows:

	Group	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
5% increase in RMB against HK\$	587,439	695,692
5% decrease in RMB against HK\$	(587,439)	(695,692)
5% increase in RMB against US\$	522,311	583,034
5% decrease in RMB against US\$	(522,311)	(583,034)
5% increase in RMB against MOP	–	34,694
5% decrease in RMB against MOP	–	(34,694)

(b) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings with variable rates exposing the Group to cash flow interest-rate risk. Borrowings with fixed rate, mainly included senior notes, bonds and other borrowings, expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure.

As at 31 December 2023 and 2022, if interest rates on borrowings had been 100 basis points higher or lower with all other variables held constant, interest charges for the years ended 31 December 2023 and 2022 would have increased or decreased by RMB248,448,000 and RMB288,813,000 respectively, mainly as a result of higher or lower interest expense on floating rate borrowings.

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk

The Group is exposed to credit risk in relation to its contract asset, trade and other receivables, cash deposits with banks and financial guarantees. The carrying amounts of contract assets, trade and other receivables, restricted cash, cash and cash equivalents, financial guarantees provided to related companies and guarantees on mortgage facilities represent the Group's maximum exposure to credit risk in relation to financial assets.

For contract assets and trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited with state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are considered:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of individual property owner or the borrower
- Significant increases in credit risk on other financial instruments of the individual property owner or the borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

2023

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Contract assets	–	–	–	3,200,621	3,200,621
Trade and other receivables (excluding prepayments and prepaid value added taxes)	44,963,858	2,980,932	1,080,021	11,862,536	60,887,347
Restricted cash	3,916,329	–	–	–	3,916,329
Cash and cash equivalents	8,637,126	–	–	–	8,637,126
Total	57,517,313	2,980,932	1,080,021	15,063,157	76,641,423

2022

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Contract assets	–	–	–	4,226,017	4,226,017
Trade and other receivables (excluding prepayments and prepaid value added taxes)	55,182,853	890,201	712,790	12,898,486	69,684,330
Restricted cash	7,628,349	–	–	–	7,628,349
Cash and cash equivalents	8,463,079	–	–	–	8,463,079
Total	71,274,281	890,201	712,790	17,124,503	90,001,775

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

Maximum exposure and year-end staging (continued)

For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 25 to the financial statements.

As at 31 December 2023, the gross carrying amount of contract assets and trade and other receivables (excluding prepayments and prepaid value added taxes) was RMB64,087,968,000 (2022: RMB73,910,347,000) and the loss allowance provision of RMB4,315,209,000 (2022: RMB3,000,022,000) was made thus the maximum exposure to loss was RMB59,772,759,000 (2022: RMB70,910,325,000). During the year ended 31 December 2023, the Group provided certain guarantees to certain third parties in respect of their loan facilities. As at 31 December 2023, save for the amounts disclosed in note 42, there was no other outstanding guarantee.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

(d) Liquidity risk

Management aims at maintaining sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ended 31 December 2023. Key assumptions used in the preparation of the cash flow projections for the year ended 31 December 2023 included: (1) proceeds from pre-sales of 2023 would be subject to reasonable decrease according to market condition; (2) construction payments match receipt of the relevant proceeds from pre-sales; (3) the Group will alter the land acquisition plan according to the market situation and cash surplus; and (4) available project loan facility is expected to cover the predicted bank and other borrowings to be obtained.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing, disposing of non-core properties and buildings, obtaining financial support from the founding shareholder, etc. The Group will pursue such options based on its assessment of relevant future costs and benefits. The directors of the Company consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

The table below analyses the Group's financial liabilities maturity profile and derivative financial instruments at the end of reporting period. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the end of reporting period equal to their carrying amounts in the consolidated statement of financial position, as the impact of discount should not be significant.

Contractual maturities of financial liabilities	On demand or less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2023					
Non-derivatives					
Borrowings	29,601,200	14,973,306	13,439,680	1,290,462	59,304,648
Trade and other payables*	46,299,709	2,493,189	1,441,325	946,504	51,180,727
Lease liabilities	162,383	70,090	39,343	2,584	274,400
Financial guarantees	4,724,283	641,805	1,394,391	1,467,000	8,227,479
Total non-derivatives	80,787,575	18,178,390	16,314,739	3,706,550	118,987,254
Derivatives					
Gross settled forward foreign exchange contracts					
Outflow	–	56,999	–	–	56,999
Total derivatives	–	56,999	–	–	56,999
Total	80,787,575	18,235,389	16,314,739	3,706,550	119,044,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

Contractual maturities of financial liabilities	On demand or less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2022					
Non-derivatives					
Borrowings	27,229,856	15,393,376	18,667,561	7,725,028	69,015,821
Trade and other payables*	52,781,006	3,196,360	1,424,825	879,657	58,281,848
Lease liabilities	202,852	89,560	81,928	28,092	402,432
Financial guarantees	4,525,909	3,433,324	658,256	1,479,000	10,096,489
Total non-derivatives	84,739,623	22,112,620	20,832,570	10,111,777	137,796,590
Derivatives					
Gross settled forward foreign exchange contracts					
Inflow	(14,798)	(2,062)	–	–	(16,860)
Outflow	–	175,494	–	–	175,494
Financial liabilities for put options	144,333	–	–	–	144,333
Total derivatives	129,535	173,432	–	–	302,967
Total	84,869,158	22,286,052	20,832,570	10,111,777	138,099,557

* Excluding staff welfare benefit payable, other taxes payable and advance from disposal of equity interests.

(e) Price risk

Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position as financial assets at FVPL.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group is also exposed to equity price risk arising from changes in the price of a subsidiary's own shares to the extent that the subsidiary's own equity investments underlie the fair values of derivatives. As at the end of the reporting period, the Group was exposed to this risk through the conversion rights attached to the exchangeable bonds (note 32) issued by a subsidiary of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Price risk (continued)

Sensitivity

The table below summarises the impact of increases/(decreases) of price of the stocks, which the Group purchased, on the Group's post-tax profit for the year. The analysis is based on that the stock price increased by 5% and 10% respectively or decreased by 5% and 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

	Impact on post-tax profit	
	2023 RMB'000	2022 RMB'000
Price of each stock – increase by 5%	23	62
Price of each stock – decrease by 5%	(23)	(62)
Price of each stock – increase by 10%	46	123
Price of each stock – decrease by 10%	(46)	(123)

Post-tax profit for the year would increase/(decrease) as a result of gains/(losses) on equity securities classified as at FVPL.

(f) Capital management

The Group's objectives of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the unnecessary cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of any returns to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated statement of financial position. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less total of cash and cash equivalents and restricted cash.

	2023 RMB'000	2022 RMB'000
Total borrowings (note 32)	53,553,571	59,486,289
Less: Cash and cash equivalents (note 28)	(8,637,126)	(8,463,079)
Restricted cash (note 27)	(3,916,329)	(7,628,349)
Net borrowings	41,000,116	43,394,861
Total equity	62,356,811	75,726,863
Gearing ratio	65.8%	57.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Assets		
Non-current assets		
Investments in subsidiaries	448,520	448,520
Total non-current assets	448,520	448,520
Current assets		
Amounts due from subsidiaries	76,640,377	68,434,512
Other receivables and prepayments	11,770	174,599
Cash and cash equivalents	14,334	43,779
Total current assets	76,666,481	68,652,890
Total assets	77,115,001	69,101,410
Equity		
Equity attributable to shareholders of the Company		
Share capital and premium	5,378,677	4,705,778
Shares held for Share Award Scheme	–	(156,588)
Retained earnings	1,799,452	2,928,414
	7,178,129	7,477,604
Perpetual Capital Securities	14,265,874	13,224,477
Total equity	21,444,003	20,702,081
Liabilities		
Non-current liabilities		
Borrowings	20,452,024	16,227,818
Financial liabilities at fair value through profit or loss	56,999	158,634
Total non-current liabilities	20,509,023	16,386,452
Current liabilities		
Borrowings	552,989	9,188,707
Amounts due to subsidiaries	25,884,480	22,057,410
Other payables and accruals	8,724,506	766,760
Total current liabilities	35,161,975	32,012,877
Total liabilities	55,670,998	48,399,329
Total equity and liabilities	77,115,001	69,101,410

Chen Zhuo Lin
Chairman

Chan Cheuk Hung
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

(a) A summary of the Company's reserves is as follows:

	Retained earnings <i>RMB'000</i>
For the year ended 31 December 2023	
Balance at 1 January 2023	2,928,414
Loss for the year	(1,128,962)
Balance at 31 December 2023	1,799,452
For the year ended 31 December 2022	
Balance at 1 January 2022	1,863,340
Profit for the year	1,065,074
Balance at 31 December 2022	2,928,414

50 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
ASSETS					
Non-current assets	90,991,166	93,268,932	98,698,937	93,269,661	82,467,376
Current assets	150,816,986	180,113,283	217,860,802	220,495,397	190,764,449
Total assets	241,808,152	273,382,215	316,559,739	313,765,058	273,231,825
EQUITY AND LIABILITIES					
Total equity	62,356,811	75,726,863	89,431,277	76,969,722	65,336,476
Non-current liabilities	36,289,847	45,400,127	63,683,953	68,184,764	60,227,794
Current liabilities	143,161,494	152,255,225	163,444,509	168,610,572	147,667,555
Total liabilities	179,451,341	197,655,352	227,128,462	236,795,336	207,895,349
Total equity and liabilities	241,808,152	273,382,215	316,559,739	313,765,058	273,231,825

FIVE-YEAR FINANCIAL SUMMARY (CONTINUED)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Operation					
Revenue	43,310,454	54,034,327	73,027,763	80,245,252	60,239,097
Cost of sales	(43,834,877)	(53,033,344)	(54,006,694)	(56,142,868)	(41,881,111)
Gross (loss)/profit	(524,423)	1,000,983	19,021,069	24,102,384	18,357,986
Selling and marketing costs	(1,090,094)	(1,232,913)	(3,102,342)	(2,384,710)	(2,026,178)
Administrative expenses	(3,842,655)	(4,305,384)	(4,004,139)	(5,234,723)	(3,998,883)
Net impairment losses on financial and contract assets	(1,517,160)	(1,687,410)	(500,245)	(566,679)	(149,574)
Other income and gains, net	632,545	2,269,787	6,695,810	5,418,494	6,084,701
Impairment losses on investments accounted for using the equity method	(99,277)	(1,401,226)	(313,733)	(8,214)	–
Other expenses	(3,114,280)	(1,156,477)	(279,393)	(400,044)	(228,300)
Finance cost, net	(9,555,344)	(6,512,640)	17,517,027	20,926,508	18,039,752
Share of profits and losses of investments accounted for using the equity method	(851,197)	(3,101,837)	(1,414,437)	(1,040,210)	(2,529,824)
	(1,444,061)	(757,452)	794,239	1,585,630	1,086,246
(Loss)/profit before income tax	(11,850,602)	(10,371,929)	16,896,829	21,471,928	16,596,174
Income tax expenses	(926,249)	(3,001,356)	(7,798,792)	(9,223,051)	(7,362,928)
(Loss)/profit for the year	(12,776,851)	(13,373,285)	9,098,037	12,248,877	9,233,246
(Loss)/profit attributable to:					
Shareholders of the Company	(13,801,195)	(14,981,154)	6,712,036	9,474,597	7,511,794
Holders of Perpetual Capital Securities	1,041,397	995,305	983,860	1,083,780	850,225
Non-controlling interests	(17,053)	612,564	1,402,141	1,690,500	871,227
	(12,776,851)	(13,373,285)	9,098,037	12,248,877	9,233,246
(Loss)/earnings per share attributable to the shareholders of the Company for the year (expressed in Renminbi per share)					
– Basic	(2.873)	(3.827)	1.729	2.440	1.935
– Diluted	(2.873)	(3.827)	1.729	2.440	1.935

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chen Zhuo Lin* (*Chairman and President*)
Mr. Chan Cheuk Hung*
Mr. Huang Fengchao*
Mr. Chan Cheuk Hei**
Mr. Chan Cheuk Nam**
Dr. Cheng Hon Kwan# *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon#
Mr. Hui Chiu Chung, Stephen# *JP*
Dr. Peng Shuolong# (*appointed on 26 June 2023*)
Mr. Chan Cheuk Yin** (*Vice Chairperson*)
(*resigned on 15 September 2023*)
Madam Luk Sin Fong, Fion** (*Vice Chairperson*)
(*resigned on 22 December 2023*)
Mr. Wong Shiu Hoi, Peter# (*resigned on 26 June 2023*)

* Executive Directors

** Non-executive Directors

Independent Non-executive Directors

BOARD COMMITTEES

Audit Committee

Mr. Kwong Che Keung, Gordon (*Committee Chairperson*)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Hui Chiu Chung, Stephen *JP*
Dr. Peng Shuolong (*appointed on 26 June 2023*)
Mr. Wong Shiu Hoi, Peter (*ceased on 26 June 2023*)

Remuneration Committee

Dr. Cheng Hon Kwan *GBS, OBE, JP* (*Committee Chairperson*)
Mr. Kwong Che Keung, Gordon
Mr. Hui Chiu Chung, Stephen *JP*
Dr. Peng Shuolong (*appointed on 26 June 2023*)
Mr. Wong Shiu Hoi, Peter (*ceased on 26 June 2023*)
Madam Luk Sin Fong, Fion (*ceased on 22 December 2023*)

Nomination Committee

Mr. Hui Chiu Chung, Stephen *JP* (*Committee Chairperson*)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon
Dr. Peng Shuolong (*appointed on 26 June 2023*)
Mr. Wong Shiu Hoi, Peter (*ceased on 26 June 2023*)
Madam Luk Sin Fong, Fion (*ceased on 22 December 2023*)

Risk Management Committee

Mr. Huang Fengchao (*Committee Chairperson*)
Mr. Chan Cheuk Hung
Dr. Peng Shuolong (*appointed on 26 June 2023*)
Mr. Wong Shiu Hoi, Peter (*ceased on 26 June 2023*)

COMPANY SECRETARY

Mr. Ng Wai Hung

AUTHORISED REPRESENTATIVES

Mr. Chen Zhuo Lin
Mr. Ng Wai Hung

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

as to Hong Kong law:

Sidley Austin LLP
lu, Lai & Li Solicitors & Notaries

as to PRC law:

Jingtian & Gongcheng

as to BVI and Cayman Islands laws:

Conyers Dill & Pearman

as to US and English laws:

Sidley Austin LLP

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
China Minsheng Banking Corp., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
China Everbright Bank Co., Ltd.
China CITIC Bank Corporation Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Chong Hing Bank Limited

CORPORATE INFORMATION (CONTINUED)

REGISTERED OFFICE

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

PRINCIPAL PLACE OF OFFICE IN THE PRC

33/F., Agile Center
26 Huaxia Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province
PRC
Postal Code: 510623

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1801-1806,18/F.
Three Pacific Place
1 Queen's Road East
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong
Telephone : (852) 2980 1333
Facsimile : (852) 2861 1465

INVESTOR RELATIONS

Capital Markets Department
E-mail : ir@agile.com.cn
Telephone : (852) 2847 3383
Facsimile : (852) 2780 8822

WEBSITE

www.agile.com.cn

CORPORATE INFORMATION (CONTINUED)

LISTING INFORMATION

A Equity Securities

- (1) The Company's ordinary shares (stock code: 3383) are listed on the Main Board of Hong Kong Stock Exchange.
- (2) A-Living's H shares (stock code: 3319) are listed on the Main Board of Hong Kong Stock Exchange.
- (3) Qingdao Huaren Property Co., Ltd.[^] (青島華仁物業股份有限公司) (a direct non-wholly owned subsidiary of A-Living's ordinary shares (stock code: 832319) were listed on the National Equities Exchange and Quotations and delisted with effect on 21 November 2023.

B Debt Securities

- (1) The Company's debt securities listed on the Official List of SGX:
 - (i) US\$314 million 5.5% senior notes due 2025 (ISIN code: XS2361426559)
 - (ii) US\$500 million 5.75% senior notes due 2025 (ISIN code: XS2194361494)
 - (iii) US\$483 million 6.05% senior notes due 2025 (ISIN code: XS2243343204)
 - (iv) US\$450 million 5.5% senior notes due 2026 (ISIN code: XS2343627712)
- (2) The Company's debt securities listed on the Shanghai Stock Exchange:
 - (i) RMB1,200 million initial 5.7% non-public domestic corporate bonds due 2023 (corporate bond code: 135883) (Fully redeemed on 11 October 2023)
- (3) The debt securities of Panyu Agile listed on the Shanghai Stock Exchange:
 - (i) RMB1,450 million initial 5.9% public domestic corporate bonds due 2024 (corporate bond code: 175934) (Fully redeemed on 9 April 2024)
 - (ii) RMB500 million initial 7.5% public domestic corporate bonds due 2025 (corporate bond code: 115100)
 - (iii) RMB200 million initial 5% public domestic corporate bonds due 2025 (corporate bond code: 115101) (RMB20 million of which has been repurchased on 28 March 2024 and the same was cancelled before 12 April 2024)
- (4) The debt securities of Farsail listed on the Official List of SGX:
 - (i) HK\$2,418 million 7% exchangeable bonds due 2026 (ISIN code: XS2406577911)

C Capital Securities

The Company's capital securities listed on the Official List of SGX:

- (1) US\$500 million initial 6.875% senior perpetual capital securities (ISIN code: XS1785422731)
- (2) US\$700 million initial 8.375% senior perpetual capital securities (ISIN code: XS2003471617)
- (3) US\$500 million initial 7.875% senior perpetual capital securities (ISIN code: XS2071413483)
- (4) US\$200 million initial 7.75% senior perpetual capital securities (ISIN code: XS2081524675)

CORPORATE INFORMATION (CONTINUED)

FINANCIAL CALENDAR

Unaudited interim results announcement	30 August 2023
Audited annual results announcement	28 March 2024
Forthcoming AGM	20 May 2024

CLOSURE OF REGISTER OF MEMBERS AND OTHER KEY DATES

The Company's register of members will be closed during the following periods:

TO DETERMINE THE IDENTITY OF SHAREHOLDERS WHO ARE ENTITLED TO ATTEND AND VOTE AT THE FORTHCOMING AGM

Latest time for lodging transfer documents of shares	:	4:30 p.m. on Monday, 13 May 2024
Period of closure of register of members	:	Tuesday, 14 May 2024 to Monday, 20 May 2024 (both dates inclusive)
Record Date	:	Monday, 20 May 2024

To qualify for attending and voting at the Forthcoming AGM, all properly completed transfer forms accompanied by the share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than the latest time for lodging transfer document of Shares.

ANNUAL GENERAL MEETING

The Forthcoming AGM will be held on Monday, 20 May 2024. Notice of the Forthcoming AGM will be set out in the Company's circular dated 26 April 2024 and will be despatched together with this annual report to the Shareholders. Notice of the Forthcoming AGM and the proxy form will also be published on the Company's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkexnews.hk). The said notice will also be published on SGX's website (www.sgx.com).

DESPATCH OF CORPORATE COMMUNICATIONS

This annual report is available in both Chinese and English versions. Printed copies in either or both languages will be delivered to Shareholders in accordance with their indicated preference. This annual report is also published on the Company's website (www.agile.com.cn), Hong Kong Stock Exchange's website (www.hkexnews.hk) and SGX's website (www.sgx.com). Registered Shareholders may at any time choose to change their choice of language or means of receipt of the Company's corporate communications free of charge by filling the specified forms and send to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited. For Shareholders whose Shares are being held through brokers or custodians, they should inform their respective brokers or custodians to effect the change.

For environment protection reasons, the Company encourages Shareholders to view this annual report posted on the aforesaid websites.

[^] for identification purposes only

GLOSSARY

Agile or Company	Agile Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of Hong Kong Stock Exchange
Articles	the Articles of Association of the Company
A-Living	A-Living Smart City Services Co., Ltd.^ (雅生活智慧城市服務股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of Hong Kong Stock Exchange (stock code: 3319), and an indirect non-wholly owned subsidiary of the Company
Board	board of Directors of the Company
BVI	British Virgin Islands
CG Code	Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules
Changjiang Hotel Company	Zhongshan Agile Changjiang Hotel Co., Ltd.^ (中山雅居樂長江酒店有限公司), a company incorporated in the PRC with limited liability
Chen's Family Trust	a family trust established by Top Coast as former trustee and the beneficiaries of which are the Founding Shareholders
China or PRC	The People's Republic of China. For the purpose of this annual report, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan region
connected person	has the meaning ascribed to it under the Listing Rules
Directors	directors of the Company
Employee Share Trustee	Bank of Communications Trustee Limited
ESG	environmental, social and governance
Forthcoming AGM	annual general meeting of the Company to be held on 20 May 2024
Founding Shareholders	Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam
Full Choice	Full Choice Investments Limited, a company incorporated in Hong Kong with limited liability on 8 August 2016, being the current trustee of Chen's Family Trust

GLOSSARY (CONTINUED)

GBS	Gold Bauhinia Star
GFA	gross floor area
Group	the Company and its subsidiaries
HK\$/HKD	Hong Kong dollar(s), the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 622 of the laws of Hong Kong)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
INED(s)	Independent non-executive Director(s) of the Company
JP	Justice of the Peace
Last AGM	annual general meeting of the Company held on 25 May 2023
Listing Rules	The Rules Governing the Listing of Securities on Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
NED(s)	Non-executive Director(s) of the Company
OBE	Officer of British Empire
RMB	Renminbi, the lawful currency of PRC
Securities Dealing Code for Directors	A code for securities transactions by Directors adopted by the Company
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Share(s)	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
Share Award Scheme	a share award scheme adopted by the Company on 10 December 2013 and terminated on 20 June 2023

GLOSSARY (CONTINUED)

Shareholder(s)	holder(s) of Shares
SGX	Singapore Exchange Securities Trading Limited
Top Coast	Top Coast Investment Limited, a company incorporated in BVI with limited liability on 17 May 2005, being the former trustee of Chen's Family Trust
US	United States of America
US\$/USD	United States dollar(s), the lawful currency of US
%	per cent
^	<i>for identification purposes only</i>

www.agile.com.cn

