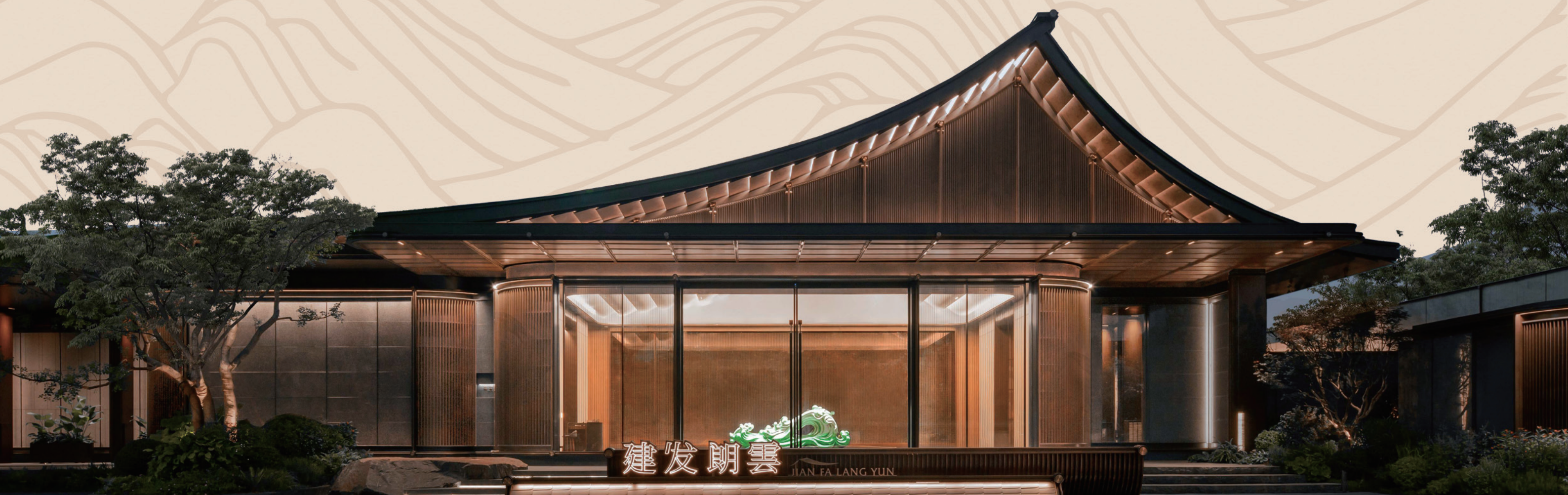
建發國際投資集團有限公司
C&D International Investment Group Limited
(Incorporated in the Cayman Islands with limited liability)
Stock Code:1908

2023
Annual Report



房地產開發及房地產產業鏈綜合投資服務商
Real estate development and real estate industry chain investment services

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This annual report is made in English and Chinese. In the case of any inconsistency, the English version shall prevail.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. ZHAO Chengmin *(Chairperson)*
Mr. LIN Weiguo *(Chief Executive Officer)*
Mr. TIAN Meitan
Mr. PENG Yong (appointed on 26 April 2023)

Non-executive Directors

Mr. HUANG Wenzhou
Ms. YE Yanliu
Mr. ZHENG Yongda (appointed on 10 May 2023)
Mr. WANG Wenhuai (resigned on 10 May 2023)

Independent Non-executive Directors

Mr. WONG Chi Wai
Mr. WONG Tat Yan, Paul
Mr. CHAN Chun Yee
Mr. DAI Yiyi (appointed on 26 April 2023)

COMPANY SECRETARY

Ms. KAM Mei Ha Wendy *(FCG, HKFCG)*

AUDIT COMMITTEE

Mr. WONG Chi Wai *(Committee Chairperson)*
Mr. WONG Tat Yan, Paul
Mr. CHAN Chun Yee
Mr. DAI Yiyi (appointed on 26 April 2023)

REMUNERATION COMMITTEE

Mr. WONG Tat Yan, Paul *(Committee Chairperson)*
Mr. WONG Chi Wai
Mr. CHAN Chun Yee
Mr. DAI Yiyi (appointed on 26 April 2023)

NOMINATION COMMITTEE

Ms. ZHAO Chengmin *(Committee Chairperson)*
Mr. CHAN Chun Yee
Mr. WONG Chi Wai
Mr. WONG Tat Yan, Paul
Mr. DAI Yiyi (appointed on 26 April 2023)

INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

PRINCIPAL BANKERS

(in alphabetical order)
Agricultural Bank of China Limited
Bank of China Limited
Bank of Communications Co., Ltd.
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd
Postal Savings Bank of China

REGISTERED OFFICE

Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN PRC

C&D International Building
No.1699 Huandao East Road
Xiamen, China
(Postcode: 361008)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office No. 3517
35th Floor, Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Tricor Services (Cayman Islands) Limited
Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LEGAL ADVISER AS TO HONG KONG LAWS

King & Wood Mallesons

STOCK CODE

1908

COMPANY'S WEBSITE

www.cndintl.com
(the contents of which do not form part of this annual report)

CHAIRPERSON'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of C&D International Investment Group Limited ("C&D International Group" or the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2023 (the "Year").

I. REVIEW OF ECONOMIC LANDSCAPE

In 2023, despite the relatively loosen policies in the real estate industry that brought overall benefits to businesses, the external market conditions remained challenging, with insufficient consumer confidence among residents. After an initial surge in the first quarter, the sales of the real estate market in the PRC continued to decline, resulting in an overall contraction in the industry's scale.

From the perspective of the supply side, the industry is experiencing accelerated reshuffling and integration, leading to a more pronounced differentiation among real estate companies and a clearer competitive landscape. Real estate companies with strong comprehensive strengths in terms of product, service, operation and financing capacity, will gradually emerge as competitive leaders.

From the perspective of demand, the livability of real estate had regained importance, as people's preferences shift from "merely owning a house" to "desiring a high-quality house", with emphasis changing from "meeting basic housing needs" to "satisfying the desire for a high-quality living experience", thus putting forward a higher demand for residential space, community environment and supporting services. The demand for improved housing has become a crucial factor in residents' property acquisition decisions.

II. RESULTS AND DIVIDEND

During the Year, the Group achieved operating revenue of approximately RMB134.4 billion (2022: approximately RMB99.6 billion), representing a year-on-year increase of approximately 35%; profit for the Year attributable to the owners of the Group of approximately RMB5.0 billion (2022: approximately RMB4.9 billion), representing a year-on-year increase of approximately 2%.

As of 31 December 2023, the Group's total assets amounted to RMB427.3 billion (year-on-year increase of 9%), of which monetary funds amounted to approximately RMB54.2 billion (year-on-year increase of approximately 8%) and inventories amounted to approximately RMB270.9 billion (year-on-year increase of approximately 5%), both accounting for approximately 76% of the total assets, maintaining a healthy asset structure.

The board (the "Board") of directors of the Company recommends the declaration of a final dividend of HK$1.30 per Share for the Year with scrip dividend election, subject to the approval of the Shareholders at the forthcoming annual general meeting (the "AGM").

III. BUSINESS REVIEW

In 2023, under the leadership of the Board, the Group consistently upheld a "customer-centric" approach, and remained committed to the sound business logic and value-driven orientation, safeguarding its core business while refining its products and improving its services. We strived to enhance the Group's ability to sustain its survival and growth.

(1) Property development business: Strengthen product competitiveness by adopting a customer-oriented approach and achieve quality growth.

1. *Adhere to maintaining asset health and liquidity while implementing a strategy of deepening our presence in cities.*

   In the face of industry changes, by insisting on the principle of cash flow being a top priority, the Group strengthened sales efforts through aggressive destocking to accelerate return of capital, and achieved quality growth by enhancing internal operational efficiency.

   In 2023, the Group achieved total contracted sales of approximately RMB188.9 billion, representing a year-on-year increase of approximately 12%; attributable contracted sales amounted to approximately RMB138.0 billion, representing a year-on-year increase of approximately 14% and approximately 73% attributable to the Group. The Group's total cash collection from sales was approximately RMB184.3 billion, representing a cash collection ratio of 98%, maintaining high-quality cash collection.

2. *Adhere to a prudent investment strategy and seize opportunities for high-quality land in the market.*

   In 2023, focusing on first-tier and second-tier cities with solid foundation for brand establishment as well as cities in Fujian Province with a relative balanced supply and demand, the Group conducted thorough assessments of land value, risk identification and customer positioning, so as to actively seize opportunities for high-quality land in the market through cautious land acquisitions.

   In 2023, the Group acquired 78 new projects with a total acquisition cost amount of RMB116.9 billion and a total project value of approximately RMB218.0 billion. We secured a number of high-quality projects in cities such as Hangzhou, Shanghai, Xiamen, Beijing, and Suzhou. Among them, projects like Hangzhou Yunqi Zhijiang* (杭州雲啟之江), Ningbo Puyun* (寧波璞雲), and Changting Yangxi* (長汀央璽) achieved land acquisition and complete sell-out of the property development within the Year.

   As of 31 December 2023, the salable area of the Group's total land reserves was approximately 15.52 million sq.m., with the land reserves acquired after 2022 accounting for approximately 70%, of which approximately 76% was attributable to the Group. The land reserve structure is of high quality, indicating good overall asset quality.

3. *Committed to building the core competitiveness of our products, achieving a record high in the quantity and quality of new product launches.*

   The Group has always been committed to building the core competitiveness of our products by adhering to the positioning of "New Chinese-style" product and making every effort to advance new product research and development as well as launch.

   In 2023, the Group highlighted the distinctive features of our products by integrating modern materials and techniques with the cultural essence of Chinese architecture, and created a new Chinese-style architecture that reflects the characteristics of the current era. We successively launched several new product series such as "Shengshi Tangfeng" (盛世唐風), "Fengya Songyun" (風雅宋韻) and "Shiyi Dongfang" (詩意東方). During the Year, we made significant progress in terms of the quantity, quality and efficiency of our research and development achievements, with 20 product style systematic innovation and development, 14 innovative display areas launching, 8 functional enhancement research and development, and 92 new patents application.

(2) Real estate industry chain: pursue synergistic development by leveraging advantages of different sectors and seek new breakthroughs.

Apart from property development business, the Group's business spans the real estate industry chain, encompassing property management, entrusted construction, construction management, and urban renewal. Each business segment possesses its own competitive advantages while complementing each other, leading to synergistic growth of value.

1. *Property management: continuously enhance service capabilities and create high-quality living spaces.*

   C&D Property Management Group Co., Ltd ("C&D Property", stock code: 2156) is a listed company on the Main Board of the Stock Exchange engaged in property management under the Group. As of 31 December 2023, C&D Property's contracted GFA of property management service exceeded 100 million sq.m. (reaching approximately 101.8 million sq.m.), representing a year-on-year increase of approximately 12%; the gross floor area ("GFA") under management of property management service was approximately 61.4 million sq.m., representing a year-on-year increase of approximately 33%, serving over 375,000 households. C&D Property has consistently maintained a reputation of high-quality services. In 2023, the property service satisfaction score of FG Consulting (賽惟) was 93, maintaining the industry benchmark level. On the premise of maintaining service reputation, it achieved continuous improvement in management scale.

2. *Construction management: strengthen business synergy and continuously improve service capabilities in engineering, technology and production.*

   C&D Holsin Engineering Consulting Co., Ltd. ("C&D Holsin", a company listed on the Shanghai Stock Exchange, stock code: 603909) is an A-share listed company under the Group engaged in construction management. Since the acquisition, C&D Holsin has fully utilized its own advantages and actively integrated into the Group's industrial chain, thus establishing intensive cooperation in the fields of construction, architectural design and construction supervision and achieving business synergy and development in an all-round way. In addition, in respect of the research and development and application of engineering technology, C&D Holsin successfully secured projects such as Xiamen Astronomical Museum (廈門天文館), which is a planetarium with the largest GFA in the world, and Xiamen Third East Passage (廈門第三東通道) in 2023. C&D Holsin's subsidiary, Dalian Municipal Design Institute, won the bid for the main survey and design of the world's largest offshore airport, "Dalian Jinzhou Bay International Airport", achieving breakthroughs in the civil aviation field.

(3) Operation management: focus on value creation and improve operational efficiency and effectiveness.

In 2023, with the goal of jointly promoting business development, the Group enhanced the value creation of the headquarters and strengthened the front-line empowerment; and the rights and responsibilities of each management level were transparent and coordinated to jointly promote the high-quality development of the Company.

In respect of informationization construction, the Group has been closely following the cutting-edge information technology. Under the guidance of digitalization and intelligence and with a focus on process optimization, we have implemented digitalization in production and operations as well as internal management. We have gradually built an information management system covering property development, property management services, commercial management and other fields. Through digitization, we aim to enhance the efficiency and effectiveness of production and management.

Leveraging its high-quality fundamentals, the Group received multiple awards in 2023, including the 14th "Hong Kong Listed Company Investor Relations Tianma Award" granted by the Securities Times, the 19th "Best IR Hong Kong Listed Company Award" granted by the New Fortune and being listed in the "China Listed Company Brand Value List — Vitality List" released by the National Business Daily, indicating the further improvement of the Group's influence in the capital market.

IV. FUTURE DEVELOPMENT PROSPECT

In 2024, despite increased uncertainties in the external environment, the real estate industry remains closely linked to people's aspirations for a better life, offering vast and sustainable business opportunities. It also provides a broad market for quality real estate enterprises. In the face of competition and challenges, the Group will stay true to its original mission, uphold a "customer-centric" approach, pursue profitability and operational cash flow, maintain liquidity, ensure secure operations, and continue to promote quality growth.

(1) Continue to maintain sound liquidity and strengthen policy trend analysis to seize market opportunity windows.

The Group will firmly give top priority to the health of our assets, keep a close eye on cash flow management and maintain liquidity. We will focus our investments to minimize risk and insist on ploughing into high-powered cities with stable long-term demand, giving priority to first- and second-tier cities as well as third- and fourth-tier cities with strong brand influence. The Group will enhance research on policies and markets by establishing a dynamic tracking mechanism, so as to improve its understanding of markets in cities.

(2) Enhance product and service competitiveness by unwaveringly adopting a customer-oriented approach, and fully develop new Chinese-style products.

The Group will steadfastly develop new Chinese-style products, and consistently develop improved products through keeping pace with technological advancements as well as strengthening, accelerating and intensifying innovation and research and development on product upgrades. New technologies will be utilized to create a residential system with features of "healthy living + green and low-carbon + smart homes". More efforts will be made to the research and development of new materials and processes, with the aim of creating a "Lighthouse Project" through active innovation.

(3) Continue to deepen lean management to enhance the efficiency and effectiveness of production and operation.

The Group will continue to expedite the construction of its digital platforms, and establish rules for resource allocation, operational efficiency, process optimization, and internal control. By utilizing digital means to guide our operations, we will enhance the ability to provide early warning and control of management, support precise decision-making and promote refined management, so as to actively improve the efficiency and effectiveness of production and operation.

In 2024, the Group will actively adapt to national policies and directions, flexibly respond to market conditions, and make timely adjustments. We will pursue differentiation, rely on product strength, bring happiness to customers, and strive for further breakthroughs to achieve long-term, sustainable and high-quality development, so as to continue to create greater value for customers, the Shareholders and the society.

CHAIRPERSON'S STATEMENT

APPRECIATION

I would like to take this opportunity to express my sincere gratitude to the members of the Board and all the staff for their dedication. I would also like to extend my heartfelt appreciation to the Shareholders and business partners for their support and trust. I salute and thank all the hardworking individuals within the Group, who have persevered because of their original aspirations and dreams, never giving up and relentlessly pursuing with strong determination. It is their unwavering will and collective efforts that have become ingrained in our beliefs and continue to drive us forward!

C&D International Investment Group Limited
Zhao Chengmin
Chairperson and Executive Director

Hong Kong, 21 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2023, despite the relatively loosen policies in the real estate industry that brought overall benefits to businesses, the external market conditions remained challenging, with insufficient consumer confidence among residents. After an initial surge in the first quarter, the sales of the real estate market in the PRC continued to decline, resulting in an overall contraction in the industry's scale.

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BUSINESS REVIEW

The Group is principally engaged in the business of property development, real estate industry chain investment services and emerging industry investment. During the Year, the main source of revenue for the Company was property development.

During the Year, the revenue of the Group was approximately RMB134,429.98 million, representing a year-on-year increase of approximately RMB34,794.47 million (approximately 34.9%) as compared with the previous financial year. The gross profit of the Group amounted to approximately RMB14,916.46 million, decreased by approximately RMB302.96 million (approximately 2.0%) as compared with the previous financial year. Profit for the Year increased from approximately RMB5,561.90 million for the year ended 31 December 2022 to approximately RMB6,335.23 million in the Year. The profit attributable to the equity holders of the Company increased by approximately RMB100.74 million (approximately 2.0%) to approximately RMB5,034.71 million as compared with the previous financial year.

Property Development Business

During the Year, the Group's revenue from property development business was approximately RMB130,131.91 million, representing increase of approximately RMB33,484.27 million as compared with the previous financial year and accounting for approximately 96.80% of the Group's total revenue. During the Year, the gross floor area ("GFA") of delivered properties was approximately 8.522 million sq.m., representing an increase of approximately 3.876 million sq.m. as compared with the previous financial year.

The amount recognised for sales by city in 2022 and 2023 are set out in the following table:

City	Amount (RMB ten thousand) 2023	2022
Xiamen	**1,306,963**	2,710,401
Chengdu	**1,071,485**	–
Shanghai	**876,758**	844,021
Wuxi	**867,998**	673,054
Zhangzhou	**751,444**	446,249
Quanzhou	**747,207**	117,956
Suzhou	**702,593**	546,062
Nanning	**698,412**	501,163
Fuzhou	**561,908**	621,407
Beijing	**510,258**	–
Ningde	**465,300**	376,076
Nantong	**337,093**	–
Putian	**331,029**	388,168
Hefei	**320,526**	–
Longyan	**282,244**	125,523
Guiyang	**279,881**	63,614
Nanjing	**271,887**	401,377
Nanping	**250,536**	262,499
Zhuzhou	**198,561**	–
Ningbo	**193,837**	–
Huai'an	**193,212**	–
Chongqing	**179,061**	–
Jiangmen	**164,771**	–
Jinan	**155,984**	–
Shangrao	**145,341**	–
Foshan	**144,253**	–
Changsha	**139,149**	183,716
Yiyang	**117,897**	–
Suqian	**101,701**	–
Bengbu	**91,753**	101,040
Hangzhou	**90,971**	574,321
Guangzhou	**89,643**	310,600

City	Amount (RMB ten thousand) 2023	2022
Liuzhou	**87,709**	–
Taizhou	**85,867**	–
Lu'an	**83,139**	–
Zhuhai	**79,073**	241,437
Huangshi	**22,246**	–
Wuhan	**11,256**	88,751
Shaoxing	**4,245**	75,940
Sydney	**–**	6,720
Shenzhen	**–**	4,670
Total	**13,013,191**	9,664,765

Contracted Sales

During the Year, the Group, together with its joint ventures and associates, achieved the cumulative contracted sales attributable to the Shareholders of approximately RMB137.96 billion, representing an increase of approximately 13.5% as compared to the previous financial year. As of 31 December 2023, the cumulative contracted sales GFA attributable to the Shareholders was approximately 6.664 million sq.m., representing an increase of approximately 9.3% as compared to the previous financial year.

The amount and GFA for contracted sales attributable to the Shareholders by city in 2022 and 2023 are set out in the following table:

City	2023 Amount Sold (RMB ten thousand)	2023 GFA Sold (sq.m.)	2022 Amount Sold (RMB ten thousand)	2022 GFA Sold (sq.m.)
Xiamen	**1,493,637**	**369,395**	1,483,684	343,335
Shanghai	**1,485,821**	**344,208**	961,565	177,926
Hangzhou	**1,339,295**	**389,145**	705,117	155,588
Suzhou	**1,206,024**	**414,380**	345,626	208,062
Beijing	**810,890**	**132,208**	837,205	133,849
Fuzhou	**781,956**	**240,277**	621,738	229,447
Chengdu	**648,937**	**271,708**	687,103	251,781
Wuxi	**558,669**	**369,493**	539,965	263,813
Changsha	**465,083**	**359,035**	465,253	398,657
Quanzhou	**462,639**	**372,560**	603,217	525,331
Putian	**428,516**	**364,843**	279,194	191,275
Ningbo	**363,413**	**96,466**	578,496	166,331
Zhangzhou	**338,504**	**354,018**	541,935	510,281
Nanning	**323,150**	**271,932**	352,285	269,473
Nanjing	**259,934**	**109,236**	166,978	50,852

City	2023 Amount Sold (RMB ten thousand)	2023 GFA Sold (sq.m.)	2022 Amount Sold (RMB ten thousand)	2022 GFA Sold (sq.m.)
Ningde	**252,923**	**217,906**	232,628	195,999
Wuhan	**227,149**	**67,848**	25,923	14,892
Guiyang	**205,508**	**198,329**	167,305	169,752
Longyan	**203,331**	**185,814**	195,479	164,274
Jinan	**163,185**	**173,558**	105,526	112,985
Xuzhou	**146,503**	**67,940**	89,515	50,080
Nantong	**139,405**	**91,914**	140,190	77,587
Guangzhou	**111,962**	**31,714**	90,721	22,462
Foshan	**111,336**	**79,876**	211,014	127,227
Nanchang	**104,426**	**77,750**	370,800	220,096
Hefei	**99,414**	**57,494**	207,458	90,262
Jiangmen	**91,582**	**96,090**	69,298	56,746
Suqian	**89,018**	**69,447**	50,612	36,102
Wenzhou	**84,421**	**31,891**	84,378	33,392
Taizhou	**82,035**	**32,032**	102,393	33,119
Huai'an	**80,661**	**54,907**	54,910	29,048
Nanping	**77,287**	**95,557**	152,005	196,064
Zhuzhou	**71,757**	**102,008**	60,145	86,435
Bengbu	**63,328**	**66,930**	55,679	44,763
Shangrao	**59,466**	**88,070**	82,517	115,358
Shaoxing	**54,394**	**13,619**	77,432	19,574
Chongqing	**54,300**	**33,836**	37,716	22,288
Huangshi	**41,250**	**52,819**	41,021	49,285
Yiyang	**39,934**	**66,882**	45,384	69,794
Jiujiang	**39,902**	**52,890**	30,365	37,423
Lishui	**31,354**	**12,002**	–	–
Lu'an	**30,304**	**42,855**	34,110	33,927
Yiwu	**29,789**	**7,541**	47,394	12,149
Liuzhou	**17,540**	**15,658**	55,092	53,265
Yancheng	**10,289**	**11,448**	7,647	7,599
Zhuhai	**8,618**	**6,919**	55,288	36,848
Shenzhen	**6,774**	**1,900**	2,956	736
Total	**13,795,613**	**6,664,348**	12,152,262	6,095,532

Land Reserves

As of 31 December 2023, the aggregate saleable GFA of land reserves of the Group was approximately 15.52 million sq.m., with a total of 311 projects in China.

The amount of saleable GFA and attributable GFA of land reserves by city in 2022 and 2023 are set out in the following table:

City	2023 Saleable GFA (sq.m.)	2023 Attributable GFA (sq.m.)	2022 Saleable GFA (sq.m.)	2022 Attributable GFA (sq.m.)
Shanghai	**1,017,849**	**742,298**	568,964	510,148
Wuxi	**886,857**	**544,412**	1,157,541	715,071
Suzhou	**789,550**	**624,998**	628,977	464,122
Guiyang	**746,692**	**746,692**	950,180	950,180
Nanchang	**736,104**	**605,827**	351,667	182,753
Changsha	**720,336**	**566,839**	908,869	706,301
Zhuzhou	**651,178**	**651,178**	779,729	779,729
Quanzhou	**630,133**	**530,817**	398,501	323,200
Xiamen	**612,186**	**477,659**	694,516	493,981
Fuzhou	**533,281**	**332,687**	691,229	496,935
Wenzhou	**504,070**	**216,041**	428,276	154,532
Suqian	**483,497**	**483,497**	551,944	551,944
Chengdu	**446,296**	**315,444**	463,806	424,553
Hangzhou	**428,508**	**284,615**	166,745	93,884
Zhangzhou	**419,944**	**291,306**	560,010	357,110
Beijing	**412,497**	**380,401**	240,161	187,098
Huangshi	**408,940**	**408,940**	462,546	462,546
Taizhou	**382,010**	**271,113**	98,577	49,424
Longyan	**372,935**	**335,928**	305,125	254,111
Huai’an	**359,998**	**287,999**	441,307	353,046
Foshan	**352,322**	**308,190**	261,334	197,220
Nanjing	**308,696**	**244,450**	358,957	268,166
Putian	**289,212**	**163,164**	792,105	427,361
Jinan	**276,576**	**248,461**	322,325	322,325

City	2023 Saleable GFA (sq.m.)	2023 Attributable GFA (sq.m.)	2022 Saleable GFA (sq.m.)	2022 Attributable GFA (sq.m.)
Chongqing	**260,064**	**168,494**	263,536	173,635
Hefei	**235,488**	**127,006**	171,370	109,273
Yiyang	**188,242**	**188,242**	256,182	256,182
Nanning	**187,056**	**158,044**	419,308	387,616
Jiangmen	**182,199**	**105,077**	301,023	203,880
Ningde	**181,661**	**108,909**	444,488	276,020
Nantong	**180,609**	**173,048**	200,248	185,240
Ningbo	**147,448**	**75,958**	118,076	94,461
Yancheng	**142,003**	**69,582**	165,366	81,029
Jiaxing	**131,455**	**131,455**	–	–
Nanping	**128,969**	**90,056**	252,988	186,130
Xuzhou	**122,002**	**68,170**	70,093	70,093
Guangzhou	**107,107**	**95,183**	153,583	132,694
Yiwu	**79,945**	**26,382**	102,798	33,923
Bengbu	**78,647**	**78,647**	154,198	154,198
Liuzhou	**73,911**	**73,911**	18,862	18,862
Wuhan	**65,754**	**49,448**	143,796	117,451
Dongguan	**60,503**	**42,352**	–	–
Lishui	**52,245**	**52,245**	–	–
Zhuhai	**40,346**	**40,346**	47,383	47,383
Shaoxing	**38,199**	**19,553**	63,784	33,172
Shangrao	**37,691**	**29,712**	160,241	116,216
Jiujiang	**23,969**	**15,996**	106,715	68,875
Shenzhen	**–**	**–**	6,371	3,249
Total	**15,515,180**	**12,050,772**	16,203,800	12,475,322

FINANCIAL REVIEW

Revenue

The following table sets forth the Group's revenue from each of these segments and as a percentage of the total revenue for the relevant financial years:

	2023		2022	
	RMB'000	%	RMB'000	%
Property development	**130,131,910**	**96.80**	96,647,645	97.00
Property management and other related services (Note)	**4,298,065**	**3.20**	2,987,856	3.00
Total	**134,429,975**	**100.00**	99,635,501	100.00

Note: Represents income from property management services, construction management services, entrusted construction services and other related services.

Property development

Revenue from property development increased by approximately RMB33,484.27 million from approximately RMB96,647.65 million for the year ended 31 December 2022 to approximately RMB130,131.91 million for the Year. Saleable GFA delivered for each of the years ended 31 December 2022 and 2023 were approximately 4.646 million sq.m. and approximately 8.522 million sq.m., respectively. The revenue derived from property development for the Year increased mainly due to the increase in saleable GFA delivered.

Property management and other related services

Revenue from property management and other related services for the Year increased by approximately RMB1,310.21 million from approximately RMB2,987.86 million for the year ended 31 December 2022 to approximately RMB4,298.07 million for the Year. Such increase was mainly due to the increase in revenue from property management services, which was primarily attributed to the rapid increase of the GFA under management and the successful delivery of home furniture services.

Cost of Sales

Cost of sales increased by approximately RMB35,097.43 million from approximately RMB84,416.09 million for the year ended 31 December 2022 to approximately RMB119,513.52 million for the Year. This result was primarily attributable to the increase in saleable GFA sold and delivered during the Year.

Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB15,219.41 million and RMB14,916.46 million for each of the two years ended 31 December 2022 and 2023 respectively, representing a gross profit margin of approximately 15.3% and 11.1% respectively. The decrease in gross profit margin was mainly due to the lower gross profit margin level of certain projects delivered with income carried forward during the Year as compared with the previous financial year as a result of the significant downturn in the real estate market in recent years.

Other Net Gain

Other net gain decreased from approximately RMB1,474.16 million for the year ended 31 December 2022 to approximately RMB1,125.73 million for the Year. The decrease was mainly due to a decrease in gain on derecognition of financial liabilities at amortised cost in the Year.

Borrowing Costs

Borrowing costs incurred for the construction projects under development were capitalised during the Year. Other borrowing costs were expensed when incurred.

Total borrowing costs (excluding the significant financing component of contract liabilities and the finance charges on lease liabilities) decreased slightly from approximately RMB4,015.10 million for the year ended 31 December 2022 to approximately RMB3,386.35 million for the Year. The decrease was mainly due to total borrowings and average financing interest rate decreased slightly as compared with the previous financial year.

Loss on Changes in Fair Value of Investment Properties

The loss on changes in fair value of investment properties was approximately RMB51.78 million for the Year (2022: loss of approximately RMB33.89 million). The loss reflected the adjustments in the value of investment properties during the Year.

Administrative Expenses

Administrative expenses decreased by approximately RMB1,591.05 million to approximately RMB2,851.39 million for the Year from approximately RMB4,442.44 million for the year ended 31 December 2022. This was primarily due to a decrease in the provision for inventories of properties during the Year as compared to the previous financial year.

Selling Expenses

Selling expenses increased by approximately RMB744.22 million to approximately RMB4,308.01 million for the Year from approximately RMB3,563.79 million for the year ended 31 December 2022. It was mainly due to the increase in marketing expenses such as corresponding contract costs in line with the increase in the delivery of property development projects during the Year.

Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB8,582.71 million for the Year, representing an increase of approximately RMB97.61 million (approximately 1.2%) from a profit of approximately RMB8,485.10 million in the previous financial year.

Income Tax Expense

Income tax expense decreased from approximately RMB2,923.19 million in the previous financial year to approximately RMB2,247.48 million for the Year. The decrease in income tax expense was mainly due to the decrease in PRC LAT as compared with the previous financial year as a result of the better-than-expected results of LAT clearance for multiple projects.

Profit for the Year Attributable to the Equity Holders of the Company

The profit attributable to the equity holders of the Company increased by approximately RMB100.74 million (approximately 2.0%) from approximately RMB4,933.97 million in the previous financial year to approximately RMB5,034.71 million for the Year.

Liquidity and Financial Resources

The long-term funding and working capital required by the Group were primarily derived from income generated from core business operations, bank borrowings, loans from intermediate holding company and cash proceeds derived from receipt in advance from the pre-sale of properties, which were used to finance its business operations and investment in construction projects. The Group's liquidity position was well-managed during the Year.

The Group continued to adopt a prudent financing policy and sustain a sound capital structure with healthy cash flow. As at 31 December 2023, the Group's cash at banks and on hand amounted to approximately RMB54,161.32 million (as at 31 December 2022: approximately RMB50,280.06 million) while total assets and net assets (after deducting non-controlling interests) were approximately RMB427,277.51 million (as at 31 December 2022: approximately RMB393,463.17 million) and approximately RMB33,456.48 million (as at 31 December 2022: approximately RMB31,637.22 million) respectively. As at 31 December 2023, the Group's working capital amounted to approximately RMB130,399.98 million (as at 31 December 2022: approximately RMB133,157.79 million). As at 31 December 2023, the Group recorded net debt of approximately RMB30,595.49 million (as at 31 December 2022: approximately RMB41,767.35 million) with net debt to equity ratio of approximately 33.64% (as at 31 December 2022: approximately 52.59%). Cash and bank balances held by the Group of which about 99% was denominated in Renminbi, and about 1% was denominated in HK dollars.

As at 31 December 2023, the Group had (i) interest-bearing borrowings of approximately RMB32,076.29 million denominated in RMB which borne an interest rate ranging from 1.3% to 4.5875% (as at 31 December 2022: approximately RMB41,613.37million, with an interest rate ranging from 1.95% to 6.5% per annum) per annum; (ii) no interest-bearing borrowings denominated in HK$ (as at 31 December 2022: approximately RMB44.66 million denominated in HK$, with an interest rate ranging from 6.49% per annum); (iii) loans from intermediate holding company of approximately RMB47,829.40 million denominated in RMB which borne an interest rate at 4.53% (as at 31 December 2022: approximately RMB47,679.93 million, with an interest rate at 4.81% per annum) per annum; (iv) the amounts due to non-controlling shareholders of the Company of approximately RMB1,364.96 million denominated in RMB which borne an interest rate ranging from 3.55% to 10% (as at 31 December 2022: approximately RMB1,238.59 million, with an interest rate ranging from 4.35% to 10% per annum) per annum; and (v) the amounts due to associates of the Company of approximately RMB3,486.16 million denominated in RMB which borne an interest rate ranging from 3.43% to 4.75% (as at 31 December 2022: approximately RMB1,470.86 million, with an interest rate ranging from 3.43% to 4.75% per annum) per annum. No particular trend of seasonality was observed for the Group's borrowing requirements for the Year. Approximately 99.9% and 0.1% of the Group's borrowings carried interest on a floating rate basis and fixed rate basis, respectively.

The Group's gearing ratio (total borrowings divided by total equity) as at 31 December 2023 decreased to 93.2% (as at 31 December 2022: 115.90%) due to an increase in contribution from the non-controlling interests and a decrease in total borrowings during the Year.

Of the total borrowings, approximately RMB10,773.13 million are repayable within one year while approximately RMB73,665.7 million are repayable after one year but within five years.

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents which the management considers to be adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitors its net current assets/liabilities and the utilisation of borrowings to ensure efficient use of the available banking facilities and compliance with loan covenants.

Financial Guarantee Contracts

The Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance as at 31 December 2023 was approximately RMB77,444.07 million (as at 31 December 2022: approximately RMB75,072.62 million). The increase in balance was mainly attributable to the increase of pre-sale real estate mortgage loan due to the increase of the sales of property projects in the Year.

Capital Commitments

Capital commitments were those contracts that were concluded but not provided for leasehold improvement, prepayments for intended projects that were concluded but not provided for allowance, nor for the construction of properties under development. The capital commitment balance was approximately RMB69,247.74 million as at 31 December 2023 (as at 31 December 2022: approximately RMB45,242.16 million). The increase was mainly attributable to the increase in construction of properties under development that were concluded but not provided for allowance during the Year as compared with 2022.

Pledge of Assets

As at 31 December 2023, the Group's bank loan was secured by legal charges in respect of property, plant and equipment with carrying value of approximately RMBNil (as at 31 December 2022: approximately RMB3.94 million), investment properties with a fair value of approximately RMB630 million (as at 31 December 2022: approximately RMB652.66 million) and properties under development with carrying value of approximately RMB43,975.36 million (as at 31 December 2022: approximately RMB44,890.94 million).

Capital Structure

As at 31 December 2023, the Company's issued share capital was HK$189,568,412.6, divided into 1,895,684,126 ordinary shares (the "Shares") of HK$0.1 each (as at 31 December 2022: HK$173,802,089.1, divided into 1,738,020,891 Shares).

Foreign Currency Exposure

The business operations of the Company's subsidiaries were conducted mainly in the PRC with revenues and expenses denominated mainly in RMB.

As at 31 December 2023, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

As the Directors considered the Group's foreign exchange risk to be insignificant, the Group did not use any financial instruments for hedging purposes during the Year.

Contingent Liabilities

As at 31 December 2023, the Group did not have any material contingent liabilities (as at 31 December 2022: Nil).

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Joint Ventures and Associates

During the Year, the Group did not hold any significant investment or significant securities investment as part of its asset portfolio, or had no material acquisition or disposal of subsidiaries, joint ventures and associates.

Future Plans for Material Investments or Capital Assets

The Board currently does not have any future plans for material investments or capital assets.

Employees and Emolument Policy

As at 31 December 2023, the Group employed a total of 20,913 full-time employees (as at 31 December 2022: 19,594 full-time employees). Total staff costs, including Directors' emoluments, of the Group were approximately RMB3,889.88 million for the Year (2022: approximately RMB3,599.55 million). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment that commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses are offered to those staff with outstanding performance. The restricted share incentive schemes have been adopted to attract and retain eligible employees to contribute to the Group.

The same remuneration philosophy is also applicable to the Directors. Apart from benchmarking against the market, the Company reviews individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

KEY RISK FACTORS AND UNCERTAINTIES

The property market in China is affected by a number of factors, such as changes in social, political, economic and legal environment and the government's undertakings of fiscal, economic, monetary, industrial and environmental policies. Changes in macro- economic conditions, consumer confidence, consumption spending, and consumption preferences may also affect the Group's business. As such, the Group, taking into account the market situations, implements locally differentiated investment and marketing strategies and nurtures a number of projects across different regional markets so as to reduce reliance on individual markets. In addition, the Group's operations are exposed to a variety of idiosyncratic risks in property development, property investment, and property related businesses. Default by buyers and partners, manual and systematic negligence or mistake in internal processes, and other external factors may have impact on operation. The Epidemic may also have negative influences on the property industry operations and consumers' property preferences, if there are any changes as to the situation in relation to the Epidemic. In addition to the aforesaid factors, other risk factors and uncertainties may exist.

EVENTS AFTER REPORTING PERIOD

Details of material events affecting the Group after 31 December 2023 are set out in note 47 to this annual report.

OUTLOOK AND PROSPECT

In 2024, despite increased uncertainties in the external environment, the real estate industry remains closely linked to people's aspirations for a better life, offering vast and sustainable business opportunities. It also provides a broad market for quality real estate enterprises. In the face of competition and challenges, the Group will stay true to its original mission, uphold a "customer-centric" approach, pursue profitability and operational cash flow, maintain liquidity, ensure secure operations, and continue to promote quality growth.

(1) Continue to maintain sound liquidity and strengthen policy trend analysis to seize market opportunity windows.

The Group will firmly give top priority to the health of our assets, keep a close eye on cash flow management and maintain liquidity. We will focus our investments to minimize risk and insist on ploughing into high-powered cities with stable long-term demand, giving priority to first- and second-tier cities as well as third- and fourth-tier cities with strong brand influence. The Group will enhance research on policies and markets by establishing a dynamic tracking mechanism, so as to improve its understanding of markets in cities.

(2) Enhance product and service competitiveness by unwaveringly adopting a customer-oriented approach, and fully develop new Chinese-style products.

The Group will steadfastly develop new Chinese-style products, and consistently develop improved products through keeping pace with technological advancements as well as strengthening, accelerating and intensifying innovation and research and development on product upgrades. New technologies will be utilized to create a residential system with features of "healthy living + green and low-carbon + smart homes". More efforts will be made to the research and development of new materials and processes, with the aim of creating a "Lighthouse Project" through active innovation.

(3) Continue to deepen lean management to enhance the efficiency and effectiveness of production and operation.

The Group will continue to expedite the construction of its digital platforms, and establish rules for resource allocation, operational efficiency, process optimization, and internal control. By utilizing digital means to guide our operations, we will enhance the ability to provide early warning and control of management, support precise decision-making and promote refined management, so as to actively improve the efficiency and effectiveness of production and operation.

In 2024, the Group will actively adapt to national policies and directions, flexibly respond to market conditions, and make timely adjustments. We will pursue differentiation, rely on product strength, bring happiness to customers, and strive for further breakthroughs to achieve long-term, sustainable and high-quality development, so as to continue to create greater value for customers, the Shareholders and the society.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. ZHAO Chengmin (趙呈閩女士) ("Ms. Zhao")

Ms. Zhao, aged 55, was appointed as an executive Director on 10 February 2015 and was appointed as the chairperson of the Board (the "Chairman" or "Chairperson") and the chairperson of the nomination committee of the Board (the "Nomination Committee") on 25 August 2022. She was appointed as deputy executive officer on 20 March 2015 and resigned the position on 15 March 2016. She was one of the authorised representatives of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Ms. Zhao graduated from Xiamen University with a master's degree in business administration and is a senior accountant. Ms. Zhao has engaged in financial work for more than 30 years, accumulating a wealth of financial management experience.

Ms. Zhao has joined Xiamen C&D Corporation Limited ("Xiamen C&D") since September 1990 and worked in C&D Real Estate Corporation Limited ("C&D Real Estate") for many years. She currently serves as, among others, the vice-general manager of Xiamen C&D, the chairperson and the secretary of the party committee of C&D Real Estate, a director of Well Land International Limited (益能國際有限公司) ("Well Land") and Well Honour International Limited (益鴻國際有限公司) ("Well Honour"), etc.. Ms. Zhao worked as finance controller and vice-general manager in Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870).

Xiamen C&D is the holding company of Xiamen C&D Inc., a company listed on the Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate. C&D Real Estate is the holding company of Well Honour which, in turn, is the holding company of Well Land, a controlling shareholder of the Company.

Mr. LIN Weiguo (林偉國先生) ("Mr. Lin")

Mr. Lin, aged 45, was appointed as an executive Director and the chief executive officer of the Company on 21 March 2019 and was appointed as one of the authorised representatives of the Company under Rule 3.05 of the Listing Rules on 28 December 2022. He was appointed as the financial controller of the Company from 20 March 2015 to 15 March 2016, and the chief operating officer of the Company from 15 March 2016 to 21 March 2019. Before joining the Group, he served as a financial manager, manager, regional sales director of a branch of Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870). He thereafter joined C&D Real Estate in 2007 and served as its financial controller, assistant to general manager and vice general manager. He is currently a director and a general manager and the vice secretary of the party committee of C&D Real Estate, a director and the legal representative of some subsidiaries of C&D Real Estate and the Group. He has been appointed as a member of the party committee of Xiamen C&D since February 2023. He has been a non-executive director of C&D Property since September 2020 and was appointed as the chairman of the board of C&D Property on 25 August 2022. He was appointed as a director of C&D Holsin in December 2021 and was appointed as the chairman of C&D Holsin in August 2022.

Mr. Lin holds a bachelor's degree in accounting from Anhui University of Finance and Economics in 2010. He is a senior economist and a senior accountant.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. TIAN Meitan (田美坦先生) ("Mr. Tian")
Mr. Tian, aged 46, was appointed as an executive Director on 25 August 2022. Mr. Tian joined C&D Real Estate in 2012 and served as deputy general manager of Shanghai Business Department, general manager of Suzhou Business Department, general manager and chairman of East-China Branch of C&D Real Estate. He is currently the chairman of East-China Branch of C&D Real Estate. He is currently the deputy general manager of C&D Real Estate, the chairman of East-China Branch of C&D Real Estate, a director and legal representative of some subsidiaries of C&D Real Estate and the Group. He was appointed as a director of C&D Holsin in September 2022.

Mr. Tian graduated from Wuhan University with a bachelor's degree in Economics and China Europe International Business School with an EMBA degree, and is an intermediate economist.

Mr. PENG Yong (彭勇先生) ("Mr. Peng")
Mr. Peng, aged 50, was appointed as an executive Director on 26 April 2023. Mr. Peng joined C&D Real Estate in 1996 and served as the chairman of the Haixi Regional Company* (海西區域公司) and the South China Region Company* (華南區域公司) of C&D Real Estate. He is currently the director and the deputy general manager of C&D Real Estate, the chairman of Haixi Cluster* (海西集群), and the director, legal representative and general manager of various subsidiaries of C&D Real Estate and the Group. He was appointed as a director of C&D Holsin in December 2021.

Mr. Peng obtained a bachelor's degree in July 1996 and is currently a senior engineer.

NON-EXECUTIVE DIRECTORS

Mr. HUANG Wenzhou (黃文洲先生) ("Mr. Huang")
Mr. Huang, aged 59, was appointed as a non-executive Director on 29 April 2015. Mr. Huang graduated from MBA of Xiamen University majoring in business administration. He is an accountant.

Mr. Huang has been working in Xiamen C&D for many years. He currently serves as the chairperson (appointed in March 2017) and the secretary of the party committee (appointed in January 2018) of Xiamen C&D and a director of C&D Real Estate. Mr. Huang also serves as vice-chairman of Xiamen C&D Inc. ("C&D Inc."), a company listed on the Shanghai Stock Exchange (stock code: 600153).

Mr. ZHENG Yongda (鄭永達先生) ("Mr. Zheng")
Mr. Zheng, aged 52, was appointed as a non-executive Director on 10 May 2023. Mr. Zheng joined Xiamen C&D in 1993, and is currently the deputy secretary of the party committee (黨委副書記), a director and the general manager of Xiamen C&D and the secretary of the party committee (黨委書記) and the chairman of C&D Inc. and the chairman of Red Star Macalline Group Corporation Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 601828) and the Main Board of the Stock Exchange (Stock Code: 1528), a director of C&D Real Estate, a director of Lianfa Group Company Limited* (聯發集團有限公司) and a director of some other subsidiaries of Xiamen C&D and C&D Inc. (not of the Group). He has held various positions, including the general manager of Xiamen C&D Paper & Pulp Co., Ltd.* (廈門建發紙業有限公司), the deputy secretary of the party committee, the standing vice general manager and the general manager of C&D Inc. and the deputy general manager of Xiamen C&D.

Mr. Zheng graduated from Xiamen University with a Bachelor's degree in Economics, majoring in international trade, in July 1993.

Ms. YE Yanliu (葉衍榴女士) ("Ms. Ye")

Ms. Ye, aged 52, was appointed as a non-executive Director on 21 March 2019. She joined Xiamen C&D in 1995 and served as its legal affairs director and general legal consultant. She is currently the vice-general manager of Xiamen C&D, a director of C&D Inc., a director of C&D Real Estate and a director of some other subsidiaries of Xiamen C&D (not of the Group) and in charge of risk management in general for Xiamen C&D. Ms. Ye holds a bachelor's degree. She is a qualified corporate legal consultant and a practicing corporate lawyer in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Chi Wai (黃馳維先生)

Mr. Wong Chi Wai, aged 57, has been an independent non-executive Director since 23 November 2012. He is also the chairman of the audit committee of the Board (the "Audit Committee") and a member of the remuneration committee of the Board (the "Remuneration Committee") and the Nomination Committee. He currently also serves as an independent non-executive director of Kin Yat Holdings Limited (stock code: 638) and Arts Optical International Holdings Limited (stock code: 1120), shares of both companies are listed on the Main Board of the Stock Exchange. He is currently the chairman of the audit committee of Arts Optical International Holdings Limited and the chairman of the audit committee of Kin Yat Holdings Limited. From June 2003 to September 2020, Mr. Wong Chi Wai served as an independent non-executive director of Bonjour Holdings Limited (stock code: 653), a company listed on the Main Board of the Stock Exchange. Mr. Wong Chi Wai obtained a bachelor's degree in social science from and was awarded a post-graduate certificate in laws by the University of Hong Kong in 1988 and 1993, respectively. He is a practising certified public accountant in Hong Kong and an associate member of the Institute of Chartered Accountants in England and Wales. He has over 33 years of experience in the accountancy profession. Other than holding private practice qualification in accounting, he has been admitted as solicitor at the High Court on 9 March 2019 and practice as consultant lawyer in a law firm.

The United States Public Company Accounting Oversight Board on 18 May 2016 censured Mr. Wong Chi Wai, barring him from being an associated person of a registered public accounting firm which has audit responsibilities for public companies in the United States of America ("U.S."), and imposing a civil money penalty against him of US$10,000 on the basis of its findings that in connection with the audits of one U.S. issuer client of his firm, AWC (CPA) Limited. Mr. Wong Chi Wai violated certain U.S. laws, rules and standards relating to the audit requirements of a U.S. issuer client. Mr. Wong Chi Wai may file a petition to associate with a registered public accounting firm after two years from the date of the order.

For the same incident, the Hong Kong Institute of Certified Public Accountants ("HKICPA") concluded that Mr. Wong Chi Wai was in breach of sections 100.5(c) and 130.1 of the Code of Ethics for Professional Accountants for failure to act diligently in accordance with applicable technical and professional standards when provided professional services. As such, HKICPA reprimanded Mr. Wong Chi Wai and levied an administrative penalty of HK$25,000 and costs of HK$10,000 jointly with other respondents on 27 November 2017.

Mr. WONG Tat Yan, Paul (黃達仁先生)

Mr. Wong Tat Yan, Paul, aged 54, has been an independent non-executive Director since 23 November 2012. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Wong Tat Yan, Paul obtained a bachelor's degree in commerce from James Cook University of North Queensland in Australia in 1993 and a master's degree in business administration from the University of Queensland in Australia in 2004. From May 2015 to June 2017, Mr. Wong Tat Yan, Paul served as an independent non-executive director and the chairman of the audit committee and remuneration committee of Huiyin Holding Group Limited (formerly known as Share Economy Group Limited, stock code: 1178) which is listed on the Main Board of the Stock Exchange (''Huiyin Holdings''). Mr. Wong Tat Yan, Paul is a practising certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a fellow member of the Taxation Institute of Australia. He has over 24 years of experience in auditing, accounting and taxation gained by taking up various positions in a number of accounting firms in Hong Kong and is currently a partner of Paul Wong & Co., a certified public accountants firm in Hong Kong.

Mr. Wong Tat Yan, Paul was censured by the Listing Committee of the Stock Exchange on 17 May 2021 in relation to his breach of Rule 3.08(f) of the Listing Rules and his obligation to comply to the best of his ability with the Listing Rules under his declaration and undertaking given to the Stock Exchange in the form set out in Appendix 5B to the Listing Rules, for failing to establish adequate internal controls in Huiyin Holdings to obtain/ retain the relevant documentation in respect of an acquisition conducted by Huiyin Holdings in 2016 (the "Censure"). Mr. Wong Tat Yan, Paul is required to attend 16 hours of training on Listing Rules compliance, including at least three hours of training on director's duties. Mr. Wong Tat Yan, Paul resigned as an independent non-executive director of Huiyin Holdings on 2 June 2017.

The Board has carefully assessed the Censure against Mr. Wong Tat Yan, Paul. In view of that (i) there is no evidence that the Censure involved any act of dishonesty, fraud or cast doubt on Mr. Wong Tat Yan, Paul's integrity which would affect his suitability as a director of the Company and (ii) taking into account that, to the best knowledge, information and belief of the Board, the Censure did not relate to the affairs of the Group and will not have any impact on the Group, the Board considers that Mr. Wong Tat Yan, Paul is still suitable to act as an independent non-executive Director.

Mr. CHAN Chun Yee (陳振宜先生) ("Mr. Chan")

Mr. Chan, aged 46, has been an independent non-executive Director since 23 November 2012. He is a member of the Audit Committee, Nomination Committee and the Remuneration Committee. He obtained a bachelor's degree in laws from the City University of Hong Kong in 1999 and a master's degree in laws in information technology and intellectual property law from the University of Hong Kong in 2004. Mr. Chan is a member of the Law Society of Hong Kong, associate member of Chartered Institute of Arbitrators and fellow member of Hong Kong Institute of Arbitrators and has been a practising solicitor in Hong Kong for more than 20 years in general legal practice and in different areas of law. Mr. Chan has been working as a solicitor at the law firm of C.T. Chan & Co., Solicitors since 2002 and become a partner of that law firm since April 2015. Mr. Chan has experience in advising on the legal aspects of a broad range of company, commercial and corporate finance matters.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. DAI Yiyi (戴亦一先生) ("Mr. Dai")

Mr. Dai, aged 56, was appointed as an independent non-executive Director on 26 April 2023. Mr. Dai is a full-time professor and a Ph.D. supervisor of the School of Management of Xiamen University and the chairman of the Jin Yuan Research Institute* (金圓研究院) of Xiamen University. Mr. Dai is an independent non-executive director of two public companies listed on the Main Board of the Stock Exchange, namely, China SCE Group Holdings Limited (中駿集團控股有限公司) (stock code: 1966) and Cosmo Lady (China) Holdings Company Limited (都市麗人(中國)控股有限公司) (stock code: 2298) and an independent director of two public companies listed on the Shanghai Stock Exchange, namely, Xiamen ITG Group Corp., Ltd. (廈門國貿集團股份有限公司) (stock code: 600755) and Xiamen Bank Co., Ltd. (廈門銀行股份有限公司) (stock code: 601187). Mr. Dai served as an independent non-executive director of Mingfa Group (International) Company Limited (明發集團(國際)有限公司) (stock code: 0846), a company listed on the Stock Exchange, from October 2009 to September 2018, an independent non-executive director of Guangdong — Hong Kong Greater Bay Area Holdings Limited (粵港灣控股有限公司) (stock code: 1396), a company listed on the Stock Exchange, from 19 March 2021 to 6 April 2023, an independent director of Fujian Septwolves Industry Co., Ltd. (福建七匹狼實業股份有限公司) (stock code: 2029), a company listed on the Shenzhen Stock Exchange, from 9 July 2016 to 9 July 2022, and an independent director of Xiamen C&D Inc. (stock code: 600153), a company listed on the Shanghai Stock Exchange, from 24 May 2016 to 23 May 2022.

Mr. Dai graduated from Xiamen University with a bachelor's degree in Economics in 1989, and received a doctoral degree in Economics from Xiamen University in 1999. Mr. Dai was awarded a certificate as a PRC Certified Property Valuer in 1997.

SENIOR MANAGEMENT

Mr. CHEN Shinan (陳詩楠先生) ("Mr. Chen")

Mr. Chen, aged 36, has been appointed as the financial controller of the Company since 20 October 2020. He has been engaged in financial field for nearly 8 years, accumulating a wealth of financial management experience. Prior to joining the Group, Mr. Chen worked as auditor in Deloitte Touche Tohmatsu Certified Public Accountants LLP from October 2015 to November 2017. He joined C&D Real Estate in 2017, and served as the manager of the finance department of C&D Real Estate, and the vice general manager (executive) of the finance department of C&D Real Estate. He currently serves as the vice general manager of the finance and funding department of C&D Real Estate.

Mr. Chen is a postgraduate with a master's degree, a CPA in the PRC and an intermediate accountant.

Ms. PAN Yanxia (潘燕霞女士) ("Ms. Pan")

Ms. Pan, aged 40, has been appointed as the internal audit controller of the Company since 1 April 2018. She has engaged in financial and auditing field for more than 16 years, accumulating a wealth of financial and auditing management experience. Ms. Pan worked in Ernst & Young Hua Ming LLP for seven years. Prior to joining C&D Real Estate, she has been a vice-director of corporate finance in a private company. She joined C&D Real Estate in 2016 and served as the assistant to general manager of the auditing department of C&D Real Estate, the vice-general manager of the auditing & supervision department of C&D Real Estate, the general manager of finance centre of C&D Real Estate, and the general manager of the audit centre of C&D Real Estate. She currently serves as the assistant to the general manager of the party committee personnel centre of Haixi enterprise of C&D Real Estate. Ms. Pan is responsible for the internal audit of the Group.

Ms. Pan, with a bachelor's degree, is a CPA in the PRC and a certified internal audit (CIA).

COMPANY SECRETARY

Ms. KAM Mei Ha Wendy (甘美霞女士) ("Ms. Kam")

Ms. Kam Mei Ha Wendy, aged 56, has been appointed as company secretary of the Company since 9 September 2022. Ms. Kam is an executive director of Corporate Services Division of Tricor Services Limited. Ms. Kam is a Chartered Secretary and a Fellow of both The Hong Kong Chartered Governance Institute (the "HKCGI", formerly "The Hong Kong Institute of Chartered Secretaries") and The Chartered Governance Institute (formerly "The Institute of Chartered Secretaries and Administrators") in the United Kingdom. She is also a holder of the Practitioner's Endorsement from HKCGI. She has more than 26 years of experience in the company secretary profession and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Kam has been appointed by the Financial Secretary of Hong Kong as the member of Standing Committee on Company Law Reform (SCCLR) for a term of 2 years starting from 1 February 2024.

DIRECTORS' REPORT

The Directors are pleased to present to the Shareholders the annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in the businesses of real estate development, real estate industry chain investment services and investment in emerging industries in the PRC.

Further discussion and analysis of the business review required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 10 to 21 of this annual report and the "Environmental, Social and Governance Report" set out on pages 78 to 170 of this annual report. The relevant discussion in the "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" sections forms part of this directors' report.

RESULTS

The results of the Group for the Year and the state of affairs of the Company and of the Group as at 31 December 2023 are set out in the consolidated financial statements and their accompanying notes on pages 175 to 296 of this annual report.

FINAL DIVIDEND

The Board recommended payment of a final dividend of HK$1.3 per Share for the Year (2022: HK$1.3 per Share). Shareholders of the Company whose names appear on the register of members of the Company on Friday, 31 May 2024, (the "Eligible Shareholders") may select to receive the final dividend in the form of new Shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme is subject to the approval of the resolution relating to the payment of the final dividend at the annual general meeting; and the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Friday, 7 June 2024. If approved by the Shareholders, it is expected that the final dividend and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all of the final dividend in the form of new Shares) will be distributed and despatched to the Eligible Shareholders on or around Monday, 8 July 2024.

DIVIDEND POLICY

The Company adopted a dividend policy in December 2018. In recommending on declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the articles of association of the Company (the "Articles of Association") and all applicable laws and regulations and other factors.

The Board shall also take into account the factors of the Group when considering the declaration and payment of dividends, including financial results, cash flow situation, business conditions and strategies, future operations and income, capital requirements and budgets, interests of the Shareholders, and restrictions on payment of dividends and any other factors that the Board may consider relevant. Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period. Any final dividend for a financial year will be subject to the Shareholders' approval. The Board will review this dividend policy as appropriate from time to time.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 24 May 2024.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Monday, 20 May 2024.

For the purpose of determining the Shareholders' entitlement to the proposed final dividend for the Year, the register of members of the Company will be closed from Thursday, 30 May 2024 to Friday, 31 May 2024 (both days inclusive). In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at the above-mentioned address for registration by 4:30 p.m. on Wednesday, 29 May 2024.

FINANCIAL SUMMARY

A summary of the financial results as well as the assets and liabilities of the Group for the last five financial years is set out on page 297 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 32 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

BORROWINGS

Details of the borrowings of the Group for the Year are set out in notes 28 and 29 to the consolidated financial statements.

INVENTORIES OF PROPERTIES

Details of the inventories of properties of the Group for the Year are set out in note 22 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in notes 33 and 35 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company's reserves available for distribution to equity holders, comprising the share premium, capital reserve and retained earnings, amounted to approximately RMB6,451,106,000.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of approximately RMB5,876,071,000 may be applied for paying distributions or dividends to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands in relation to the issue of new Shares.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the Year are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group for the Year are set out in note 16 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, the Group made charitable donations of RMB25.22 million (2022: RMB33.99 million).

MAJOR CUSTOMERS AND SUPPLIERS

Sales attributable to the Group's largest customer and five largest customers accounted for less than 30% of the Group's total revenue for the Year.

The purchases made by the Group from its largest supplier and the five largest suppliers accounted for less than 30% of the Group's total purchases for the Year.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers or suppliers during the Year.

BOARD OF DIRECTORS

The Directors who were in office during the Year and up to the date of this annual report are as follows:

Executive Directors

Ms. Zhao Chengmin *(Chairperson)* [N]
Mr. Lin Weiguo *(Chief Executive Officer)*
Mr. Tian Meitan
Mr. Peng Yong (appointed on 26 April 2023)

Non-executive Directors (the "NEDs")

Mr. Huang Wenzhou
Ms. Ye Yanliu
Mr. Zheng Yongda (appointed on 10 May 2023)
Mr. Wang Wenhuai (resigned on 10 May 2023)

Independent Non-executive Directors (the "INEDs")

Mr. Wong Chi Wai [A/R/N]
Mr. Wong Tat Yan, Paul [A/R/N]
Mr. Chan Chun Yee [A/R/N]
Mr. Dai Yiyi (appointed on 26 April 2023) [A/R/N]

Notes:

A: Member of the Audit Committee
R: Member of the Remuneration Committee
N: Member of the Nomination Committee

In accordance with Articles 105 and 109 of the Articles of Association, Ms. Zhao Chengmin, Ms. Ye Yanliu, Mr. Wong Chi Wai and Mr. Wong Tat Yan, Paul will retire from office by rotation and being eligible, will offer themselves for re-election at the AGM.

Directors' and senior management's biographical details

Biographical details of the Directors and the senior management of the Group are set out on pages 22 to 27 of this annual report.

Change in the Directors' Information

The change in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Ms. Zhao Chengmin has been appointed as a deputy general manager of Xiamen C&D with effect from 6 July 2023 and Ms. Zhao Chengmin is no longer a director of Xiamen C&D with effect from 6 November 2023.

Mr. Zheng Yongda has been appointed as the chairman of Red Star Macalline Group Corporation Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601828) and the Main Board of the Stock Exchange (stock code: 1528) with effect from 15 August 2023.

Mr. Wong Chi Wai has been appointed as the chairman of the audit committee of Kin Yat Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 638), and has resigned as the chairman of the nomination committee, both with effect from 28 August 2023.

Save for the information disclosed above and in this annual report, there is no other information required to be disclosed in this annual report pursuant to rule 13.51B(1) of the Listing Rules.

Confirmation of independence

The Company has received from each of the INEDs, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul, Mr. Chan Chun Yee and Mr. Dai Yiyi, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. As at the date of this annual report, the Company considered all of them to be independent.

Service contracts of directors

Each of the executive Directors has entered into a service agreement with the Company for a term of three years, which is renewable automatically for successive terms of one year, and either party may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the executive Directors is entitled to a director's emolument of RMB3,000,000 per annum (which was determined by the Board with reference to his/her experience, knowledge, qualification, duties and responsibilities within the Group and the prevailing market conditions), and such management bonus and other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the Remuneration Committee) from time to time.

Each of the NEDs has entered into a service agreement/ letter of appointment with the Company for a term of three years, which is renewable automatically for successive terms of one year, and either party may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the NEDs does not receive any director's emolument but he/she may be entitled to such discretionary bonus and/or other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the Remuneration Committee) from time to time.

Each of the INEDs has entered into a letter of appointment with the Company for a term of one year or three years, which is renewable automatically for successive terms of one year, and either party may terminate the agreement by giving the other party not less than three months' notice in writing. Each of the INEDs is entitled to a director's emolument of HK$200,000 per annum.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the shares of the Company

Name of Director	Capacity/Nature of interest	Number of issued Shares/ underlying Shares	Approximate percentage of shareholding in issued share capital *(Note 1)*
Ms. Zhao Chengmin	Founder of a discretionary trust	33,289,340 *(Note 2)*	1.76%
	Beneficiary of a trust (other than a discretionary interest)	998,000 *(Note 3)*	0.05%
	Beneficial owner	132,000	0.01%
Mr. Lin Weiguo	Interest of controlled corporation	33,289,340 *(Note 2)*	1.76%
	Beneficiary of a trust (other than a discretionary interest)	924,000 *(Note 3)*	0.05%
	Beneficial owner	116,000	0.01%
Mr. Peng Yong	Interest of controlled corporation	33,289,340 *(Note 2)*	1.76%
	Beneficiary of a trust (other than a discretionary interest)	774,000 *(Note 3)*	0.04%
Mr. Tian Meitan	Beneficiary of a trust	342,115 *(Note 2)*	0.02%
	Beneficiary of a trust (other than a discretionary interest)	848,000 *(Note 3)*	0.04%
	Beneficial owner	112,000	0.01%

Notes:

(1) The percentage of shareholding was calculated based on the Company's total number of 1,895,684,126 shares in issue as at 31 December 2023.

(2) These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a wholly-owned subsidiary of Tricor Equity Trustee Limited ("Tricor Equity Trustee"). Tricor Equity Trustee is a trustee of a discretionary trust, while Ms. Zhao Chengmin is one of the founders of the said discretionary trust, each of Mr. Lin Weiguo and Mr. Peng Yong is one of the protectors of the said discretionary trust. Therefore, Ms. Zhao Chengmin, Mr. Lin Weiguo and Mr. Peng Yong are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. Mr. Tian Meitan is one of the beneficiaries of the said discretionary trust.

(3) 35,300,000 Shares were allotted and issued to BOCI Trustee (Hong Kong) Limited ("BOCI Trustee") under the 2021 restricted share incentive scheme (the "2021 Incentive Scheme"), who held the Shares on behalf of the incentive recipients of the 2021 Incentive Scheme. Being the incentive recipients of the 2021 Incentive Scheme, each of Ms. Zhao Chengmin, Mr. Lin Weiguo, Mr. Peng Yong, and Mr. Tian Meitan is interested in 198,000 Shares, 174,000 Shares, 174,000 Shares, and 168,000 Shares held on trust by BOCI Trustee as at 31 December 2023 under the 2021 Incentive Scheme, respectively, which are subject to vesting.

100,000,000 Shares were allotted and issued to BOCI Trustee under the 2022 restricted share incentive scheme (the "2022 Incentive Scheme"), who held the Shares on behalf of the incentive recipients of the 2022 Incentive Scheme. Being the incentive recipients of the 2022 Incentive Scheme, each of Ms. Zhao Chengmin, Mr. Lin Weiguo, Mr. Peng Yong, and Mr. Tian Meitan is interested in 650,000 Shares, 600,000 Shares, 600,000 Shares, and 530,000 Shares held on trust by BOCI Trustee as at 31 December 2023 under the 2022 Incentive Scheme, respectively, which are subject to vesting.

49,870,000 Shares were allotted and issued to BOCI Trustee under the 2023 restricted share incentive scheme (the "2023 Incentive Scheme"), who held the Shares on behalf of the incentive recipients of the 2023 Incentive Scheme. Being the incentive recipients of the 2023 Incentive Scheme, each of Ms. Zhao Chengmin, Mr. Lin Weiguo, and Mr. Tian Meitan is interested in 150,000 Shares, 150,000 Shares, and 150,000 Shares held on trust by BOCI Trustee as at 31 December 2023 under the 2023 Incentive Scheme, respectively, which are subject to vesting.

Long positions in the shares of the Company's associated corporations

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of issued shares/ underlying shares	Approximate percentage of shareholding in issued share capital *(Note 1)*
Ms. Zhao Chengmin	C&D Property Management Group Co., Ltd (''**C&D Property**'')	Founder of a discretionary trust	53,918,090 *(Note 2)*	3.83%
Mr. Lin Weiguo	C&D Property	Interest of controlled corporation	53,918,090 *(Note 2)*	3.83%
Mr. Peng Yong	C&D Property	Interest of controlled corporation	53,918,090 *(Note 2)*	3.83%
Mr. Tian Meitan	C&D Property	Beneficiary of a trust	554,116 *(Note 2)*	0.04%

Notes:

1. The percentage of shareholding was calculated based on C&D Property's total number of 1,408,264,016 ordinary shares in issue as at 31 December 2023.

2. These ordinary shares of C&D Property were registered in the name of Diamond Firetail. Tricor Equity Trustee is a trustee of a discretionary trust, while Ms. Zhao Chengmin is one of the founders of the said discretionary trust, each of Mr. Lin Weiguo and Mr. Peng Yong is one of the protectors of the said discretionary trust. Therefore, Ms. Zhao Chengmin, Mr. Lin Weiguo and Mr. Peng Yong are deemed to be interested in the ordinary shares of C&D Property held by Diamond Firetail by virtue of the SFO. Mr. Tian Meitan is one of the beneficiaries of the said discretionary trust.

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2023, so far as it was known to any Directors or the chief executive of the Company, the following parties (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares and underlying Shares:

Name of substantial Shareholders	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital *(Note 1)*
Well Land	Beneficial owner	1,058,316,743	55.83%
Well Honour	Interest of controlled corporation	1,058,316,743 *(Note 2)*	55.83%
C&D Real Estate	Interest of controlled corporations	1,058,316,743 *(Note 2)*	55.83%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporations	1,058,316,743 *(Note 2)*	55.83%
Xiamen C&D	Interest of controlled corporations	1,058,316,743 *(Note 2)*	55.83%
OceanLink Partners Fund, LP	Beneficial owner	135,117,126 *(Note 3)*	7.13%
Mr. Richard Li	Interest of controlled corporation	198,377,701 *(Note 3)*	10.46%
OLP Capital Management Limited	Investment manager	198,377,701 *(Note 3)*	10.46%
RCWL Inc.	Interest of controlled corporation	198,377,701 *(Note 3)*	10.46%
Mr. Shen Di Fan	Interest of controlled corporation	198,377,701 *(Note 3)*	10.46%
BOCI Trustee (Hong Kong) Limited	Trustee	168,596,000 *(Note 4)*	8.89%

Notes:

1 The percentage of shareholding was calculated based on the Company's total number of 1,895,684,126 Shares in issue as at 31 December 2023.

2 Well Land is a wholly-owned subsidiary of Well Honour. Well Honour is a wholly-owned subsidiary of C&D Real Estate. C&D Real Estate is owned as to 54.65% and 45.35% by Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D, a state-owned group of companies under the supervision of State-owned Assets Supervision and Admission Commission of Xiamen Municipal People's Government, respectively. Xiamen C&D is interested in Xiamen C&D Inc. as to 45.15%. Therefore, each of Well Honour, C&D Real Estate, Xiamen C&D Inc. and Xiamen C&D is deemed to be interested in the Shares held by Well Land by virtue of the SFO.

3 OceanLink Partners Fund, LP and Cassini Partners, L.P. held 135,117,126 and 63,260,575 Shares, respectively. OLP Capital Management Limited is the investment manager of OceanLink Partners Fund, LP and Cassini Partners, L.P.. OLP Capital Management Limited is owned by Mr. Shen Di Fan and RCWL Inc. as to 65% and 35%, respectively. RCWL Inc. is wholly owned by Mr. Richard Li. Therefore, each of Mr. Shen Di Fan, Mr. Richard Li, RCWL Inc., and OLP Capital Management Limited is deemed to be interested in the Shares held by OceanLink Partners Fund, LP and Cassini Partners, L.P..

4. BOCI Trustee is the trustee of the trusts established by the Company as settlor for the purpose of the 2021 Incentive Scheme, 2022 Incentive Scheme and 2023 Incentive Scheme. Therefore, BOCI Trustee is deemed to be interested in an aggregate of 168,596,000 Shares held by it on behalf of the incentive recipients of such schemes.

PERMITTED INDEMNITY PROVISION

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Companies Law of the Cayman Islands, every Director is entitled under the Articles of Association to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he or she may sustain or incur in or about the execution or discharge of his or her duties and/or the exercise of his or her powers and/or otherwise in relation to or in connection with his or her duties, powers or office. To the extent permitted by law, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group during the Year and up to the date of this annual report.

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as provided under the 2021 Incentive Scheme, the 2022 Incentive Scheme and the 2023 Incentive Scheme, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the paragraphs headed "Connected Transactions" and "Continuing Connected Transactions" below, there was no transaction, arrangement or contract of significance in relation to the Company's business, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest, nor was there any other transaction, arrangement or contract of significance in relation to the Company's business between the Company or its subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this annual report, none of the Directors were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interest.

MANAGEMENT CONTRACT

No contract (as defined in Section 543 of the Companies Ordinance (Cap. 622)) 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.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken in the ordinary course of business by the Group during the Year are set out in note 41 to the consolidated financial statements, and save as disclosed in the paragraphs headed "Connected Transactions" and "Continuing Connected Transactions" below, none of them constituted and there were no transactions which constituted a connected transaction (as defined under the Listing Rules) of the Company and was subject to reporting requirement during the Year and as at 31 December 2023.

LITIGATIONS

There were no material litigations and obligations of the Group during the Year.

CONNECTED TRANSACTIONS

During the Year, the Company entered into the following connected transactions:

1. **Acquisition of Fujian Zhaorun Real Estate Co., Ltd.* (福建兆潤房地產有限公司) ("Fujian Zhaorun")**
   On 6 December 2022, Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司) ("Xiamen Yi Yue") and Xiamen Zhaoyirong Property Development Company Limited* (廈門兆翊蓉房地產開發有限公司) ("Xiamen Zhaoyirong"), indirect wholly-owned subsidiaries of the Company, entered into the equity transfer agreements (the "Fujian Zhaorun Equity Transfer Agreements") with C&D Real Estate and Xiamen Liyuan Investment Company Limited* (廈門利源投資有限公司) ("Xiamen Liyuan"), pursuant to which C&D Real Estate and Xiamen Liyuan agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to acquire 95% and 5% equity interests in Fujian Zhaorun, respectively. The total cash consideration under the Fujian Zhaorun Equity Transfer Agreements shall be RMB10,062,849.77, of which Yi Yue and Xiamen Zhaoyirong shall contribute RMB9,559,707.28 and RMB503,142.49, respectively. Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder's loan (principal and interest) in the amount of RMB1,552,127,195.78 (as at 6 December 2022 and subject to adjustment) previously advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun and the project companies in proportion to the equity interests of Yi Yue and Xiamen Zhaoyirong in Fujian Zhaorun.

   Upon completion of the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements, Fujian Zhaorun will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

   As Xiamen Liyuan is a wholly-owned subsidiary of C&D Real Estate and C&D Real Estate is a controlling shareholder of the Company, the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements constitute connected transactions of the Company and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

   At the extraordinary general meeting of the Company held on 10 February 2023, the resolution approving the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements was passed by the independent shareholders of the Company.

   Fujian Zhaorun owns 49% of two parcels of land located in Pujin Street, Minhang District, Shanghai, the PRC (the "Shanghai Land I"). Given that the Shanghai Land I is surrounded by complete facilities, is situated at a good location and has relatively higher development potential, the entering into of the Fujian Zhaorun Equity Transfer Agreements will further expand the Group's land bank and enhance the Group's brand influence in the PRC market.

2. Formation of Joint Venture in relation to the Joint Development of Lands

(1) Formation of Joint Venture in relation to the Putian Land I

Putian Zhaoxi Property Company Limited* (莆田兆璽置業有限公司) ("Putian Zhaoxi"), a wholly-owned subsidiary of the Company, successfully won the bid on 18 May 2023 for the auction for the land use rights of the land which is located in the regulatory planning range of Bantou West Unit, Xialin Subdistrict, Chengxiang District, Putian City, east to Bantou Road and south to Shengli Road (Parcel No.: PS-Pai-2022-04 (莆田市PS拍-2022-04號)) (the "Putian Land I") for a total consideration of RMB285,000,000.

On 23 June 2023, Putian Zhaoxi and Putian Lianxintai Real Estate Co., Ltd.* (莆田聯欣泰置業有限公司) ("Putian Lianxintai") entered into the Cooperation Agreement, pursuant to which Putian Zhaoxi and Putian Lianxintai agreed to form the joint venture for the acquisition of the land use rights of the Putian Land I and the joint development of the Putian Land I through such joint venture, in which Putian Zhaoxi and Putian Lianxintai shall own 55% and 45% equity interests in such joint venture, respectively. Upon completion of the transactions contemplated under the Cooperation Agreement, such joint venture will become an indirect subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

The initial registered capital of such joint venture shall be RMB400,000,000. Pursuant to the terms of the Cooperation Agreement, the total capital commitment to be made by Putian Zhaoxi into the joint venture is expected to be RMB220,000,000, using self-owned funds of the Group.

As Xiamen C&D Inc. is a controlling shareholder of the Company and Lianfa Group Company Limited* (聯發集團有限公司) ("Lianfa Group") is a subsidiary of Xiamen C&D Inc., and Putian Lianxintai is a wholly-owned subsidiary of Lianfa Group, each of Lianfa Group and Putian Lianxintai is a connected person of the Company. As such, the transactions contemplated under the Cooperation Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules, which are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement.

(2) Formation of Joint Venture in relation to the Dongguan Land

Xiamen Hongyaoyi Real Estate Development Co., Ltd.* (廈門市泓垚翊房地產開發有限公司) ("Xiamen Hongyaoyi"), a wholly-owned subsidiary of the Company, successfully won the bid on 28 June 2023 for the auction for the land use rights of the land which is located in the east to Hongweiliu Road, Nancheng Street, Dongguan City, Guangdong Province (Parcel No.: Dongguan 2023WR003 (東莞2023WR003號)) (the "Dongguan Land") for a total consideration of RMB1,459,614,646.

On 11 September 2023, Xiamen Hongyaoyi and Shenzhen Lianyue Real Estate Development Co., Ltd.* (深圳聯粵房地產開發有限公司) ("Shenzhen Lianyue") entered into the Cooperation Agreement, pursuant to which, among other things, Xiamen Hongyaoyi agreed to sell, and Shenzhen Lianyue agreed to purchase 30% equity interest in Dongguan Zhaoxi Real Estate Development Co., Ltd.* (東莞市兆禧房地產開發有限公司) ("Dongguan Zhaoxi"), being the developer of the Dongguan Land and a wholly-owned subsidiary of Xiamen Hongyaoyi as at 11 September 2023, at nil consideration (subject to the amount filed or approved by the state-owned assets authorities), for the purpose of developing the Dongguan Land together through Dongguan Zhaoxi.

The initial registered capital of Dongguan Zhaoxi shall be RMB1,500,000,000. Pursuant to the terms of the Cooperation Agreement, the total capital commitment to be made by Xiamen Hongyaoyi to Dongguan Zhaoxi is expected to be RMB1,050,000,000, using self-owned funds of the Group.

Upon completion of the transactions contemplated under the Cooperation Agreement, Xiamen Hongyaoyi and Shenzhen Lianyue own 70% and 30% equity interests in Dongguan Zhaoxi, respectively. Dongguan Zhaoxi continues to be an indirect subsidiary of the Company and its financial results remain consolidated into the financial statements of the Company.

As Xiamen C&D Inc. is a controlling shareholder of the Company and Lianfa Group is a subsidiary of Xiamen C&D Inc., and Shenzhen Lianyue is a wholly-owned subsidiary of Lianfa Group, each of Lianfa Group and Shenzhen Lianyue is a connected person of the Company. As such, the transactions contemplated under the Cooperation Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules, which are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement.

(3) Formation of Joint Venture in relation to the Putian Land II

Putian Lianxintai successfully won the bid on 17 November 2023 for the auction for the land use rights of the land which is located in the regulatory planning range of Yuhu Subdistrict, Licheng District, Putian City, PRC, with Baicheng Road to the east, Lihu Road to the south, Planning Road to the west, and Yuhu Road Green Belt to the north (Parcel No.: Putian PS-Pai-2023-12 (莆田市PS拍-2023-12號)) (the "Putian Land II") for a total consideration of RMB530,000,000.

On 21 December 2023, Putian Zhaoxi and Putian Lianxintai entered into the Cooperation Agreement, pursuant to which Putian Zhaoxi agreed to acquire 45% of the equity interest in Putian Lianzhaorun Real Estate Co., Ltd.* (莆田聯兆潤置業有限公司) ("Putian Lianzhaorun") from Putian Lianxintai to jointly develop the Putian Land II through Putian Lianzhaorun.

Upon completion of the transactions under the Cooperation Agreement, Putian Zhaoxi and Putian Lianxintai shall own 45% and 55% equity interests in Putian Lianzhaorun, respectively. Putian Lianzhaorun will become an associate of the Company and its financial results will be incorporated into the consolidated financial statements of the Company using the equity method.

The initial registered capital of Putian Lianzhaorun was RMB530,000,000. Pursuant to the Cooperation Agreement, the total capital commitment to be made by Putian Zhaoxi into Putian Lianzhaorun is expected to be RMB238,500,000, using self-owned funds of the Group.

As Xiamen C&D is a controlling shareholder of the Company and Lianfa Group is a subsidiary of Xiamen C&D, and Putian Lianxintai is a wholly-owned subsidiary of Lianfa Group, each of Lianfa Group and Putian Lianxintai is a connected person of the Company. As such, the transactions contemplated under the Cooperation Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules, which when aggregated with the transactions in relation to the formation of joint ventures for the Putian Land I and the Dongguan Land, are subject to the reporting, announcement requirements and the independent shareholders' approval requirement.

At the extraordinary general meeting of the Company held on 23 February 2024, the resolution approving the transactions contemplated under the Cooperation Agreement was passed by the independent shareholders of the Company.

The formation of the joint ventures with Lianfa Group in relation to the joint development of the lands will enable the Group and Lianfa Group to collaborate in the process of developing such lands by leveraging their respective strengths to enhance the efficiency of land development and operation as well as the use of capital, therefore sharing its risks and benefits, and will enable more effective cost and quality control over the development of such lands, explore the advantages of brand synergy and further expand the influence of "C&D" as a brand.

3. Disposal of 34% Equity Interest in Guangzhou Jianxin Microfinance Company Limited* (廣州建信小額貸款有限公司) ("Jianxin Microfinance")

On 8 August 2023, Xiamen Libai Business Service Company Limited* (廈門利柏商務服務有限公司) ("Xiamen Libai"), an indirect wholly-owned subsidiary of the Company, C&D Real Estate and Xiamen C&D entered into the Equity Transfer Agreement, pursuant to which each of Xiamen Libai and C&D Real Estate agreed to sell and Xiamen C&D agreed to purchase 34% and 42% equity interests in Jianxin Microfinance, respectively. The consideration for 34% equity interests in Jianxin Microfinance proposed to be disposed of by Xiamen Libai shall be RMB103.8 million (subject to the approved results of the valuation of state-owned assets). Xiamen Libai shall also receive the dividend of approximately RMB36.1 million (based on 31 May 2023 and subject to adjustment) payable by Jianxin Microfinance to it.

Upon completion of the said disposal, Xiamen Libai and the Group will no longer, directly or indirectly, hold any equity interest in Jianxin Microfinance. The financial results of Jianxin Microfinance were not consolidated into the financial statements of the Company immediately before and upon completion of the said disposal.

Xiamen C&D, being a controlling shareholder of the Company, is a connected person of the Company. As such, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules, and the transaction contemplated under the Equity Transfer Agreement is subject to the reporting and announcement requirements, but is exempted from the independent shareholders' approval requirement.

The disposal allows the Group to focus more on the development of its real estate business and concentrate on its principal business, and the Group intends to use the cash proceeds from the disposal mainly to develop its existing real estate and other businesses.

4. Acquisition of Xiamen Jianyaoyue Real Estate Development Co., Ltd.* (廈門建垚悅房地產開發有限公司) ("Xiamen Jianyaoyue")

On 26 September 2023, Shanghai C&D Shenggao Enterprise Development Co., Ltd.*(上海建發盛高企業發展有限公司) ("C&D Shenggao") and Xiamen Zhaoyirong, indirect wholly-owned subsidiaries of the Company, entered into the Xiamen Jianyaoyue Equity Transfer Agreements with C&D Real Estate, pursuant to which C&D Real Estate agreed to sell and C&D Shenggao and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Xiamen Jianyaoyue, respectively. The aggregate cash consideration under the Xiamen Jianyaoyue Equity Transfer Agreements shall be nil. C&D Shenggao and Xiamen Zhaoyirong shall also repay the shareholder's loan (principal and interest) in the amount of RMB699,150,842.36 (with reference to the data as at 26 September 2023 and subject to adjustment) previously advanced by C&D Real Estate to Xiamen Jianyaoyue and the project company in accordance with the proportion of equity interests in Xiamen Jianyaoyue to be held by C&D Shenggao and Xiamen Zhaoyirong.

Upon completion of the transactions contemplated under the Xiamen Jianyaoyue Equity Transfer Agreements, C&D Shenggao and Xiamen Zhaoyirong will hold 95% and 5% equity interests in Xiamen Jianyaoyue, respectively. As such, each of Xiamen Jianyaoyue and the project company will become an indirect subsidiary of the Company and its respective financial results will be consolidated into the financial statements of the Company.

C&D Real Estate, being a controlling shareholder of the Company, is a connected person of the Company. As such, the transactions contemplated under the Xiamen Jianyaoyue Equity Transfer Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules, and the transactions contemplated under the Xiamen Jianyaoyue Equity Transfer Agreements are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirement.

Xiamen Jianyaoyue owns 50% interest in a land (Land number: Lot 15-01 Cao Road Base, Pudong New Area) at Cao Road, Pudong New Area, Shanghai, the PRC (the "Shanghai Land II"). Given that the comprehensive ancillary facilities surrounding the Shanghai Land II allows it to have better development potential, the acquisition of Xiamen Jianyaoyue can further expand the Group's land bank and enhance the Group's brand influence in Shanghai and the PRC market.

5. **Acquisition of Chengdu Zhaorongsheng Real Estate Development Company Limited* (成都兆蓉晟房地產開發有限公司) ("Chengdu Zhaorongsheng")**

On 6 November 2023, Chengdu Zhaoxinlin Real Estate Development Company Limited* (成都兆欣麟房地產開發有限公司) ("Chengdu Zhaoxinlin"), an indirect wholly-owned subsidiary of the Company, entered into the Chengdu Zhaorongsheng Equity Transfer Agreement with C&D Real Estate Group Chengdu Co., Ltd.* (建發房地產集團成都有限公司) ("C&D Real Estate Chengdu"), pursuant to which C&D Real Estate Chengdu agreed to sell and Chengdu Zhaoxinlin agreed to purchase 100% equity interests in Chengdu Zhaorongsheng. The aggregate cash consideration under the Chengdu Zhaorongsheng Equity Transfer Agreement shall be nil. Chengdu Zhaoxinlin shall also repay the shareholder's loan (principal and interest) in the amount of RMB1,640,051,618.46 (with reference to the data as at 6 November 2023 and subject to adjustment) previously advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng.

Upon completion of the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement, Chengdu Zhaoxinlin will hold 100% equity interests in Chengdu Zhaorongsheng. As such, Chengdu Zhaorongsheng will become an indirect subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

C&D Real Estate is a controlling shareholder of the Company and C&D Real Estate Chengdu is a wholly-owned subsidiary of C&D Real Estate, C&D Real Estate Chengdu is therefore a connected person of the Company. The transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement are required to be aggregated with the transactions under the Fujian Zhaorun Equity Transfer Agreements and the Xiamen Jianyaoyue Equity Transfer Agreements, and together they constitute discloseable and connected transactions of the Company under the Listing Rules which are subject to the reporting, announcement and shareholders' approval requirements.

At the extraordinary general meeting of the Company held on 12 January 2024, the resolution approving the transactions contemplated under the Chengdu Zhaorongsheng Equity Transfer Agreement was passed by the independent shareholders of the Company.

Chengdu Zhaorongsheng owns the land (Land number: QY02(251): 2023-020) at Group 6, Hongnian Community, Groups 6 and 7, Huayan Community, Caiqiao Street, Qingyang District, Chengdu, Sichuan Province, the PRC (the "Chengdu Land"). Given that the Chengdu Land is well located with outstanding educational resources and superior comprehensive quality, possessing great development potential, the acquisition of Chengdu Zhaorongsheng can further expand the scale of the Group's land reserve and enhance the Group's brand influence in Chengdu and the PRC market.

6. **Acquisition of Fuzhou Zhaozhen Real Estate Development Co., Ltd. * (福州兆臻房地產開發有限公司) ("Fuzhou Zhaozhen")**

On 9 January 2024, Hangzhou Zhaorui Real Estate Co., Ltd.* (杭州兆瑞房地產有限公司) ("Hangzhou Zhaorui"), an indirect wholly-owned subsidiary of the Company, entered into the Fuzhou Zhaozhen Equity Transfer Agreement with Fuzhou Zhaoxing Real Estate Development Co., Ltd.* (福州兆興房地產開發有限公司) ("Fuzhou Zhaoxing"), pursuant to which Fuzhou Zhaoxing agreed to sell and Hangzhou Zhaorui agreed to purchase 100% equity interests in Fuzhou Zhaozhen. The aggregate cash consideration under the Fuzhou Zhaozhen Equity Transfer Agreement shall be RMB29,131,248.69. Hangzhou Zhaorui shall also repay the shareholder's loan (principal and interest) in the amount of RMB1,192,742,292 (with reference to the data as at 9 January 2024 and subject to adjustment) previously advanced by Fuzhou Zhaoxing to Fuzhou Zhaozhen.

Upon completion of the transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement, Hangzhou Zhaorui will hold 100% equity interests in Fuzhou Zhaozhen. As such, Fuzhou Zhaozhen will become an indirect subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company.

C&D Real Estate is a controlling shareholder of the Company and Fuzhou Zhaoxing is a wholly-owned subsidiary of C&D Real Estate, Fuzhou Zhaoxing is therefore a connected person of the Company. The transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement constitute connected transactions of the Company under the Listing Rules.

The transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement are required to be aggregated with the transactions under (i) the Fujian Zhaorun Equity Transfer Agreements, (ii) the Xiamen Jianyaoyue Equity Transfer Agreements; and (iii) the Chengdu Zhaorongsheng Equity Transfer Agreement, and together they constitute discloseable and connected transactions of the Company under the Listing Rules which are subject to the reporting, announcement and shareholders' approval requirements.

At the extraordinary general meeting of the Company held on 23 February 2024, the resolution approving the transactions contemplated under the Fuzhou Zhaozhen Equity Transfer Agreement was passed by the independent shareholders of the Company.

Fuzhou Zhaozhen owns a land located at a plot granted in Gaogong Community on the east side of Dongshui Road and the north side of Fuxin Road in Gulou District, Fuzhou, Fujian Province, the PRC (Land number: 2023-040) (the "Fuzhou Land"). Given that the Fuzhou Land is located in a prime area with excellent educational and medical resources and great development potential, acquisition of Fuzhou Zhaozhen will allow the Group to further increase its scale of land reserves and enhance its brand influence in Fuzhou and the PRC markets.

CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions were recorded during the Year, details of these transactions are set out below:

1. Lease of properties

On 18 July 2017, Shanghai C&D Zhaoyu Asset Management Company Limited* (上海建發兆昱資產管理有限公司) ("Shanghai Zhaoyu") entered into a lease (the "Yangpu Lease") with Shanghai Zhaoyu Investment Development Company Limited* (上海兆御投資發展有限公司) ("Shanghai Zhaoyu Investment Development"), pursuant to which Shanghai Zhaoyu Investment Development agreed to lease certain properties located in Yangpu District* (楊浦區), Shanghai to Shanghai Zhaoyu.

The term of the Yangpu Lease is 10 years commencing from 1 July 2017 to 30 June 2027. An independent financial advisor has been appointed by the Company to opine on the term of the Yangpu Lease, which is more than three years and confirmed that it is a normal business practice for agreements of this type to be of such duration.

The rent payable under the Yangpu Lease shall be calculated on a daily basis. For the two years from 1 July 2017 to 30 June 2019, the rent shall be calculated daily at RMB1.00 per sq.m.; for the year from 1 July 2019 to 30 June 2020, the rent shall be calculated daily at RMB2.00 per sq.m.; for the two years from 1 July 2020 to 30 June 2022, the rent shall be calculated daily at RMB2.10 per sq.m.; for the two years from 1 July 2022 to 30 June 2024, the rent shall be calculated daily at RMB2.21 per sq.m.; for the two years from 1 July 2024 to 30 June 2026, the rent shall be calculated daily at RMB2.32 per sq.m.; and for the year from 1 July 2026 to 30 June 2027, the rent shall be calculated daily at RMB2.44 per sq.m. The rate was determined based on arm's length basis by reference to the prevailing market rates of the rental charge of properties in Shanghai.

The annual caps of the transactions contemplated under the Yangpu Lease were as follows:

Financial Year	Annual caps under the Yangpu Lease
Year ended 31 December 2017	RMB1,700,000
Year ended 31 December 2018	RMB3,500,000
Year ended 31 December 2019	RMB5,200,000
Year ended 31 December 2020	RMB7,200,000
Year ended 31 December 2021	RMB7,300,000
Year ended 31 December 2022	RMB7,500,000
Year ended 31 December 2023	RMB7,700,000
Year ending 31 December 2024	RMB7,900,000
Year ending 31 December 2025	RMB8,100,000
Year ending 31 December 2026	RMB8,300,000
Year ending 31 December 2027	RMB4,200,000

The Yangpu Lease was entered into to allow the Group to accumulate experience of commercial management and operation for the establishment of commercial management and operation brand in Shanghai.

As Shanghai Zhaoyu Investment Development is a wholly-owned subsidiary of Xiamen C&D which is a controlling shareholder of the Company, Shanghai Zhaoyu Investment Development is a connected person of the Company, hence the entering into of the Yangpu Lease constitutes continuing connected transactions under the Listing Rules, and is subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders' approval requirement.

During the Year, the rent payable of Shanghai Zhaoyu under the Yangpu Lease amounted to approximately RMB6,682,000.

2. Provision of entrusted construction management services

On 28 January 2022, Xiamen C&D Construction Operation and Management Company Limited* (廈門建發建設運營管理有限公司) ("C&D Construction") entered into the framework agreement (the "Entrusted Construction Framework Agreement") with C&D Real Estate for the period from 28 January 2022 to 31 December 2024, pursuant to which C&D Construction shall provide entrusted construction management services for a variety of construction and property development projects, etc. of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies.

Entrusted construction management services to be provided by C&D Construction mainly include:

(i) Entrusted construction: the overall construction services of a project, ranging from design and construction to completion and delivery of the project, to be provided during the period commencing from the obtainment of the project to its completion and delivery; and

(ii) Entrusted operating construction: the overall management and sale services in respect of the development and construction of a project, ranging from plot design, operation, sale, completion and delivery of the project, to be provided during the period commencing from the obtainment of the project to its completion and delivery.

Entrusted construction management service fees for each of the abovementioned service are as follows:

(i) the basic construction management fees for entrusted construction shall be not less than 4% of the "direct development costs" (land costs, public maintenance fees and contracts managed by C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies will be excluded as part of the basis when calculating management fees) of the project. The "direct development costs" is subject to adjustment according to the actual settlement amount of all contracts under management of C&D Construction;

(ii) the basic construction management fees for entrusted operating construction shall be not less than 5% of the "total sales" of the project. The "total sales" represent the total revenue to be obtained by C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies from the project (i.e. the amount of receivables with legal basis (including output value added tax), including the amounts received and the expected income of the relevant outstanding receivables from certain legal documents including signed sales and lease contracts and other contracts); and

(iii) other fees: may be determined and otherwise agreed by the parties according to the actual status of the project, including but not limited to the construction incentive and the construction management incentive. The specific fees charged can be a certain percentage of the "direct development costs", while the rate and the payment method can be determined by the parties after negotiation.

The annual caps of the entrusted construction management service fees to be received by C&D Construction under the Entrusted Construction Framework Agreement for each of the three years ended/ending 31 December 2024 are RMB150,000,000. In determining the annual caps, the Board has considered, among other things, (1) the historical fees received by C&D Construction from C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies for the provision of entrusted construction management services; (2) the anticipated rise in labor costs, management fees, etc.; (3) the service demand of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies arising from their daily operations; and (4) the relevant taxes and a reasonable profit margin.

The Entrusted Construction Framework Agreement was entered into to better manage the entrusted construction management services to be provided by C&D Construction to C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies, and is conducive to expanding C&D Construction's business scale and enhancing the performance of the Company's entrusted construction management segment.

C&D Real Estate is a controlling shareholder of the Company and, therefore, a connected person of the Company. Accordingly, the transactions contemplated under the Entrusted Construction Framework Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules, which are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement.

During the Year, the total entrusted construction management service fees receivable under the Entrusted Construction Framework Agreement amounted to approximately RMB45,737,000.

3. **Commercial project management services**

On 7 September 2022, C&D Real Estate, the Company and Xiamen Yuefa Commercial Management Company Limited* (廈門悅發商業管理有限公司) (subsequently renamed as Xiamen C&D Commercial Management Company Limited* (廈門建發商業管理有限公司), "C&D Commercial"), a wholly-owned subsidiary of C&D Property, entered into the framework agreement (the "Commercial Services Framework Agreement"), pursuant to which C&D Commercial shall provide commercial property operation management services for a variety of commercial assets projects, etc. of C&D Real Estate and its subsidiaries, joint ventures and associates (excluding the Group) (the "Remaining C&D Real Estate Group") and the Group (excluding the C&D Property Group), for the period from 7 September 2022 to 31 December 2024.

Commercial property operation management services to be provided by C&D Commercial mainly include:

(i) Pre-positioning and design consultancy: providing pre-positioning, planning and design consultancy services for commercial projects that have not commenced operation; and

(ii) Operation management: providing services including investment management, operation management and marketing planning for commercial projects that have commenced operation.

Commercial property operation management service fees for each of the abovementioned services are as follows:

(i) Pre-positioning and design consultancy management fee is calculated at RMB50 per square metre of project management area (including car parks) per annum. The fee is calculated by multiplying the above rate by the actual time between the introduction of the project to C&D Commercial and the official commencement of the project; and

(ii) Commercial property operation management service fee is calculated according to the type of fees charged, including:

 (1) commercial property operation management service fee, of which the basic management service fee rate is calculated based on 3% of the "Full-calibre Project Operating Income" (i.e. the sum of the project rental income and other commercial income) and the commission management service fee rate is calculated based on 5% of the "Project Operating Profit"(i. e."Full-calibre Project Operating Income" less business tax and project operating costs (excluding the commission management service fee));

 (2) branding fee, which is RMB1 million and RMB500,000 per annum for projects with management area (including car parks) of over 50,000 square metres and under 50,000 square metres, respectively;

 (3) platform output management service fee, calculated at a rate of 0.5% of the "Full-calibre Project Operating Income"; and

 (4) remuneration for the operating period of commercial project, calculated at a monthly rate of RMB1.2 per square metre of management area (including car parks).

The annual caps for the fees for commercial property operation management services to be received by C&D Commercial from the Remaining C&D Real Estate Group under the Commercial Services Framework Agreement for each of the three years ended/ending 31 December 2024 are RMB16,000,000, RMB55,000,000 and RMB60,000,000, respectively.

In determining the annual caps, the following main factors have been considered: (i) the business environment and market conditions of the commercial projects proposed to be entrusted for the three years ended/ending 31 December 2024; (ii) the location, number and management area of the commercial projects proposed to be entrusted; (iii) new commercial projects that may be acquired in the future and the demand for commercial property operation management services; (iv) the pricing and charge level of commercial property operation management services in comparable markets; and (v) the operation model and the income and cost structure of the commercial property operation management business of the representative enterprises in the same industry.

As the Company is mainly engaged in real estate development, entering into the Commercial Services Framework Agreement to entrust the management of the operation of its commercial projects and assets held to its subsidiary, C&D Property, will enable the Company to focus on the development and operation of its main business and improve the efficiency of the management and operation of its commercial assets.

C&D Real Estate is the controlling shareholder of the Company, and C&D Property is a subsidiary of the Company. Accordingly, the transactions contemplated under the Commercial Services Framework Agreement entered into between C&D Real Estate and C&D Property constitute continuing connected transactions of the Company under the Listing Rules and are subject to the reporting, announcement and annual review requirements but exempt from the shareholders' approval requirement.

During the Year, the service fees payable by the Remaining C&D Real Estate Group to C&D Commercial under the Commercial Services Framework Agreement amounted to approximately RMB38,853,000.

4. **Business Framework Agreement**

On 19 October 2022, C&D Real Estate, the Company and C&D Property entered into a business framework agreement (the "Business Framework Agreement"), pursuant to which, among other things, C&D Property Group and its joint ventures shall provide certain services to (i) the Group (excluding C&D Property Group and its joint ventures) (the "Remaining Group"); and (ii) Xiamen C&D and its subsidiaries (excluding the Group and C&D Property Group) and their joint ventures and associates (the "Remaining Xiamen C&D Group"), from 1 January 2023 to 31 December 2025.

Under the Business Framework Agreement, C&D Property Group shall provide the following services to (i) the Remaining C&D Real Estate Group and its connected companies; and (ii) the Remaining Group: (a) property management services, mainly including greening, gardening and order maintenance for public areas, cleaning, security, parking management, repair and maintenance services for public facilities, etc. to unsold and sold but undelivered commodity housing and office properties; (b) community value-added and synergy services, mainly including (i) home living services; (ii) home beauty services; (iii) real estate brokerage and asset management services; (iv) value-added services for public areas; (v) elderly-care & health value-added services; and (vi) smart community and smart construction site services; and (c) value-added services to non-property owners, mainly including (i) consultancy services to property developers during the property development and construction phases; and (ii) reception, order maintenance, cleaning and security and maintenance services to property developers and arrangement of the site and data preparation by property owner's for handover to property developers during both pre-sales and post-sales phases.

The pricing basis of the abovementioned services is as follows:

1. *Property management services:*

   Property management fees shall be determined after arm's length negotiations by the parties based on the unit price of property management fees agreed in the "preliminary property management service contract" signed when obtaining the property management right. Pursuant to the property management services contracts, the property management fees are calculated based on area multiplied by unit price. The specific unit price of property management fees shall take into consideration factors including (i) property type such as residential and non-residential, as well as the project's location such as the tier of the city; (ii) scope and quality of services provided; (iii) expected operating expenses; (iv) target profit margin of the Group; (v) profile of the owners and residents; (vi) the local government's guidance price for property management fees (if applicable); and (vii) property management fees for similar services and similar property types in the market, and by referring to the charging levels of at least two comparable transactions obtained through market research (if applicable).

2. *Community value-added and synergy services:*
The service fees are charged for each service. In principle, it shall be determined after arm's length negotiations with reference to the prevailing market prices of similar services in the open market and fees of historical transactions (if any) after going through the following procedures.

(i) Based on the specific situation of each service, the scope of similar and comparable services will be delineated according to its content and requirements, project scale and locality, etc.;

(ii) Analyzing the current market price through information in public domain, Internet sales platforms, exchanges with other market participants and peers, and market intelligence obtained through the Group's business network, including the charging profile of at least two comparable transactions where feasible;

(iii) Combining the information obtained through (ii), the relevant business department will calculate the reasonable price based on the internal projection of the Group and propose the recommended price, which shall be determined after being approved by the Group's relevant personnel in charge.

3. *Value-added services to non-property owners*
The service fees shall be determined after arm's length negotiations. In general, fees for provision of reception, order maintenance and cleaning services to developers will be calculated based on the cost plus mechanism, and the service fee receivable (i.e. the Group's tax-inclusive income) shall be calculated using the following formula:

cost (calculated based on the actual costs incurred, such as materials and labour) + indirect management fee (being tax-exclusive income x 10% to 15%) + taxes

On the other hand, fees for provision of project design, pre-inspection and other consultancy services to developers; customized services for developers' needs will be based on fixed unit price (especially when the property developers engaged the Group for pre-inspection before handover), and the price will be determined based on the prevailing market price (including various taxes and fees), multiplied by the delivery area.

Pursuant to the Business Framework Agreement, the annual caps of the service fees payable to the C&D Property Group by the Remaining C&D Real Estate Group and its connected companies for each of the three years ended/ending 31 December 2025 are RMB150 million, RMB158 million and RMB165 million, respectively.

The Business Framework Agreement was entered into as the C&D Property Group has continued to provide the Remaining C&D Real Estate Group and its connected companies and the Remaining Group with property management services, the community value-added and synergy services and the value-added services to non-property owners; and the Remaining C&D Real Estate Group and its connected companies, the Remaining Group and the C&D Property Group work in a long-term and good relationship that can create a positive synergy effect.

C&D Real Estate is the controlling shareholder of the Company, and C&D Property is a subsidiary of the Company, hence the transactions contemplated under the Business Framework Agreement between the Remaining C&D Real Estate Group and its connected companies and the C&D Property Group constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

During the Year, the service fees payable by the Remaining C&D Real Estate Group and its connected companies to the C&D Property Group under the Business Framework Agreement amounted to approximately RMB118,355,000.

5. Raw Material Procurement Framework Agreement

On 14 March 2023, the Company and C&D Inc. entered into the Raw Material Procurement Framework Agreement in relation to the procurement of raw materials for a term from 14 March 2023 to 31 December 2025, pursuant to which the Group will procure raw materials for construction from C&D Inc. in respect of the Group's operations such as real estate development and construction.

The Group will procure raw materials from C&D Inc. in respect of the Group's operations such as real estate development and construction, and the raw materials will be supplied by C&D Inc. The parties will enter into individual agreements on the procurement of relevant raw materials to be supplied, the general terms and conditions of which must be consistent with that of the Framework Agreement.

Procurement fees are calculated by multiplying the quantity of the target product by the unit price, which shall be determined with reference to the market price of the same or similar products and shall be adjusted by both parties after negotiation based on the actual situation of the target products. The market prices of raw materials are relatively transparent, and the relevant companies generally conduct a bidding process when purchasing raw materials to ensure that the procurement is carried out at the market prices and on normal commercial terms not less favourable than those provided by independent third parties.

C&D Inc. is the controlling shareholder of the Company, therefore a connected person of the Company. Accordingly, the transactions contemplated under the Raw Material Procurement Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules, which are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement.

The annual caps of the fees for procurement of raw materials payable by the Group to C&D Inc. under the Raw Material Procurement Framework Agreement for each year of the three years ended/ending 31 December 2025 are RMB700 million, RMB800 million and RMB900 million, respectively.

In determining the annual caps, the Board has considered the following main factors: (a) the current and expected development expectations of the Group's construction business for the next two years and the corresponding annual demand for raw materials; (b) situation about the regions and cities as well as local raw material suppliers where the construction business is currently and expected to undertake projects for the next two years; and (c) current and expected market price levels of steel and other raw materials for construction for the next two years.

The Group's core business is real estate development and has been actively expanding its business around the upstream and downstream industrial chains of real estate, which currently covers entrusted construction management services, property management services and construction engineering management services. Since 2022, the Group started to expand its business in the construction of real estate development projects and the demand of raw materials for construction has gradually increased. The Group intends to form joint collaboration with the supply chain business of C&D Inc. through the Framework Agreement, which will facilitate the Group to enhance the efficiency in the procurement of raw materials for the construction business.

During the Year the procurement fees payable by the Group to C&D Inc. under the Raw Material Procurement Framework Agreement was approximately RMB322,733,000.

Review by independent non-executive Directors and the auditor of the Company

Pursuant to Rule 14A.55 of the Listing Rules, the INEDs have reviewed the abovementioned continuing connected transactions and confirmed that such transactions have been conducted:

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

(2) on normal commercial terms or better; and

(3) according to the relevant agreements governing the relevant transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was also engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules, and the Board acknowledged the receipt of the auditors' confirmation letter dated 21 March 2024. Based on its work, the Company's auditor's has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that:

a. the continuing connected transactions have not been approved by the Company's Board of Directors;

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

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

d. with respect to the aggregate amount of each of the continuing connected transactions, the continuing connected transactions have exceeded the annual cap as set by the Company.

Save as disclosed above, a summary of material related party transactions made during the Year is disclosed in note 41 to the consolidated financial statements. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

In order to raise capital for the Company while broadening the shareholder base and capital base of the Company, on 30 November 2022, the Company, Well Land, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Limited entered into a placing and subscription agreement. The net proceeds from the placing of 45,000,000 new ordinary Shares (with an aggregate nominal value of HK$4,500,000) to not less than six independent third parties under general mandate, after deducting the actual expenses relating to the placing, amounted to approximately HK$800 million (representing a net placing price of approximately HK$17.78 per placing Share) which was based on the placing price of HK$17.98 per placing Share (the closing price was HK$19.86 per Share as quoted on the Stock Exchange as at 29 November 2022). Such net proceeds were used according to the intention disclosed in the announcement of the Company dated 30 November 2022. The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2023:

Use of proceeds	**Planned applications** (HK$ million)	**Percentage of total net proceeds from the Placing**	**Actual usage up to 31 December 2023** (HK$ million)
Repayment of loans	640	80%	640
General working capital	160	20%	160
	800		800

EQUITY-LINKED AGREEMENTS

Other than the 2023 Incentive Scheme, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the Year or subsisted at the end of the Year.

DEBENTURES

Yi Yue entered into a renewable term loan agreement with C&D Real Estate on 1 December 2020 and 16 June 2021, details of which is disclosed in note 33 to the consolidated financial statements.

RESTRICTED SHARE INCENTIVE SCHEMES

2021 Incentive Scheme

As approved at the extraordinary general meeting of the Company on 9 June 2021, the Company allotted and issued 35,300,000 restricted Shares under the 2021 Incentive Scheme on 29 June 2021. Details of the 2021 Incentive Scheme have been disclosed in the announcements of the Company dated 31 March 2021 and 9 June 2021 and the circular of the Company dated 20 May 2021. The principal terms are as follows:

(i) *Purpose*

To establish and improve the Company's medium to long-term incentive mechanism to collectively integrate interests of the Shareholders, the Company and the Company's core team, fully motivate the management and core staff of the Company and achieve high-quality development of the Company.

(ii) *Incentive Recipients*

Directors and senior management of the Group who play a vital role in the medium to long-term development of the Company and the core staff of the Group who have made direct contribution to the operating results and sustainable development of the Company (excluding independent Directors, Shareholders or de facto controllers of the Company who individually or collectively hold more than 5% of the issued Shares of the Company and their respective spouses, parents or children).

(iii) *Shares Available under the 2021 Incentive Scheme*

The 2021 Incentive Scheme intends to allot and issue a total of up to 35,300,000 restricted Shares to the incentive recipients, representing approximately 1.86% of the total issued Shares as at the date of this annual report. As at the date of this annual report, the remaining life of the 2021 Incentive Scheme is approximately 7 years and 3 months.

(iv) *Maximum Entitlement of Each Participant*

The total number of Shares to be granted to each of the incentive recipients under the 2021 Incentive Scheme shall not exceed 1% of the total share capital of the Company.

(v) *Validity Period*

The validity period of the 2021 Incentive Scheme shall commence from the date of the approval (i.e. 9 June 2021) and end on the date on which all lock-up restrictions imposed on the restricted Shares granted to the incentive recipients are lifted or all the restricted Shares granted to the incentive recipients are repurchased, which shall be no more than ten years (no later than 8 June 2031). On 29 June 2021, the Company completed allotment and issue of 35,300,000 restricted Shares under the 2021 Incentive Scheme. Since then, all the Shares under the 2021 Incentive Scheme have been fully granted, and the Company has no remaining equity available to be granted under the 2021 Incentive Scheme. The closing price of the Shares immediately before the grant date was HK$13.82 per Share.

(vi) *Lock-up Period*

The lock-up periods of the 2021 Incentive Scheme are 24 months, 36 months and 48 months from the date of allotment and issue of the restricted Shares, and 40%, 30% and 30% of the restricted Shares will be unlocked after each of the three lock-up period expires, but subject to fulfillment of the conditions pursuant to the 2021 Incentive Scheme, respectively. The restricted Share shall not be transferred, used as guarantee or for repayment of debts during the lock-up period.

(vii) *Grant Price*

The grant price under the 2021 Incentive Scheme is HK$7.22 per Share, which was determined with reference to the Notice on Further Improving the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2019] No. 102)《關於進一步做好中央企業控股上市公司股權激勵工作有關事項的通知》(國資發考分規[2019]102號) and Guidelines for the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2020] No. 178)《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號). Pursuant to the 2021 Incentive Scheme, the restricted Shares shall be granted at a price not less than the par value of the Shares and not less than the higher of:

(i) 50% of the closing price of the Shares as quoted on the Stock Exchange on the price benchmark date (i.e. 31 March 2021); and

(ii) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the price benchmark date.

The incentive recipients shall pay the subscription funds for the restricted Shares granted (i.e. the number of restricted Shares awarded multiplied by the grant price) to the Company's designated account within the time period as prescribed by the Company. There is no additional amount payable on application or acceptance of the restricted Shares awarded.

2022 Incentive Scheme

As approved at the extraordinary general meeting of the Company on 23 December 2022, the Company allotted and issued 100,000,000 restricted Shares under the 2022 Incentive Scheme on 29 December 2022. Details of 2022 Incentive Scheme have been disclosed in the announcement of the Company dated 2 November 2022 and the circular of the Company dated 6 December 2022. The principal terms are as follows:

(i) *Purpose*

To establish and improve the Company's medium to long-term incentive mechanism to collectively integrate interests of the Shareholders, the Company and the Company's core team, to recognise the contributions made by incentive recipients; provide incentives to them in order to retain them for the continuous operation and development of the Group; and fully motivate the management and core staff of the Company and enabling the incentive recipients to work towards achieving high-quality and long-term development of the Company.

(ii) *Incentive Recipients*

Directors and senior management of the Group who play a vital role in the medium to long-term development of the Company and core staff and employees of the Group who have made long-term contributions to the Group (including members of medium management but excluding independent Directors, Shareholders or de facto controllers of the Company who individually or collectively hold more than 5% of the issued Shares of the Company and their respective spouses, parents or children).

(iii) *Shares Available under the 2022 Incentive Scheme*

The 2022 Incentive Scheme intends to allot and issue up to 100,000,000 restricted Shares (the exact number is subject to the actual subscription) to the incentive recipients, representing 5.28% of the total issued Shares as at the date of this annual report. On 29 December 2022, the Company completed allotment and issue of 100,000,000 restricted Shares under the 2022 Incentive Scheme. Since then, all the shares under the 2022 Incentive Scheme have been fully granted, and the Company has no remaining equity available to be granted under the 2022 Incentive Scheme. The closing price of the Shares immediately before the grant date was HK$22.6 per Share.

(iv) *Maximum Entitlement of Each Participant*

The total number of Shares to be granted to each of the incentive recipients under the 2022 Incentive Scheme shall not exceed 1% of the total share capital of the Company.

(v) *Validity Period*

The validity period of the Incentive Scheme shall commence from the date of the approval (i.e. 23 December 2022) and end on the date on which all conditions for lockup release are lifted or all the restricted Shares granted to the incentive recipients are repurchased, which shall be no more than ten years (no later than 22 December 2032). As at the date of this annual report, the remaining life of the 2022 Incentive Scheme is approximately 8 years and 9 months.

(vi) *Lock-up Period*

The lock-up periods of the 2022 Incentive Scheme are 24 months, 36 months and 48 months from the date of allotment and issue of the restricted Shares (i.e. 29 December 2022) and 40%, 30% and 30% of the restricted Shares will be unlocked and vested after each of the three lock-up period expires, but subject to fulfillment of the conditions pursuant to the 2022 Incentive Scheme, respectively. The restricted Shares shall not be transferred, used as guarantee or for repayment of debts during the lock-up period.

(vii) *Grant Price*

The grant price under the 2022 Incentive Scheme is HK$7.01 per Share, which was determined with reference to the Notice on Further Improving the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2019] No. 102)《關於進一步做好中央企業控股上市公司股權激勵工作有關事項的通知》(國資發考分規[2019]102號) and Guidelines for the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2020] No. 178)《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號). Pursuant to the 2022 Incentive Scheme, the restricted Shares shall be granted at a price not less than the par value of the Shares and not less than the higher of:

(i) 50% of the closing price of the Shares as quoted on the Stock Exchange on the price benchmark date (i.e. 2 November 2022); and

(ii) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the price benchmark date.

The incentive recipients shall pay the subscription funds for the restricted Shares granted (i.e. the number of restricted Shares awarded multiplied by the grant price) to the Company's designated account within the time period as prescribed by the Company. There is no additional amount payable on application or acceptance of the restricted Shares awarded.

2023 Incentive Scheme

As the Shares under the 2021 and 2022 equity incentive schemes were fully granted before 1 January 2023, as at 1 January 2023, the Company has no remaining Shares available to be granted to employees under any equity incentive scheme.

As approved at the extraordinary general meeting of the Company held on 21 December 2023, the Company allotted and issued 49,870,000 restricted Shares under the 2023 Incentive Scheme on 28 December 2023. Details of the 2023 Incentive Scheme have been disclosed in the announcement of the Company dated 7 November 2023 and the circular of the Company dated 4 December 2023. The principal terms are as follows:

(i) *Purpose*

To establish and improve the Company' s medium to long- term incentive mechanism to integrate interests of the Shareholders, the Company and the Company's core team, fully motivate the management and core staff of the Company and achieve high-quality development of the Company.

(ii) *Incentive Recipients*

Directors and senior management of the Group who play a vital role in the medium to long-term development of the Company and the core staff and employees of the Group who have made long-term contributions to the Group (excluding independent non-executive Directors, Shareholders or de facto controllers of the Company who individually or collectively hold more than 5% of the issued Shares and their respective spouses, parents or children).

(iii) *Shares Available under the 2023 Incentive Scheme*

The 2023 Incentive Scheme intends to allot and issue up to 50,000,000 restricted Shares (the exact number is subject to the actual level of subscription) to the incentive recipients, representing 2.64% of the total issued Shares as at the date of this annual report. On 28 December 2023, the Company completed allotment and issue of 49,870,000 restricted Shares under the 2023 Incentive Scheme based on the actual level of subscription. Since then, all the shares under the 2023 Incentive Scheme have been fully granted. As at the date of the report, the Company has no remaining equity available to be granted under the 2023 Incentive Scheme and any other share incentive scheme. The closing price of the Shares immediately before the grant date was HK$15.42 per Share.

(iv) *Maximum Entitlement of Each Participant*

The total number of restricted Shares to be granted to each Incentive Recipient under the 2023 Incentive Scheme, as well as all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the scheme) under all share schemes of the Company shall not exceed 1% of the total share capital of the Company.

(v) *Validity Period*

The validity period of the 2023 Incentive Scheme shall commence from the date of the approval (i.e. 21 December 2023) and end on the date on which all conditions for lock-up release are lifted or all restricted Shares granted to the incentive recipients are repurchased, which shall be no more than ten years (no later than 20 December 2033). As at the date of this annual report, the remaining life of the 2023 Incentive Scheme is approximately 9 years and 9 months.

(vi) *Lock-up Period*

The lock-up periods of the 2023 Incentive Scheme are 24 months, 36 months and 48 months from the date of allotment and issue of the restricted Shares (i.e. 28 December 2023) and 40%, 30% and 30% of the restricted Shares will be unlocked and vested after each of the three lock-up period expires, but subject to fulfillment of the conditions pursuant to the 2023 Incentive Scheme, respectively. The restricted Shares shall not be transferred, used as guarantee or for repayment of debts during the lock-up period.

(vii) *Grant Price*

The grant price under the 2023 Incentive Scheme is HK$8.80 per Share, which was determined with reference to the Notice on Further Improving the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2019] No. 102)《關於進一步做好中央企業控股上市公司股權激勵工作有關事項的通知》(國資發考分規[2019]102號) and Guidelines for the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2020] No. 178)《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號). Pursuant to the 2023 Incentive Scheme, the restricted Shares shall be granted at a price not less than the par value of the Shares and not less than the higher of:

(i) 50% of the closing price of the Shares as quoted on the Stock Exchange on the price benchmark date (i.e. 7 November 2023); and

(ii) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the price benchmark date.

The incentive recipients shall pay the subscription funds for the restricted Shares granted (i.e. the number of restricted Shares awarded multiplied by the grant price) to the Company's designated account within the time period as prescribed by the Company. There is no additional amount payable on application or acceptance of the restricted Shares awarded.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Year divided by the weighted average number of shares of the relevant class in issue for the Year was approximately 3.01%.

Details of the accounting standard and policy adopted for the 2021, 2022 and 2023 Incentive Scheme are set out in note 2 "2.21 Share-based Payments" to the consolidated financial statements contained in this report. Details of the share-based payments under the 2021, 2022 and 2023 Incentive Scheme are set out in note 12 "Employment Benefit Expense (Including Directors' Emoluments)" to the consolidated financial statements contained in this report.

The details of the movement of the Restricted Shares under the 2021 Incentive Scheme, 2022 Incentive Scheme and 2023 Incentive Scheme during the Year are as follows:

Name of the incentive recipient	Position within the Group	Number of unvested restricted Shares as at 1 January 2023	Date of grant (i.e. Date of issuance of the restricted Shares)	Granted during the Year	Vested during the Year *(Note 4)*	Cancelled during the Year	Lapsed during the Year *(Note 5)*	Number of unvested restricted Shares as at 31 December 2023	Vesting Period
Ms. Zhao Chengmin	Chairperson and executive Director	330,000	29 June 2021	–	132,000	–	–	198,000	Note 1
		650,000	29 December 2022	–	–	–	–	650,000	Note 2
		–	28 December 2023	150,000	–	–	–	150,000	Note 3
	Sub-total	980,000	–	150,000	132,000	–	–	998,000	–
Mr. Lin Weiguo	Executive Director and chief executive officer of the Company	290,000	29 June 2021	–	116,000	–	–	174,000	Note 1
		600,000	29 December 2022	–	–	–	–	600,000	Note 2
		–	28 December 2023	150,000	–	–	–	150,000	Note 3
	Sub-total	890,000	–	150,000	116,000	–	–	924,000	–
Mr. Peng Yong	Executive Director	290,000	29 June 2021	–	116,000	–	–	174,000	Note 1
		600,000	29 December 2022	–	–	–	–	600,000	Note 2
	Sub-total	890,000	–	–	116,000	–	–	774,000	–
Mr. Tian Meitan	Executive Director	280,000	29 June 2021	–	112,000	–	–	168,000	Note 1
		530,000	29 December 2022	–	–	–	–	530,000	Note 2
		–	28 December 2023	150,000	–	–	–	150,000	Note 3
	Sub-total	810,000	–	150,000	112,000	–	–	848,000	–
	Sub-total of Directors	3,570,000	–	450,000	476,000	–	–	3,544,000	–
Five highest paid individuals for the Year (excluding the above 2 directors, i.e. Mr. Peng and Mr. Tian)		850,000	29 June 2021	–	340,000	–	–	510,000	Note 1
		1,660,000	29 December 2022	–	–	–	–	1,660,000	Note 2
		–	28 December 2023	300,000	–	–	–	300,000	Note 3
	Sub-total	2,510,000	–	300,000	340,000	–	–	2,470,000	–
Other employees of the Group		32,770,000	29 June 2021	–	12,888,000	–	820,000	19,062,000	Note 1
		95,960,000	29 December 2022	–	–	–	1,560,000	94,400,000	Note 2
		–	28 December 2023	49,120,000	–	–	–	49,120,000	Note 3
	Sub-total of other employees of the Group	128,730,000	–	49,120,000	12,888,000	–	2,380,000	162,582,000	–
Total		134,810,000	–	49,870,000	13,704,000	–	2,380,000	168,596,000	–

Notes:

1. Represent restricted Shares granted under the 2021 Incentive Scheme, which are unlocked in three tranches with lock-up periods of 24 months, 36 months and 48 months from their date of grant (i.e. 29 June 2021), and 40%, 30% and 30% of the restricted Shares will be unlocked in each tranche, but subject to fulfillment of the conditions pursuant to the 2021 Incentive Scheme, respectively.

2. Represent restricted Shares granted under the 2022 Incentive Scheme, which are unlocked in three tranches with lock-up periods of 24 months, 36 months and 48 months from their date of grant (i.e. 29 December 2022), and 40%, 30% and 30% of the restricted Shares will be unlocked in each tranche, but subject to fulfillment of the conditions pursuant to the 2022 Incentive Scheme, respectively.

3. Represent restricted Shares granted under the 2023 Incentive Scheme, which are unlocked in three tranches with lock-up periods of 24 months, 36 months and 48 months from their date of grant (i.e. 28 December 2023), and 40%, 30% and 30% of the restricted Shares will be unlocked in each tranche, but subject to fulfillment of the conditions pursuant to the 2023 Incentive Scheme, respectively.

4. As all conditions for lock-up release for the first lock-up release under the 2021 Incentive Scheme have been met, and after consideration and approval by the Remuneration Committee and the Board, a total of 13,704,000 restricted Shares were vested to eligible incentive recipients under the 2021 Incentive Scheme during the Year. None of the restricted Shares under the 2022 Incentive Scheme and the 2023 Incentive Scheme were vested during the Year.

5. During the Year, a total of 2,380,000 restricted Shares expired due to the resignation or retirement of incentive recipients.

RETIREMENT BENEFIT SCHEMES/PENSION SCHEME

Retirement benefits to employees are provided through defined contribution plans. Subsidiaries of the Company are required to contribute a certain proportion of its payroll costs to the pension scheme. The only obligation of the Company with respect to the pension scheme is to make the required contributions.

The retirement benefits costs charged in the income statement represent the contributions payable in respect of the current year to the retirement benefits scheme managed by respective local social security bureau in accordance with government regulations in different jurisdictions. The forfeited contributions (by us on behalf of employees who leave the scheme prior to vesting fully in such contributions) will not be used by us to reduce the existing level of contributions. Please refer to note 2.21 to the consolidated financial statements for the Year for more information.

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

Save for the Shares issued pursuant to the 2023 Incentive Scheme, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 63 to 77 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float (i.e. at least 25% of the issued Shares were held by the public) as required by Rule 8.08 of the Listing Rules.

ADDITIONAL DISCLOSURES

Registration of lease agreements in the PRC

As disclosed in the prospectus of the Company dated 30 November 2012 (the "Prospectus"), some lease agreements in respect of certain investment properties in the PRC held or leased by the Group, which are required to be registered under the PRC laws, were not registered nor registrable.

As at 31 December 2023, 77 lease agreements were still pending to be registered due to the fact that the merchants shall bring their ID cards and go to the competent Real Estate Bureau together with relevant staff of the Group to complete the registration. However, the merchants did not actively assist the Company in completing such registration.

The Company will keep monitoring the registration status of these lease agreements with the aim of completing their registration as early as practicable.

Property ownership certificate of Wan Guo Plaza* (萬國廣場) (formerly known as Yu Feng High Street)
As disclosed in the Prospectus, following the refurbishment and renovation of Wan Guo Plaza* (萬國廣場) (formerly known as Yu Feng High Street), the property ownership certificate was issued on 11 May 2012 in respect of the refurbished Wan Guo Plaza and covered a GFA of 7,484 sq.m. It was later transpired that there was a shortfall in GFA of approximately 770 sq.m., which was yet to be covered under the property ownership certificate. The Group has delegated a senior management staff to keep liaising with the relevant PRC authorities and following up on the application procedure for a new property ownership certificate of Wan Guo Plaza.

As at 31 December 2023, the application process for the new property ownership certificate was still ongoing. Given that the application for a new property ownership certificate under the above special circumstance is not one which is usually taken out before the relevant PRC authorities, the Group expects that the processing time would be longer than is normally required. There was no indication from the PRC authorities as to how long such process would take. The Group will maintain its communication with the relevant PRC authorities closely so as to obtain the up-to-date status of the application progress until the new property ownership certificate covering the shortfall in GFA is issued.

REVIEW BY AUDIT COMMITTEE

The Audit Committee (comprising all four INEDs, namely Mr. Wong Chi Wai (committee chairman), Mr. Wong Tat Yan, Paul, Mr. Chan Chun Yee and Mr. Dai Yiyi) has reviewed with the management the audited consolidated financial statements of the Company for the Year.

INDEPENDENT AUDITOR

The Group's consolidated financial statements for the Year have been audited by Grant Thornton Hong Kong Limited which will retire and, being eligible, offer itself for re-appointment at the AGM. Having approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint Grant Thornton Hong Kong Limited and to authorise the Directors to fix its remuneration will be proposed at the AGM.

There has been no change in auditor in any of the preceding three years as at 31 December 2023.

On behalf of the Board

ZHAO Chengmin
Chairperson and executive Director

Hong Kong, 21 March 2024

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the Year.

CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

— satisfactory and sustainable returns to Shareholders;

— that the interests of those who deal with the Company are safeguarded;

— that overall business risk is understood and managed appropriately; and

— the delivery of high-quality products and services to the satisfaction of customers; and

— that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules.

The Board is of the view that throughout the Year, the Company has complied with all the code provisions as set out in Part 2 of the CG Code.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules for dealings in securities of the Company by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Year.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Year.

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

BOARD COMPOSITION

During the Year and up to the date of this annual report, the Board comprises the following Directors:

Executive Directors
Ms. Zhao Chengmin *(Chairperson)*
Mr. Lin Weiguo *(Chief Executive Officer)*
Mr. Tian Meitan
Mr. Peng Yong [(1)]

Non-executive Directors
Mr. Huang Wenzhou
Ms. Ye Yanliu
Mr. Wang Wenhuai [(2)]
Mr. Zheng Yongda [(3)]

Independent Non-executive Directors
Mr. Wong Chi Wai
Mr. Wong Tat Yan, Paul
Mr. Chan Chun Yee
Mr. Dai Yiyi [(4)]

Notes:

(1) Mr. Peng Yong was appointed as an executive Director with effect from 26 April 2023.

(2) Mr. Wang Wenhuai resigned as a non-executive Director with effect from 10 May 2023.

(3) Mr. Zheng Yongda was appointed as a non-executive Director with effect from 10 May 2023.

(4) Mr. Dai Yiyi was appointed as an independent non-executive Director with effect from 26 April 2023.

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 22 to 27 of this annual report.

None of the members of the Board is related to one another.

Number of Meetings and Directors' Attendance

Regular Board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Year, four Board meetings, one annual general meeting and two extraordinary general meetings (the "EGM") were held. Details of the attendance of the Directors are as follows:

Directors	Attendance of Board meeting	Attendance of annual general meeting	Attendance of EGM
Ms. Zhao Chengmin	4/4	1/1	2/2
Mr. Lin Weiguo	4/4	1/1	2/2
Mr. Tian Meitan	4/4	1/1	2/2
Mr. Peng Yong (appointed on 26 April 2023)	3/3	1/1	1/1
Mr. Huang Wenzhou	4/4	1/1	2/2
Ms. Ye Yanliu	4/4	1/1	2/2
Mr. Wang Wenhuai (resigned on 10 May 2023)	1/1	N/A	1/1
Mr. Zheng Yongda (appointed on 10 May 2023)	3/3	1/1	1/1
Mr. Wong Chi Wai	4/4	1/1	2/2
Mr. Wong Tat Yan, Paul	4/4	1/1	2/2
Mr. Chan Chun Yee	4/4	1/1	2/2
Mr. Dai Yiyi (appointed on 26 April 2023)	3/3	1/1	1/1

Apart from regular Board meetings, the Chairperson also held a meeting with the independent non-executive Directors without the presence of other Directors for compliance with provision C.2.7 of the CG Code.

Chairperson and Chief Executive Officer

The position of the Chairperson was held by Ms. Zhao Chengmin. The Chairperson provides leadership and is responsible for the effective functioning and leadership of the Board. Mr. Lin Weiguo is the chief executive officer of the Company who is responsible for the Company's business development and daily management and operations.

Independent Non-executive Directors

During the Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing one-third of the Board) with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Under code provision B.2.3 of the CG Code, further appointment of independent non-executive director who serve more than nine years should be subject to a separate resolution to be approved by the shareholders. Each of Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee has served as independent non-executive Director for more than nine years since November 2012. Further appointments of them was approved by the Shareholders at the annual general meeting of the Company held on 30 May 2023. Besides Mr. Dai Yiyi has been appointed as an independent non-executive Director with effect from 26 April 2023.

The Board has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules, and has assessed and reviewed the annual confirmation of independence and is satisfied with the independence of each of Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul, Mr. Chan Chun Yee and Mr. Dai Yiyi based on the criteria set out in Rule 3.13 of the Listing Rules and affirmed that each of Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul, Mr. Chan Chun Yee and Mr. Dai Yiyi remained independent of management and free of any relationship which could materially interfere with the exercise of their independent judgment.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism during the Year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

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

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the Year, all Directors has completed the independence evaluation in the form of a questionnaire individually and supplemented by individual interviews. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the Year, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

The non-executive Directors are appointed for a specific term of three years from their respective date of appointment, subject to renewal after the expiry of the then current term and retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

Each of the independent non-executive Directors has been appointed for an initial term of one year or three years, which is renewable automatically for successive terms of one year each from the day immediately after the expiry of the then current term, subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

The Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment. On 26 April 2023, Mr. Peng Yong and Mr. Dai Yiyi have been appointed as an executive Director and independent non-executive Director respectively. On 10 May 2023, Mr. Zheng Yongda has been appointed as a non-executive Director. In accordance with Article 109 of the Articles of Association of the Company, Mr. Peng Yong, Mr. Dai Yiyi and Mr. Zheng Yongda shall retire and being eligible, have offered themselves for re-election at the AGM, all of them had been re-elected at the AGM held on 30 May 2023.

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, (or if their number is not three or a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Moreover, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company. Accordingly, Ms. Zhao Chengmin, Ms. Ye Yanliu, Mr. Wong Chi Wai and Mr. Wong Tat Yan will retire from office by rotation at the AGM, and being eligible, have offered themselves for re-election. None of the Directors who is proposed for re-election or any other Directors has a service contract that is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors (including non-executive Directors and independent non-executive Directors) have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development ("CPD") to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The record of CPD relating to director's duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2023 are summarized as follows:

Name of Directors	Type of Training(1)
Executive Directors	
Ms. Zhao Chengmin *(Chairperson)*	A/B
Mr. Lin Weiguo *(Chief Executive Officer)*	A/B
Mr. Tian Meitan	A/B
Mr. Peng Yong (2)	A/B
Non-executive Directors	
Mr. Huang Wenzhou	A/B
Ms. Ye Yanliu	A/B
Mr. Wang Wenhuai (3)	A/B
Mr. Zheng Yongda (4)	A/B
Independent Non-executive Directors	
Mr. Wong Chi Wai	A/B
Mr. Wong Tat Yan, Paul	A/B
Mr. Chan Chun Yee	A/B
Mr. Dai Yiyi (5)	A/B

Notes:

(1) Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

(2) Mr. Peng Yong was appointed as executive Director with effect from 26 April 2023.

(3) Mr. Wang Wenhuai resigned as non-executive Director with effect from 10 May 2023.

(4) Mr. Zheng Yongda was appointed as non-executive Director with effect from 10 May 2023.

(5) Mr. Dai Yiyi was appointed as independent non-executive Director with effect from 26 April 2023.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on pages 2 to 3 of this annual report.

Audit Committee

The Audit Committee consists of four independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul, Mr. Chan Chun Yee and Mr. Dai Yiyi. Mr. Wong Chi Wai is the chairman of the Audit Committee. On 26 April 2023, Mr. Dai Yiyi was appointed as an independent non-executive Director and became a member of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Year, the Audit Committee held two meetings to review the annual financial results and report in respect of the year ended 31 December 2022, the interim results and report for the six months ended 30 June 2023, and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

The attendance of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. Wong Chi Wai *(Chairman)*	2/2
Mr. Wong Tat Yan, Paul	2/2
Mr. Chan Chun Yee	2/2
Mr. Dai Yiyi (appointed on 26 April 2023)	1/1

Remuneration Committee

The Remuneration Committee consists of four independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul, Mr. Chan Chun Yee and Mr. Dai Yiyi. Mr. Wong Tat Yan, Paul is the chairman of the Remuneration Committee. On 26 April 2023, Mr. Dai Yiyi was appointed as an independent non-executive Director and became a member of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, approving the terms of executive directors' service contracts; and reviewing and/or approving matters relating to share schemes. In 2023, the Remuneration Committee reviewed and approved the 2023 Restricted Share Incentive Scheme of the Company, including (i) the terms of the 2023 Restricted Share Incentive Scheme, (ii) the qualification of the Incentive Recipients, (iii) the number of Restricted Shares to be allocated to each Incentive Recipient according to his/her eligibility, and (iv) the conditions for lock-up; and reviewed and approved the lapsed Restricted Shares under all existing share schemes due to resignation or retirement of employees.

During the Year, the Remuneration Committee held one meeting to review and make recommendations to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Mr. Wong Tat Yan, Paul *(Chairman)*	1/1
Mr. Wong Chi Wai	1/1
Mr. Chan Chun Yee	1/1
Mr. Dai Yiyi (appointed on 26 April 2023)	N/A

Details of the remuneration of the Directors and the senior management of the Company by band are set out in the note 13 to the Financial Statements for the year ended 31 December 2023.

Nomination Committee

The Nomination Committee consists of five members, namely Ms. Zhao Chengmin, executive Director, Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul, Mr. Chan Chun Yee and Mr. Dai Yiyi, independent non-executive Directors. Ms. Zhao Chengmin was the chairperson of the Nomination Committee. On 26 April 2023, Mr. Dai Yiyi was appointed as an independent non-executive Director and became a member of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

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

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the terms of reference of the Nomination Committee and Board Diversity Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

During the Year, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for re-election at the AGM, to review the Board Diversity Policy and Director Nomination Policy. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board Diversity Policy.

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance
Ms. Zhao Chengmin *(Chairperson)*	1/1
Mr. Wong Chi Wai	1/1
Mr. Wong Tat Yan, Paul	1/1
Mr. Chan Chun Yee	1/1
Mr. Dai Yiyi (appointed on 26 April 2023)	N/A

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Board pays attention to diversity (including gender diversity) across all levels of the Group. The employee gender ratio of the Group as at 31 December 2023 is 48% male: 52% female. The Group is of the view that the gender ratio is relatively satisfactory.

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

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

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

At present, the Nomination Committee considered that the Board is sufficiently diverse. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity. The Board will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

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

Director Nomination Policy

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

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

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

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

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

(i) Appointment of New Director

— The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

— If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

— The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

— For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

(ii) Re-election of Director at General Meeting

— The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

— The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.

— The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

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

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the Year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including risk identification, risk analysis, risk response, risk monitoring and risk reporting processes.

The objectives of the Company's risk management systems are to ensure that the Company operates an effective risk management system, to introduce the established risk management policy into the daily operations of the Company's business units, to cultivate and encourage awareness of risk management within the Group and to measure different risks, to monitor and control risks effectively and to ensure effective mitigation of risks, and the reduction of impact of risks.

The Company encourages employees to adopt a proactive risk management approach to further strengthen the Group's risk awareness culture. The risk management system is incorporated into the business processes of our business units within the Group in order to mitigate the impact of risks with effective risk management policies. Evaluation has been conducted at least annually to confirm that risk management procedures and control policies are properly complied with. The Company also has engaged external professional firm for performing independent review of the adequacy and effectiveness of the risk management and internal control systems.

The Company has an internal audit function to focus on the adequacy and effectiveness of its risk management and internal control systems.

The management assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems. The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2023.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2023, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal audit function, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

The Company has taken various measures on integrity practices. On the one hand, it established rules and regulations to strengthen the construction of a clean and honest Party. The Group and its subordinate units signed the Letter of Responsibility for Integrity Construction, and cadres at all levels and personnel related to cost bidding and procurement of the Group signed the Letter of Commitment on Integrity and Self-discipline, requiring cadres at all levels to take the lead in adhering to the practice of "one post with two responsibilities", strictly requiring in responsibilities, management and supervision, so that the sense of responsibility is consciously and normalized. Secondly, the Group clarified the red line, bottom line and integrity and self-discipline requirements in the system and increased publicity. The Company strengthened the integrity and self-discipline education for cadres and employees, committed to integrity education for cadres before taking office, and took examples around them as warning or education. By watching videos, learning and testing knowledge related to integrity and other forms of education, the Company strengthened the bottom line requirements of integrity and self-discipline for cadres and employees, and built a strong awareness of integrity. On the other hand, the Company strengthened the construction of informatization, standardized business processes, regulated various business operations, and further prevented and controlled risks relating to integrity.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2023.

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

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 171 to 174.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid and payable to the external auditor of the Company, Grant Thornton Hong Kong Limited, in respect of audit services and non-audit services for the year ended 31 December 2023 is set out below:

Service Category	**Fees Paid/Payable**
Audit Services	Nil/HK$3,290,000
Non-audit Services	
— risk management review and internal control review services (Paid to Grant Thornton Advisory Services Limited)	HK$170,000/HK$150,000
	HK$170,000/HK$3,440,000

COMPANY SECRETARY

Ms. Kam Mei Ha Wendy is the Company's company secretary. Ms. Kam Mei Ha Wendy is an executive director of the Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Lu Jinwen, the general manager of the Investment and Capital Center of the Company has been designated as the primary contact person at the Company which would work and communicate with Ms. Kam Mei Ha Wendy on the Company's corporate governance and secretarial and administrative matters.

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

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting

Shareholders are encouraged to attend all general meetings of the Company. According to Article 64 of the Articles of Association, shareholders holding not less than 10% of the paid up capital of the Company having the right of voting at general meetings can request to convene an EGM by depositing a requisition in writing to the Directors or the Company Secretary for such purpose. The written requisition shall be deposited to the Company's office located at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

Putting Forward Proposals at General Meetings

There are no provisions allowing Shareholders to put forward new resolutions at the general meetings under the Cayman Islands Companies Law (2013 Revision) or the Articles of Association. However, Shareholders who wish to put forward proposal at general meetings may make a requisition to convene an EGM following the procedures set out above.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address:	Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong (For the attention of the Board of Directors)
Fax:	(852) 2525 7890
Tel:	(852) 2525 7922

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

Procedures for Shareholders to propose a person for election as a Director

The following procedures are subject to the Articles of Association and the applicable legislation and regulations.

If a Shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the member himself/herself) for election as a director at that meeting, he/she/it can deposit a written notice at either of the following addresses:

Head office and principal place of business of the Company in Hong Kong
Office No. 3517
35th Floor
Wu Chung House
213 Queen's Road East
Wanchai, Hong Kong

Hong Kong branch share registrar and transfer office of the Company
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

In order for the Company to inform all Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned together with a written notice of the person proposed for election as a director indicating his/her willingness to be elected.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The policy is regularly reviewed to ensure its effectiveness.

Pursuant to Rule 2.07A of the Listing Rules, the Company disseminates corporate communications of the Company (the "Corporate Communications") to Shareholders electronically and only send Corporate Communications in printed form to Shareholders upon request. The Company will make the Corporate Communications available on its website (www.cndintl.com) and the Stock Exchange's website (www.hkexnews.hk).

The Company reviewed the implementation and effectiveness of the Shareholder's Communication Policy and communication activities with Shareholders in 2023 and was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy which allowed Shareholders to engage actively with the Company.

Constitutional Documents

During the Year, the Company has amended its Articles of Association. Details of the amendments are set out in the circular dated 27 April 2023 to the Shareholders. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

I. ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. Introduction of the Report

The Group is pleased to release its 2023 Environmental, Social and Governance (hereinafter referred to as "ESG") Report (hereinafter referred to as the "Report") to disclose the vision and concept of sustainable development of the Group, as well as to convey the Group's sustainable development practices and performance during the Year to stakeholders and the community.

2. Scope of the Report

The Report covers the business of property development, real estate industry chain investment services and investment in emerging industries of the Group from 1 January 2023 to 31 December 2023. In particular, the number of employees in this Report include C&D Property Management Group Co., Ltd ("C&D Property"), a subsidiary of C&D International Group. Unless otherwise specified, the remaining data in this Report does not include C&D Property. If more ESG performance of C&D Property is required, please refer to the ESG report disclosed in its annual report.

3. Preparation basis of the Report

The Report has met all the mandatory disclosure requirements and "comply or explain" provisions as set out in the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the "ESG Reporting Guide") under Appendix C2 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The content index of the ESG Reporting Guide is set out in Appendix 1 of the Report for users' quick search.

The Report has been prepared in accordance to four major principles of materiality, quantitative, balance, and consistency, striving to fully manifest the management and achievements of the Group on the aspect of ESG.

Reporting Principles	Definition	The Group's Response
Materiality	The issues covered in the Report should reflect the Group's significant impact on the economy, environment and society, or the areas that affect the assessments and decisions by stakeholders.	Through continuous communication with stakeholders, combined with the Group's strategic development and business operations, identify current major sustainable development issues, and disclose the Group's ESG risks and management measures.
Quantitative	The Report should disclose key performance indicators in a measurable manner.	Quantitative disclosure is made in respect of the Group's environmental and social key performance indicators, while textual explanation is performed against the quantitative information.
Balance	The Report should reflect the overall sustainability performance of the Group in an impartial manner.	The Group has explained in detail the sustainable development matters that have a significant impact on the business, including the results of the work and the challenges it faces.
Consistency	The Group should ensure that consistent information disclosure principles are used in the Report.	The Group will ensure that the disclosure scope and reporting method of the Report are generally consistent from year to year, so that stakeholders can compare the Group's performance.

4. Source of reporting data

The information disclosed in the Report is derived from the Group's formal documents, reports or relevant public information. All data used in the Report comes from relevant functional departments of the Company and its selected subsidiaries. Unless otherwise stated, the data in the Report has been presented in RMB.

5. Publication of the Report

The Report is available in both Chinese and English, and is distributed in electronic form. In case of discrepancy between the English and Chinese versions of the Report, the Chinese version shall prevail. The electronic version of the Report can be accessed on the official website of the Group (www.cndintl.com) or website of the Hong Kong Stock Exchange (www.hkexnews.hk).

II. CONCEPT AND GOVERNANCE OF SUSTAINABLE DEVELOPMENT

The Group adheres to the corporate core value of "proactive and aggressive, win-win cooperation", takes "exploring new values, making more people live a better life" as the mission and vision of sustainable development, and actively fulfils its corporate social and environmental responsibilities in the course of development. By establishing a sound governance structure for sustainable development, the Group strengthens the identification and management of ESG risks, and listens attentively to the demands and expectations of stakeholders on the Group's sustainable development, integrates the concept of sustainable development into the daily work operation and decision-making of each business segment, and pursues a balanced development in terms of environmental, social and economic benefits.

The Group supports the United Nations Sustainable Development Goals (SDGs) and integrates the concept of sustainable development into the Group's business development and operation. Among the 17 sustainable development goals of the United Nations, the Group has selected the following 10 goals that are most relevant to its business, which are used as guidelines to formulate action strategies, actively promote low-carbon environmental protection, industry development and social prosperity, and combine the expectations and demands of stakeholders on the Group's environmental, social and governance work, continue to improve the sustainable development management mechanism and enhance management capabilities, earnestly fulfil environmental and social responsibilities, and establish an industry benchmark image.

SDG 1: No poverty

SDG 3: Good health and well-being

SDG 5: Gender equality

SDG 6: Clean water and sanitation

SDG 8: Decent work and economic growth

SDG 9: Industry, Innovation and Infrastructure

SDG 11: Sustainable cities and communities

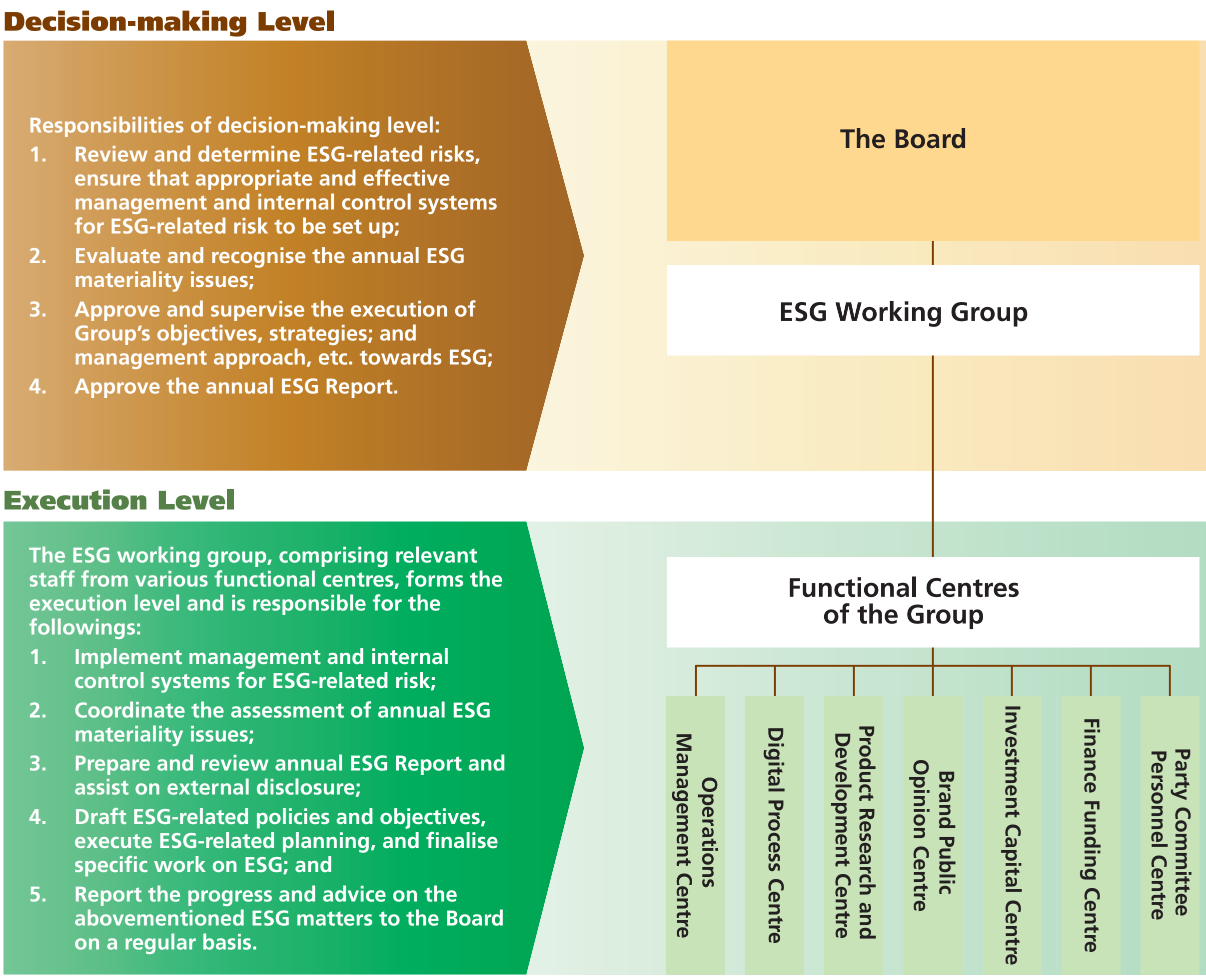
SDG 12: Responsible consumption and production

SDG 13: Climate action

SDG 16: Peace, justice and strong institutions

The Board of the Group is fully liable for the ESG strategies and reporting, which is responsible for reviewing and formally approving its annual ESG Report. The Board acknowledges and discusses the ESG related work progress through Board meetings and general meetings of the Company, and gives further instructions on related matters according to the specific circumstances. The Group continues to strengthen its ESG risk management, and monitors ESG related risks based on the current risk management and internal control systems to ensure stable and sustainable development. For more details on the Group's risk management and internal control, please refer to the information disclosed in the section headed Corporate Governance Report of the 2023 Annual Report of C&D International Investment Group Limited.

During the Year, the Group further clarified the composition and responsibilities of decision makers and executors of various levels in respect of ESG related management tasks according to the business operation, internal and external market environment. The Group continued to integrate the concept of ESG management into daily management of each functional department in order to improve performance of ESG management continuously. It also ensured the effectiveness of ESG management through regular reporting of ESG related risk management, ESG related work plans and relevant implementation to the Company's directors and senior management for their acknowledgement.



III. PARTICIPATION OF STAKEHOLDERS

The Group continues to optimise and improve the communication mechanism with stakeholders, carefully listens to the suggestions of stakeholders on the Company's business and sustainable development related issues, and makes timely and effective feedback. At the same time, based on the expectations and demands of stakeholders, the Group continues to optimise the sustainable development strategy, and works with all parties to continuously improve the sustainable development level of the Group.

Stakeholders	Major communication channel	Expectations and Appeals	Communication and Response
Shareholders and investors	General meetings Referral and introduction sessions Communication with investors by phone/mail Push notification of official website	Investment returns Interests protection Corporate transparency Risk control	Enhance profitability Convene general meetings Disclosure of day-to-day information Optimise internal control and risk management
Government and regulators	Submission of regulatory information to relevant department	Operation in compliance with the law Response to the national call Support local development	Continuously strengthen corporate compliance and management Actively implement national policies Actively assume social responsibilities
Employees	Worker congress meetings Employee care activities Employee suggestion box Employee satisfaction surveys	Career development platform Remuneration and benefits Occupational health and safety Listening to the voice of employees	Optimise career promotion mechanism Competitive salary and benefits Implement management system for health and safety Equal communication and complaint mechanism

Stakeholders	Major communication channel	Expectations and Appeals	Communication and Response
Property owners and customers	Nationwide customer service hotline Service satisfaction surveys Official WeChat account Community activities	Product quality and price/ performance ratio Customer service quality Customer information security Customer rights protection	Implement the "Diamond" brand concept Comprehensive and considerate services Improve the relevant system for confidentiality of customer information Marketing compliance
Suppliers and partners	Visits to suppliers Training on suppliers' technique Supplier conference Supplier feedback mechanism	Integrity cooperation Experience sharing Win-win cooperation Business ethics and reputation	Create supplier management system Promote daily communication Carry out project cooperation Perform contracts under the laws and perform assessment of suppliers
Society and the public	Official website Official WeChat account Press and media reports	Support social welfare Protect natural environment Promote social advancement	Take part in charity Adhere to green operations Share development achievements

IV. MATERIALITY ASSESSMENT OF ESG ISSUES

1. ESG Materiality Assessment Steps

The Group communicates with stakeholders through various ways including WeChat account, official website, face-to-face interviews, properties owners' satisfaction survey, and employees' meetings, so as to deeply understand the level of concern of stakeholders in respect of all materiality issues. Based on the level of concern of stakeholders on material ESG issues and the actual situation of the Group's business development, the Group has prioritised the materiality of ESG issues comprehensively to determine the disclosure focus of the 2023 ESG Report. The materiality assessment process of ESG issues for the year is illustrated in the following chart:

Identification of issues

- Combining the characteristics of the Group's business development, industry ESG focus and acro-environment, the list of ESG issues in the previous year is updated.

Communication survey

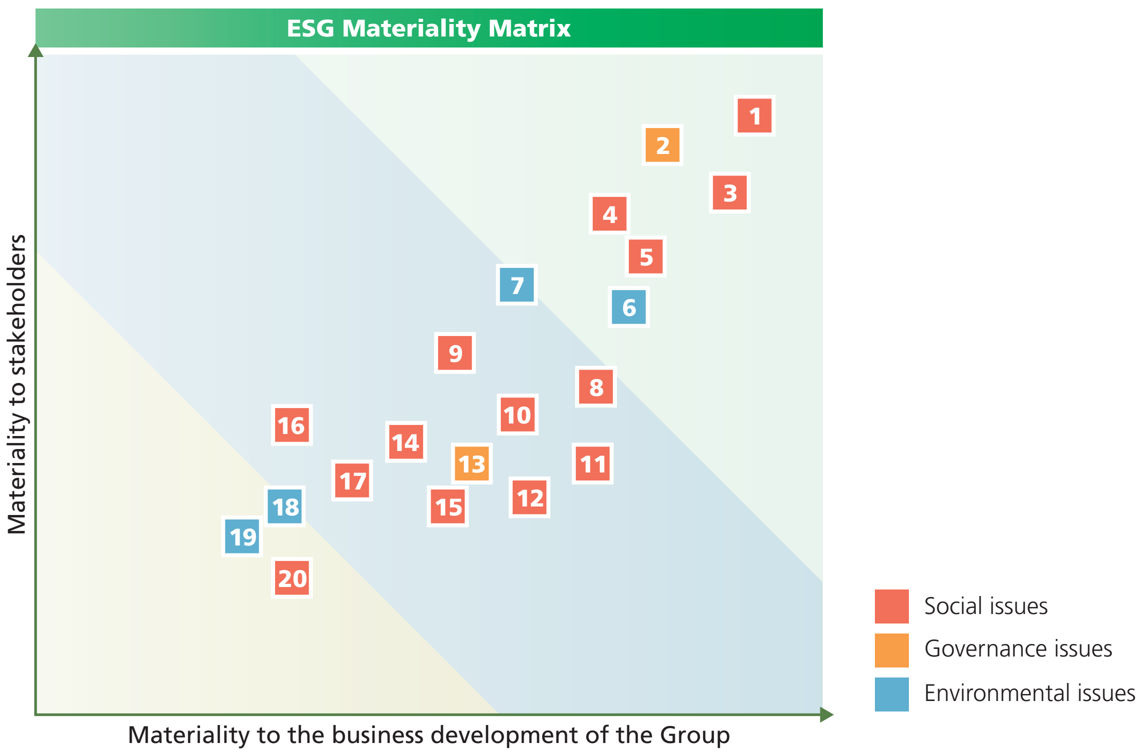
- Through the way such as interviews, the Group can deeply understand the appeals and expectations of both internal and external stakeholders.

Materiality Priority

- ESG materiality issues are prioritised based on the results of the communication survey. On this basis, the management attention for the Group's future sustainable development and the key area of disclosure in this Report are determined.

2. Diagram of ESG Materiality Matrix

Set out below are the results of ESG Materiality Matrix in 2023:



Serial No.	Issues of materiality	Level of materiality
1	Product quality and safety	Issues of high materiality
2	Compliance management and building up of integrity	
3	Service quality and customers' satisfaction	
4	Safe and civilised construction	
5	Occupational health and safety for employees	
6	Energy saving, emission reduction and green operation	
7	Green construction	
8	Product and process innovation	Issues of moderate materiality
9	Rights and care for employees	
10	Customers' information security and privacy protection	
11	Employee training and development	
12	Compliant employment	
13	Intellectual property protection	
14	Compliant marketing and promotion	
15	Assessment and supervision for suppliers	
16	Supplier chain environment and social risk management	
17	Charity and social services	
18	Waste management	Issues of general materiality
19	Address to climate change	
20	Community development and communication	

Compared with the previous year, the results of the Group's ESG materiality assessment for the Year indicated that product quality and safety, compliance management and building up of integrity, service quality and customers' satisfaction, safe and civilised construction, occupational health and safety for employees, energy saving, emission reduction and green operation, green construction and other issues were the key issues of concern to stakeholders. Based on the results of this assessment, the Group will continue to improve the Group's ESG management strategy, enhance the level of ESG management, and actively promote the fulfillment of ESG responsibilities.

V. CREATING TOP HIGH QUALITY THROUGH CRAFTSMANSHIP

OUR RESPONSES IN THIS CHAPTER

Materiality Issues

- ✓ Product quality and safety
- ✓ Service quality and customers' satisfaction
- ✓ Safe and civilised construction
- ✓ Product and process innovation
- ✓ Marketing and promotion compliance
- ✓ Customer's information security and privacy protection
- ✓ Intellectual property protection

Key Performance Indicators of the Hong Kong Stock Exchange

- ✓ B6 Product Responsibility: B6.2, B6.3, B6.4, B6.5

SDGs

The Group views product quality as a solid foundation for long-term development. Upholding the spirit of craftsmanship and focusing on the concept of liveability, we continuously explore the integration of architectural ideas with outstanding Chinese traditional culture and actively innovate construction techniques. We constantly enhance our product quality management and safe and civilised construction systems, and optimize our intellectual property protection mechanism, striving to provide customers with high-quality products and services.

1. Innovative Product Design

Product innovation is the core competitive strength that drives the continuous and vigorous development of our Group. The Group closely follows customer needs and integrates outstanding Chinese traditional culture into our product design. By combining digital technologies, we enhance the intelligence of our products while ensuring practicality and aesthetics. We remain committed to a customer-centric approach, striving to create living spaces of superior quality and rich cultural significance.

1) Innovative product system

The Group, by integrating elements of outstanding Chinese traditional culture with modern architectural elements when designing its products, introduces unique series of crafted and refined a variety of new Chinese-style products such as "Emperor Chinese (王府中式)", "Zen Chinese (禪境中式)", "Shengshi Tangfeng (盛世唐風)", "Fengya Songyun (風雅宋韻)" and "Shiyi Dongfang (詩意東方)", as well as a series of unique products, not only showcasing the charm of Chinese traditional culture but also meeting the aesthetic and functional needs of modern society.

"Emperor Chinese (王府中式)", which is the Group's new signature Chinese-style product, has gone through many iterations. It features nobility, grandeur, solemnity, and elegance, providing the city residents with high-end living space.

Real-site photo of "Emperor Chinese (王府中式)" Achitecture (Chengdu Yangxi* (成都央璽))

"Zen Chinese (禪境中式)" incorporates Oriental Zen thoughts into the product design, advocating "blankness and purity, artificiality and abstraction, compactness and simplicity, and originality and true nature" to provide the city and its owners with a quiet and pleasant Chinese life. In 2023, our Group strengthened the creation of artistic aesthetics for this series of products through emphasizing the product characteristics of "simplicity and elegance, and serenity and tranquillity". We also emphasized the texture of the materials used, aiming to create the spatial feeling of "returning to nature" through the use of authentic materials.

Real-site Photo of "Zen Chinese (禪境中式)" Architecture (Suzhou Tanfu* (蘇州檀府))

The creative inspiration of "Shengshi Tangfeng (盛世唐風)" originates from the aesthetics of Tang-dynasty Palace and its products use the design concept of "Rigid and Soft Vermilion (剛、柔、朱、青)" to present the humanistic sentiments and "prosperity and flourishing, and elegance and luxury" of the Tang Feng, providing the city and its property owners with artistic conception residences with exquisite landscape and environment. In 2023, the Group conducted extensive research and development on the facade, refined decoration of public areas, and landscape design of the Tang Feng community of this product series, resulting in the formation of a comprehensive and systematic collection of designs.

Real-site Photo of "Shengshi Tangfeng (盛世唐風)" Architecture (Chengdu Guantang Yingyue* (成都觀唐映月))

"Fengya Songyun (風雅宋韻)" combines life aesthetics with spiritual aesthetics, emphasizing the pursuit of "the landscape of bustling streets in Song Dynasty" in architectural space, the integration of "Song-style architecture", and the product characteristics of "freshness and refinement, and exquisiteness and elegance", providing cities and property owners with an elegant life of Song charm. In 2023, the Group innovatively developed a product system with a sophisticated Song style, which showcases the artistic conception of the Song Dynasty through details such as roof lines, facade designs, structural details, and garden landscapes, aiming to authentically recreate the spatial atmosphere of that era.

Real-site Photo of "Fengya Songyun (風雅宋韻)" Architecture (Nanjing Puyun* (南京璞雲))

The "Shiyi Dongfang (詩意東方)" is a key product line of the Group in 2023. The core essence of "Shiyi Dongfang (詩意東方)" lies in capturing the charm of Chinese aesthetics, where the focus is on the poetic and artistic expression rather than the specific structural form. It boldly incorporates new materials and new techniques that align with contemporary artistic aesthetics, by emphasizing the product characteristics of "the elegance and charm exhibited by Eastern culture", aiming to create a unique experience of Chinese beauty for our customers.

Real-site Photo of "Shiyi Dongfang (詩意東方)" Architecture (Suzhou Langyun* (蘇州朗雲))

"Jianjing Xiandai (簡精現代)" series is a design concept developed by designers after sorting out the development history of modern architecture, providing cities and property owners with a simple and genuine life. In 2023, the Group continued to innovate the "Jianjing Xiandai (簡精現代)" product line and explore and incorporate exotic styles such as the maritime style and the Southeast Asian style.

Real-site Photo of "Jianjing Xiandai (簡精現代)" Architecture (Foshan Denghu Tianfeng* (佛山燈湖天峰))

During the Year, the Group won a total of 22 honourable awards in the architectural design, receiving high recognition and appreciation from all sectors.

The list of design awards received by C&D International in 2023				
Award-winning clusters	Serial no.	Award-winning project	Award	Awarding unit(s)
Western China Cluster	1	Putian Puyun* (莆田璞雲)	The 18th Kinpan Award — Best Pre-sale Property of the Year in South China	Guangzhou Jinpan Network Technology Co., Ltd.
	2	Chongqing Shuxiangfu* (重慶書香府)	The 18th Kinpan Golden Residence Award (金盤金居獎) — Best Pre-sale Property of the Year in West and North China in the comprehensive category	Guangzhou Jinpan Network Technology Co., Ltd.
	3	Nanchang Chaoyang Jiuli 62 Unit Esports Sample Unit* (南昌朝陽九里62戶型電競樣板間)	MUSE Design Awards • Platinum Award for Interior Design of Residential Spaces	International Awards Associate
	4	Nanchang Chaoyang Jiuli 39 Unit Esports Sample Unit* (南昌朝陽九里39戶型電競樣板間)	MUSE Design Awards • Platinum Award for Interior Design of Residential Spaces	International Awards Associate
	5	Nanchang Chaoyang Jiuli Sales Office* (南昌朝陽九里售樓部)	TITAN Property Awards • Platinum Award for Interior Design	International Awards Associate
	6	Nanchang Chaoyang Jiuli 31 Unit, 39 Unit Creative Sample Units* (南昌朝陽九里31戶型、39戶型創意樣板間)	I-ding International Design Award • Gold Award for Sample Unit Space Category	I-ding Idea Tank (艾鼎智庫) I-ding International Design Award Organising Committee
	7	Changtai Shanwaishan Hot Spring Club* (長泰山外山溫泉會所)	2023 French NOVUM DESIGN AWARD- Gold Award	NOVUM DESIGN AWARD Organising Committee
	8	Longyan Manyun Community* (龍岩縵雲大區)	2023 TITAN Property Awards • Platinum Award for Innovative Product Design	International Awards Associate (IAA)
	9	Nanning Jianfa Yangyun Sales Centre* (南寧建發養雲銷售中心)	The 9th CREDAWARD Real Estate Design Award • Residential Demonstration Area — Architecture — Silver Award	DJSER.com (地建師)

The list of design awards received by C&D International in 2023				
Award-winning clusters	Serial no.	Award-winning project	Award	Awarding unit(s)
Western China Cluster	10	Nanning Jianfa Yangyun 210 Sample Unit* (南寧建發養雲210樣板間)	The 9th CREDAWARD Real Estate Design Award • China Excellence Award	DJSER.com
	11	Changsha Yangyun Exhibition Area* (長沙養雲示範區)	The 18th Kinpan Award • Best Sales Space of the Year in Central, Northern and Northeastern China in space category	Guangzhou Jinpan Network Technology Co., Ltd.
	12	Changsha Jiangshanyue Community* (長沙江山悅大區)	The 18th Kinpan Award • Best Residence of the Year in Central China in the comprehensive category	Guangzhou Jinpan Network Technology Co., Ltd.
	13	Yiyang Yangzhu 249 Sample Unit* (益陽央著249樣板房)	The 18th Kinpan Award • Best Luxury House Space of the Year in Central, Northern and Northeastern China in space category	Guangzhou Jinpan Network Technology Co., Ltd.
	14	Changsha Hezhu Duplex Sample Unit* (長沙和著疊拼樣板房)	The 18th Kinpan Award • Best Villa Space of the Year in Central, Northern and Northeastern China in space category	Guangzhou Jinpan Network Technology Co., Ltd.
	15	Xiamen Wuyuanhaoyue* (廈門五緣灝月)	The 19th Kinpan Award • Best Pre-sale Property of the Year	Guangzhou Jinpan Network Technology Co., Ltd.
	16	Putian Puyun* (莆田璞雲)	The 18th Kinpan Award — Best Pre-sale Property of the Year in South China • Best Pre-sale Property of the Year	Guangzhou Jinpan Network Technology Co., Ltd.

The list of design awards received by C&D International in 2023				
Award-winning clusters	Serial no.	Award-winning project	Award	Awarding unit(s)
East China Cluster	17	Shanghai Jianfa Manyun* (上海建發縵雲)	2023 German Iconic Architecture Award • Best of Best	German Design Council (德國設計委員會)
	18	Shanghai Jianfa Manyun* (上海建發縵雲)	2023 MUSE Design Awards • Platinum Award	International Awards Associate
	19	Jiangyin Tianyuwan — Rowhouse 190 Sample Unit* (江陰天敔灣 — 聯排190樣板房)	A'Design Award • Silver Award in Italy	International Council of Graphic Design Associations (國際平面設計協會聯合會)
	20	Jiangyin Tianyuwan — Rowhouse 190 Sample Unit* (江陰天敔灣 — 聯排190樣板房)	2023 MUSE Design Awards • Platinum Award	International Awards Associate
	21	Jiangyin Tianyuwan — Upper Duplex Sample Unit *(江陰天敔灣 — 上疊樣板房)	2023 MUSE Design Awards • Platinum Award	International Awards Associate
	22	Wuxi Hexi Primary School*(無錫和璽小學)	Wuxi Urban and Rural Construction System Excellent Survey and Design — Second Prize	Wuxi Housing and Urban-Rural Development Bureau

2) *Focus on product research and development*
Product research and innovation are the driving force behind the Group's success. The Group conducts in-depth research on modern home needs of customers, constantly refines the intricacies of home decoration, and innovates in designing community shared spaces and supporting facilities, while also advancing the standardization of design details. By integrating elements of traditional Chinese culture into residential designs and landscape architecture, the Group continuously evolves its product offerings and incorporates smart home applications, with the commitment to providing customers with high-quality living spaces that are deeply rooted in cultural richness.

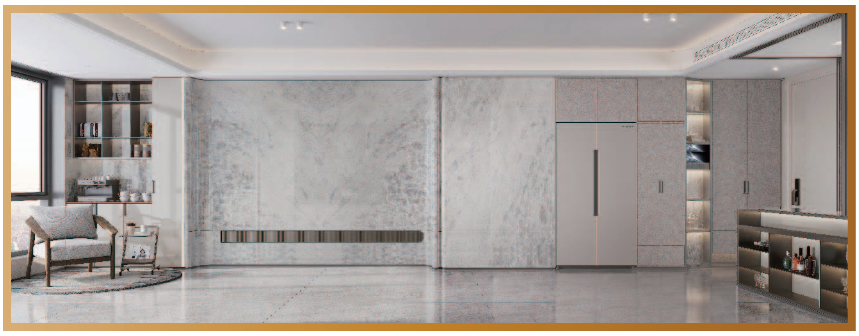
Home Furnishing Detail

The Group maintains a consistent and rigorous approach on style and positioning, construction and quality, compliance with relevant regulations, space and movement, function and layout, proportion and scale, materials and colours, components and parts, details and craftsmanship. Our emphasis is on optimising indoor space utilisation while promoting interactivity and revitalising traditional residential layouts.

Detail drawing of Home Furnishing Detail

High-quality Premium Renovation

The Group is dedicated to elevating the aesthetics of premium renovations and remains committed to creating innovative storage solutions and standout design elements. During the Year, the Group initiated a large-scale competition for premium design, specifically targeting storage solutions for small living spaces, efficient space utilisation and material specifications, and received numerous high-quality competition submissions, laying a solid foundation for the systematic research and upgrading of the Group's large-scale premium renovations.



Rendering of premium renovation

Preserving and Passing on Chinese Culture

The Group continues incorporating Chinese culture into product design as part of its unique core competitive strengths. Our product line primarily focuses on Chinese-style designs, deeply exploring the forms and meanings of Tang and Song Dynasty architecture, the architectural structures depicted in ancient paintings, and the overall ambience they create. We infuse our products with the essence of Chinese architectural culture, evoking a sense of antiquity and the simplicity of humanistic elements, with an aim to achieve a harmonious fusion of modern architectural art and outstanding traditional Chinese culture. Additionally, the Group excels in the craftsmanship of Chinese-style garden construction. We adapt to local conditions, extract cultural concepts of the new Chinese style, and develop regionally distinctive new Chinese-style gardens. Through these efforts, we promote the creative transformation of traditional architecture, realising the vision of combining cultural value with nature spirit.

Real-site Photo of Garden Design

Smart construction

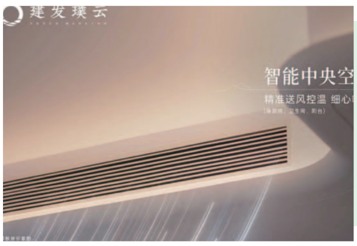
The Group continues to promote smart construction of residential buildings. Relying on modern information technology and remote sensing technology, the Group develops home systems such as intelligent curtain control, smart infrared curtains, smart central air conditioning control, intelligent floor heating control and smart foyer central control screens, so as to empower the intelligence of residential buildings and promote the development of new Chinese-tech residential buildings, so as to provide customers with smarter and more convenient living experience.

Intelligent curtain control

- Homeowners can remotely control the opening and closing of curtains through a central control screen and a mobile app.

Smart infrared curtains

- The system intelligently detects human movement to assess indoor security risks and connects to alarm devices to ensure homeowner safety.
- Homeowners can remotely monitor their home security status through the mobile app.



Smart central air conditioning control

- The system intelligently regulates temperature and humidity through real-time monitoring of indoor air temperature and humidity, enabling homeowners to achieve energy efficiency and prevent or reduce air conditioning-related illnesses.

Intelligent floor heating control

- The system enables remote temperature control of floor heating equipment through a smart thermostat, providing a safe, reliable, energy-efficient and power-saving solution.

Smart foyer central control screen

- The smart foyer central control screen offers centralised control, easy operation, stylish appearance, and energy-efficient advantages, which enhances home comfort and brings a higher level of intelligence to the living space.

Smart Home System (Partial Examples)

2. **Strict Product Quality Control**

The Group strictly abides by the Construction Law of the People's Republic of China, the Regulations on the Quality Management of Construction Projects, the Provisions on Governance, Supervision and Administration of Housing, Building and Municipal Infrastructure Projects and other laws and regulations, and revises and implements internal management systems such as the Project Operation System, the Design Work Standards, the Engineering Quality and Safety Work Standards, the Delivery Work Standards and the Project Operation Inspection and Evaluation Standards to outline important management tasks during product design, project construction, and pre-delivery and post-delivery, and guide the acceptance of important processes and milestones, ensuring the continuous improvement of standardised quality management systems. Furthermore, the Group has introduced four major information tools, namely the engineering collaboration system, smart engineering system, smart inspection system and after-sales maintenance system, to further improve product quality control and efficiency.

Product design stage

In order to enhance the standardised quality management system and maintain strict control over product quality, the Group has developed three types of product standard documents to regulate the standards and procedures at the product design stage.

- "Design Technical Regulations" **5** volumes
- "Special Technical Standards" **11** volumes
- "Engineering Technical Standards" **15** volumes

Project construction stage

By centring on three levels: cluster management, business unit management and city company/project division management, the Group integrates eight major phases, including land acquisition, initiation ceremony, construction work drawing, contracting, project planning, performance in progress, payment, and delivery, with the engineering collaboration system, smart engineering system, smart inspection system (including case-by-case room inspection, and optimization and upgrade of the inspection system), and aftersales maintenance system, facilitate clear division of responsibilities at the construction stage and enhance management efficiency.

Product pre-delivery stage

The Group has established a comprehensive pre-delivery quality inspection and assessment system, which consists of a process evaluation system and a delivery evaluation system. Additionally, the Group regularly engages third-party assessment agencies to conduct systematic evaluations and inspections at various stages of its projects under construction and in sale. By leveraging the smart inspection system, we rigorously control and ensure that every detail of our products meets the required standards.

Process evaluation

The Group conducted random inspections and re-inspections throughout the Year, and the clusters/business units conduct quarterly flight inspections. The inspection covers anti-leakage risks and comprehensive quality in the basic stage, main stage (including public area decoration), bulk fine decoration stage (including public area decoration), as well as the evaluation of management actions such as key processes, engineering planning, sample acceptance, drawing construction, material management and file management.

Inspection site

Delivery evaluation

The Group has creatively established the 9A delivery system, which involves conducting inspections in nine dimensions, namely commitment consistency, product comfort, external acceptance and progress, appearance of the facade, one house inspection, public area acceptance inspection for prevention of seepage and leakage, appearance, hollow drum or cracking, prior to the delivery of the projects.

During the Year, the Group has implemented the 9A system for inspections in 104 projects, thereby ensuring the highest level of product safety and quality.

Conducting 9A inspection

Product post-delivery stage

In order to guarantee product quality, provide effective after-sales service, and improve the satisfaction of the property owners, the Group carries out meticulous after-sales inspections at the product post-delivery stages.

After-sales inspection

Within 90 days after the delivery of the project, the Group conducts regular self-inspection on the maintenance of the public area of the project and the operation of facilities and equipment as well as irregular inspections by third parties. Meanwhile, the Group has built a maintenance team to quickly respond to the owners' maintenance needs.

Photo of after-sales inspection

3. **Adoption of New Technologies and New Materials**

The Group is continuously exploring the application of new technologies such as interpolation for efficiency and aluminum climbing frame, as well as new materials such as silicon ink and triple-glazed glass, with an aim to further improve construction efficiency and quality.

Adoption of New Technologies

Interpolation for efficiency

In line with the "Interpolation and Efficiency System Working Guideline", the Group implements effective integration across various processes, starting from land acquisition and extending throughout the stages of design, procurement, and pre-construction work. This approach enables simultaneous coordination of main structure, facade decoration, basement installation, interior finishing, and outdoor landscaping during the construction process, resulting in a significant reduction in overall project duration.

Aluminum climbing frame

The Group encourages the implementation of innovative construction systems such as aluminum climbing frame to further enhance project schedules, product quality and engineering safety performance. Currently, approximately 34% of the Group's projects under construction have adopted aluminum crawlers.

Adoption of New Materials

Silicone graphene specialised processing sheds

The Group adopts silicone graphene specialised processing sheds for the construction and production, which offers numerous advantages, including excellent fire resistance, superior insulation performance, high durability, environmental friendliness and wide applicability, effectively enhancing the safety and efficiency of the construction process.

Low-E triple-glazed glass

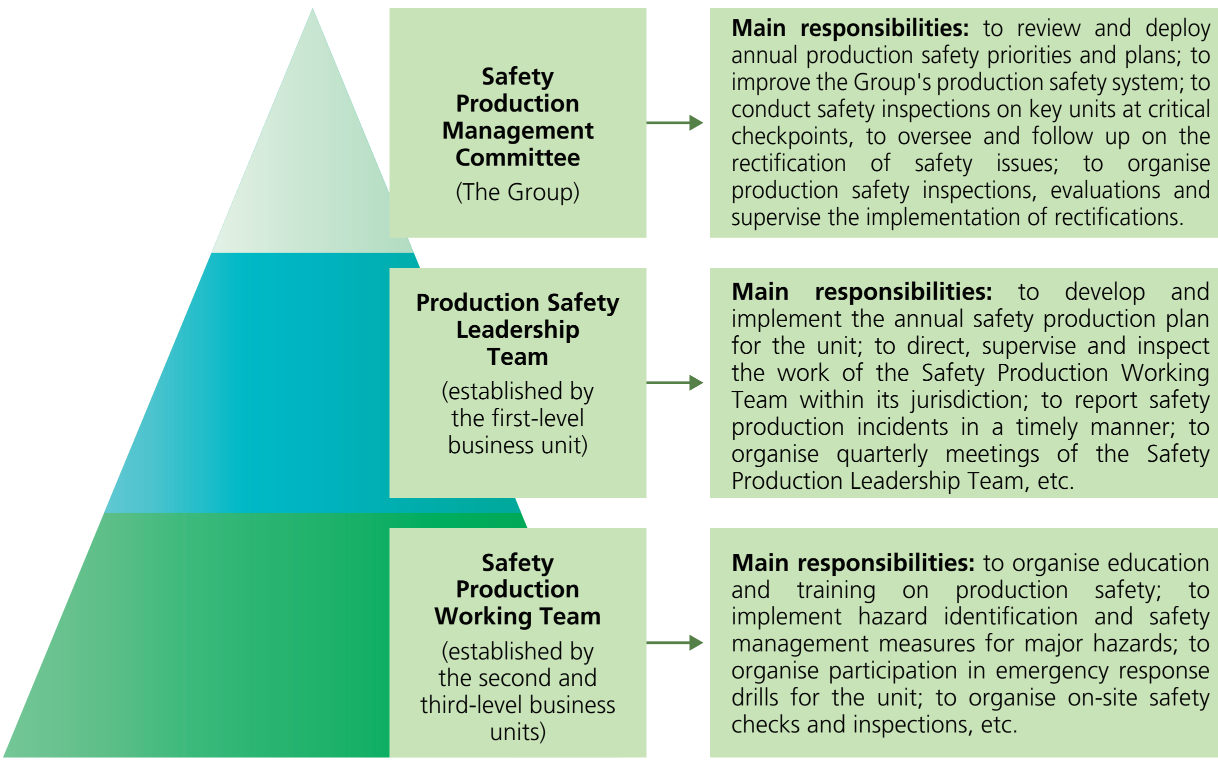
Low-E triple-glazed glass is an environmentally friendly, energy-efficient and high-performance glass used in doors and windows. Compared to traditional single or double-glazed glass, triple-glazed glass offers superior insulation and soundproofing capabilities. It effectively reduces heat exchange between the interior and exterior environments and minimises noise disturbance. As a result, it lowers energy consumption and reduces environmental pollution.

4. Safe and Civilised Construction

The Group places a high emphasis on employee health and safety, by strictly abiding by the Work Safety Law of the People's Republic of China and other laws and regulations, as well as formulating and implementing internal systems such as the Regulations on Work Safety Management, the Guidelines for Standardisation of Safe and Civilised Construction, the Standards for Engineering Quality and Workplace Safety, and the Manual for Inspection of Potential Safety Hazards in Engineering Projects, whereby outlining the structure of safety production management and clarify responsibilities at all levels. Meanwhile, the Group has formulated safety management objectives, regulated safety production management practices and measures, and actively promoted the development of smart construction sites to ensure construction safety in an all-round way.

1) *Safety Management System*

The Group upholds the safety management policy of "safety first, prevention-oriented, and comprehensive management", continuously strengthens the top-down three-level safety management structure, and establishes safety management objectives in fire safety, traffic safety and production safety. The Group implements the requirements of "establishing a sound system of shared responsibility between CPC committee and administration, dual responsibility at each post, collective governance, and accountability for negligence in production safety, and establishing and improving the strictest safety production system", while following the management principles of "whoever is in charge is responsible", "safety must be managed in all business operations", and "safety must be managed in all production and operations".



Three-tier production safety management structure

Safety management indicator objectives:

✓ 100% signing rate of safety production target management responsibility letter;

✓ 100% annual appraisal, rewards and punishments;

✓ 100% operation and safety record of production safety management institutions at all levels;

✓ Main responsible persons for safety work in each unit presides over safety production meetings and resolves major issues not less than 4 times throughout the year;

✓ 100% incident and timely settlement rate;

✓ No matters criticised by superiors.

Safety production indicator objectives:

✓ Zero occurrence of mega accidents and major accidents;

✓ Zero fatality rate in general accidents;

✓ Zero accidents with direct economic losses exceeding 1 million;

✓ Zero food safety accidents involving more than 10 injuries or fatalities.

Fire prevention indicator objectives:

✓ Zero occurrence of major and mega fire accidents, with a fire accident mortality of 0;

✓ 100% rectification rate of "three-in-one", timely rectification rate of fire hazards, and qualification rate for fire safety in crowded places;

✓ Compliance with government regulations regarding the construction of the "four capabilities".

Road traffic accident indicator objectives:

✓ Zero occurrence of major and mega traffic accidents within the Company;

✓ 100% coverage of education on preventing traffic accidents for drivers and employees;

✓ No fatal accident caused by drivers or employees violating traffic rules.

Objectives for the Group's production safety-related indicators

Meanwhile, the Group continuously improves its safety inspection system and strictly implements the "Project Operation Inspection and Evaluation Standards". Daily self-inspections are conducted by the business division, city company/projects division according to the safety construction standards. Additionally, the Group and the clusters have introduced third-party agencies to conduct irregular inspections of construction site safety conditions to further strengthen the safety management of construction sites and effectively ensure construction safety.

Business Division, City Company / Projects Division

- Organising cross-checks and self-checks in accordance with the system documents, implementing monthly and weekly checks, and regularly holding safety work group meetings to review and summarise, and implementing normalised management of construction site safety.

Cluster

- Organising third parties to process spot checks, patrol inspections and special inspections of large machinery of group-wide projects in accordance with the safety inspection system.

Group

- Formulating a safety inspection system; organising third parties to conduct process spot checks of group-wide projects; carrying out regular re-inspections for non-compliant projects and multiple rounds of inspections for high-risk projects.

Safety inspection system

In addition, the Group classifies the issues identified during inspections into bottom-line clauses, red key clauses and black general clauses according to the degree of risk and importance, so as to timely discover and eliminate the sources of danger that may easily lead to safety accidents and ensure zero accidents in safe production.

2) *Safety Production Management Practices*

The Group considers safety production as one of the key management tasks in daily operations, serving as the cornerstone for the stable development of an enterprise. To enhance the level of safety production management and ensure the health of employees and the security of the Company's property, the Group has established an engineering safety operation process and internal regulations such as the "Engineering Safety Operation Manual". Prior to commencing any project, all units are required to sign a "Safety Production Responsibility Agreement" to clearly define the safety responsibilities of each unit. Measures such as approval, training, inspection, and investigation, as well as reporting of major events, are implemented to continually strengthen the project safety management.

Scheme approval

The construction plan of a major risk item is subject to verification and approval before they can be implemented.

Educational training

Training related to safety production is provided to frontline employees to enhance the safety awareness and safety competence of both construction workers and management personnel.

Verification of potential

Referring to internal regulations such as the "Handbook of Safety Hidden Potential Investigation of Engineering Projects (工程項目安全隱患排查手冊)" and "Risk List", use the function of smart engineering to identify and promptly rectify safety hazards.

Safety inspections

Regular safety inspections are carried out to ensure the implementation of safety standards and their effective execution.

Reporting of major events

In the event of a safety incident, all units are required to promptly and accurately report the incident to their superiors, and make a written report within 24 hours to understand the cause of the incident.

In addition, the Group continues to apply and update the smart engineering system to enhance the level of safety production management with the help of digital tools, to digitally empower the personnel management at construction sites, the investigation of potential safety hazards and the maintenance of on-site order. Real-time monitoring of construction sites and personnel dynamics is carried out, tracking and recording the occurrence and rectification of safety incidents. This implementation ensures compliance with management requirements such as registering personnel information, providing pre-job training, offering education for violations, and closing the loop on safety hazards. These efforts further improve the efficiency of safety production management.

Personnel Management System

- Assist in the registration of information of personnel entering the site, pre-job training for all employees, identification and education of personnel in violation of regulations, etc., and standardise safe production behaviour.

Eagle Eye Monitoring

- Use the panoramic eagle eye time-lapse video to view the project site construction situation in real time through the remote video function of computer terminal or cell phone APP, and enhance the level of handling of safety emergencies.

Close the Loop on Safety Hazards

- Through the mobile phone app, we can record the safety hazards on site and send them to the main contractor for rectification until they are put in place.

Key Functions of the Smart Engineering System to Enhance Safety Management

During the Year, the Group's control performance in safe and civilised construction included but not limited to:

The number of safety and civilised construction inspections (unit: times)	29,996
Resolved rate of safety issues (unit: %)	100%
Number of safety training and drills attended (unit: times)	2,641
Coverage of safety training and drill (unit: %)	100%
Number of participants in safety training and drills (unit: people)	148,364
Certificate possession rate of project construction specialised operators, coverage of safety performance testing for machinery and equipment at construction sites (unit: %)	100%

5. Customer rights protection

The Group adheres to the principle of "customer first", strictly complies with the "Law of the People's Republic of China on the Protection of Consumer Rights and Interests" and other laws and regulations, and improves the service quality by refining customer service standards, establishing a sound customer complaint system, implementing quality inspection, organising open days at construction sites, and actively listening to customers' opinions. Additionally, continuous efforts are made to strengthen information security and privacy protection mechanisms, ensuring responsible marketing practices and comprehensive protection of customer rights.

1) *Improvement of customer service quality*

The Group consistently considers enhancing customer service quality as a crucial aspect of strengthening its core competitiveness. It continuously improves service quality standards and focuses on the following dimensions to comprehensively enhance service quality:

Refinement of Service Standards	• Developing a "Project Value Manual" to standardise sales requirements and standards; • Specifying code of conduct and evaluation criteria for real estate consultants.
Appointment of Contract Officers and Customer Ambassadors	• Appointing dedicated contract officers to handle the signing procedures of sale and purchase contracts for commercial properties, optimising the orderliness of the sales site; • Appointing customer ambassadors to provide exclusive services to customers from the subscription stage to three months after the delivery of the property, attentively listening to customer needs.
Quality Inspection	• Conducting pre-opening marketing preparation acceptance for the project exhibition area, scoring multi-dimensionally and putting forward suggestions for rectification; • Conducting daily inspections of projects on sale and providing rectification suggestions by the marketing department; • Introducing a third-party unit to carry out unannounced sales and service inspections.
Public Opinion Monitoring	• Monitoring public opinion 7*24 hours, and providing timely feedback to relevant departments on negative comments and news related to sales; • Promoting the 400 complaint hotline.
Report on the Progress of the Construction Site through Letters	• For pre-delivery projects, regularly updating the project construction progress on the official public account and promptly informing customers about the progress to instill confidence in homeowners regarding their property purchase.
Site Open Day	• For eligible projects, organising open days at construction sites, inviting property owner representatives to visit, and summarising and promptly addressing any issues identified during the events.

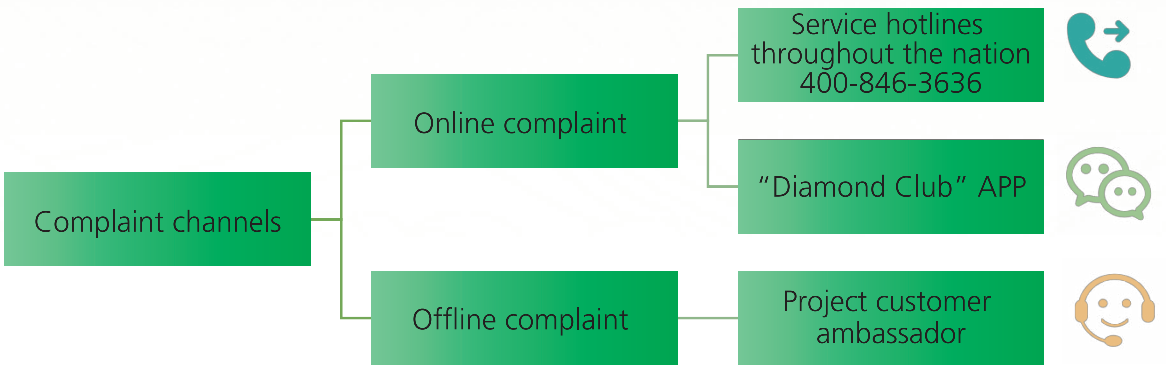
Case Zhuzhou •Jianfa Yangzhu* (株洲•建發央著) Phase 2.1 Site Open Day

In November 2023, the Group sincerely invited property owners and individuals from various sectors to visit the construction site of Zhuzhou • Jianfa Yangzhu* (株洲•建發央著) Phase 2.1, allowing them to experience the exquisite craftsmanship and the pursuit of high-end quality by the Group. On the site open day, the site visit was accompanied and guided by after-sales housekeepers who actively recorded and addressed customers' inquiries during the visit, providing feedback to the relevant departments for necessary improvements. The event garnered high satisfaction and recognition from property owners.

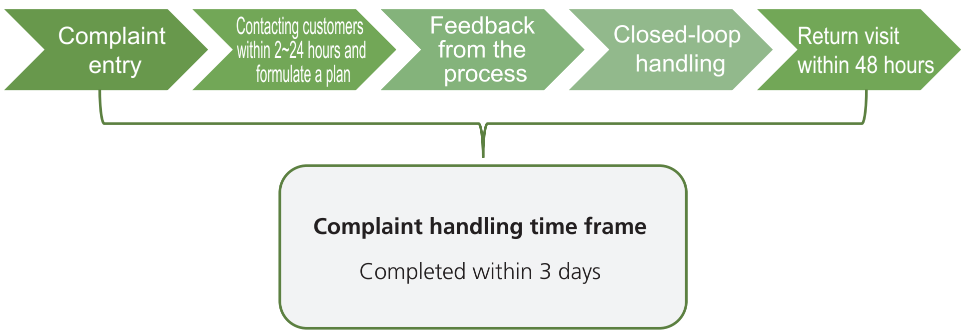
Site Open Day Activities

2) *Customers' Complaint Handling*

The Group sincerely listens to customers' voices and demands, establishing and maintaining smooth communication channels both online and offline for customer complaints. We have standardised the process and requirements for handling customer complaints, ensuring timely reception of customer feedback, suggestions, and complaints. We continuously strive to improve the efficiency of our customer complaint handling.



Customer compliant channels



Customer compliant handling procedures

The Group prepares monthly reports shared among clusters/business units based on the number of customer complaints of each category, the changing trend of common complaint issues and the completion of customer complaint handling, and reminds the clusters/business units with lower complaint handling performance to prevent the recurrence of common issues, thereby further enhancing customer satisfaction. In 2023, the Group received a total of 3,486 customer requests, with a 100% completion rate for complaint handling and follow-up.

3) *Customer satisfaction survey*

In 2023, the Group continued to conduct monthly third-party customer satisfaction surveys to gain insights into customers' genuine experiences and evaluations of the Group's products, services and various aspects, and made continuous improvement based on customers' suggestions.

Method of Survey

A third-party company conducted monthly surveys through telephone interviews

Scope of Survey

For the monthly satisfaction survey conducted this Year, a stratified random sampling approach was adopted, with a sample of 5% of newly contracted and delivered property owners as the survey sample

Dimensions of Survey

The survey was designed to assess property owners' satisfaction in terms of over a hundred specific items under 11 dimensions, including overall evaluation, product-specific indicators, and service-specific indicators, to capture property owners' specific opinions and suggestions regarding various aspects of the Group's products and services

Results of Survey

In 2023, the overall customer satisfaction of the Group was 93.7 points

4) *Information and Privacy Protection*

The Group strictly complies with the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China and other laws and regulations, and has revised and implemented internal regulations such as the Digital Process Management System and Regulations on the Management of Network Information Security. The Group has established an information security management structure centred on the Group's digital process centre, which is responsible for the implementation of the network information security system construction and security protection of the Group as a whole. Furthermore, each cluster designates specific individuals to oversee network information security-related tasks.

The Group has taken the following measures to prevent the leakage of customer privacy and Group's information, effectively safeguarding the security and privacy of both customers and the Group.

Information security training for new employees
The Group provides training on company information confidentiality and data security to new employees, and enters into relevant confidentiality agreements with them.

Acquisition and management of customer data
The Group utilises an internal online system to collect and aggregate customer information, avoiding information disclosure incidents caused by poor storage of offline paper-based materials.

Management of access rights to system information
Customer information within each business unit of the Group shall not be accessed, utilised or circulated without strict approval. After the information has been accessed, we require the timely destruction of customer information to ensure the security of customer information.

System data backup and recovery
The Group performs regular backups of the application systems, databases and accessories within the information system and assigns dedicated personnel to regularly check the backup execution status. Additionally, the Group annually organises recovery drills for the backed-up data to ensure that such backed-up data remains useful.

System construction security management
Before the construction of any information system within the Group, the required information system security level is determined according to specifications. Prior to the system being launched, it undergoes security benchmarking and performance validation testing.

5) *Responsible marketing*

The Group adheres to the principles of honesty and integrity in business operations and strictly abides by the Advertising Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and other regulations. The Group has formulated and implemented internal systems such as the Standards for Marketing Work and the Standards for Marketing Inspection and Evaluation to define the requirements for compliant marketing and ethical sales management, regulate the information review process for promotional materials across all channels, and ensure the accuracy, truthfulness and compliance of promotional and marketing information. We are committed to protecting the legal rights and interests of customers, including their right to be informed and their right to fair transactions, as well as safeguarding the reputation of the Group's brand. At the same time, the Group has established a dedicated reporting hotline to receive reports from the public regarding any illegal or non-compliant behaviour during the marketing process. We promptly and impartially handle such reports in accordance with our internal systems.

During the Year, measures taken by the Group to implement responsible marketing principles include but are not limited to:

Sales risk investigation

- Internal inspections: Regular and ad hoc inspections and spot checks are conducted at the group level, cluster level, and business unit level to assess risks related to sales management, marketing expense management and marketing tender management;
- External inspections: Risk assessments are conducted on sales presentations, promotional materials, quality standards of sales services, and consistency of pre-delivery commitments.

Compliance Inspections

- Quarterly compliance inspections are conducted in accordance with the Standards for Marketing Inspection and Evaluation, and the results of such inspections are linked to the performance assessment of marketing personnel.

Risk warning

- Risk warnings for customers: Risk warnings are provided at sales venues, display areas and display units, and adverse factors inside and outside the red line are displayed in a prominent position in all projects;
- Risk warnings for marketing personnel: Risk reminders are set up in negotiation areas to verbally remind the sales staff about their commitments.

Third party unannounced visits

- Each cluster independently engages a third-party organization to conduct unannounced visits and inspections for sales services quality based on the 2023 unannounced visit index for sales case services and the specific requirements from each cluster.

Compliance marketing audit

- Regular special audits are conducted to ensure compliance in marketing activities.

6. Intellectual property protection

The Group strictly abides by the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other laws and regulations, and clearly stipulates the management requirements for various types of intellectual property rights in the Administrative Measures for Legal Affairs. The Group ensures the protection of its own intellectual property rights by promptly filing for intellectual property rights, providing training on intellectual property rights to employees, sending letters and initiating legal proceedings against external infringements, and taking other measures. Additionally, the Group respects the intellectual property rights of others and has established an intellectual property risk warning mechanism. Intellectual property responsibility clauses are included in contractual agreements, and the use of materials without copyright or clear ownership is strictly prohibited in promotional materials to reduce the risk of infringing upon the intellectual property rights of others.

As of 31 December 2023, the Group was granted a total of 294 intellectual property rights in respect of design, including 256 design patents, 34 utility model patents, 2 invention patents, and 2 invention patent authorisations. In 2023, the Group obtained 96 newly approved intellectual property rights in respect of design.

VI. FOSTERING AN ECOLOGY OF INTEGRITY

OUR RESPONSES IN THIS CHAPTER

Materiality Issues

✓ Compliance management and building up of integrity

✓ Assessment and supervision for suppliers

✓ Supplier chain environment and social risk management

Key Performance Indicators of the Stock Exchange

✓ B7 Anti-corruption: B7.1, B7.2, B7.3

✓ B5 Supply Chain Management: B5.1, B5.2, B5.3, B5.4

SDGs

An honest and integrate environment is an essential foundation for the long-term development of an enterprise. The Group advocates for a culture of integrity and fosters an honest and integrate work environment through the strengthening of integrity systems and the implementation of integrity education. Additionally, the Group places great importance on supplier management, establishing strict supplier admission criteria and evaluation systems. We actively enhance environmental and social risk management in the supply chain, striving to create a green, low-carbon and sustainable supply chain.

1. Anti-corruption

The Group strictly abides by the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery and other laws and regulations, and has implemented internal management systems such as "Provisions on Integrity and Self-discipline of Employees of Xiamen C&D Corporation Limited (廈門建發集團有限公司關於員工廉潔自律的若干規定)", and has revised and improved important systems such as the Management System for the Issues relating to the "Three Importance and One Greatness" and the List of Major Business Management Matters to be studied and discussed in advance". We actively promote a culture of transparency and integrity, firmly combating any acts of corruption, bribery, fraud, extortion, etc., and advocating for employees to uphold a sense of integrity. During the Year, there was no legal case regarding corrupt practises brought against the Group or its employees.

1) Enhancing integrity risk prevention and control

In order to strengthen integrity building and guide cadres and employees to uphold integrity and rectitude, the Group has carried out the following key initiatives during the Year:

✓ Conducted pre-appointment integrity talks with newly promoted cadres, including the preparation of pre-appointment inspection materials and conducting integrity knowledge tests. Strictly reviewed replies on Party conduct and integrity of cadres to be selected and appointed, soliciting opinions from the disciplinary inspection commission before their appointment;

✓ Prior to important holidays, timely disseminated higher-level documents, and reiterated requirements such as the "Eight-point Code" and the "Ten Prohibitions," emphasising the need for all leadership cadres and employees to observe a "clean holiday" and maintain "high standards of integrity";

✓ Emphasised internal control construction, with the internal control departments of the Group and primary operating units (clusters) strengthening frontline internal audits and operational risk prevention. On one hand, enhanced audits of departing cadres at all levels. On the other hand, each cluster conducted specialised audits focusing on engineering, design, marketing and other business lines based on the actual operating management circumstances.

The Group has established anonymous reporting and receiving channels such as mailbox and mail, keeps the information of the whistle-blower and the content of the report confidential and strictly controls the scope of knowledge of the reported incident. Upon receiving a report, the Group conducts a thorough investigation in accordance with requirements of the internal system, such as the "Practical Handbook for Handling Petitions and Letters" and the "Practical Handbook for Disciplinary Cases", and differentiates the nature and severity of the incidents. For serious cases, corresponding penalties shall be imposed and the right to pursue relevant legal responsibilities shall be reserved.

2) *Promoting a culture of integrity*

The Group actively organises directors and employees to participate in anti-corruption training, including the establishment of diverse integrity-related training courses and the implementation of thematic party classes on integrity and self-discipline, in order to continuously enhance the development of an integrity culture and promote the spirit of integrity. At the same time, the Group engages in a variety of activities, such as publishing WeChat articles on integrity themes, organising thematic outdoor activities for integrity education, conducting themed paper-cutting activities, recommending books on integrity, organising knowledge quizzes on integrity and self-discipline, and sharing comics on integrity and self-discipline, with a view of further enhancing employees' awareness of clean business practices and eliminating any form of corruption and misconduct.

During the Year, the Group conducted a total of 132 training sessions intended for directors and employees on the development of an honest and clean corporate culture. The training lasted approximately 132 hours, with a total of approximately 9,034 participants.

Case Visit to Integrity Education Base

In April 2023, the Sichuan-Chongqing Party Branch of the Group organised a themed anti-corruption education activity titled "Promoting Clean Conduct and Cultivating a Positive Image". Led by the branch secretary, participants visited the "Happy and Beautiful Life" Party Building Theme Park in Beihu, Chenghua District, Chengdu, and watched a special film at the Hongxin Station that focused on the revolutionary history. At the same time, the branch secretary conducted a Party class on integrity and professional conduct, disseminating the requirements of clean governance, ethical use of power and self-discipline among Party members. The aim was to enhance the members' awareness of integrity.

The site of Visit to the Integrity Education Base by the Sichuan-Chongqing Party Branch

Case Conducting a themed paper-cutting activity titled "Embracing Clean Conduct"

During the Year, the Construction and Management Party Branch of the Group organised a themed paper-cutting activity titled "Embracing Clean Conduct", targeting personnel from project construction units and supervisory units. Additionally, the branch organised a viewing of the first episode of the educational anti-corruption film series "Forever Blowing the Bugle (永遠吹衝鋒號)", aimed at enhancing employees' awareness of integrity and self-discipline and strengthening their ability to reject corruption and prevent deviations.

On-site pictures of the themed paper-cutting activity titled "Embracing Clean Conduct"

2. Supply Chain Management

The Group strictly abides by the Bidding Law of the People's Republic of China, the Government Procurement Law of the People's Republic of China and other relevant laws and regulations, formulates and implements internal systems such as the Bidding Management System, the Implementation Rules for Bidding Management, and the Cost Work Standards, and clearly stipulates the qualification requirements for suppliers of engineering and material supplies. The Group also conducts regular assessments of suppliers' environmental and social risks. The Group is committed to creating an open, fair and transparent procurement environment while striving to establish a cooperative relationship based on mutual trust and mutual benefit with suppliers.

In 2023, the Group had a total of 450 major suppliers. The number of major suppliers by region is shown in the table below:

By geographical region	Number of major suppliers
Western China	216
South-eastern China	109
Eastern China	125

Note: In order to manage supplier resources in a more scientific way, the Group divides suppliers into regions according to the places where the suppliers operate, and some suppliers are repeatedly divided into different regions due to the provision of services for multiple city companies of the Group.

1) *Supplier admission and evaluation*

The Group recruits suppliers through bidding and other methods, and sets up bidding management committee at all levels of the Group, clusters, business divisions and city companies to ensure the fairness and openness of recruitment. The specific supplier recruitment process is shown in the following diagram:

In order to strengthen the dynamic management of suppliers and ensure the quality of cooperation, the Group conducts qualification review in the supplier selection process and set up a strict supplier evaluation and control mechanism:

Qualification reviews

- Specify the qualification requirements for suppliers in the bidding documents and announce them to the public;
- In the bidding stage, the qualifications of suppliers who sign up to participate in the bidding are strictly reviewed, and there is no supplier resource pool.

Supplier evaluation and management

- Establish a supplier restraint mechanism and set up a "blacklist" system. The general manager of the project evaluates the supplier on a monthly basis, and the evaluation dimensions include engineering dimensions, warranty progress, cooperation dimensions and other special matters;
- Once a supplier is found to have accompanied a tender, falsified a tender, or caused a major quality incident or complaint for its own reasons, the Group will pursue the legal responsibility of the person responsible and include them in the blacklist of suppliers.

2) *Supplier's environmental and social risk management*

The Group attaches great importance to the environmental and social risk management of the supply chain, and is committed to strengthening ESG management in collaboration with suppliers, aiming for a win-win partnership. The Group tracks and evaluates the supply chain from the dimensions of integrity construction, environmental protection, quality and labour rights protection, gives priority to high-quality and environmentally friendly suppliers, eliminates unqualified suppliers with high environmental and social risks, and continuously promotes the sustainability of the supply chain. In addition, the Group adopts relevant management and control measures in the stages of bidding, contract signing and construction cooperation to supervise the suppliers' performance of environmental and social responsibilities. The details are as follows:

◆ **Tendering Stage**

Clean and transparent supply chain

- All suppliers participating in the tender are required to sign an undertaking of honesty and legal compliance, which requires the supplier not to solicit or give any financial or various nominal rebates or handling fees to any entity or person.

Environmental safety and protection

- Suppliers shall provide solutions for on-site safety, civilization and environmental management as well as product certification and inspection reports, with preference given to suppliers certified to ISO 9001 quality management system, ISO 14001 environmental management system and ISO 4500 occupational health system; actively promote green procurement and continuously improve the environmental protection standards for material procurement.

◆ **Contracting Stage**

Strict control of material quality

- The contract stipulates the quality, duration, material, safety and management requirements of the project, requiring that the quality should comply with the relevant national technical regulations and environmental standards, and that the incoming materials should be provided with product certificates, inspection reports and manufacturer's qualifications.

Protection of occupational health and safety

- Suppliers are required to obtain life and property insurance for their own personnel and third party personnel in the construction works and construction sites before the commencement of the works, while the Group takes out "All Risks Insurance for Construction Works" to enhance protection for the works.

Protection of labour rights

- Establish a project-based coordination mechanism to ensure wage payment of migrant workers and a wage arrears prevention mechanism, urge construction general contractors to strengthen labour management, and properly handle related conflicts and disputes; set up a special account for migrant workers' wages, allocate project funds in a timely manner in accordance with the contract, and strengthen supervision of construction general contractors paying migrant workers' wages in full and on time.

◆ **Construction cooperation stages**

Third party evaluation inspection

- Adopting the "inspection + accompanying inspection expert system" to carry out inspections of projects under construction in strict accordance with national standards, or even higher than national standards, and ranking and publicising the inspection results; the Supervisor and the projects division conduct sampling and inspection of materials at the construction site, regulate the various aspects of material entry, reporting and acceptance, and rectify any problems that arise in the process in a timely manner, and withdraw unqualified materials from the site and impose penalties.

VII. CONSOLIDATING TALENT DEVELOPMENT

OUR RESPONSES IN THIS CHAPTER

Issues of materiality

Occupational health and safety for employees
Rights and care for employees
Employee training and development
Employment compliance

Key Performance Indicators of the Stock Exchange

✓ B1 Employment: B1.1
✓ B2 Health and Safety: B2.3
✓ B3 Development and Training: B3.1, B3.2
✓ B3 Development and Training: B4.1, B4.2

SDGs

The Group recognizes that talents represent a valuable asset for business development and a crucial bastion of sustainable growth. The Group continues to strengthen its construction of the recruitment and employment systems, which is aimed at fully safeguarding employee rights, while optimizing career promotion paths and talent development platforms. These efforts strive for mutual growth with our employees. Meanwhile, the Group places emphasis on the occupational health of our employees, by implementing employee care initiatives, and enhancing employee communications, as part of our commitments to building a harmonious and inclusive workplace that promotes happiness.

1. Employment and Rights Management

The Group strictly abides by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Law of the People's Republic of China on Trade Unions, the Minimum Wage Regulations, and other laws and regulations, and earnestly implements internal management systems such as the "Human Resources System" to continue improve the management of employment, promotion and remuneration, as part of our genuine practice to safeguard the employee rights and interests, while seeking to foster workplace equality and inclusivity.

1) Employment compliance

The Group always adheres to the employment principle of "suitable positions for qualified employees" and "recruiting talents and avoiding recruitment of persons with specific family relationships", clearly states the requirements, procedures and specifications of recruitment, and stipulates that the recruitment information shall not contain the gender, ethnicity, physical health and other contents required for the recruitment position to avoid potential employment discrimination, and ensure the recruitment is legal, compliant, equal and fair.

Meanwhile, the Group strictly complies with the "Provisions on the Prohibition of Using Child Labour" and other policies, and implements the internal system of the "Human Resources System". In the recruitment process, the age of candidates is strictly reviewed through ID cards, academic certificates and other materials, and can only be used after approval by the management at all levels, so as to eliminate the employment of employees under the legal working age. Adhering to the principle of both parties' voluntariness, the Group enters into employment contracts or agreements with all of our employees, which explicitly lists information such as the employment location, time, labour remuneration and overtime-related regulations to avoid forced labour. The Group resolutely prohibits the employment of child labour, forced labour and other illegal acts. Once discovered, the relevant departments and units will be held accountable. During the Year, the Group did not employ any child labour or forced labour.

The Group actively carries out talent introduction through campus recruitment, explores the construction of a diversified talent pool, and enters into collaboration with various higher education institutions. During the Year, the Group delivered campus presentations to over 30 higher education institutions, attracting outstanding fresh graduates that will generate new momentum for the business growth of the Group. On the other hand, the Group will recruit outstanding talents through social recruitment and campus recruitment, subject to our actual business needs each year.

Campus recruitment

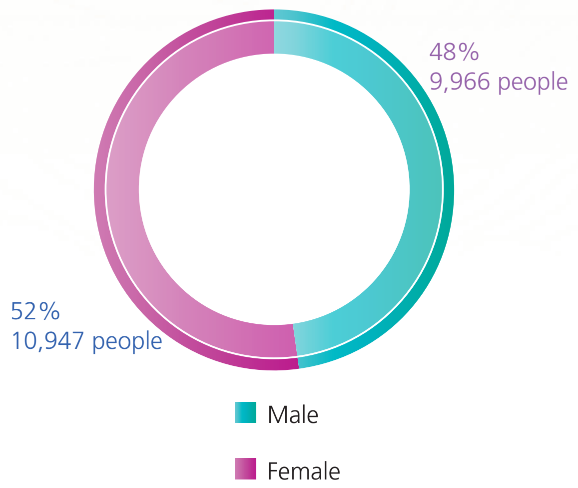
Continuing to operate a number of school recruitment brands, including:
- The "Banner Student" and "Sales Banner Student" for fresh graduates;
- The "Build Student" brand (summer internship) for current students.

Social recruitment

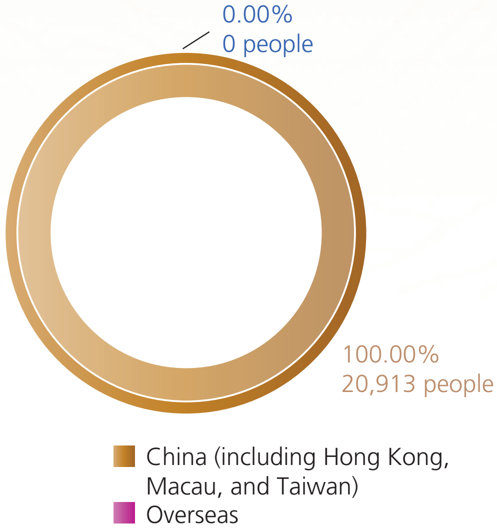
Formulating recruitment principles such as internal recruitment before external recruitment, avoidance of relatives, and merit-based position, and clarifying the recruitment execution and approval procedures for key positions, and each operating unit and subsidiary company performs normalized recruitment according to these principles to continuously bring in first-class talents from various industries.

As of 31 December 2023, all employees of the Group were full-time employees, with a total number of 20,913. The gender, age group geographical region and rank structure of employees are as follows:

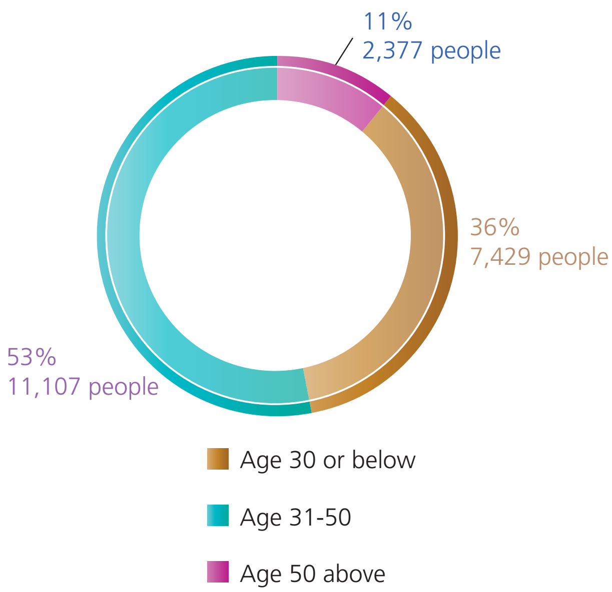
Gender structure



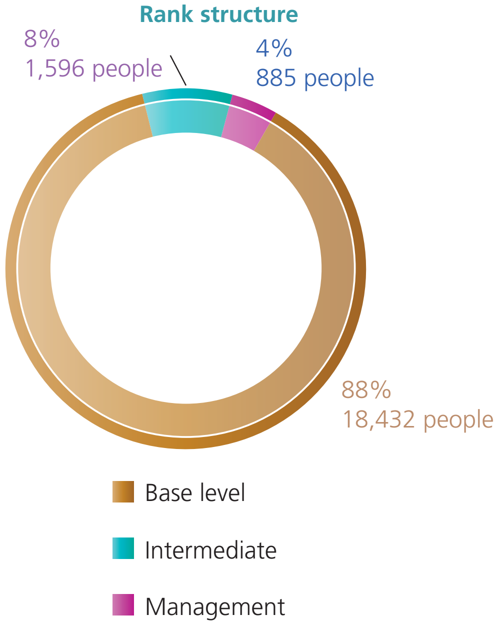
Geographical structure



Age structure



Rank structure



2) *Employee rights*

As for remuneration, the Group determines provides employees with fair, reasonable, and competitive remuneration packages with reference to the market salary level and the characteristics of the position. Meanwhile, the Group also adheres to the principle of fair and impartial performance assessment, and pays bonuses based on the actual performance of employees to ensure that employees' remuneration matches their capabilities and performance, so as to galvanize our employees into enthusiasm at work and effectively attract and retain outstanding talents. In addition, the Group provides employees with statutory benefits and multi-level and diversified welfare protection:

❖ Statutory benefits: medical insurance, unemployment insurance, maternity insurance, work injury insurance, pension insurance, provident fund, paid annual leave.

❖ Corporate benefits: official transport subsidies, subsidies for work in other places, management trainee subsidies, learning subsidies, special post subsidies, holiday subsidies, birthday subsidies, high temperature and cold protection subsidies, title/certificate subsidies, group business insurance for employees, enterprise annuity, employee health management, union group activities, etc..

The Group attaches great importance to team stability, collects and analyses employee turnover every month, and regularly tracks employees' actual needs and thoughts. For employees who intend to resign, the Group retains key talents through internal transfer and other means, and improves the retention rate of high-potential talents, core business backbones or management cadres. For resigned employees, the Group will assist the employee to complete termination procedures such as job handover and transfer of household register in accordance with the internal "Human Resources System". A certificate of release (termination) of labour contract shall be issued, and official release notice, file transfer and social security funds transfer shall be completed according to laws when the employee duly resigned.

During the Year, the turnover rate of the Group's male employees was 15.99%, and the turnover rate of female employees was 18.61%. The turnover rate of employees aged 30 or below was 26.42%, the turnover rate of employees aged 31 to 50 was 12.04%, and the turnover rate of employees aged over 50 was 14%. The turnover rate of employees in China (including Hong Kong, Macau and Taiwan) was 16.72%, and the turnover rate of employees in overseas regions was 0.

3) *Appraisals and Promotion*

To motivate our employees, the Group continues to craft out a quantified and transparent performance appraisal mechanism, and improve the promotion channel for our employees, creating a diversified development platform that enables employee development, identifies the potential of talents, and provides talent guarantee for the high-quality development of the Group.

As for performance appraisal, the Group conducted performance appraisal through a combination of process appraisal and annual appraisal. The results of the performance appraisal served as an important basis for evaluation and appreciation, position appointment, salary adjustment and subsequent training. At the same time, the Group sorted out backup managers with cultivation potential at various levels and in various professional fields through performance appraisal and talent review, and improved the quality of employees by holding reserve training courses and professional skills training, so as to establish a channel of "selection-training-on-the-job practise" to fully explore talents and provide them with development opportunities.

As for the employee promotion, the Group has optimized the channel for the employee promotion, and set up a dual-channel career development system of "management" and "professional", creating a good workplace where competent employees will assume their commensurate positions through competition. This will accelerate the growth of outstanding employees. Subject to our job creation standards, the Group implemented a post appointment system, which in principle made appointment once a year, and provided promotion opportunities for employees by combining their performance in the previous year and the business needs of the Group. The promotion list is clarified during the annual employment. At the same time, the Group adopted a self-recommendation mechanism for internal competition and required each unit to support employees to participate in internal competition, and conducted investigation on the candidates according to the principle of "main focus on job suitability and development potential", so as to provide a fast promotion channel for outstanding talents.

2. Training and Development

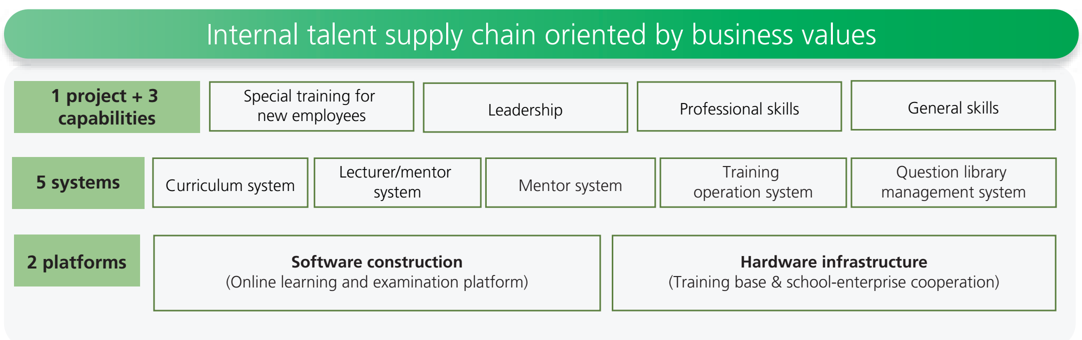
The Group recognizes the construction of talent teams as an integral part of business development. Besides formulating and implementing internal systems such as the Training Management System, the Group refines and improves the training mechanism based on its development strategy and direction, which will promote talent development and management. Meanwhile, the Group actively explores the development of training platforms to provide employees with diversified training methods, which is aimed at unleashing the potential of our employees and in return promoting the all-around improvement in their business performance and overall workplace literacy.

In 2023, the training of the Group's employees was as follows:

		Percentage of employees trained (%)	Average hours of trainings received per person (hour/person)
By gender	Male	76%	28.18
	Female	81%	22.17
By employee category	Base level	75%	23.90
	Intermediate level	93%	20.24
	Management level	75%	49.97

1) *Emphasis on diversified training*

The Group has built a "3-1-5-2" internal talent pool chain oriented by business value, and a talent training system based on 1 project, 3 capabilities, 5 systems and 2 platforms, as well as providing new employees with special training, leadership training, special ability training and general ability training, which is aimed at comprehensively improving the professional aptitude of employees, while facilitating the sustainable development of the Group and its employees.



During the Year, for the key training projects of the internal talent, the Group's headquarters carried out a total of 436 training courses with a total of 554 hours. A total of 228 lecturers and 135,219 employees participated in the training. The specific training details are as follows:

Special training for new employees

To further help new employees understand the corporate culture, product philosophy and business standards, the Group updated a online course list for new employee orientation with effect from May 2023. Based on the requirements of various professional positions, new employees are required to educate themselves about related systems, standards, baselines, etc., details of which are as follows:

Pre-job training	New employees are required to complete the following course study and examination before officially taking up their posts: • General courses: training on corporate culture, products, general system and system operation for all employees; • Professional courses: training on the systems, manuals, standards and bottom lines required for new employees' professional positions.
Probationary training	During the Year, the Group added new probationary training for all new employees in housing development projects, design, and marketing, whereby requiring new employees to complete online learning and examination of job-specific professional knowledge and skills within 3 months upon joining the Company. Failure to pass the examination (including make-up exams) may result in termination of the probationary period.

In addition, in order to accelerate the training of the Group's management trainee team and the reserve of integrated management cadres and technical backbones, the Group continued to promote the flagship construction plan for management trainees, so as to strengthen their understanding of the Group's overall situation and culture, and help them quickly complete role transformation and corporate integration.

Case "Flagship Construction Plan" — training of management trainee through campus recruitment

In July 2023, the Group organised 48 new management trainees to participate in the induction training. The training focused on general contents such as corporate culture, product philosophy, and business basics. Various forms of training, such as intensive training, senior management seminar, project visits and team building knowledge competition, helped the management trainees learn the necessary knowledge and skills for their positions, achieving role transformation and integration into the business organization.

"Flagship Construction Plan" activity

Leadership training

Leadership training mainly helps management cadres at all levels and reserve cadres of reserve echelon receive special talent cultivation, and cross-functional training, so as to strengthen the management ability and professional ability of our cadres, while guiding them to broaden their business perspectives and enhance their intrinsic motivation.

Case Intensive training for cross-functional Learning and enhancement at Huawei

In September 2023, the Group enrolled middle-level and senior cadres to a cross-functional learning exchange at Huawei University in Shenzhen and Huawei Songshan Lake Base in Dongguan. This exchange activity included course sharing and a tour to smart industrial parks, guiding middle-level and senior cadres to learn advanced management strategies, and encouraging such cadres to revolutionize and innovate their business thinking.

Intensive Training for Cross-functional Learning and Enhancement at Huawei

Case Training for city managers and project managers

During the Year, the Group adopted various forms of training, such as online learning, intensive training, project tours, group discussions, and team-building activities. Furthermore, various courses were organized to improve the production, team, and operation management capabilities of city managers and project managers, including the understanding of their roles, institutional standards, production management, operation management, risk control, and business management.

Training for city managers and project managers

Professional skills training

Professional skills training is provided for the business backbone of various business segment and various professional sequence. During the Year, such training was comprised of training sessions specialized for design, marketing, cost management and other business lines, aiming to cultivate and improve the professional capabilities of employees in different positions.

Case Special training for new design staff

In August 2023, the Group launched a special training program for new design staff, attracting a total of 181 attendees. In combination with the system standards that new design staff are required to be fully informed of, this training program was carried out in stages through special sessions on team-building integration, professional empowerment, and technical regulations, aiming to solidify the professional foundation of design staff.

Training for new design staff

Case Special training for cost management

In September 2023, the Group conducted specialized cost management training for personnel at the level of Deputy Managers and above in the Cost Department of the Group's headquarters, clusters, and construction management companies. A total of 84 participants attended the training that is focused on a series of cost management regulations. Various forms, such as team building activities, intensive training, and exchange seminars, were aimed to deepen participants' understanding and command of the new standards in cost management, which also aimed to enhance in-depth integration and interaction among participants across different units.

Special training for cost management

General skills training

In light of the Group's current situation of many new employees and newly promoted cadres, general skills training of the Group added corporate culture courses to various training programmes centred around our corporate values to deepen employees' understanding and integration of corporate culture. During the Year, 12 training sessions for general skills were held, covering nearly 800 participants, with a total of 9 training hours and an average satisfaction score of 9.9 (full score of 10).

To improve our post training curriculum, accumulate knowledge and experience, and address business challenges, the Group has initiated the construction and management of an internal trainer system. During the Year, the Group's internal trainer system construction mainly focused on the quality of courses, aiming to further optimize the curriculum system. Meanwhile, the Group provided professional skills training for internal trainers to improve their teaching ability and stimulate the vitality and potential of the internal training mechanism.

Internal lecturer score assessment mechanism

- Setting requirements on annual scores for internal lecturers at different positions, which is aimed at encouraging internal lecturers to engage in course development and teaching;
- The annual scores are linked to the rank promotion for internal lecturers, and the lecturers who exceed the scores requirements will be given incentives.

Case Internal trainers Training

In March 2023, the Group organised a pre-training briefing session for the internal trainers responsible for promoting the Company's policies and regulations within each functional centre, which focused on the requirements related to courseware content, exam question design, and other aspects, aiming to enhance the quality of training courses and the teaching abilities of the trainers.

On-site picture of the pre-training briefing session of the internal trainers

2) *Training performance assessment and curriculum system optimization*

The Group is committed to promoting high quality talent development by continuing to optimize training performance assessment mechanism and curriculum system construction, which will provide more career development opportunities for employees.

Training performance assessment mechanism

In order to improve the training awareness of employees, galvanize employees into the enthusiasm for training, and ensure the effectiveness of training, the Group continues to improve its training performance assessment mechanism by establishing quantified assessment standards.

Employee training assessment mechanism

- For all training, 80-scores pass line is set;
- Internal notification of examination status. Those who fail the make-up examination or are absent from the examination need to re-study and participate in the make-up examination;
- Training records, examination records and assessment results of trainees will be compiled into training documents as an important reference for assessment and promotion.

Curriculum System Construction

The Group continues to promote the curriculum system construction at various business units, and professional and general skill course development, and guides various units to integrate business key points and solutions and business experience in curriculum design. To ensure the effectiveness of the courses, the Group combed the list of professional courses and removed outdated courses During the Year. In addition, based on the latest management requirements, new courses were updated and developed. Meanwhile, to exercise strict control over course quality, the Group has implemented an approval process for new course training and its rollout, ensuring that every course released by the Training Department is developed in line with the corporate policies.

The Group continues to enhance the "Zhangjianshi (掌建識)" online learning platform, including online course development, optimization of course categorization, and upgrading the question bank section. During the Year, the Group's Training Department revamped and upgraded the platform based on complaints over the experiences in the backend management and user interface, as part of our continuing efforts to enhance the online platform development so as to meet the training requirements.

- A total of 272 online courses were newly developed. In particular, the Group developed a total of 217 courses, accounting for 80% of the total number of online courses; and each business unit developed 55 courses, accounting for 20% of the total number of online courses.

Online Course Development

- **Course classification:** general skill courses, professional skill courses, and management courses;
- **Program classification:** general skill training programs, professional skill training programs, and management training programs;
- **Display classification:** the Group's institutional standards for 2023, and 2023 Design Technical Requirements Guidance

Optimization of course classification

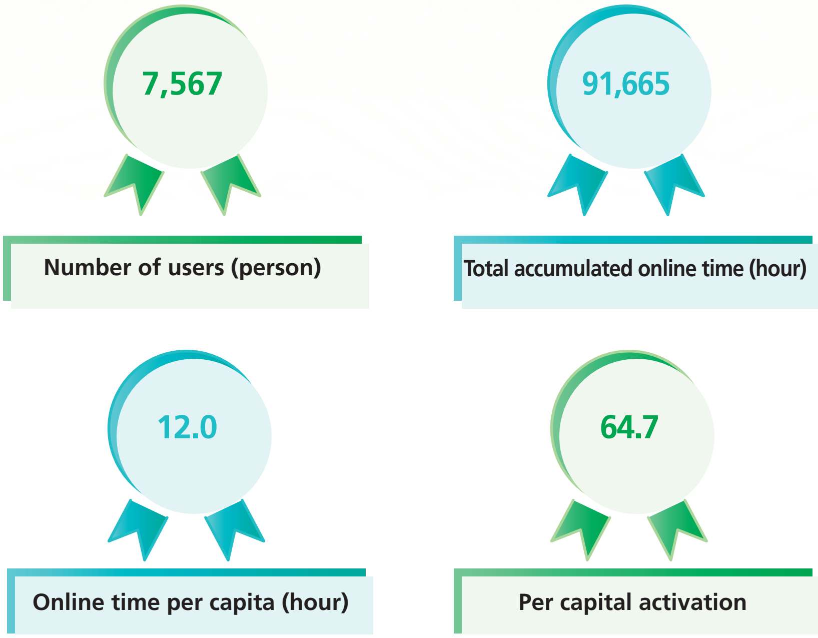
Construction of the "Zhangjianshi (掌建識)" platform

Figure of Upgraded Features of "Zhangjianshi (掌建識)"

Figure of "Zhangjianshi (掌建識)" Course Centre

During the Year, the operation of the online learning platform of "Zhangjianshi (掌建識)" was as follows:

As of 31 December 2023, the "Zhangjianshi (掌建識)" learning platform had a number of 7,567 users (including 791 members from the maintenance team). The total accumulated online time in 2023 were 91,665 hours, with an online time per capita of 12 hours and an average number of 64.7 per capita activations.



3. Occupational Health and Safety

The Group highly recognizes the importance of the occupational health and safety of employees, and abides by the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Provisions on the Administration of Occupational Health at Work Sites and other laws and regulations. Besides implementing and enforcing the policy of "safety first, prevention-oriented, and comprehensive management", the Group has formulated and enforced internal management systems such as the Administrative Regulations on Work Safety. All departments are mobilized to conduct safety inspection and training, as part of our commitments to creating a healthy, safe and comfortable working environment for employees. In each of the past three years (including the Year), the Group did not have any work-related fatalities. During the Year, the Group's lost days due to work injury was 0 day.

In order to ensure the health and safety of employees, the Group clearly defines the safety management responsibilities and authorities of each unit, and actively improves the safety systems by holding safety meetings, as well as conducting safety training and safety publicity campaigns. In addition, our employees are encouraged to actively participate in safety knowledge training activities, continuously strengthen employees' safety awareness, and strictly prevent the occurrence of safety accidents.

01 Safety systems	• The safety-related systems and standards are improved, and irregular inspections of the implementation of various programs are conducted, the results of which serve as one of the bases for the year-end assessment of the unit.
02 Safety meetings	• Regular safety meetings are held. The safety management requirements given by the superiors are implemented and relevant safety work is arranged to ensure safety responsibilities are clearly assigned at all levels. Furthermore, safety responsibility letters are entered into with key units and key position holders.
03 Safety training	• Production safety month activities are carried out in various forms of safety literacy education and training, such as safety quizzes, fire drill and contests, and safety-themed seminars.
04 Safety publicity	• Irregular safety and fire drills are conducted. • Various safety publicity campaigns related to production safety, food safety, and disaster prevention and mitigation are conducted.

Case Diversified production safety training that clarifies production safety requirements and standards

In 2023, business units across the Group organized a variety of job-specific safety training programs based on the functions of each position, which included training sessions for voluntary firefighters, disaster prevention and mitigation, food safety, electrical safety, and driving safety. These programs were aimed at enhancing employees' safety awareness and ensuring production safety.

Production safety training

4. Employee Care

The Group attaches great importance to the well-being of its employees. By launching a series of care campaigns specialized for consolation and holidays, the Group is committed to fostering caring and compassionate working conditions. Meanwhile, the Group actively organizes a variety of cultural, sports and team building activities to enrich the cultural life of its employees, as part of our continuing commitments to enhancing their sense of happiness and satisfaction.

Consolation for expatriate cadres

- During the Spring Festival, various units visited cadres' families or distributed gifts for the Spring Festival;
- On the birthday, the Group sent birthday greetings to the expatriate cadres engaged by the Group.

Consolation for female employees

- The "March Female Employee Care Program" was launched to send good blessings to female employees through activities such as sharing of useful items, handicrafts, and spring trips.

Canteen care

- Full attention is paid to the dining needs of employees, ensuring that our staff canteens are well equipped;
- Staff canteens across different locations prioritize the safety and taste of food and beverage, alongside irregular satisfaction surveys, and we also actively organize special food festivals.

Family caring activities

- Family-themed activities on Children's Day and Thanksgiving Day were carried out;
- A series of consolation visits were paid to expatriated employees and their family members during the Chinese New Year.

Holiday caring

- On Labour Day, we carried out employee caring activities with the theme of "5.1 We are together" and sent greetings and care to the frontline employees who stayed at their posts during festivals.

Events under the March Female Employee Care Program

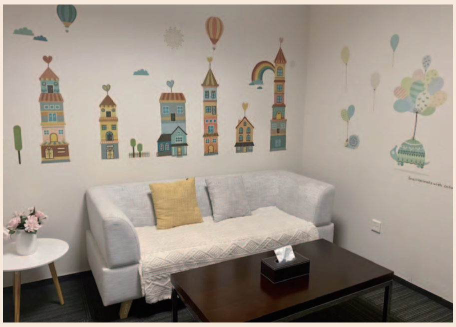
Holiday Caring

Family Care Activities

Canteen care

Caring Nursing Room

The Group has established a comfortable and supportive nursing room equipped with facilities such as water dispensers, refrigerators, and sofas, to provide support and care for female employees during breastfeeding.



the Group's nursing room

Case "Trendy" Red Walking Event

In August 2023, the Group organized the "Trendy" Red Walking Event in 22 cities across the country in commemoration of the 102nd anniversary of the founding of the Communist Party of China and as part of our corporate culture activities, attracting nearly 2,500 employees. Combining a "5-kilometer walk with a task tracker", the event aimed to deepen employees' understanding of the corporate culture and enhance their physical fitness.

"Trendy" Red Walking Event

Case Growing Up • Music Show

To showcase our employee spotlights, the Group organized the "Growing Up • Music Show" singing competition, attracting a total of 107 enthusiastic employees. This competition not only provided a platform for employees to demonstrate their artistic expression but also encouraged them to achieve a work-life balance that sustains their overall well-being.

Singing Competition

5. Employee communication and exchange

The Group upholds the "people oriented" value. With a diversified communication mechanism established, our employees are provided a platform to communicate with the management, as our continuing efforts to promote the mutual understanding and cooperation between the employees and the management, which will strengthen the team cohesion and cooperative spirit. At the same time, the Group encourages employees to actively put forward opinions and feedback, and fully protects employees' right to know, participate, express and supervise, demonstrating our commitments to fostering a harmonious and democratic working environment.

Meanwhile, the Group regularly receive propositions from our employees to understand their real thoughts and requirements by virtue of employee representative meetings and employee satisfaction surveys, and in return provides effective feedback to our employees, significantly enhancing their sense of happiness and belonging. In 2023, the Group conducted employee satisfaction surveys to cover various dimensions, including company prospect, working environment, workstation, employee care, learning opportunities, and individual promotion, with over 20,000 participants. The survey results were brought before the general managers of each unit for discussion with their respective management teams, aiming to jointly explore improvements based on the feedback and put them into practice.

The Group's communication channels with employees include but not limited to:

Cadre evaluation and communication mechanism	• We regularly held 360° assessment and evaluation for management cadres to collect employees' multi-dimensional comments and suggestions on team building, cadre ethics and style, team management, etc; • Interviews with management and employees are organised from time to time to strengthen the communication between the Group's management and employees.
Management communication mechanism during the probationary period	• We set up a mentor for new employees and established a "1-3-6" probation interview mechanism, i.e. to arrange interviews with employees, mentors, leaders and other personnel in the first, third and sixth months of employee induction, care about the working status and mentality of new employees, and collect suggestions from new employees.
Senior Management Interviews	• We organise interviews between the Group's cadres during the probation period of appointment and the Group's leaders to understand the progress of front-line work and the adaptation of cadres; • If necessary, the Company will organise cadres and employees to conduct interviews and exchanges with the Company's management team from time to time to promote team integration.
Working Meeting Mechanism	• The Group has established a regular/non-regular working meeting mechanism and arranges management and employees to attend the meetings when necessary. The mechanism makes decisions on the Group's operational matters through face-to-face meetings and video conferences.
Interviews and satisfaction surveys	• The labour union and the Youth League Committee irregularly carry out interviews with young employees and satisfaction surveys to understand employees' thoughts and suggestions to the Group.
Forum and exchange mechanism	• Activities such as exchange of new and old management trainees and exchange and integration of new employees are carried out.
Anonymous communication channels	• We set up anonymous communication channels such as leadership mailbox and employee mailbox to encourage employees to voice out their opinions.

VIII. GRASPING OPPORTUNITIES IN GREEN BUSINESSES

OUR RESPONSES IN THIS CHAPTER

Issues of materiality

- ✓ Safe and civilised construction
- ✓ Energy saving, emission reduction and green operation
- ✓ Green construction
- ✓ Product and processing innovation
- ✓ Waste management
- ✓ Address to climate change

Key Performance Indicators of the Stock Exchange

- ✓ A1 Emissions: A1.5, A1.6
- ✓ A2 Use of resources: A2.3, A2.4
- ✓ A3 Environment and natural resources: A3.1
- ✓ A4 Climate Change: A4.1

SDGs

In our active response to the national "dual-carbon" strategy, the Group continues to persist in the notion of sustainable development over the course of its operations by constantly maintaining energy-saving and consumption-reducing operation. Committed to green operations, the Group strives to promote the green construction technologies and the application of green buildings, aiming to advance the Group's transition towards its green and low-carbon operations, as well as high-quality development. While actively identifying climate change-related risks and opportunities, the Group focuses on crafting response strategies and continues to shore up our climate risk management.

The Group strictly abides by the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other laws and regulations, and implements internal systems such as the Administrative Measures on Daily Safety, Energy Saving and Environmental Sanitation of Xiamen C&D International Building to provide clear guidelines for energy management. As water used for the Group's operations is mainly sourced from the municipal pipelines, the Group did not have any difficulty in accessing suitable water sources during the Year.

In order to strengthen the monitoring and control of environmental management efficiency, the Group has formulated three major green development goals, namely, water conservation, energy conservation and emission reduction, and waste reduction, and has taken actions in three aspects, namely green operation, green construction and green building, to promote the achievement of these goals.

Water Saving Targets
Actively strengthen the awareness of water conservation among stakeholders and improve the efficiency of water use

Energy Conservation and Emission Reduction Targets
Actively implement energy conservation and consumption reduction measures to improve energy efficiency and reduce carbon emissions

Waste reduction targets
Actively implement waste classification and promote waste reduction, recycling and harmlessness

1. Green Operation

The Group implements the concept of green operations by establishing a green office working group to constantly regulate the use of energy and resources within the Group. Meanwhile, the Group has, by introducing a volley of measures such as resource recycling, water and electricity conservation, low-carbon travel, garbage classification, encouraged our employees as a whole to develop the awareness of energy conservation and emission reduction to advance the sustainable development of the Group forward.

Measures adopted	Specific practices	
Recycling	✧	Recycling trays are placed next to printers to encourage the reuse of paper;
	✧	Regular inventory checks are conducted in warehouses, and usable items that are old or damaged are repaired and repackaged for reuse;
	✧	Underutilized or idle items are reserved for public welfare activities or employee events to increase their utilization rate;
	✧	Office supplies in common areas and meeting rooms are recycled to enhance their reuse.
Water and electricity conservation	✧	The Company actively promotes water and electricity conservation within its premises by posting relevant signs to prevent incidents where tap water is left running or lights are left on unnecessarily;
	✧	Sanitation personnel are required to strengthen their awareness of water conservation by maximizing the use of recycled water whenever possible;
	✧	Energy-efficient electrical devices are deployed. For instance, smart motion-sensor switches in certain public areas, such as staircases and restrooms, are installed to ensure lights automatically turn off when not in use;
	✧	Lighting fixtures in office areas are replaced with energy-efficient bulbs, and environmental and energy-efficient appliances and facilities are installed;
	✧	Cups and reusable water bottles are deployed in meeting rooms to reduce use of single-use bottles.
Low-carbon travel	✧	Video conferencing and remote work are encouraged within the Company to reduce business travel.
	✧	Carpooling is recommended for business trips to minimize carbon emissions.
Garbage classification	✧	Greater efforts are taken in publicity campaigns for daily garbage classification and garbage classification management, including visits to demonstration bases for garbage classification education, which helps enhance the awareness of garbage classification;
	✧	Separate waste bins are deployed in pantries and in front of freight elevators to remind employees to properly sort their waste;
	✧	More inspections are conducted to ensure proper garbage classification and disposal during cleaning routines.

Electricity-saving sign

Water-saving sign


Garbage classification and daily inspection


Garbage classification promotion

2. Green Construction

During the Year, the Group actively implemented green technologies including prefabricated construction, and adopted a series of green construction measures over the course of construction to increase the resource utilization rate, while minimizing environmental impacts from construction works. In the meantime, the Group was in strict compliance with laws and regulations, such as the Regulations on the Administration of Construction Project Environmental Protection, formulated and implemented internal systems such as the Guidelines for Standardisation of Safe and Civilised Construction, improved the assessment system for civilised construction, and continuously improved the awareness of safe and civilised construction of construction workers.

1) *Green technology*

The Group actively promotes the prefabricated construction alongside the extensive application of the BIM technology. Furthermore, technical standards including the Prefabrication Process Guidelines are formulated to guide the application of prefabricated technology in the three stages of preliminary project design, process specification and construction management and control, so as to improve construction efficiency and environmental protection.

Prefabricated Elevator Pit Base

- ✓ Unlike the integrated elevator pit base, the prefabricated elevator pit base utilizes a stacking method to reduce component weight. Such design reduces the height of the side walls and focuses on addressing the risk of leakage in the elevator pit base caused by the inability to compact the concrete due to the enclosed formwork;
- ✓ The production and installation of prefabricated elevator pit bases is simple and easy. When using the same elevator shaft module, the product mold will be reused for over 200 times, significantly reducing component costs and facilitating the market application.

Prefabricated Elevator Pit Base

In 2023, the Group continued to promote the application of green construction technology. A total of 131 projects under construction adopted prefabricated construction technology, representing a proportion of 66%, as well as a prefabrication rate up to 50%. The current projects primarily use prefabricated components, including stacked floor slabs, prefabricated stair slabs, and ALC panels, while certain projects adopt vertical prefabricated components. The design is based on the principle of "fewer specifications, more combinations" to reduce the types of functional modules and interfaces. On top of the standardised design, it achieves serialization and diversification, reaching a simplified yet sophisticated industrial standard.

Prefabricated Interior Partition Wall Panel (ALC Panel)

- ✓ The energy-efficient materials are lightweight, fire-resistant, thermal-insulating, effectively reducing the thickness of plastering layers;
- ✓ The mature technique enables fast construction and facilitate concurrent construction, thereby improving the progress of the main structural construction;
- ✓ The level of mechanization in component transportation, installation, and construction is conducive to production safety.

Prefabricated Interior Partition Wall Panel (ALC Panel)

Precast Composite Floor Panel Technology

- ✓ Industrialized and integrated production improves quality and efficiency, enabling concentrated and efficient energy utilization;
- ✓ The separation of component production from on-site construction reduces resource waste;
- ✓ This technology transforms high-rise overhead pouring into ground or flat pouring, further ensuring the construction safety on site.

Precast Composite Floor Panel

Case Prefabricated Construction Technology Used for Dongguan Manyun Project

The Group's Dongguan Manyun project* (東莞縵雲項目) has a total gross floor area of approximately 79,000 square meters, with a prefabrication rate of over 50% for all buildings. Such project incorporates various types of prefabricated construction technologies, including prefabricated projecting windows, composite floor panels, non-masonry exterior walls, integrated kitchens, and standardized layout designs, which greatly enhances construction efficiency and achieves environmental and energy-efficient building processes.

Dongguan Manyun Project* (東莞縵雲項目) Renderings

2) *Green construction works*

The Group persists in green construction. Throughout the project construction process, various measures are implemented, including dust control, waste management, reduction in energy and resource consumption, water recycling, and noise reduction to achieve resource conservation and environmental protection.

During the Year, the number of projects or accumulated days of work suspension of the Group due to environmental compliance issues such as construction dust was zero.

Dust Control

- ✓ Multiple locations have activated the sprinkler system, which follows the deployment principles of "point, line, and surface", "multi-layered", and "full coverage";
- ✓ Online dust monitoring devices are linked in real-time to the sprinkler system, monitoring PM2.5 particles;
- ✓ An automated high-pressure watering system is installed at the vehicle wash station, so that vehicles leaving the construction site are washed to reduce road pollution;
- ✓ The design of the bottom discharge outlet in the garbage recycling channels has been optimized, and spray systems are installed at the outlet to effectively prevent dust emissions;
- ✓ Mortar mixing operations are centralized in enclosed mortar mixing sheds;
- ✓ Dust identification signs are placed around the construction site to raise the awareness of dust control among workers;
- ✓ Bare soil areas are covered by a combination of grass and green nets to control dust emissions and ensure comprehensive site management.

Waste disposal

- ✓ Construction waste is subject to centralised disposal, and closed garbage rooms are established;
- ✓ Different types of construction waste, including recyclable and transportable waste, non-recyclable transportable waste, and waste suitable for on-site treatment, are clarified;
- ✓ Regular disposal of garbage from designated waste bins is conducted on a daily basis;
- ✓ Qualified waste collection and transportation units are appointed. Dumping of waste in unauthorized areas is strictly prohibited. Toxic and hazardous substances, such as melting asphalt or burning garbage, are not permitted on the construction site.

Reduction in energy and resource consumption

- ✓ All lighting fixtures at construction sites use energy-efficient LED lights. A lighting schedule is set, and lighting settings are adjusted based on seasonal needs, reducing energy consumption;
- ✓ A waste recycling system is installed at the construction site to recycle or reuse materials from demolitions, reducing construction material consumption.

Water recycling

- ✓ Design rainwater and sewage diversion and drainage system, and achieve secondary recycling after filtering. The treated water source can be used for washing vehicles and roads, irrigation of green plants, while achieving dual effects of dust reduction and water conservation.

Noise reduction treatment

- ✓ Construction equipment is subject to noise reduction treatment, and noise insolation materials are used;
- ✓ The construction site management and supervision system shall be established to strictly control the noise level.

3. Green building

The Group adheres to the notion of green development, gives priority to green building materials during the project development, and continues to advance the development and application of green buildings. In addition, the Group actively adopts national and local green building standards such as the Green Building Evaluation Standard GB/T 50378-2019, Code for Thermal Industrial Design of Civil Buildings GB50176-2016, the Energy-saving Design Standard for Public Buildings GB50189-2015, Green Design Standard for Civil Buildings JGJ/T 229-2010, and continues to deepen the research and practise of green buildings, as part of our commitment to delivering our sustainable construction products. In order to comply with the requirements of national and local green building standards, the Group has put forward the following five design concepts for green building projects:

Safety and durability	✓ Establish and strictly enforce safety regulations; ✓ Optimise the "service life combination" of materials and equipment and improve product quality.
Healthy and comfortable	✓ Focus on indoor air quality, and regard "green products" and "green building materials" as key indicators; ✓ Test indoor pollutants and absorbable particulate matter; ✓ Increase the planting proportion of trees to improve "light comfort".
Convenience of life	✓ Set up slow-down transition to create barrier-free access to improve the convenience of the elderly and the disabled; ✓ Reasonable arrangement of public facilities such as fitness and children's entertainment.
Resource Conservation	✓ Use "sponge city" technology to rationally use underground space and improve comfort; ✓ Improve and optimise the energy-saving design of buildings, select good insulation materials, adopt energy-efficient equipment, and set up energy consumption monitoring system; ✓ Set up rainwater reuse system to replace tap water for greening irrigation and road watering; ✓ Reasonably select industrialised interior decoration parts and adopt BIM technology to improve construction efficiency and reduce costs.
Livable environment	✓ Use the sponge facilities of "sunken greenbelt" and "rainwater garden" to control rainwater runoff, reduce the pressure of rainwater pipe network, block the surface source pollution of the land, and reduce the heat island intensity; ✓ Simulate the outdoor wind environment and gave feedback on the architectural layout and landscape design to enhance the good indoor and outdoor feelings.

The Group's new green building projects in 2023 were as follows:

No.	Cities	Project	Green Building Certification Level
1	Hefei	Hefei Feicui Yunjing* (合肥翡翠雲璟)	One-star green building (lease, commerce, and supporting facilities) Three-star green building (residence)
2	Nanjing	Jinding Hexifu* (金鼎和禧府)	Two-star green building
3	Wuxi	Yixing Hexi* (宜興和璽)	Two-star green building
4	Shanghai	Shanghai•Jingyuan* (上海•璟院)	Two-star green building
5	Shanghai	Shanghai•Manyue* (上海•縵月)	Two-star green building
6	Shanghai	Shanghai•Manyun* (上海•縵雲)	Two-star green building

Case Two-star green building — Shanghai Jingyuan Project* (上海璟院項目)

The Shanghai Jingyuan Project* (上海璟院項目) of the Group incorporates green building standards into the architectural design based on practical conditions. By implementing measures, including improving natural lighting, and using water-saving devices and energy-efficient products, such project enhances the effectiveness of water and energy conservation, while optimizing the living environment. It has obtained a two-star rating for green building certification, major features of which include:

Water conservation:

- Pressure reducing devices are installed for water supply pipes with the water pressure greater than 0.2MPa
- Rainwater recycling and treatment system is installed
- Water remote metering system is installed, which includes statistical analysis of water consumption and network leakage diagnosis. The pipeline leakage rate is less than 5%

Energy-saving:

- Separate remote electric meters with transmission functions are installed for cold and heat sources, distribution systems, and lighting systems in public areas
- The heating and air conditioning load of buildings is reduced by 10% as compared to the requirements of the Energy-saving Design Standard for Public Buildings GB50189
- The energy efficiency of air conditioning cooling and heating units and other equipment exceeds the requirements of the Energy-saving Design Standard for Public Buildings DGJ08-107 under the Shanghai Engineering Construction Specification, with a 16% improvement in the integrated part-load value (IPLV(C))
- The Photovoltaic power generation system is installed, with the proportion of electricity provided by renewable energy reaching 3%

Environmental and comfortable:

- At least three trees are planted for each 100 square meters of green space in the building
- Indoor pollutant concentrations, including ammonia, formaldehyde, benzene, total volatile organic compounds, and radon, are lower than 20% of the limit values specified in the current national standard Indoor Air Quality Standard GB/T18883
- The basement parking lot is equipped with a carbon monoxide concentration monitoring device linked to the ventilation system

Aerial View of Shanghai Jingyuan Project* (上海璟院項目)

Case Sponge City Design Saves Water Resources

The Group's construction project focuses on the integration of rainwater harvesting and ecological water landscape to meet the design requirements of a sponge city. Currently, the Group's new projects install various types of sponge city facilities in outdoor green spaces, such as sunken greenbelts and rainwater gardens, to achieve multifaceted effects, including rainwater collected and stored during rainfall, which is used to irrigate plants during droughts and minimizes water for plant irrigation. Furthermore, such design intercepts particulates to improve environmental sanitation, enhances the quality of the community, and conserves water resources.

Sunken greenbelt

4. Address to Climate Change

The Group recognizes the importance of climate change issues by actively identifying climate change-related risks and opportunities, while formulating corresponding emergency plans to improve its ability to respond to and resist climate risks. All these efforts are aimed at mitigating the impacts of climate change on our operations. The climate risks identified by the Group and their potential impacts are as follows:

Physical risk	Acute physical risks caused by climate change include extreme weather such as typhoon, extreme high temperature, severe precipitation, flood, and extreme cold, while typical chronic physical risks encompass stress on water resources, rising sea levels, and an increase in average temperatures. These risks may cause an increase in the Group's operating costs and a decline in its revenue, and may seriously affect the progress of project construction.
Market risk	In the era of climate change, there may be a consumer shift towards environmental products that have a minimal adverse impact on the climate. This preference extends to investors and partners, who are increasingly inclined to support businesses that proactively manage climate risks. Such market risks may lead to a decrease in the Group's market share and in turn affect the Group's revenue.
Technology risk	In order to mitigate climate change, the Group will consider replacing the technology, causing more harm to the climate with those causing less harm to the climate. This process may require the Group to incur certain costs and may lead to changes in the Group's technology, which may have a greater impact on the existing business and mature technology.
Policy risk	As the "dual carbon" strategy unfolds, national and local governments successively introduce more stringent environmental policies. The Group may face regulatory risks, if the Group fails to timely adopt corresponding measures or disclose the corresponding environmental information in accordance with the latest requirements under the relevant laws, regulations, and policies.
Reputation risk	If the Group fails to timely monitor the climate change impacts or ensure proactive risk management, trust among our clients, employees, business partners, and investors may be eroded in the Company, potentially damaging our reputation.

In order to address the above climate change risks, the Group has issued internal regulations such as the Emergency Response Measures for High Slope Safety Control, and formulated emergency plans for extreme weather. Meanwhile, the Group strengthened risk inspection and held emergency drills to reduce the negative impact of extreme weather events on the Company's operations and project development.

The preventive measures adopted by the Group against different extreme weather include but not limited to:

High temperature

- ✓ Reasonably arrange the operation time, with construction works carried out at appropriate temperature.
- ✓ Deploy subsidized vending machines to construction sites for certain projects.
- ✓ Strictly comply with the requirements of local government authorities, reserve heatstroke prevention materials and take temperature reduction measures, and strengthen the publicity and education of on-site staff.

Extreme Cold

- ✓ Formulate standards for external wall thermal insulation practises and design of doors and windows, and strengthen the thermal insulation to avoid local cold bridges, so as to improve the thermal performance of buildings and improve the comfort of living.

Strong Convective weather

- ✓ The Group has formulated internal policies, including the Design Technical Regulations and the Notice on Improving Safety Control of High Slope Projects. These policies specify various requirements for waterproofing practices, drainage measures, standard nodes for doors and windows, concrete anti-scouring requirements, and safety management for high slope projects. These policies aim to enhance the resilience of projects in dealing with extreme weather conditions including typhoons and heavy rainfall by improving both prevention and drainage capabilities.

5. **Environmental Key Performance Indicators (KPI)**

The 2023 Environmental Key Performance Indicators calculated by the Group in accordance with the ESG Reporting Guide are shown in table below:

No.	Environmental Key Performance Indicators	Unit	Consumption/ Emission
A1.1	Sulphur oxides	Kilogram	0.001
	Nitrogen oxides	Kilogram	8.84
A1.2	Greenhouse gas emissions (Scope 1)	Tonnes	26.64
	Greenhouse gas reduction (Scope 1)	Tonnes	15.64
	Greenhouse gas emissions (Scope 2)	Tonnes	894.03
	Total greenhouse gas emissions (Scope 1 + Scope 2)	Tonnes	905.03
A1.3	Hazardous waste	Tonnes	0.02
A1.4	Non-hazardous waste	Tonnes	20.80
A2.1	Pipeline natural gas	Cubic metre	10,788
	Liquefied petroleum gas	Kilogram	1,097.00
	Electricity consumption	Kilowatt hour	1,567.65
	Direct energy consumption	Kilowatt hour	131.08
	Indirect energy consumption	Kilowatt hour	1,567.65
	Total energy consumption (Direct energy consumption + Indirect energy consumption)	Kilowatt hour	1,698.73
	Energy consumption intensity	Kilowatt hour/revenue of RMB (ten thousand)	0.72
—	Office paper consumption	Kilogram	8,530.40
A2.2	Water consumption	Cubic metre	19,692.89
	Water consumption intensity	Cubic metre/revenue of RMB (ten thousand)	0.01

Notes to 2023 Environmental Data:

1. Time scope of the data: 1 January to 31 December 2023.

2. The scope of data disclosure includes the energy and resources consumption of office areas, sales offices and non-outsourced staff canteens of five projects of the Group, namely Nan An Yingyue (南安映月), Xiamen Wuyuanwan Xi (廈門五緣灣璽), Chengdu Yangxi (成都央璽), Shanghai Suhe Wang (上海蘇河望) and Hefei Junhefu (合肥珺和府). The six projects disclosed in 2022 have been basically completed and delivered by the end of 2022, so they are not included in the scope of data disclosure for the Year.

3. Emissions of sulphur oxides and nitrogen oxides are mainly from pipeline natural gas and liquefied petroleum gas used in non-outsourced staff canteens. There were no civil service vehicles during the Year and hence no particulate matters were generated.

4. Non-hazardous wastes were mainly office wastes. Hazardous wastes were mainly waste electronic products, waste cells, waste ink cartridges and toner cartridges. Greenhouse gas emissions (Scope 1) were mainly due to energy consumption such as fuel from non-outsourced staff canteens. Greenhouse gas emissions (Scope 2) were generated from purchased electricity.

5. Emission factors of greenhouse gas of purchased electricity are based on the Ministry of Ecology and Environment's "Average Emission Factors of National Power Grid for 2022". Other emission factors are based on the "ESG Reporting Guide" of the Hong Kong Stock Exchange.

6. The types of energy consumed by the Group included liquefied petroleum gas used by non-outsourced staff canteens, purchased electricity and petrol used by vehicles. Energy consumption coefficient refers to the national GBT2589-2008 General Principles of Comprehensive Energy Consumption Calculation (GBT2589-2008綜合能耗計算通則).

7. Energy consumption intensity = Total energy consumption/operating revenue; water consumption intensity = water consumption/operating revenue; of which, scope of statistics of operating revenue is in line with the scope of environmental data collection.

8. As the Group's business does not involve packaging materials, the packaging materials covered by KPI A2.5 are not applicable.

IX. BUILDING A HARMONIOUS SOCIETY

OUR RESPONSES IN THIS CHAPTER

Issues of materiality

✓ Charity and social services
✓ Community development and communication

Key Performance Indicators of the Stock Exchange

✓ B8 Community Investment General Disclosure
✓ B8.1 and B8.2

SDGs

The Group considers it is its inherent responsibility to secure the betterment of society and make meaningful contributions. During the Year, the Group consistently engaged in charitable endeavours, including assistance provided to rural communities and supportive assistance extended to those in need, thereby giving back to the society with practical actions. Meanwhile, the Group actively explored and advanced the integration of traditional culture and architectural design to promote the inheritance and innovation of excellent traditional culture in China. In 2023, the Group accumulatively invested more than RMB1.96 million in charitable initiatives through the charity fund of C&D Real Estate (hereinafter referred to as the "Fund").

1. Public welfare and charity to deliver warmth

While pursuing its own development, the Group did not forget to participate in charitable activities and contribute to the society. The Group continued to launch public welfare activities based on the Fund, and organised volunteers to engage in donation, targeted poverty assistance programs, and other activities, as part of our commitments to delivering warmth. In addition, during the Year, the Group worked with C&D Real Estate on the public donation campaign characterized as "Love and Charity Month: Ten Thousand People Giving Love" organised by C&D Group, attracting a total of 9,663 employees with donations exceeding RMB700,000 in total.

Case "Let Dreams Move Forward" Charity Scholarship Event

In August 2023, the Group and C&D Real Estate jointly participated in the "Let Dreams Move Forward" Charity Scholarship Event jointly organised by the Fund and the Xiamen Charity Federation, where we distributed care packages consisting of books, consolation gifts, and financial aid to graduating high school students and university students. During the Year, the Group accumulatively invested RMB950,000 to finance 320 university students, shining a beacon of hope for these young individuals.

"Let Dreams Move Forward" Charity Scholarship Event

Case "Yurun Qingmiao (雨潤青苗)" Paired Assistance Event

In May 2023, the Group participated in the "Yurun Qingmiao (雨潤青苗)" Paired Assistance Event organized by the Xiamen Charity Federation, where the Group extended a total of RMB250,000 in financial aid to 100 underprivileged students in the Tong'an District and Huli District of Xiamen, conveying a message of love and warmth to families in need. During the Year, the Group accumulatively provided financial support to nearly 200 orphans and poor children under the "Yurun Qingmiao (雨潤青苗)" project.

Charity activities under the "Yurun Qingmiao (雨潤青苗)" Paired Assistance Event

The Group has continued to expand its public welfare and charitable endeavours in conjunction with the Fund. During 2023, the Group has provided assistance to over 4,000 underprivileged households and approximately 14,000 students and migrant workers, gaining recognition from all sectors of the society for its achievements in public welfare and charitable endeavours.

2. Working Together for Rural Revitalization

The Group consistently bear in mind that we, as a major business player, shall proactively give back to society by engaging in the revitalization and assistance efforts in the development of rural industries, leveraging C&D's capabilities to support rural revitalization and construction.

Case Supportive Assistance and Condolence Event for Yunyang Village in Tong'an

In July 2023, the Xiamen Party Branch of the Group as instructed by its Party Committee together with Xiamen University of Technology participated in the assisted support campaign characterized as "School-Enterprise Cooperation for Rural Revitalization" in the Yunyang Village, Tong'an. During this event, the Group contributed RMB120,000 to support the collective economy and the rural and cultural tourism in Yunyang Village, aiming to foster a robust growth in rural industries.

Assisted Support and Condolence Event for Yunyang Village in Tong'an

Case Supportive Assistance to Special Agricultural Products Industry in Yunyang Village

In 2023, the Group actively participated in the Supportive Assistance to Special Agricultural Products Industry in Yunyang Village by, among other things, encouraging our member companies and employees to procure agricultural products, and hosting charity market events. Nearly 3,000 units of Yunyang handmade noodles were sold, generating revenue of more than RMB200,000 for Yunyang Village. Moreover, during the Mid-Autumn Festival and National Day, the Group assisted Yunyang Village in expanding its sales channels, distributing over 2,000 gift boxes of handmade noodles.

The Charity Market Event

3. Pursuing Cultural Legacy in the Preservation of Ancient Architecture and Trees

The Group persists in preserving the tradition and fostering the innovation of the magnificent Chinese traditional culture. In our efforts to protect ancient structures and trees, we integrate the essence of local ethnic cultures into our project designs, thereby injecting the cultural value into these ancient sites, encouraging communities to delve into cultural exploration.

Case Conservation and Repair of Cultural Heritage Site

The Group's adaptive reuse focuses on its project planning for Zhong Residence* (鐘宅) in Xiamen, which involves five cultural heritage sites, including Zhong Fushou Residence* (鐘福壽宅), Zhong Jinlian Residence* (鐘金練宅), Zhong Youbian Residence* (鐘佑變宅), Zhong Jingcheng Residence* (鐘景成宅), and Zhong Family Ancestral Hall* (鐘氏宗祠), making a significant contribution to the inheritance of traditional cultural values of the She ethnicity* (畲族) in Minnan region.

Rendering of Conservation and Repair of Heritage in Zhong Residences* (鐘宅)

Case Community Harmony Ingeniously Achieved through Ancient Banyan Trees at Wuyuan Bay* (五緣灣海)

During the Year, the Group's Wuyuan Bay* (五緣灣海) Project in Xiamen extensively integrated the landscape features of ancient banyan trees into our design, resulting in the Banyan Clubhouse. These majestic trees infuse the space with life force, and paired with the atrium bay lounge to create a two-level landscape interactive experience, which further enhances the living experience for residents.

Century-old banyan tree at Wuyuan Bay* (五緣灣海)

Case Conserving the Century-Old Banyan Tree at Xihu Wangyue* (西湖望月)

To conserve the century-old banyan tree at Xihu Wangyue (西湖望月) Project in Zhangzhou, the Group made multiple adjustments to our design plan during the Year, which eventually resulted in a sufficient parameter to preserve this historic tree. Meanwhile, the main entrance of our project was relocated next to the banyan tree, creating a warm atmosphere for the project with the solidity brought by the ancient tree.

Century-old banyan tree at Xihu Wangyue* (西湖望月)

APPENDIX 1: CONTENT INDEX OF THE ESG REPORTING GUIDE

ESG Indicators		Disclosure	Corresponding Chapters
A1 General Disclosure	Information on the policies, compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A1.1	The types of emissions and respective emissions data.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES

ESG Indicators		Disclosure	Corresponding Chapters
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable	The Group is a non-manufacturing enterprise and does not use packaging materials
A3 General Disclosure	Policies to minimise the issuer's significant impact on the environment and natural resources.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A4 General Disclosure	Policies on identification and mitigation of significant climate- related issues which have impacted, and those which may impact, the issuer.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	GRASPING OPPORTUNITIES IN GREEN BUSINESSES
B1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B2.2	Lost days due to work injury.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT

ESG Indicators		Disclosure	Corresponding Chapters
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	CONSOLIDATING TALENT DEVELOPMENT
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	FOSTERING AN ECOLOGY OF INTEGRITY
B5.1	Number of suppliers by geographical region.	Disclosed	FOSTERING AN ECOLOGY OF INTEGRITY
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	FOSTERING AN ECOLOGY OF INTEGRITY
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	FOSTERING AN ECOLOGY OF INTEGRITY
B5.4	Description of practices used to promote environmentally- preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	FOSTERING AN ECOLOGY OF INTEGRITY
B6 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	CREATING TOP HIGH QUALITY THROUGH CRAFTSMANSHIP
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable	–

ESG Indicators		Disclosure	Corresponding Chapters
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	CREATING TOP HIGH QUALITY THROUGH CRAFTSMANSHIP
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	CREATING TOP HIGH QUALITY THROUGH CRAFTSMANSHIP
B6.4	Description of quality assurance process and recall procedures.	Disclosed	CREATING TOP HIGH QUALITY THROUGH CRAFTSMANSHIP
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	CREATING TOP HIGH QUALITY THROUGH CRAFTSMANSHIP
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	FOSTERING AN ECOLOGY OF INTEGRITY
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	FOSTERING AN ECOLOGY OF INTEGRITY
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	FOSTERING AN ECOLOGY OF INTEGRITY
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	FOSTERING AN ECOLOGY OF INTEGRITY
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	BUILDING A HARMONIOUS SOCIETY
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	BUILDING A HARMONIOUS SOCIETY
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	BUILDING A HARMONIOUS SOCIETY

APPENDIX 2: LIST OF COMPLIANCE WITH MAJOR LAWS, REGULATIONS AND INTERNAL POLICIES

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies of C&D International
A1 Emissions	Information on the policies, compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	"Environmental Protection Law of the People's Republic of China" "Environmental Noise Pollution Prevention and Control Law of the People's Republic of China" "Law of the People's Republic of China on Prevention and Control of Air Pollution" "Water Pollution Prevention and Control Law of the People's Republic of China"	"Administrative Measures on Daily Safety, Energy Saving and Environmental Sanitation of Xiamen Jianfa International Building" "Control Standards of Energy Conservation in Public Area"
A2 Use of resources	Policies on the efficient use of resources, including energy, water and other raw materials.	"Marine Environmental Protection Law of the People's Republic of China" "Regulations of the People's Republic of China on the Prevention and Control of Pollution Damage to the Marine Environment by Land-based Sources of Pollutants"	
A3 Environment and natural resources	Policies to minimise the issuer's significant impact on the environment and natural resources.	"Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" "Administrative Measures for Transfer of Hazardous Materials" "Management of Hazardous Waste Transfer Coupons" "The 13th Five-Year Plan to Control Greenhouse Gas Emissions" "Regulations on Environmental Protection Management of Construction Projects (revised in 2017)"	

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies of C&D International
B1 Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	"Labor Law of the People's Republic of China" "Law of the People's Republic of China on Trade Unions" "Labor Contract Law of the People's Republic of China" "Law of the People's Republic of China on Employment Promotion" "Social Insurance Law of the People's Republic of China" "Minimum Wage Regulations" "Law of the People's Republic of China on Prevention and Control of Occupational Diseases" "Law of the People's Republic of China on Work Safety"	"Human Resources System" "Employee Code of Conduct" "Administrative System on Training" "Work Standard for Business Development" "Administrative System" "Administrative Regulations on Work Safety"
B2 Health and Safety	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	"Fire Services Law of the People's Republic of China" "Law of the People's Republic of China on Emergency Response" "Regulations on the Safe Management of Hazardous Chemicals" "Regulations on the Reporting and Investigation of Production Safety Accidents"	
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	"Interim Regulations on the Investigation and Management of Hidden Dangers in Safety Production"	

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies of C&D International
B4 Labour Standards	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	"Regulations of the People's Republic of China on Work-Related Injury Insurance" "Workplace Occupational Health Management Regulations" "Classification and Catalogue of Occupational Diseases" "Regulations on the Prohibition of Child Labour"	
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	"Bidding Law of the People's Republic of China" "Government Procurement Law of the People's Republic of China"	"Tender Management System" "Implementation Rules for Tender Management" "Real Estate Project Development Cost Management System"
B6 Product Responsibility	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating t o products and services provided and methods of redress.	"Law of the People's Republic of China on the Protection of Consumer Rights and Interests" "Civil Code of the People's Republic of China" "Personal Information Protection Law of the People's Republic of China" "Network Security Law of the People's Republic of China" "Advertising Law of the People's Republic of China" "Construction Law of the People's Republic of China"	"Project Management System" "Project Operation Inspection and Evaluation Standards" "Work Standard for Business Development" "Product Development System" "Brand Management Regulations" "Legal Affairs Management System" "Contract Management Policy" "Digital Process Management System"

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies of C&D International
B7 Anti-corruption	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery extortion, fraud and money laundering.	"Law of the People's Republic of China Against Unfair Competition" "Interim Provisions on the Prohibition of Commercial Bribery" "Anti-Monopoly Law of the People's Republic of China" "Supervision Law of the People's Republic of China" "Regulations on Disciplinary Punishment of the Communist Party of China"	"Provisions on Integrity and Self-discipline of Employees" "Responsibility rule for Integrity Construction of Party Building and Party Conduct" "Petition Work Practice Manual" "Practice Manual for Party Disciplinary Actions"
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	"Law of the People's Republic of China on Charity"	"Corporate Administrative Rules for External Donations"

Grant Thornton
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To the members of C&D International Investment Group Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of C&D International Investment Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 175 to 296, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

Valuation of inventories of properties

Refer to notes 2.12, 4.1 and 22 to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2023, the Group had inventories of properties amounting to approximately RMB269,275,330,000, net of provision for inventories of RMB4,406,198,000, representing approximately 63% of the total assets of the Group. These properties are carried at the lower of cost and net realisable value. Significant management judgement is required in determining the estimated net realisable values of these properties with reference to the latest selling prices of the properties and the budgeted costs to be incurred until completion and sale. Accordingly, the valuation of inventories of properties is considered to be a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgement associated with determining the net realisable values.	Our procedures in relation to management's valuation of inventories of properties included: — assessed the reasonableness of the assumptions basis for impairment assessment and tested the calculation for the impairment assessment performed by management; — compared the carrying amounts of the properties under development taking into account the estimated amounts to completion with the related net realisable value; — reconciled the estimated costs to completion to the budgets approved by management and examined, on a sample basis, the signed construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group; and — compared the estimated selling price to the prevailing market price of the comparable properties with similar size, usage and location.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2023 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

We communicate with 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.

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 matter. We describe this matter 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.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

21 March 2024

Han Pui Yu

Practising Certificate No.: P07101

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	5	**134,429,975**	99,635,501
Cost of sales		**(119,513,516)**	(84,416,087)
Gross profit		**14,916,459**	15,219,414
Other net gain	6	**1,125,729**	1,474,158
Loss on changes in fair value of investment properties	16	**(51,776)**	(33,893)
Administrative expenses		**(2,851,394)**	(4,442,440)
Selling expenses		**(4,308,012)**	(3,563,790)
Provision for expected credit losses allowance		**(242,659)**	(378,995)
Finance costs	7	**(386,503)**	(801,078)
Share of results of associates	18	**399,157**	645,451
Share of results of joint ventures	19	**(18,293)**	366,269
Profit before income tax	8	**8,582,708**	8,485,096
Income tax expense	9	**(2,247,482)**	(2,923,193)
Profit for the year		**6,335,226**	5,561,903
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(9,928)**	(203,503)
Total comprehensive income for the year		**6,325,298**	5,358,400
Profit for the year attributable to:			
— Equity holders of the Company		**5,034,712**	4,933,968
— Non-controlling interests		**1,300,514**	627,935
		6,335,226	5,561,903
Total comprehensive income for the year attributable to:			
— Equity holders of the Company		**5,022,816**	4,709,817
— Non-controlling interests		**1,302,482**	648,583
		6,325,298	5,358,400

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** **RMB**	2022 RMB
Earnings per share for profit attributable to the equity holders of the Company			
Basic	11	**RMB2.61**	RMB2.84
Diluted	11	**RMB2.36**	RMB2.60

The notes on pages 185 to 296 are an integral part of these consolidated financial statements. Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out on note 10.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**390,972**	347,188
Right-of-use assets	15	**355,773**	290,841
Investment properties	16	**1,668,273**	1,308,134
Intangible assets	17	**732,830**	738,590
Interests in associates	18	**18,979,601**	17,498,188
Interests in joint ventures	19	**6,654,509**	4,530,846
Other financial assets	20	**115,538**	118,604
Deposits for land acquisitions	25	**64,166**	64,166
Deferred tax assets	30	**7,055,412**	5,875,310
		36,017,074	30,771,867
Current assets			
Inventories of properties, other inventories and other contract costs	22		
— Properties under development		**254,715,815**	248,861,831
— Properties held for sale		**14,559,515**	7,792,746
— Other inventories		**55,321**	34,229
— Other contract costs		**1,591,877**	1,815,745
Contract assets		**259,915**	177,447
Trade and other receivables	23	**11,454,706**	11,591,287
Amounts due from non-controlling interests	28	**41,828,357**	35,453,040
Other financial assets	20	**1,000**	5,000
Deposits for land acquisitions	25	**6,712,005**	2,860,999
Prepaid taxes		**5,920,609**	3,818,914
Cash at banks and on hand	26	**54,161,319**	50,280,062
		391,260,439	362,691,300
Total assets		**427,277,513**	393,463,167

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Current liabilities			
Trade and other payables	27	**34,164,477**	25,909,986
Contract liabilities	24	**190,922,483**	177,604,681
Amounts due to related companies	28	**18,918,766**	11,126,370
Amounts due to non-controlling interests	28	**6,181,704**	4,413,995
Interest-bearing borrowings	29	**5,922,005**	5,890,230
Tax liabilities		**4,670,639**	4,529,116
Lease liabilities	31	**80,388**	59,133
		260,860,462	229,533,511
Net current assets		**130,399,977**	133,157,789
Total assets less current liabilities		**166,417,051**	163,929,656
Non-current liabilities			
Loans from intermediate holding company	28	**47,829,395**	47,679,925
Lease liabilities	31	**136,171**	141,173
Interest-bearing borrowings	29	**26,154,283**	35,767,801
Deferred tax liabilities	30	**1,358,333**	920,269
		75,478,182	84,509,168
Total liabilities		**336,338,644**	314,042,679
Net assets		**90,938,869**	79,420,488

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
EQUITY			
Share capital	32	**163,148**	148,689
Reserves	33	**21,293,331**	16,988,531
Equity attributable to the equity holders of the Company		**21,456,479**	17,137,220
Equity attributable to the subscriber of the perpetual loans	33	**12,000,000**	14,500,000
Equity attributable to owners of the parent		**33,456,479**	31,637,220
Non-controlling interests		**57,482,390**	47,783,268
Total equity		**90,938,869**	79,420,488

ZHAO Chengmin
Director

LIN Weiguo
Director

The notes on pages 185 to 296 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Cash flows from operating activities			
Profit before income tax		**8,582,708**	8,485,096
Adjustments for:			
Depreciation of property, plant and equipment	8	**46,287**	31,503
Depreciation of right-of-use assets	8	**91,164**	80,123
Amortisation of intangible assets	8	**13,418**	7,418
Loss on changes in fair value of investment properties	16	**51,776**	33,893
Gain on changes in fair value of financial assets measured at FVTPL, net	6	**(13,643)**	(15,400)
Gain on disposal of property, plant and equipment and intangible assets		**–**	(1,022)
Provision for ECL allowance on loans to associates and joint ventures	8	**106,907**	312,709
Provision for ECL allowance on trade and other receivables	8	**129,415**	57,287
Provision for ECL allowance on amounts due from non-controlling interests	8	**6,337**	8,999
Provision for inventories of properties and other inventories	8	**1,637,783**	3,790,687
Reversal of provision for inventories of properties and other inventories		**–**	(107,132)
Share-based payments	12	**297,589**	133,030
Interest expense	7	**386,503**	801,078
Interest income	6	**(1,035,349)**	(704,782)
Share of results of associates		**(399,157)**	(645,451)
Share of results of joint ventures		**18,293**	(366,269)
Loss on disposal of subsidiaries		**–**	97
Operating profit before working capital changes		**9,920,031**	11,901,864
Decrease/(Increase) in inventories of properties, other inventories and other contract costs		**13,958,798**	(22,625,523)
(Increase)/Decrease in deposit paid for acquisition of land use rights		**(3,851,006)**	4,177,797
Decrease/(Increase) in trade and other receivables		**138,283**	(2,570,089)
Increase in contract assets		**(82,468)**	(11,069)
Increase/(Decrease) in trade and other payables		**2,045,883**	(2,213,720)
Increase in contract liabilities		**7,358,000**	20,694,443
Increase in restricted bank deposits		**(129,616)**	(1,408,707)
Cash from operations		**29,357,905**	7,944,996
Income tax paid		**(4,943,599)**	(4,425,835)
Net cash from operating activities		**24,414,306**	3,519,161

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment	14	**(125,271)**	(75,277)
Purchase of intangible assets	17	**(7,718)**	(6,200)
Purchase of leasehold land		**(58,581)**	–
Subsequent expenditure of investment properties	16	**(578)**	(31,874)
Proceeds from disposal of financial assets		**47,643**	424,000
Investment in associates		**(3,589,563)**	(3,038,113)
Investment in joint ventures		**(2,443,777)**	(2,529,531)
Decrease/(Increase) in loans to associates		**2,102,944**	(1,099,759)
Decrease/(Increase) in loans to joint ventures		**244,094**	(1,009,995)
Increase in amounts due from non-controlling interests		**(6,381,654)**	(8,999,363)
Dividend received from interests in joint ventures		**–**	2,055
Dividend received from interests in associates		**355,671**	103,649
Net cash outflow on disposal of subsidiaries		**–**	(610,350)
Net cash inflow on acquisitions of subsidiaries	39	**494,614**	715,872
Interest received		**1,035,349**	704,782
Investment in financial assets		**(26,934)**	(6,004)
Payment for additional interest in subsidiaries without change of control	43	**(60,985)**	(915,477)
Net cash used in investing activities		**(8,414,746)**	(16,371,585)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Cash flows from financing activities			
Proceeds from issuance of share capital, net of transaction costs		**–**	1,160,120
Proceeds from issuance of shares in respect of restricted share incentive scheme	32(b)	**398,750**	627,907
Proceeds from new interest-bearing borrowings	42	**18,587,407**	19,022,965
Repayments of interest-bearing borrowings	42	**(28,618,502)**	(20,763,792)
Addition of loans from intermediate holding company	42	**10,513,984**	21,673,648
Repayments of loans from intermediate holding company	42	**(10,364,514)**	(11,631,590)
Capital contribution from non-controlling interests		**18,065,042**	14,598,003
Capital reduction of subsidiaries		**(9,185,400)**	(2,951,221)
Return of capital to non-controlling interests from deregistration of a subsidiary		**(171)**	–
Increase in amounts due to non-controlling interests	42	**10,522,927**	2,015,836
Repayments of amounts due to non-controlling interests	42	**(8,925,260)**	(4,172,492)
(Decrease)/Increase in amounts due to related companies	42	**(6,975,457)**	797,228
Dividends paid to non-controlling interests		**(490,125)**	(921,428)
Dividends paid		**(381,279)**	(145,560)
Interest paid		**(2,107,630)**	(2,715,495)
Distributions to holders of perpetual loans		**(695,581)**	(713,891)
Repayment of a perpetual loan		**(2,500,000)**	–
Payment of lease liabilities	42	**(85,822)**	(78,952)
Proceeds from receipts under securitisation arrangements	42	**778,000**	–
Repayments of receipts under securitisation arrangements	42	**(778,000)**	(1,998,346)
Business combination under common control		**–**	(413,342)
Net cash (used in)/from financing activities		**(12,241,631)**	13,389,598
Net increase in cash and cash equivalents		**3,757,929**	537,174
Cash and cash equivalents as at 1 January		**47,367,877**	46,847,984
Effect of foreign exchange rates changes on cash and cash equivalents		**(6,288)**	(17,281)
Cash and cash equivalents as at 31 December	26	**51,119,518**	47,367,877

The notes on pages 185 to 296 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Equity attributable to owners of the parent												
	Equity attributable to the equity holders of the Company												
	Share capital RMB'000 (note 32)	Share premium* RMB'000 (note 33)	Shares held for restricted share incentive scheme* RMB'000 (note 33)	Statutory reserve* RMB'000 (note 33)	Exchange reserve* RMB'000 (note 33)	Capital reserve* RMB'000 (note 33)	Revaluation reserve* RMB'000 (note 33)	Retained earnings* RMB'000	Total RMB'000	Perpetual loans RMB'000 (note 33)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022 (as restated)	117,215	3,279,017	(212,008)	1,468,044	123,441	86,543	2,692	7,586,785	12,451,729	14,500,000	26,951,729	37,315,128	64,266,857
Total comprehensive income for the year													
Profit for the year	–	–	–	–	–	–	–	4,933,968	4,933,968	–	4,933,968	627,935	5,561,903
Other comprehensive income													
— Currency translation differences	–	–	–	–	(224,151)	–	–	–	(224,151)	–	(224,151)	20,648	(203,503)
Total comprehensive income	–	–	–	–	(224,151)	–	–	4,933,968	4,709,817	–	4,709,817	648,583	5,358,400
Transactions with owners													
Issuance of shares in respect of the acquisition of C&D Property	6,805	976,244	–	–	–	–	–	–	983,049	–	983,049	–	983,049
Issuance of shares upon placing, net of transaction costs	6,665	1,153,455	–	–	–	–	–	–	1,160,120	–	1,160,120	–	1,160,120
Issuance of shares in respect of restricted share incentive scheme	8,957	618,950	(627,907)	–	–	–	–	–	–	–	–	–	–
Share-based payment expense of the Company, net of taxation	–	–	–	–	–	154,939	–	–	154,939	–	154,939	–	154,939
Share-based payment expense of subsidiaries, net of taxation	–	–	–	–	–	7,093	–	–	7,093	–	7,093	13,067	20,160
Restricted share forfeited	–	–	3,118	–	–	–	–	–	3,118	–	3,118	–	3,118
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	14,598,003	14,598,003
Capital reduction of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(2,951,221)	(2,951,221)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(19,998)	(19,998)
Distributions to holders of perpetual loans, net of taxation	–	–	–	–	–	–	–	(713,891)	(713,891)	–	(713,891)	–	(713,891)
Change in ownership interests in subsidiaries without change of control	–	–	–	–	–	(76,803)	–	–	(76,803)	–	(76,803)	(838,674)	(915,477)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(921,428)	(921,428)
2021 final dividend approved and paid	–	(1,504,348)	–	–	–	–	–	–	(1,504,348)	–	(1,504,348)	–	(1,504,348)
Issuance of shares in respect of scrip dividend	9,047	1,349,741	–	–	–	–	–	–	1,358,788	–	1,358,788	–	1,358,788
Acquisitions of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(60,192)	(60,192)
Business combination under common control	–	–	–	–	–	(1,396,391)	–	–	(1,396,391)	–	(1,396,391)	–	(1,396,391)
Transfer to statutory reserve	–	–	–	427,413	–	–	–	(427,413)	–	–	–	–	–
Total transactions with owners	31,474	2,594,042	(624,789)	427,413	–	(1,311,162)	–	(1,141,304)	(24,326)	–	(24,326)	9,819,557	9,795,231
Balance at 31 December 2022	148,689	5,873,059	(836,797)	1,895,457	(100,710)	(1,224,619)	2,692	11,379,449	17,137,220	14,500,000	31,637,220	47,783,268	79,420,488

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Equity attributable to owners of the parent													
	Equity attributable to the equity holders of the Company													
	Share capital RMB'000 (note 32)	Share premium* RMB'000 (note 33)	Shares held for restricted share incentive scheme* RMB'000 (note 33)	Statutory reserve* RMB'000 (note 33)	Exchange reserve* RMB'000 (note 33)	Capital reserve* RMB'000 (note 33)	Revaluation reserve* RMB'000 (note 33)	Retained earnings* RMB'000	Total RMB'000	Perpetual loans RMB'000 (note 33)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023	148,689	5,873,059	(836,797)	1,895,457	(100,710)	(1,224,619)	2,692	11,379,449	17,137,220	14,500,000	31,637,220	47,783,268	79,420,488
Total comprehensive income for the year													
Profit for the year	–	–	–	–	–	–	–	5,034,712	5,034,712	–	5,034,712	1,300,514	6,335,226
Other comprehensive income													
— Currency translation differences	–	–	–	–	(11,896)	–	–	–	(11,896)	–	(11,896)	1,968	(9,928)
Total comprehensive income	–	–	–	–	(11,896)	–	–	5,034,712	5,022,816	–	5,022,816	1,302,482	6,325,298
Transactions with owners													
Issuance of shares in respect of restricted share incentive scheme (note 32)	4,531	394,219	(398,750)	–	–	–	–	–	–	–	–	–	–
Share-based payment expense of the Company, net of taxation	–	–	–	–	–	307,500	–	–	307,500	–	307,500	–	307,500
Share-based payment expense of subsidiaries, net of taxation	–	–	–	–	–	8,825	–	–	8,825	–	8,825	7,725	16,550
Restricted share forfeited	–	–	14,720	–	–	–	–	–	14,720	–	14,720	–	14,720
Vesting of awarded shares under restricted shares incentive scheme of the Company	–	–	82,305	–	–	–	–	–	82,305	–	82,305	–	82,305
Vesting of awarded shares under restricted shares incentive scheme of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	23,792	23,792
Repayment of a perpetual loan	–	–	–	–	–	–	–	–	–	(2,500,000)	(2,500,000)	–	(2,500,000)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	18,065,042	18,065,042
Capital reduction of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(9,185,400)	(9,185,400)
Distributions to holders of perpetual loans, net of taxation (note 33)	–	–	–	–	–	–	–	(695,581)	(695,581)	–	(695,581)	–	(695,581)
Change in ownership interests in subsidiaries without change of control (note 43)	–	–	–	–	–	(40,047)	–	–	(40,047)	–	(40,047)	(20,938)	(60,985)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(490,125)	(490,125)
Issuance of shares in respect of scrip dividend of 2022 final dividend	9,928	1,689,612	–	–	–	–	–	–	1,699,540	–	1,699,540	–	1,699,540
2022 final dividend approved and paid (note 10)	–	(2,080,819)	–	–	–	–	–	–	(2,080,819)	–	(2,080,819)	–	(2,080,819)
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(171)	(171)
Acquisitions of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(3,285)	(3,285)
Transfer to statutory reserve	–	–	–	556,722	–	–	–	(556,722)	–	–	–	–	–
Total transactions with owners	14,459	3,012	(301,725)	556,722	–	276,278	–	(1,252,303)	(703,557)	(2,500,000)	(3,203,557)	8,396,640	5,193,083
Balance at 31 December 2023	163,148	5,876,071	(1,138,522)	2,452,179	(112,606)	(948,341)	2,692	15,161,858	21,456,479	12,000,000	33,456,479	57,482,390	90,938,869

* These reserve accounts comprise the Group's reserves of RMB21,293,331,000 (2022: RMB16,988,531,000) in the consolidated statement of financial position.

The notes on pages 185 to 296 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

C&D International Investment Group Limited (the "Company") was incorporated in the Cayman Islands on 18 February 2011 as an exempted company with limited liability under Companies Law (Cap 22 of the Cayman Islands). The address of the Company's registered office is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business in Hong Kong is located at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 May 2014.

The Company's functional currency is Hong Kong Dollars ("HK$"). However, the consolidated financial statements are presented in Renminbi ("RMB"), as the Directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the Group's transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in thousands of RMB ("RMB'000") unless otherwise stated.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 21 to the consolidated financial statements.

Well Land International Limited ("Well Land") is the Company's immediate holding company which was incorporated in the British Virgin Islands ("BVI") with limited liability; C&D Real Estate Corporation Limited* (建發房地產集團有限公司) ("C&D Real Estate") which was incorporated in the People's Republic of China ("PRC" or "China") with limited liability is the Company's intermediate holding company; and Xiamen C&D Corporation Limited* (廈門建發集團有限公司) ("Xiamen C&D") which was incorporated in the PRC with limited liability is the Company's ultimate holding company.

The consolidated financial statements for the year ended 31 December 2023 were approved for issue by the Board on 21 March 2024.

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements on pages 175 to 296 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual 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 accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The material accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group"), if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis, except that the following assets are stated at fair value as explained in the accounting policies set out below:

— investment properties (see note 2.7)

— financial assets at fair value through profit or loss ("FVTPL") (note 2.10)

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation *(Continued)*

Business combination under common control

On 29 March 2022, the Company entered into the share sale and purchase agreement with Well Land, pursuant to which the Company agreed to acquire and Well Land agreed to sell 467,691,388 shares in C&D Property Management Group Co., Ltd ("C&D Property") at a total consideration of approximately HK$1,641,596,000 (equivalents to RMB1,396,391,000), of which HK$1,156,000,000 (equivalents to RMB983,049,000) is satisfied by the allotment and issuance of 80,000,000 shares at the issue price of HK$14.45 per consideration share and the remaining consideration of HK$485,596,000 (equivalent to RMB413,342,000) shall be paid in cash by the Company ("Acquisition"). On the same date, the Company entered into the voting rights entrustment agreement with Well Land, pursuant to which Well Land agreed to irrevocably and unconditionally entrust the Company to exercise the voting rights of 213,801,777 shares in C&D Property that Well Land directly holds in C&D Property for an indefinite period. The Acquisition is completed on 23 May 2022 ("Completion Date") and thereafter the Company is entitled to exercise or control the exercise of voting rights in respect of a total of 681,493,165 shares in C&D Property, representing approximately 51.00% voting rights at general meetings of C&D Property.

C&D Property and its subsidiaries ("C&D Property Group") is principally engaged in the provision of the property management services, commercial property operation management services, community value-added and synergy services and the value-added services to non-property owners in the PRC, and its shares are listed on the Stock Exchange.

Following the Acquisition on 23 May 2022, since both of the Company and C&D Property Group were controlled by Xiamen C&D, the ultimate controlling shareholder of the Company, before and after the Acquisition which is regarded as common control combination. Accordingly, the Group has applied merger accounting to account for the Acquisition in respect of C&D Property Group in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG5") issued by the HKICPA. The consolidated financial statements have been prepared in accordance with AG5 as if the Acquisition had been completed at the beginning of the earliest period presented or combining entities first came under the control of the controlling party.

The consolidated statement of profit or loss and other comprehensive income include the results of combining entities or businesses from the earliest date presented. The consolidated statement of profit or loss and other comprehensive income also take into account the profit or loss attributable to the non-controlling interests recorded in the consolidated financial statements of the controlling party. The effects of all transactions between the combining entities or business, whether occurring before or after the Acquisition, are eliminated.

A uniform set of accounting policies is adopted when preparing the consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation *(Continued)*

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss (see note 2.20) unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

Acquisition of a subsidiary not constituting a business

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

Merger accounting for common control combinations

The transfer/acquisition of equity interests in subsidiaries which are regarded as common control combinations are accounted for in a manner similar to a uniting of interests. Assets and liabilities are transferred at book value, adjusted only to harmonise accounting policies, and no goodwill arises. Any difference between the consideration given and the aggregate book value of the assets and liabilities acquired (as of the date of the transaction) is included in equity. The consolidated financial statements incorporate the acquired entity's results as if both entities (acquirer and acquiree) had always been combined. Consequently, the consolidated financial statements reflects both entities' full year's results, even though the business combinations may have occurred part of the way throughout the year. In addition, the corresponding amounts for the previous year also reflect the combined results of both entities, even though the transaction did not occur until the current year.

Acquisition method of accounting for non-common control combinations

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

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations *(Continued)*

Acquisition method of accounting for non-common control combinations (Continued)

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

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

2.4 Associates and joint ventures

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of 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 arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

In the consolidated financial statements, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of associates or joint ventures' profit or loss in the period in which the investment is acquired.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and joint ventures *(Continued)*

Under the equity method, the Group's interests in associates or joint ventures are carried at cost and adjusted for the post-acquisition changes in the Group's share of associates or joint ventures' net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of associates or joint ventures for the year, including any impairment loss on the interests in associates or joint ventures recognised for the year. The Group's other comprehensive income for the year includes its share of associates or joint ventures' other comprehensive income for the year.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in associates or joint ventures. Where unrealised losses on assets sales between the Group and its associates or joint ventures are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's other long-term interests that in substance form part of the Group's net investment in the associate or joint venture, after applying the expected credit loss ("ECL") model to such other long-term interests where applicable.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and joint ventures *(Continued)*

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

2.5 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation *(Continued)*

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are stated at cost less accumulated depreciation and accumulated impairment losses (see note 2.20). 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.

Depreciation is provided to write off the cost of assets (other than construction in progress) over their estimated useful lives, using the straight-line method, at the following rates per annum:

Land and buildings	2.5%
Leasehold improvement	5 years or over the lease terms, whichever is shorter
Furniture and fixtures	9 to $33^1/_3$%
Plant and machinery	9 to 20%
Motor vehicles	12.5 to 20%

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Construction in progress is stated at cost less accumulated impairment losses. Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category. No depreciation is provided in respect of construction in progress until it is completed and available for use.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2.16) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

On initial recognition, investment property is measured at cost and subsequently at fair value, unless its fair value cannot be reliably determined at that time.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised at the reporting date reflect the prevailing market conditions at the reporting date.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories of properties, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

2.8 Goodwill

Goodwill arising from a business combination is recognised as an asset at the date that control is acquired (i.e. the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, if any, over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising from a business combination is allocated to each cash-generating unit or groups of cash-generating units, which is expected to benefit from the synergies of the combination and is tested at least annually for impairment.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (other than goodwill) and research and development activities

Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses (see note 2.20). Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives of 2 to 20 years. Amortisation commences when the intangible assets are available for use (i.e. when it is in the location and condition necessary for it to be capable of operation).

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Research and development costs

Costs associated with research activities are expensed in profit or loss as they occur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

The cost capitalised include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"), all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

— amortised cost; or

— FVTPL.

The classification is determined by both:

— the entity's business model for managing the financial asset; and

— the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except provision for ECL allowance of trade and other receivables which is presented as a separate line item on the consolidated statement of profit or loss and other comprehensive income.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments *(Continued)*

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Non-equity investments held by the Group are classified into amortised cost, if the investment is held within a business model whose objective is to hold the investment and collect its contractual cash flows and the contractual terms of the investment give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from the investment is calculated using the effective interest method (note 2.19).

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in "Other net gain" in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's amounts due from non-controlling interests, cash at banks and on hand, trade and other receivables, loans to associates and joint ventures and debt investment fall into this category of financial assets.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

Equity investments

An investment in equity securities is classified as financial assets measured at FVTPL, unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends from an investment in equity securities are recognised in profit or loss as "Other net gain".

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments *(Continued)*

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include lease liabilities, trade and other payables, loans from intermediate holding company, amounts due to related companies and non-controlling interests and interest-bearing borrowings. They are separately shown on the face of the consolidated statement of financial position.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated and effective as hedging instruments and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.22).

Accounting policies of lease liabilities are set out in note 2.16.

Interest-bearing borrowings

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

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

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies and non-controlling interests and loans from intermediate holding company, which are recognised initially at their fair value and subsequently measured at, amortised cost, using the effective interest method.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments *(Continued)*

Financial liabilities *(Continued)*

Classification and measurement of financial liabilities *(Continued)*

Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred. Receipts under securitisation arrangements are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method. Transaction costs are included in the carrying amount of the receipts under securitisation arrangements and amortised over the period of the arrangements using the effective interest method.

2.11 Impairment of financial assets and contract assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

— financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

— financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets and contract assets *(Continued)*

Trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. To measure ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the past due status.

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables, loans to associates and joint ventures and amounts due from non-controlling interests equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

— an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

— significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

— existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

— an actual or expected significant deterioration in the operating results of the debtor; and

— an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets and contract assets *(Continued)*

Other financial assets measured at amortised cost (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at each reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

Detailed analysis of the ECL assessment of trade receivables and contract assets and other financial assets measured at amortised cost are set out in note 44.5.

Financial guarantee contracts

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

2.12 Inventories of properties, other inventories and other contract costs

(i) *Inventories of properties*

Inventories of properties comprise properties under development and properties held for sale. Properties under development are investments in land and buildings on which construction work has not been completed and which, upon completion, management intends to hold for sale purposes. Inventories of properties are initially recognised at cost, and subsequently at the lower of cost and net realisable value. The costs of inventories of properties consist of acquisition cost of interests in leasehold land, development expenditures including construction costs, borrowing costs and other direct costs attributable to the development of such properties. Net realisable value is determined on the basis of anticipated sales proceeds in the ordinary course of business less estimated cost to completion and estimated selling expenses.

The amount of any write-down of inventories of properties to net realisable value is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories of properties is recognised as a reduction in the amount of inventories of properties recognised as an expense in the period in which the reversal occurs.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories of properties, other inventories and other contract costs *(Continued)*

(ii) Other inventories

Other inventories, comprising consumables and construction materials, are stated at the lower of cost and net realisable value. Costs of other inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(iii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2.12(i)) or property, plant and equipment (see note 2.6).

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. an incremental sales commission. 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.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory or property, plant and equipment are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting periods as the date of entering into the contract.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2.19.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.11 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2.19).

2.15 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within "Trade and other payables". The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under HKFRS 9 as set out in note 2.11 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Leases

(i) *Definition of a lease and the Group as a lessee*

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Except for those right-of-use assets meeting the definition of investment properties, the Group depreciates the right-of-use assets, including leasehold lands and leased properties, on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Leases *(Continued)*

(i) Definition of a lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee *(Continued)*

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of twelve months or less.

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

Right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2.7.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

(ii) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of certain portion of its leasehold land and building. Rental income is recognised on a straight-line basis over the term of lease.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.18 Equity instruments

Share capital

Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares (net of any related income tax benefit) are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

Shares held for restricted share incentive scheme

Shares held for restricted share incentive scheme are determined using the difference between the grant price of restricted shares that have been granted and held by the Group's trustee and the market price of the Company's shares.

Perpetual loan

Perpetual loan with no contractual obligation to repay its principal or to pay any distributions are classified as part of equity.

2.19 Revenue and other income

Revenue arises mainly from the sale of properties and the provision of different kinds of services in the ordinary course of the Group's business.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognising revenue when/as performance obligation(s) are satisfied

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue and other income *(Continued)*

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than twelve months, 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 with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is twelve months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Property development*

Revenue arising from the property development in the ordinary course of business is recognised upon acceptance of the property for the customer or when the property is deemed to be accepted by the customer under a sale contract, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities (see note 2.14).

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the revenue recognition date. This accrual increases the amount of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed in profit or loss as accrued unless it is eligible to be capitalised under HKAS 23 "Borrowing Costs" ("HKAS 23") in accordance with the policies set out in note 2.22.

Revenue from the provision of property development's related service is recognised at a point in time when the service is completed, being at the point that the customer obtains the control of the outcome from the service and the Group has a present right to payment and collection of the consideration is probable.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue and other income *(Continued)*

(ii) Services income from construction management services

For construction management services for which the Group's performance does not create an asset with an alternative use to the customer and the Group has an enforceable right to payment for performance completed to date, the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the reporting date as a percentage of total estimated costs for each contract.

(iii) Rental income

Accounting policy for rental income are set out in note 2.16.

(iv) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2.10).

(vi) Property management services

Revenue from property management services is recognised when services are rendered.

For property management 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 fee received or receivable. The revenue of the property management services income is primarily generated from properties managed under lump sum basis.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, intangible assets (including goodwill arising on acquisition of a subsidiary) and interests in subsidiaries in the Company's statement of financial position are subject to impairment testing. They are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognised in respect of cash-generated unit are allocated first to reduce the carrying amount of any goodwill and then are charged pro-rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The group entities established in the PRC make monthly contributions to a state-sponsored defined contribution scheme for the local staff. The contributions are made at a specific percentage on the standard salary pursuant to laws of the PRC and relevant regulation issued by local social security authorities.

In addition, the group entities incorporated in Hong Kong contribute to a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee for those employees who are eligible to participate in the MPF Scheme. The Group makes contributions based on a percentage of the eligible employees' salaries funded by the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable to these plans.

Short-term employee benefits

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 reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Share-based payments

The Group operates restricted shares incentive scheme, which is an equity-settled share-based compensation plan under which restricted shares are granted to employees of the Group (including the directors) as part of their remuneration package.

The amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the restricted shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods, with a corresponding credit to a capital reserve under equity.

For those restricted shares which are amortised over the vesting periods, the Group revises its estimates of the number of restricted shares that are expected to ultimately vest based on the vesting conditions at each reporting date. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to employee share-based payment expenses in the current year, with a corresponding adjustment to the capital reserve.

For grant of restricted shares, shares held by the Group's trustee are disclosed as "Shares held for restricted share incentive scheme" and deducted from equity.

From the perspective of the Company, the grants of its equity instruments to employees of its subsidiaries are made in exchange for their services related to the subsidiaries. Accordingly, the share-based payment expenses are treated as part of the "Interests in subsidiaries" in the Company's statement of financial position.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.23 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Accounting for income taxes *(Continued)*

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in HKAS 12 "Income Taxes" ("HKAS 12") to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if:

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) 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.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions of the Group.

2.25 Distribution of dividend

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.26 Government grants

Grants from the government are recognised at their value where there is a reasonable assurance that the grant will be received and the Group comply with all attach condition.

Government grant relating to property, plant and equipment are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to income is presented in gross under "Other net gain" in the consolidated statement of profit or loss and other comprehensive income.

2.27 Related parties

For the purpose of these consolidated financial statements, 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 if 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.

(b) the party is an entity and if 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 an associate or joint venture of a member of a group of which the other entity is a member);
- (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 are also related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (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.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW AND AMENDED HKFRSs

(i) New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2023

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2023:

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

The adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

(ii) Issued but not yet effective HKFRSs

At the date of authorisation of the consolidated financial statements, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its Associate or Joint Venture[3]
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of exchangeability[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective date not yet determined

The directors anticipate that all of the amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the amended HKFRSs. These amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Key sources of estimation uncertainties

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value measurement of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation reports, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions.

As at 31 December 2023, the fair value of investment properties was RMB1,668,273,000 (2022: RMB1,308,134,000). For more details, please refer to note 16.

Estimated net realisable value of inventories of properties

Management reviews the net realisable value of inventories of properties at each reporting date. The net realisable value is the estimated selling price of the properties less estimated cost to complete and estimated costs to sell. Management determines the net realisable value of inventories of properties by using prevailing market data such as most recent sale transactions, estimated net sales value based on prevailing market conditions and internally available information, as bases for evaluation.

These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs of completion of properties, the legal and regulatory framework and general market conditions.

As at 31 December 2023, the carrying amount of the inventories of properties was RMB269,275,330,000 (2022: RMB256,654,577,000) (note 22).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Key sources of estimation uncertainties *(Continued)*

Income tax and deferred taxation

As detailed in note 9, the Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the periods in which such estimate is changed. The outcome of their actual utilisation may be different.

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of PRC subsidiaries to be repatriated and distributed by way of dividends as the directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. If those undistributed earnings of the PRC subsidiaries are considered to be repatriated and distributed by way of dividends, deferred tax liabilities of approximately RMB2,476,785,000 (see note 30) would be provided as at 31 December 2023 (2022: RMB1,895,211,000).

As at 31 December 2023, the carrying amounts of deferred tax assets and deferred tax liabilities were RMB7,055,412,000 (2022: RMB5,875,310,000) and RMB1,358,333,000 (2022: RMB920,269,000), respectively (note 30).

PRC land appreciation tax

As detailed in note 9, the Group is subject to land appreciation tax ("LAT") in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised certain of its LAT calculation and payments with any local tax authorities in the PRC for most of its property development projects. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expenses and tax provision in periods in which such taxes have been finalised with local tax authorities.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.20, where the recoverable amounts of the cash-generating unit is determined based on value-in-use calculations and fair value less costs of disposal. Details of impairment assessment are disclosed in note 17.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Key sources of estimation uncertainties *(Continued)*

Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and interests in subsidiaries in the Company's statement of financial position

Property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) are stated at costs less accumulated depreciation and impairment and interests in subsidiaries in the Company's statement of financial position are stated at cost less impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2023, the carrying amounts of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and interests in subsidiaries in the Company's statement of financial position, are RMB390,972,000 (2022: RMB347,188,000), RMB355,773,000 (2022: RMB290,841,000), RMB42,597,000 (2022: RMB48,357,000) and RMB2,556,274,000 (2022: RMB2,216,881,000) respectively (notes 14, 15, 17 and 35). No impairment loss has been recognised in respect of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and interests in subsidiaries in the Company's statement of financial position at 31 December 2023 and 2022.

Estimation of impairment of trade and other receivables, contract assets, loans to associates, loans to joint ventures and amounts due from non-controlling interests within the scope of ECL under HKFRS 9

The Group follows the guidance of HKFRS 9 to make allowances on items subjects to ECL including trade and other receivables, contract assets, loans to associates, loans to joint ventures and amounts due from non-controlling interests, based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at each reporting date as set out in note 2.11. Where the expectation is different from the original estimate, such difference will impact the carrying amounts of trade and other receivables, contract assets, loans to associates, loans to joint ventures and amounts due from non-controlling interests and provision for impairment in the periods in which such estimate has been changed.

As at 31 December 2023, the carrying amounts of trade and other receivables (excluding prepayments and value-added-tax receivables) are RMB5,115,623,000 (2022: RMB5,207,417,000), carrying amounts of contract assets is RMB259,915,000 (2022: RMB177,447,000), the carrying amounts of loans to associates are RMB3,255,984,000 (2022: RMB5,407,620,000), the carrying amounts of loans to joint ventures are RMB676,428,000 (2022: RMB978,737,000) and the carrying amounts of amounts due from non-controlling interests are RMB41,828,357,000 (2022: RMB35,453,040,000). Details of the provision for ECL allowance of trade and other receivables, loans to associates, loans to joint ventures and amounts due from non-controlling interests are set out in notes 23, 18, 19 and 28 respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Critical judgements in apply the entity's accounting policies

Control over subsidiaries with equity interests equal to or less than 50%

As at 31 December 2023 and 2022, the Group has control over certain subsidiaries in which the Group's equity interests are equal to or less than 50%.

The Group considered they have control over the unlisted subsidiaries because the Group has the power to appoint and remove the majority members of the respective board of directors of those companies and holds more than half of the voting rights by virtue of an agreement with other investors. The management of the Group concluded that the Group has sufficient dominant voting interests to direct the relevant activities of those companies and therefore has control over those companies. As a result, those companies are classified as subsidiaries of the Company.

The Group considered they have control over listed subsidiaries based on whether the Group has the practical ability to direct the relevant activities of listed subsidiaries unilaterally. Key judgements adopted in concluding the Group has obtained control are: (i) the Group has held a majority of the voting rights exercised at listed subsidiaries' shareholders' meetings and no other single shareholder directly or indirectly controls more voting rights than the Group; (ii) the shareholding of other non-controlling interests is dispersed and the chance of all other shareholders getting together to vote against the Group is remote; and (iii) the Group has obtained effective control over majority of the board of listed subsidiaries.

Business combinations versus acquisition of assets

As detailed in note 39, the Group had acquired a number of subsidiaries engaged in property development during the year. The directors of the Company assessed whether or not these acquisitions constituted an acquisition of a business under HKFRS 3 "Business Combination". In making their judgements, the directors considered the status of the property projects of these subsidiaries, the stage of making pre-sale of properties and the extent of workforce in place. After assessment, the directors concluded that those acquisition of subsidiaries engaged in property development are considered as acquisition of assets during the year.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after their completion.

5. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

The Group is principally engaged in the businesses of property development and property management and other related services. The property development and property management and other related services businesses has been identified as a single segment on the basis for internal management reports that are regularly reviewed by the chief operating decision-maker. No separate analysis is presented.

As the chief operating decision-maker of the Company considers most of the Group's revenue and results are attributable to the market in the PRC, the Group's assets are substantially located inside the PRC, no geographical information is presented.

For the years ended 31 December 2023 and 2022, none of customers contributed 10% or more of the Group's revenue.

An analysis of the Group's revenue is as follows:

	2023 **RMB'000**	2022 RMB'000
Property development	**130,131,910**	96,647,645
Property management and other related services (Note)	**4,298,065**	2,987,856
	134,429,975	99,635,501

Note: The balance mainly comprises revenue from property management services of RMB2,600,158,000 (2022: RMB1,658,022,000), construction management service and entrusted construction services of RMB1,147,590,000 (2022: RMB1,061,275,000) and rental income from property leasing of RMB80,877,000 (2022: RMB66,031,000) of which rental income does not fall within the scope of HKFRS 15.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue is as follows:

	2023	2022
	RMB'000	RMB'000
Timing of revenue recognition		
— A point in time	**130,962,687**	96,759,522
— Over time	**3,467,288**	2,875,979
	134,429,975	99,635,501

6. OTHER NET GAIN

	2023	2022
	RMB'000	RMB'000
Interest income from:		
— Banks	**914,221**	493,526
— Loans to associates	**39,019**	141,313
— Loans to joint ventures	**65,540**	53,360
— Financial assets at amortised cost	**–**	7,448
— Others	**16,569**	9,135
	1,035,349	704,782
Government subsidy income	**19,893**	96,289
Compensation income	**52,549**	89,666
Gain on changes in fair value of financial assets measured at fair value through profit or loss	**13,643**	15,400
Loss on disposal of subsidiaries	**–**	(97)
Gain on derecognition of financial liabilities at amortised cost (note)	**–**	551,991
Sundry income	**4,295**	16,127
	1,125,729	1,474,158

Note: For the year ended 31 December 2022, gain on derecognition of financial liabilities measured at amortised cost attributed to extinguishment of certain amounts due to non-controlling interests.

7. FINANCE COSTS

	2023 RMB'000	2022 RMB'000
Interest charges on:		
— Bank borrowings	**2,055,302**	2,573,662
— Loans from intermediate holding company	**1,085,289**	1,171,972
— Amounts due to non-controlling interests	**170,042**	182,419
— Amounts due to associates	**48,153**	–
— Receipts under securitisation arrangements	**27,562**	87,045
— Significant financing component of contract liabilities	**5,959,802**	6,198,877
— Finance charges on lease liabilities	**4,560**	8,179
Total borrowing costs	**9,350,710**	10,222,154
Less: Interest capitalised	**(8,964,207)**	(9,421,076)
	386,503	801,078

Borrowing costs have been capitalised at various applicable rates ranging from 1.3% to 10% per annum (2022: 1.95% to 10% per annum).

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2023 RMB'000	2022 RMB'000
Auditor's remuneration		
— Audit services	**2,962**	2,980
— Non-audit services	**288**	275
Cost of properties sold	**117,020,884**	83,335,699
Depreciation:		
— Owned assets (note 14)	**46,287**	31,503
— Right-of-use assets (note 15)	**91,164**	80,123
Amortisation of intangible assets (note 17)	**13,418**	7,418
Provision for ECL allowance on loans to associates and joint ventures	**106,907**	312,709
Provision for ECL allowance on trade and other receivables	**129,415**	57,287
Provision for ECL allowance on amounts due from non-controlling interests	**6,337**	8,999
Net foreign exchange loss/(gain)	**6,337**	(19,632)
Lease charges on short-term leases	**44,469**	40,553
Outgoings in respect of investment properties that generated rental income	**9,047**	4,302
Provision for inventories of properties and other inventories	**1,637,783**	3,790,687

9. INCOME TAX EXPENSE

	2023 RMB'000	2022 RMB'000
Current income tax		
PRC corporate income tax ("CIT")		
— Current year	**3,167,753**	3,837,940
— Over-provision in respect of prior years	**(68,007)**	(7,034)
Current tax — overseas	**–**	1,876
	3,099,746	3,832,782
PRC LAT	**(110,226)**	477,756
	2,989,520	4,310,538
Deferred tax (note 30)	**(742,038)**	(1,387,345)
Total income tax expense	**2,247,482**	2,923,193

The difference between the actual income tax charge in the consolidated statement of profit or loss and other comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2023 RMB'000	2022 RMB'000
Profit before income tax	**8,582,708**	8,485,096
Tax on profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	**2,145,677**	2,121,274
Tax effect of non-deductible expenses	**44,409**	20,761
Tax effect of non-taxable income	**(27,870)**	(262,353)
Tax effect on LAT charges	**27,556**	(119,439)
Tax effect of temporary differences not recognised	**600,606**	826,622
LAT charges	**(110,226)**	477,756
Over-provision in respect of prior years	**(68,007)**	(7,034)
Others	**(364,663)**	(134,394)
Income tax expense	**2,247,482**	2,923,193

9. INCOME TAX EXPENSE (CONTINUED)

Notes:

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the years ended 31 December 2023 and 2022.

(b) PRC CIT

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC CIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2022: 25%) for the years ended 31 December 2023 and 2022.

(c) PRC LAT

Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs, business tax and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

(d) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the new CIT Law issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

(e) Cayman Islands corporate tax

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any corporate tax in Cayman Islands for the years ended 31 December 2023 and 2022.

(f) British Virgin Islands ("BVI") profits tax

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI for the years ended 31 December 2023 and 2022.

(g) Australia corporate tax

Australia's corporate tax had been paid at 25% for the estimated assessable profits of the operating subsidiary operating in Australia for the year ended 31 December 2022. No Australia's corporate tax should be provided as the Group did not derive any assessable profit in Australia for the year ended 31 December 2023.

10. DIVIDENDS

(a) Dividends attributable to the year

	2023 **RMB'000**	2022 RMB'000
Proposed final dividend after the reporting date of HK$1.3 per ordinary share (2022: HK$1.3) (note)	**2,233,279**	2,018,278

Note: Subsequent to 31 December 2023, the Board recommended the payment of a final dividend of HK$1.3 per share for the year ended 31 December 2023, totalling HK$2,464,389,000 (equivalent to RMB2,233,279,000) with the eligible Shareholders being given an option to elect to receive the final dividend all in new shares, or partly in new shares and partly in cash, or all in cash. Such dividend is subjected to be approved by the shareholders at the forthcoming Annual General Meeting. The final dividend proposed after the reporting date has not been recognised as a liability as at 31 December 2023.

10. DIVIDENDS (CONTINUED)

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2023 RMB'000	2022 RMB'000
Final dividend in respect of the previous financial year, of HK$1.3 (2022: HK$1.2) per ordinary share	**2,080,819**	1,504,348

The final dividend for the year ended 31 December 2022 totalling RMB2,080,819,000 has been paid partly in new shares of the Company and partly in cash in July 2023. The number of ordinary shares settled and issued as scrip dividends were 107,793,235 ordinary shares and the total amount of dividend paid as scrip dividends was RMB1,699,540,000 while cash dividend amounted to RMB381,279,000.

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by adjusting the profit for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2023 RMB'000	2022 RMB'000
Earnings		
Profit for the year attributable to the equity holders of the Company	**5,034,712**	4,933,968
Distributions to the subscriber of perpetual loans	**(695,581)**	(713,891)
Profit used to determine basic earnings per share	**4,339,131**	4,220,077
Weighted average number of ordinary shares in issue (thousands)	**1,663,504**	1,488,202
Earnings per share (expressed in RMB per share)	**RMB2.61**	RMB2.84

11. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

The restricted shares granted by the Company have potential dilutive effect on earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from restricted shares granted by the Company (collectively forming the denominator for computing the diluted earnings per share). In addition, the profit attributable to equity holders of the Company (numerator) has been adjusted by the effect of the restricted shares granted by the Company's non wholly-owned subsidiary.

	2023 RMB'000	2022 RMB'000
Earnings		
Profit for the year attributable to the equity holders of the Company	**5,034,712**	4,933,968
Dilution effect arising from restricted shares issued by non wholly-owned subsidiary	**(7,974)**	(1,929)
Distributions to the subscriber of perpetual loans, net of taxation	**(695,581)**	(713,891)
Profit attributable to equity holders of the Company for the calculation of diluted earnings per share	**4,331,157**	4,218,148
Shares		
Weighted average number of ordinary shares in issue (thousands)	**1,663,504**	1,488,202
Adjustments for restricted shares (thousands)	**168,596**	134,810
Weighted average number of ordinary shares for the calculation of diluted earnings per share (thousands)	**1,832,100**	1,623,012
Earnings per share (expressed in RMB per share)	**RMB2.36**	RMB2.60

12. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2023 RMB'000	2022 RMB'000
Salaries, wages and other benefits	**3,354,348**	3,247,911
Contributions to defined contribution retirement plan	**237,946**	218,606
Share-based payments (note 34)	**297,589**	133,030
Less: Employee benefit expenses capitalised in properties under development	**(760,156)**	(776,954)
	3,129,727	2,822,593

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Fees RMB'000	Salaries and benefits in kind RMB'000	Retirement scheme contribution RMB'000	Share-based payments RMB'000	Total RMB'000
Year ended 31 December 2023					
Executive directors:					
Ms. Zhao Chengmin (Chairperson)	3,000*	–	–	2,080	5,080
Mr. Lin Weiguo (Chief executive)	3,000*	–	–	1,902	4,902
Mr. Tian Meitan	3,000	–	–	1,727	4,727
Mr. Peng Yong (appointed on 26 April 2023)	2,042	–	–	1,829	3,871
	11,042	–	–	7,538	18,580
Non-executive directors:					
Ms. Ye Yanliu	–	–	–	–	–
Mr. Wang Wenhui (resigned on 10 May 2023)	–	–	–	–	–
Mr. Huang Wenzhou	–	–	–	–	–
Mr. Zheng Yongda (appointed on 10 May 2023)	–	–	–	–	–
Independent non-executive directors:					
Mr. Wong Chi Wai	180	–	–	–	180
Mr. Wong Tat Yan, Paul	180	–	–	–	180
Mr. Chan Chun Yee	180	–	–	–	180
Mr. Dai Yiyi (appointed on 26 April 2023)	123	–	–	–	123
	663	–	–	–	663
Total emoluments	11,705	–	–	7,538	19,243

* The executive directors have agreed to waive the emolument for the year ended 31 December 2023.

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' and chief executive's emoluments *(Continued)*

	Fees RMB'000	Salaries and benefits in kind RMB'000	Retirement scheme contribution RMB'000	Share-based payments RMB'000	Total RMB'000
Year ended 31 December 2022					
Executive directors:					
Ms. Zhao Chengmin (appointed as Chairperson on 25 August 2022)	3,000***	–	–	881	3,881
Mr. Lin Weiguo (Chief executive)	3,000***	659	94	785	4,538
Mr. Zhuang Yuekai (resigned on 25 August 2022)	2,000**	–	–	288	2,288
Mr. Tian Meitan (appointed on 25 August 2022)	1,000	–	–	740	1,740
	9,000	659	94	2,694	12,447
Non-executive directors:					
Ms. Ye Yanliu	–	–	–	–	–
Mr. Wang Wenhui	–	–	–	–	–
Mr. Huang Wenzhou	–	–	–	–	–
Independent non-executive directors:					
Mr. Wong Chi Wai	172	–	–	–	172
Mr. Wong Tat Yan, Paul	172	–	–	–	172
Mr. Chan Chun Yee	172	–	–	–	172
	516	–	–	–	516
Total emoluments	9,516	659	94	2,694	12,963

** The executive director has agreed to waive the emoluments for the period from 1 January 2022 to 31 March 2022.

*** The executive directors have agreed to waive the emolument for the year ended 31 December 2022.

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

The five highest paid individuals in the Group include 2 (2022: do not include) directors of the Company whose emoluments are included in the disclosures in note 13(a) above. The emoluments paid to the remaining 3 (2022: 5) individuals during the year are as follows:

	2023 RMB'000	2022 RMB'000
Salaries and benefits in kind	**1,702**	3,254
Discretionary bonuses	**7,619**	15,395
Retirement scheme contributions	**226**	734
Share-based payments	**5,283**	3,835
	14,830	23,218

The above emoluments were within the following bands:

	No. of individuals	
	2023	2022
Emolument bands		
HK$3,500,001–HK$4,000,000	**–**	1
HK$4,000,001–HK$4,500,000	**1**	1
HK$5,000,001–HK$5,500,000	**1**	–
HK$6,000,001–HK$6,500,000	**–**	3
HK$7,000,001–HK$7,500,000	**1**	–
	3	5

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. The two existing executive directors have agreed to waive the emoluments for the year ended 31 December 2023 (2022: two) and none of five highest paid individuals have waived or agreed to waive any emoluments during the years ended 31 December 2023 and 2022.

13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(c) Senior management personnel

The emoluments paid or payable to members of senior management were within following bands:

	No. of individuals	
	2023	2022
Emolument bands		
Nil to HK$1,000,000	**–**	6
HK$1,000,001–HK$1,500,000	**1**	2
HK$1,500,001–HK$2,000,000	**1**	–
HK$2,000,001–HK$2,500,000	**–**	1
HK$2,500,001–HK$3,000,000	**–**	1
HK$4,000,001–HK$4,500,000	**–**	1
HK$5,000,001–HK$5,500,000	**–**	1

14. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Leasehold land and buildings RMB'000	Leasehold improvement RMB'000	Furniture and fixtures RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2022							
Cost	61,586	116,880	151,707	102,909	20,808	50,844	504,734
Accumulated depreciation	–	(3,433)	(106,211)	(35,462)	(526)	(8,605)	(154,237)
Net book amount	61,586	113,447	45,496	67,447	20,282	42,239	350,497
Year ended 31 December 2022							
Opening net book amount	61,586	113,447	45,496	67,447	20,282	42,239	350,497
Additions	–	1,094	25,559	28,870	14,059	5,695	75,277
Disposals	(2,745)	–	(85)	(5,970)	(5,847)	(1,275)	(15,922)
Depreciation	–	(4,745)	(20,021)	(20,422)	(4,682)	(8,127)	(57,997)
Acquisition of subsidiaries	–	–	463	1,471	9	58	2,001
Disposal of subsidiaries	–	(2,261)	–	(570)	(3,698)	(139)	(6,668)
Closing net book amount	58,841	107,535	51,412	70,826	20,123	38,451	347,188
At 31 December 2022							
Cost	58,841	115,080	179,180	124,252	21,478	58,671	557,502
Accumulated depreciation	–	(7,545)	(127,768)	(53,426)	(1,355)	(20,220)	(210,314)
Net book amount	58,841	107,535	51,412	70,826	20,123	38,451	347,188

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Construction in progress RMB'000	Leasehold land and buildings RMB'000	Leasehold improvement RMB'000	Furniture and fixtures RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2023							
Opening net book amount	58,841	107,535	51,412	70,826	20,123	38,451	347,188
Additions	60,549	166	36,058	19,460	4,660	4,378	125,271
Disposals	–	–	–	(1,651)	(1,918)	(563)	(4,132)
Depreciation	–	(5,302)	(24,365)	(25,266)	(6,229)	(16,257)	(77,419)
Acquisition of subsidiaries	–	–	–	22	–	42	64
Closing net book amount	119,390	102,399	63,105	63,391	16,636	26,051	390,972
At 31 December 2023							
Cost	119,390	112,508	215,238	137,514	23,400	61,521	669,571
Accumulated depreciation	–	(10,109)	(152,133)	(74,123)	(6,764)	(35,470)	(278,599)
Net book amount	119,390	102,399	63,105	63,391	16,636	26,051	390,972

The bank borrowings are secured by property, plant and equipment with a net book amount of approximately RMBNil as at 31 December 2023 (2022: RMB3,942,000) (note 29).

Depreciation charges have been included in:

	2023 RMB'000	2022 RMB'000
Consolidated statement of financial position		
— Capitalised in inventories of properties, other inventories and other contract costs	**31,132**	26,494
Consolidated statement of profit or loss and other comprehensive income		
— Cost of sales	**6,896**	2,238
— Selling expenses	**15,347**	14,329
— Administrative expenses	**24,044**	14,936
	46,287	31,503

15. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
Carrying amounts at 1 January 2022 (restated)	95,755	209,148	304,903
Additions	–	88,237	88,237
Depreciation	(3,927)	(76,196)	(80,123)
Acquisition of subsidiaries	–	509	509
Termination of leases	–	(22,685)	(22,685)
Carrying amounts at 31 December 2022 and 1 January 2023	**91,828**	**199,013**	**290,841**
Additions	**58,581**	**134,077**	**192,658**
Depreciation	**(6,214)**	**(84,950)**	**(91,164)**
Termination of leases	**–**	**(32,175)**	**(32,175)**
Lease modification	**–**	**(4,387)**	**(4,387)**
Carrying amounts at 31 December 2023	**144,195**	**211,578**	**355,773**

The right-of-use assets represented leases of lands and offices in the PRC. The leases of offices in the PRC typically run for an initial period of 2 to 20 years. None of the leases includes variable lease payments. Certain leases include an option to renew the lease for an additional period after the end of the contract term. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and concluded that it is not reasonably certain to exercise the extension options. Accordingly, the future lease payments during the extension periods are not included in the measurement of the right-of-use assets.

The analysis of the net carrying amounts of right-of-use assets in respect of the leasehold lands according to lease periods are as follows:

	2023 RMB'000	2022 RMB'000
In PRC:		
Leases of between 10 to 50 years	**144,195**	91,828

16. INVESTMENT PROPERTIES

Movements of the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

	2023 **RMB'000**	2022 RMB'000
Carrying amount at 1 January	**1,308,134**	1,310,153
Change in fair value of investment properties	**(51,776)**	(33,893)
Subsequent expenditures	**578**	31,874
Transfers from inventories of properties	**411,337**	–
Carrying amount at 31 December	**1,668,273**	1,308,134

The bank borrowings are secured by investment properties with a net book amount of approximately RMB630,000,000 as at 31 December 2023 (2022: RMB652,656,000) (note 29).

The analysis of the net carrying amounts of investment properties according to lease periods are as follows:

	2023 **RMB'000**	2022 RMB'000
In PRC:		
Leases of between 10 to 50 years	**1,668,273**	1,308,134

16. INVESTMENT PROPERTIES (CONTINUED)

Valuation process and methodologies

Investment properties were valued at 31 December 2023 and 2022 by independent professional qualified valuers, Cushman & Wakefield International Property Advisers (Guangzhou) Co., Ltd. and Xiamen Academic Practice Valuer Co., Ltd., who have the relevant experience in the location and category of properties being valued. There was no change to the valuation techniques during the year.

Discussions of valuation processes and results are held between management and the valuers on a semi-annual basis, in line with the Group's interim and annual reporting dates.

Fair value hierarchy

Fair value adjustment of investment properties is recognised in the line item "Loss on changes in fair value of investment properties" on the face of the consolidated statement of profit or loss and other comprehensive income.

The following table shows the Group's investment properties measured at fair value in the consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The levels are based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

As at 31 December 2023 and 2022, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers into or out of Level 3 during the year (2022: Nil).

16. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy *(Continued)*

The fair value of investment properties is determined using the direct capitalisation method by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate and factors adjustment, and negatively correlated to capitalisation rate.

	Valuation techniques	Significant unobservable inputs	Range As at 31 December 2023	2022
Investment properties (Nanning District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	**40–2,101**	35–1,900
		Capitalisation rate of reversionary income	**3.50%–7.0%**	3.5%–7.0%
Investment properties (Shanghai District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	**541–598**	221–491
		Capitalisation rate of reversionary income	**5.50%–6.00%**	5.50%–6.00%
Investment properties (Suzhou District)	Market comparison approach	Market price (RMB/sq.m.)	**29,000**	N/A
		Premium on location, environment, age, accessibility, floor, size, etc of the properties.	**4.5%**	N/A
Investment properties (Fuzhou District)	Income approach	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	**47**	N/A
		Discount rate	**5.50%**	N/A
Investment properties (Chengdu District)	Income approach	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	**40**	N/A
		Discount rate	**5.00%**	N/A
Investment properties (Putian District)	Income approach	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	**29**	N/A
		Discount rate	**5.50%**	N/A

17. INTANGIBLE ASSETS

	Goodwill RMB'000	Intangible assets RMB'000	Total RMB'000
Cost			
As at 1 January 2022 (restated)	648,821	44,950	693,771
Additions	–	6,200	6,200
Disposal	–	(956)	(956)
Acquisition of subsidiaries	41,412	6,364	47,776
Disposal of subsidiaries	–	(2)	(2)
As at 31 December 2022 and 1 January 2023	**690,233**	**56,556**	**746,789**
Additions	**–**	**7,718**	**7,718**
Disposal	**–**	**(198)**	**(198)**
As at 31 December 2023	**690,233**	**64,076**	**754,309**
Accumulated amortisation			
As at 1 January 2022 (restated)	–	(1,475)	(1,475)
Amortisation	–	(7,418)	(7,418)
Disposal	–	694	694
As at 31 December 2022 and 1 January 2023	**–**	**(8,199)**	**(8,199)**
Amortisation	**–**	**(13,418)**	**(13,418)**
Disposal	**–**	**138**	**138**
As at 31 December 2023	**–**	**(21,479)**	**(21,479)**
Net book amount			
As at 31 December 2023	**690,233**	**42,597**	**732,830**
As at 31 December 2022	690,233	48,357	738,590

17. INTANGIBLE ASSETS (CONTINUED)

The carrying amount of goodwill is allocated to the following CGUs:

	2023 RMB'000	2022 RMB'000
C&D Holsin Engineering Consulting Co., Ltd ("C&D Holsin")	**618,116**	618,116
Others	**72,117**	72,117
	690,233	690,233

Note: Management performed an impairment assessment on the goodwill at 31 December 2023. The recoverable amounts of the CGUs are determined based on value-in-use calculations and fair value less costs of disposal. These value-in-use calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the cash-generating units. The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. Based on management's assessment on the recoverable amounts of the CGUs acquired in prior years, no impairment provision was considered necessary as at 31 December 2023.

18. INTERESTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Cost of investments in associates	**14,647,646**	11,058,083
Unrealised profits in respect of disposal of a subsidiary	**(8,482)**	(8,482)
Share of post-acquisition results and other comprehensive income, net of dividend received	**1,084,453**	1,040,967
	15,723,617	12,090,568
Loans to associates	**3,586,246**	5,689,190
Less: Loss allowance	**(330,262)**	(281,570)
	18,979,601	17,498,188

As at 31 December 2023, the loans to associates are unsecured, interest free and would not be repayable within one year, except for an amount of RMB488,953,000 (2022: RMB1,719,092,000) which is interest-bearing ranging from 6.5% to 10% per annum (2022: 3.65% to 10% per annum).

18. INTERESTS IN ASSOCIATES (CONTINUED)

Management considers that none of the associates of the Group will have significant impact to the financial position and performance of the Group individually.

All associates have a reporting date of 31 December.

Aggregate information of the associates that are not individually material:

	2023 **RMB'000**	2022 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**18,979,601**	17,498,188

	2023 **RMB'000**	2022 RMB'000
Aggregate amounts of the Group's share of those associates' profit and total comprehensive income for the year	**399,157**	645,451

The Group has not incurred any contingent liabilities or other commitments relating to its interests in associates. (2022: Nil).

During the year ended 31 December 2023, dividends of approximate RMB355,671,000 (2022: RMB103,649,000) were received from certain associates.

Movements of the Group's loss allowance on loans to associates are as follows:

	2023 **RMB'000**	2023 RMB'000
Balance at 1 January	**281,570**	4,589
Provision for of ECL allowances during the year	**48,692**	276,981
Balance at 31 December	**330,262**	281,570

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method on loans to associates to provide for ECL prescribed by HKFRS 9. As at 31 December 2023, the Group has made provision of ECL allowances for loans to associates of approximately RMB330,262,000 (2022: RMB281,570,000).

19. INTERESTS IN JOINT VENTURES

	2023 RMB'000	2022 RMB'000
Cost of investments in joint ventures	**5,655,881**	3,212,104
Share of post-acquisition results and other comprehensive income, net of dividend received	**322,244**	340,537
Exchange differences	**(44)**	(532)
	5,978,081	3,552,109
Loans to joint ventures	**770,375**	1,014,469
Less: Loss allowance	**(93,947)**	(35,732)
	6,654,509	4,530,846

As at 31 December 2023, the loans to joint ventures are unsecured, interest free and would not be repayable within one year, except for an amount of RMB436,148,000 (2022: RMB733,651,000) which is interest-bearing ranging from 4.2% to 10% per annum (2022: 6% to 10%).

Management considers that none of the joint ventures of the Group will have a significant impact to the financial position and performance of the Group individually.

All joint ventures have a reporting date of 31 December.

19. INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of the joint ventures that are not individually material:

	2023 **RMB'000**	2022 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**6,654,509**	4,530,846
Aggregate amounts of the Group's share of those joint ventures' (loss)/profit and total comprehensive (expense)/income for the year	**(18,293)**	366,269

The Group has not incurred any contingent liabilities or other commitments relating to its interests in joint ventures (2022: Nil).

Movements of the Group's loss allowance on loans to joint ventures are as follows:

	2023 **RMB'000**	2022 RMB'000
Balance at 1 January	**35,732**	4
Provision for of ECL allowances during the year	**58,215**	35,728
Balance at 31 December	**93,947**	35,732

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method on loans to joint ventures to provide for ECL prescribed by HKFRS 9. As at 31 December 2023, the Group has made provision of ECL allowances for loans to joint ventures of approximately RMB93,947,000 (2022: RMB35,732,000).

20. OTHER FINANCIAL ASSETS

	2023 RMB'000	2022 RMB'000
Other current financial assets:		
Financial assets measured at fair value through profit or loss		
Subordinated tranche securities (notes i & ii)	**1,000**	5,000
Other non-current financial assets:		
Financial assets measured at fair value through profit or loss		
Unlisted equity securities (note ii)	**115,538**	118,604

Notes:

(i) As at 31 December 2023, the amount comprises 1 (2022: 5) non-tradable subordinated tranche security, which has no fixed coupon rate and an entitlement to residual returns upon maturity, with the maturity date on 28 June 2024.

(ii) The fair value of the Group's subordinated tranche securities and unlisted equity securities have been measured as described in note 44.7.

21. SUBSIDIARIES

Particulars of the principal subsidiaries, each of which is a limited liability company, as at 31 December 2023, were as follows:

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Xiamen Yiyue Real Estate Co., Ltd.* (廈門益悦置業有限公司)	Limited liability company	PRC 18 May 2015	RMB2,000,000,000	100% (2022: 100%)	Property development
Xiamen Zhaoyue Investment Co., Ltd.* (廈門兆樾投資有限公司)	Limited liability company	PRC 27 September 2021	RMB5,000,000,000	85% (2022: 85%)	Property investment
Hangzhou Qikun Real Estate Co., Ltd.[Δ] (杭州啟坤置業有限公司) ("Hangzhou Qikun")	Limited liability company	PRC 18 October 2022	RMB6,000,000,000	51% (2022: Nil)	Property development
Hangzhou Qiyuan Real Estate Co., Ltd.[Δ] (杭州啟原置業有限公司) ("Hangzhou Qiyuan")	Limited liability company	PRC 18 October 2022	RMB6,000,000,000	51% (2022: Nil)	Property development

21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Beijing Zhaojia Real Estate Development Co., Ltd.# (北京兆嘉房地產開發有限公司)	Limited liability company	PRC 28 September 2023	RMB5,420,000,000	100% (2022: Nil)	Property development
Xiamen Zhaohesheng Real Estate Development Co., Ltd.* (廈門兆和盛房地產開發有限公司)	Limited liability company	PRC 3 March 2021	RMB5,000,000,000	73% (2022: 73%)	Property development
Xiamen Yaoze Investment Co., Ltd.* (廈門垚澤投資有限公司)	Limited liability company	PRC 25 August 2021	RMB5,000,000,000	73% (2022: 73%)	Property investment
Xiamen Hegang Investment Co., Ltd.* (廈門禾港投資有限公司)	Limited liability company	PRC 10 June 2022	RMB3,900,000,000	71.74% (2022: 71.74%)	Property investment
Xiamen Zhaoheyuan Real Estate Development Co., Ltd.* (廈門兆和源房地產開發有限公司)	Limited liability company	PRC 2 July 2021	RMB3,900,000,000	71.74% (2022: 71.74%)	Property development
Hangzhou Zhaoyue Real Estate Co., Ltd.* (杭州兆越房地產有限公司)	Limited liability company	PRC 7 May 2022	RMB3,800,000,000	50.78% (2022: 50.78%)	Property development
Xiamen Hengcanchen Real Estate Development Co., Ltd.* (廈門恒璨晨房地產開發有限公司)	Limited liability company	PRC 15 September 2020	RMB3,600,000,000	80% (2022: 80%)	Property development
Xiamen Yigang Investment Co., Ltd.* (廈門怡港投資有限公司)	Limited liability company	PRC 10 June 2022	RMB3,400,000,000	56.44% (2022: 56.44%)	Property investment
Xiamen Zhaotengda Real Estate Development Co., Ltd.* (廈門兆騰達房地產開發有限公司)	Limited liability company	PRC 2 July 2021	RMB3,400,000,000	56.44% (2022: 56.44%)	Property development
Beijing Zhaoxin Real Estate Development Co., Ltd.* (北京兆新房地產開發有限公司)	Limited liability company	PRC 11 October 2022	RMB3,400,000,000	100% (2022: 100%)	Property development
Xiamen Yuehequan Investment Co., Ltd.* (廈門悅禾全投資有限公司)	Limited liability company	PRC 13 May 2022	RMB3,315,000,000	84.40% (2022: 84.40%)	Property investment

21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Hangzhou Zhaoqian Enterprise Management Co., Ltd.* (杭州兆潛企業管理有限公司) ("Hangzhou Zhaoqian")	Limited liability company	PRC 12 July 2022	RMB3,300,000,000	50.10% (2022: 50.10%)	Property investment
Suzhou Zhaojin Real Estate Development Co., Ltd.Δ (蘇州兆錦房地產開發股份有限公司)	Limited liability company	PRC 6 March 2023	RMB3,160,000,000	90% (2022: Nil)	Property development
Huai'an Zhaofeng Real Estate Development Co., Ltd.* (淮安兆豐房地產開發有限公司)	Limited liability company	PRC 10 November 2020	RMB3,010,000,000	80% (2022: 80%)	Property development
Xiamen Tianxu Investment Co., Ltd.* (廈門添旭投資有限公司)	Limited liability company	PRC 29 October 2021	RMB3,000,000,000	51% (2022: 51%)	Property investment
Xiamen Zhaoqilong Real Estate Development Co., Ltd.* (廈門兆祁隆房地產開發有限公司)	Limited liability company	PRC 27 December 2017	RMB2,500,000,000	51% (2022: 51%)	Property development
Ningbo Zhaoxin Real Estate Co., Ltd.* (寧波兆信房地產有限公司)	Limited liability company	PRC 28 April 2022	RMB3,003,038,400	80.04% (2022: 80.04%)	Property development
Xiamen Yueyi Quanshi Investment Co., Ltd.* (廈門悦怡全實投資有限公司)	Limited liability company	PRC 13 May 2022	RMB2,890,000,000	66.40% (2022: 66.40%)	Property investment
Hangzhou Zhaoyi Enterprise Management Co., Ltd. * (杭州兆宜企業管理有限公司)	Limited liability company	PRC 12 July 2022	RMB2,888,000,000	51% (2022: 51%)	Property investment
Nanjing Zhaohan Real Estate Development Co., Ltd.# (南京兆瀚房地產開發有限公司)	Limited liability company	PRC 5 June 2023	RMB2,890,000,000	90% (2022: Nil)	Property development
Huai'an Jianhe Enterprise Management Co., Ltd.* (淮安市建合企業管理有限公司)	Limited liability company	PRC 23 December 2020	RMB2,800,000,000	78.5% (2022: 78.5%)	Property investment
Xiamen Zhaobaili Real Estate Development Co., Ltd.* (廈門兆百俐房地產開發有限公司)	Limited liability company	PRC 29 June 2021	RMB2,800,000,000	85% (2022: 85%)	Property development

21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Beijing Zhaochang Real Estate Development Co., Ltd.* (北京兆昌房地產開發有限公司)	Limited liability company	PRC 3 March 2022	RMB2,800,000,000	100% (2022: 100%)	Property development
Shanghai Gufeng Real Estate Development Co., Ltd.* (上海古鋒房地產開發有限公司)	Limited liability company	PRC 27 June 2022	RMB2,657,900,000	51% (2022: 51%)	Property development
Xiamen Jinshen Real Estate Development Co., Ltd.* (廈門錦深房地產開發有限公司)	Limited liability company	PRC 27 June 2019	RMB2,300,000,000	51% (2022: 51%)	Property development
Zhangjiagang Jianxi Real Estate Development Co., Ltd.* (張家港建禧房地產開發有限公司)	Limited liability company	PRC 17 July 2020	RMB2,000,000,000	60% (2022: 60%)	Property development
Xiamen Yuangang Investment Co., Ltd.* (廈門沅港投資有限公司)	Limited liability company	PRC 10 June 2022	RMB2,500,000,000	39.93% (2022: 39.93%)	Property investment
Xiamen Zhaoyusheng Real Estate Development Co., Ltd.* (廈門兆宇盛房地產開發有限公司)	Limited liability company	PRC 3 March 2021	RMB2,500,000,000	39.93% (2022: 39.93%)	Property development
Shenzhen Shengjin Enterprise Management Co., Ltd.* (深圳市盛錦企業管理有限公司) (前稱深圳市盛錦投資管理有限公司)	Limited liability company	PRC 20 November 2015	RMB2,300,000,000	51% (2022: 51%)	Property investment
Xiamen Zhaowudi Real Estate Co., Ltd.* (廈門兆武地置業有限公司)	Limited liability company	PRC 10 July 2018	RMB2,300,000,000	51% (2022: 51%)	Property investment
Ningbo Zhaohui Real Estate Co., Ltd.* (寧德兆滙房地產有限公司)	Limited liability company	PRC 8 January 2021	RMB2,300,000,000	80% (2022: 80%)	Property development
Xiamen Hongfa Zhiyue Real Estate Development Co., Ltd.^Δ (廈門弘發智悦房地產開發有限公司)	Limited liability company	PRC 8 May 2021	RMB2,100,000,000	70% (2022: Nil)	Property development

21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Xiamen Zhaoxia Honghui Investment Co., Ltd.# (廈門兆廈弘匯投資有限公司)	Limited liability company	PRC 19 April 2023	RMB2,100,000,000	70% (2022: Nil)	Property investment
Xiamen Hongfu Zhiyue Real Estate Development Co., Ltd.Δ (廈門弘富智悦房地產開發有限公司)	Limited liability company	PRC 11 June 2021	RMB2,100,000,000	70% (2022: Nil)	Property development
Ningde Zhaoyu Real Estate Co., Ltd.* (寧德兆裕房地產有限公司)	Limited liability company	PRC 19 July 2019	RMB2,000,000,000	49.98% (2022: 49.98%)	Property development
Hangzhou Zhaoyue Enterprise Management Co., Ltd.# (杭州兆悦企業管理有限公司)	Limited liability company	PRC 2 November 2023	RMB4,900,000,000	69.5% (2022: Nil)	Property investment
Ningde Zhaomao Real Estate Co., Ltd.* (寧德兆茂房地產有限公司)	Limited liability company	PRC 9 November 2020	RMB2,000,000,000	49.98% (2022: 49.98%)	Property development
Xiamen Libo Business Service Co., Ltd.* (廈門利柏商務服務有限公司)	Limited liability company	PRC 29 September 2003	RMB100,000,000	100% (2022: 100%)	Property investment
Fujian Zhaoheng Real Estate Development Co., Ltd.* (福建兆恒房地產開發有限公司)	Limited liability company	PRC 2 September 2021	RMB900,000,000	80% (2022: 80%)	Property development
Xiamen Zhaoyusheng Real Estate Development Co., Ltd.* (廈門兆裕盛房地產開發有限公司)	Limited liability company	PRC 22 July 2020	RMB1,600,000,000	80% (2022: 80%)	Property development
Nantong Zhaokun Enterprise Management Co., Ltd.* (南通兆坤企業管理有限公司)	Limited liability company	PRC 8 March 2021	RMB1,430,000,000	88% (2022: 88%)	Property investment
Hangzhou Zhaorui Real Estate Co., Ltd.Δ (杭州兆睿房地產有限公司)	Limited liability company	PRC 3 March 2023	RMB1,830,000,000	70% (2022: Nil)	Property development
Ningde Zhaoyue Real Estate Co., Ltd.* (寧德兆悦房地產有限公司)	Limited liability company	PRC 4 August 2020	RMB1,700,000,000	51% (2022: 51%)	Property development

21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Jiangyin Jianxiang Real Estate Development Co., Ltd.* (江陰建祥房地產開發有限公司)	Limited liability company	PRC 18 September 2021	RMB1,700,000,000	51% (2022: 51%)	Property development
Shaoxing Zhaosheng Real Estate Co., Ltd.* (紹興兆盛房地產有限公司)	Limited liability company	PRC 14 January 2021	RMB1,700,000,000	51% (2022: 51%)	Property development
Zhangzhou Zhaojie Real Estate Development Co., Ltd.* (漳州兆捷房地產開發有限公司)	Limited liability company	PRC 10 May 2022	RMB1,700,000,000	34.00% (2022: 34%)	Property development
Beijing Zhaoxiang Real Estate Development Co., Ltd.^Δ (北京兆祥房地產開發有限公司)	Limited liability company	PRC 7 June 2023	RMB1,660,000,000	70% (2022: Nil)	Property development
Nanping Jianyang Zhaosheng Real Estate Co., Ltd.* (南平市建陽區兆盛房地產有限公司)	Limited liability company	PRC 25 April 2018	RMB1,500,000,000	70% (2022: 70%)	Property development
Wenzhou Zhaocheng Real Estate Co., Ltd.^# (温州兆城房地產有限公司)	Limited liability company	PRC 23 August 2023	RMB1,562,000,000	60% (2022: Nil)	Property development
Taizhou Fangyuan Zhiyue Enterprise Management Co., Ltd.^Δ (台州方遠智越企業管理有限公司)	Limited liability company	PRC 8 March 2023	RMB1,556,000,000	49% (2022: Nil)	Property investment
Taizhou Fangyuan Zhaocheng Real Estate Development Co., Ltd.^Δ (台州方遠兆誠房地產開發有限公司)	Limited liability company	PRC 31 March 2023	RMB1,556,000,000	49% (2022: Nil)	Property development
Taicang Jiansheng Real Estate Development Co., Ltd.^Δ (太倉建盛房地產開發有限公司)	Limited liability company	PRC 30 May 2023	RMB1,520,000,000	70% (2022: Nil)	Property development
Quanzhou Zhaobo Real Estate Co., Ltd.^# (泉州兆博置業有限公司)	Limited liability company	PRC 6 March 2023	RMB1,500,000,000	70% (2022: Nil)	Property development

21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Nanping Zhaohong Real Estate Company Limited* (南平兆鴻房地產公司)	Limited liability company	PRC 14 September 2018	RMB1,500,000,000	70% (2022: 70%)	Property development
Dongguan Zhaoxi Real Estate Development Co., Ltd.# (東莞市兆禧房地產開發有限公司)	Limited liability company	PRC 7 July 2023	RMB 1,500,000,000	70% (2022: Nil)	Property development
C&D Holsin (建發合誠工程諮詢股份有限公司)	Limited liability company	PRC 11 October 1995	RMB260,673,140	29.01% (2022: 29.01%)	Provision of construction management services
C&D Property Management Group Co., Ltd* (建發物業管理集團有限公司) (note 2.1)	Limited liability company	BVI 4 May 2016	HK$14,082,640 (2022: HK$13,362,611)	39.8% (2022: 38.7%)	Property management

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

\# These subsidiaries were newly incorporated during the year ended 31 December 2023.

△ These subsidiaries were acquired during the year ended 31 December 2023.

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

21. SUBSIDIARIES (CONTINUED)

The following table lists out the information related to Hangzhou Zhaoqian, Hangzhou Qikun and Hangzhou Qiyuan, the subsidiaries of the Group which have material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Hangzhou Zhaoqian	
	2023	2022
	RMB'000	RMB'000
Non-controlling interests percentage	**49.9%**	49.9%
Non-current assets	**3,074,462**	3,070,411
Current assets	**178,564**	178,785
Current liabilities	**–**	–
Non-current liabilities	**–**	–
Net assets	**3,253,026**	3,249,196
Carrying amount of non-controlling interests	**1,623,260**	1,621,349

	For the year ended 31 December 2023	From 12 July 2022 (the date of incorporation) to 31 December 2022
	RMB'000	RMB'000
Revenue	**–**	–
Profit/(Loss) for the year	**3,830**	(50,830)
Total comprehensive income/(expense) for the year	**3,830**	(50,830)
Profit/(Loss) and total comprehensive income/(expense) attributable to non-controlling interests	**1,911**	(25,351)
Dividends paid to non-controlling shareholders	**–**	–
Cash flows used in operating activities	**(413)**	–
Cash flows from investing activities	**432**	152,417
Cash flows used in financing activities	**–**	(152,417)
Net cash inflows	**19**	–

21. SUBSIDIARIES (CONTINUED)

	Hangzhou Qikun 2023 RMB'000
Non-controlling interests percentage	49%
Non-current assets	1,002,536
Current assets	10,556,782
Current liabilities	(4,851,383)
Non-current liabilities	(821,940)
Net assets	5,885,995
Carrying amount of non-controlling interests	2,884,138

	From 26 April 2023 (the date of acquisition) to 31 December 2023 RMB'000
Revenue	–
Loss for the period	(114,949)
Total comprehensive expense for the period	(114,949)
Loss and total comprehensive expense attributable to non-controlling interests	(56,325)
Dividends paid to non-controlling shareholders	–
Cash flows from operating activities	818,934
Cash flows from investing activities	1,333
Cash flows from financing activities	3,397,842
Net cash inflows	4,218,109

21. SUBSIDIARIES (CONTINUED)

	Hangzhou Qiyuan 2023 RMB'000
Non-controlling interests percentage	**49%**
Non-current assets	**1,101,320**
Current assets	**13,934,283**
Current liabilities	**(8,360,791)**
Non-current liabilities	**(827,224)**
Net assets	**5,847,588**
Carrying amount of non-controlling interests	**2,865,318**

	From 26 April 2023 (the date of acquisition) to 31 December 2023 RMB'000
Revenue	**–**
Loss for the period	**(154,148)**
Total comprehensive expense for the period	**(154,148)**
Loss and total comprehensive expense attributable to non-controlling interests	**(75,532)**
Dividends paid to non-controlling shareholders	**–**
Cash flows from in operating activities	**3,683,346**
Cash flows from investing activities	**9,164**
Cash flows from financing activities	**1,610,456**
Net cash inflows	**5,302,966**

22. INVENTORIES OF PROPERTIES, OTHER INVENTORIES AND OTHER CONTRACT COSTS

	2023	2022
	RMB'000	RMB'000
Inventories of properties		
Properties under development (note a)	**254,715,815**	248,861,831
Properties held for sale (note a)	**14,559,515**	7,792,746
	269,275,330	256,654,577
Other inventories	**55,321**	34,229
Other contract costs (note b)	**1,591,877**	1,815,745
	270,922,528	258,504,551
Inventories of properties and other inventories	**273,681,528**	261,251,364
Less: Provision for inventories	**(4,406,198)**	(4,596,787)
	269,275,330	256,654,577

(a) Inventories of properties and other inventories

The properties under development and properties held for sale are located in the PRC.

The analysis of carrying value of leasehold land for property development is as follows:

	2023	2022
	RMB'000	RMB'000
In PRC, with remaining lease term of:		
between 40 and 70 years	**200,068,592**	194,008,409

As at 31 December 2023, the carrying amount of properties under development of RMB43,975,355,000 (2022: RMB44,890,942,000) have been pledged to banks to secure the Group's bank borrowings. Details of the secured bank borrowings are set out in note 29.

As at 31 December 2023, properties under development amounted to approximately RMB144,184,937,000 (2022: RMB140,461,644,000) were expected to be completed and available for sale to the customers more than twelve months from the reporting date.

22. INVENTORIES OF PROPERTIES, OTHER INVENTORIES AND OTHER CONTRACT COSTS (CONTINUED)

(a) Inventories of properties and other inventories *(Continued)*

As at 31 December 2023 and 2022, the properties held for sale and properties under development of the Group are located in PRC.

Provision for inventories amounted to RMB1,637,783,000 (2022: RMB3,790,687,000) was recognised as an expense during the year ended 31 December 2023 and included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

For the year ended 31 December 2023, the cost of properties held for sale recognised as expense and included in cost of property sold amounted to RMB117,020,884,000 (2022: RMB83,335,699,000) (note 8) accompanying by a write-off of provision for impairment of RMB1,828,372,000 (2022: impairment of RMB107,132,000) credited to cost of property sales.

(b) Other contract costs

Contract costs capitalised relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling expenses" in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB1,617,362,000 (2022: RMB720,366,000). There was no impairment in relation to the costs capitalised during the year. The amount of capitalised contract costs that is expected to be recovered after one year is RMB494,632,000 (2022: RMB646,707,000).

23. TRADE AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables (note a)		
From third parties	**2,727,964**	1,400,939
From related parties	**23,854**	19,660
Less: Loss allowance	**(193,563)**	(79,406)
	2,558,255	1,341,193
Other receivables		
Deposits (note b)	**1,593,541**	3,062,306
Prepayments	**121,276**	106,545
Other receivables	**997,144**	826,601
Prepayments for proposed development projects (note c)	**–**	645,400
Payments on behalf of property owners	**35,267**	30,643
Value-added-tax receivables	**6,217,807**	5,631,925
	8,965,035	10,303,420
Less: Loss allowance (note a)	**(68,584)**	(53,326)
	8,896,451	10,250,094
	11,454,706	11,591,287

Notes:

(a) Trade receivables mainly arose from property development, property management and other related services. Trade receivables settled in accordance with the terms stipulated in the property sale and purchase agreements or service agreements.

Based on the invoice dates, the ageing analysis of the trade receivables, net of loss allowance, is as follows:

	2023 RMB'000	2022 RMB'000
0–30 days	**1,606,463**	516,415
31–90 days	**239,289**	193,627
91–180 days	**82,008**	94,867
181–365 days	**247,256**	101,242
Over 365 days	**383,239**	435,042
	2,558,255	1,341,193

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: *(Continued)*

(a) *(Continued)*

Movements of the Group's loss allowance on trade receivables are as follows:

	2023 **RMB'000**	2022 RMB'000
Balance at 1 January	**79,406**	41,655
ECL allowances recognised during the year	**114,157**	37,751
Balance at 31 December	**193,563**	79,406

Movements of the Group's loss allowance on other receivables are as follows:

	2023 **RMB'000**	2022 RMB'000
Balance at 1 January	**53,326**	33,790
ECL allowances recognised during the year	**15,258**	19,536
Balance at 31 December	**68,584**	53,326

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. During the year ended 31 December 2023, the Group has made provision of ECL allowance for trade receivables and other receivables of approximately RMB114,157,000 and RMB15,258,000 (2022: RMB37,751,000 and RMB19,536,000) respectively.

(b) Deposits mainly included rental deposits, utilities deposits, deposits for construction work, miscellaneous project-related deposits.

(c) The Group had entered into several contractual arrangements with independent third parties in respect of the proposed acquisitions of equity interests in certain PRC entities, which own land use rights or property development projects in the PRC.

(d) The directors of the Group considered that the fair values of trade and other receivables are not materially different from the carrying amounts because these balances have short maturity periods on their inception.

24. CONTRACT LIABILITIES

	2023 **RMB'000**	2022 RMB'000
Advances received from customers:		
Sales of properties	**190,315,734**	176,545,898
Property management and other related services	**606,749**	1,058,783
	190,922,483	177,604,681

The Group receives payments from customers based on the terms established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties. Such liabilities increased as a result of the growth of the Group's contracted property sales due to addition of property projects under pre-sale phrase.

(a) Revenue recognised in relation to contract liabilities

The following table set out the revenue recognised in the current reporting period relates to carried forward contract liabilities.

	2023 **RMB'000**	2022 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**111,306,429**	76,912,890

(b) Unsatisfied performance obligations

	2023 **RMB'000**	2022 RMB'000
Revenue expected to be recognised within one year	**104,934,289**	103,398,270
Revenue expected to be recognised after one year	**85,988,194**	74,206,411
Total transaction price allocated to the unsatisfied performance obligations	**190,922,483**	177,604,681

25. DEPOSITS FOR LAND ACQUISITIONS

Deposits for land acquisitions arise from the acquisitions of lands in various regions in the PRC. These deposits would either be converted into right-of-use assets, or properties under development when the rights to use have been obtained. The carrying amounts of the Group's deposits for land acquisitions are denominated in RMB.

26. CASH AT BANKS AND ON HAND

	2023	2022
	RMB'000	RMB'000
Cash at banks and on hand	**51,119,518**	47,367,877
Restricted bank deposits	**3,041,801**	2,912,185
	54,161,319	50,280,062

Bank balances of RMB53,467,918,000 (2022: RMB49,705,018,000) are denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Restricted bank deposits represented guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated accounts. In accordance with relevant government requirements, certain property development companies of the Group are required to place certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

27. TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables (note a)	**26,851,284**	18,570,229
Other payables		
Receipts in advances and other payables	**310,298**	395,452
Interest payable	**28,376**	53,142
Salaries payable	**1,059,912**	1,206,430
Value-added-tax payable	**798,083**	1,465,422
Deposits received	**936,436**	807,915
Accrued expenses (note c)	**1,982,387**	1,402,434
Collection and payment on behalf of others	**928,401**	1,088,968
Payables in relation to restricted share incentive schemes	**1,269,300**	919,994
	7,313,193	7,339,757
	34,164,477	25,909,986

Notes:

(a) The credit terms of trade payables vary according to the terms agreed with different suppliers. Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates, as of the reporting date:

	2023 RMB'000	2022 RMB'000
0–30 days	**10,674,788**	8,543,242
31–60 days	**2,824,192**	1,203,005
61–90 days	**1,952,943**	1,198,273
Over 90 days	**11,399,361**	7,625,709
	26,851,284	18,570,229

(b) The carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

(c) Accrued expenses mainly included accrued selling expenses and marketing expenses.

28. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/NON-CONTROLLING INTERESTS/ LOANS FROM INTERMEDIATE HOLDING COMPANY

	2023	2022
	RMB'000	RMB'000
Amounts due from non-controlling interests	**41,870,182**	35,488,528
Less: Loss allowance	**(41,825)**	(35,488)
	41,828,357	35,453,040

	2023	2022
	RMB'000	RMB'000
Amounts due to related companies:		
— Intermediate holding company	**3,104,493**	1,927,136
— Associates	**10,617,524**	6,981,463
— Joint ventures	**5,196,749**	2,217,771
	18,918,766	11,126,370
Amounts due to non-controlling interests	**6,181,704**	4,413,995

As at 31 December 2023 and 2022, the amounts due from/(to) non-controlling interests/associates/joint ventures/intermediate holding company are unsecured, interest-free and repayable on demand, except for amounts due to non-controlling interests of RMB1,364,963,000 (2022: RMB1,238,592,000) bear interest ranging from 3.55% to 10% (2022: 4.35% to 10%) per annum and amounts due to associates of RMB3,486,160,000 (2022: RMB1,470,857,000) bear interest ranging from 3.43% to 4.75% (2022: 3.43% to 4.75%) per annum.

As at 31 December 2023, the loans from intermediate holding company are unsecured, interest-bearing at effective interest rate of 4.53% (2022: 4.81%) per annum and would not be repayable within one year.

The carrying amounts of the balances approximate their fair values.

28. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/NON-CONTROLLING INTERESTS/ LOANS FROM INTERMEDIATE HOLDING COMPANY (CONTINUED)

Movements of the Group's loss allowance on amounts due from non-controlling interests are as follows:

	2023 **RMB'000**	2022 RMB'000
Balance at 1 January	**35,488**	26,489
ECL allowances recognised during the year	**6,337**	8,999
Balance at 31 December	**41,825**	35,488

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method on amounts due from non-controlling interests to provide for ECL prescribed by HKFRS 9. As at 31 December 2023, the Group has made provision of impairment for amounts due from non-controlling interests of approximately RMB41,825,000 (2022: RMB35,488,000).

29. INTEREST-BEARING BORROWINGS

	2023 **RMB'000**	2022 RMB'000
Bank loans		
— Secured	**9,154,128**	15,111,662
— Unsecured	**22,922,160**	26,546,369
	32,076,288	41,658,031

29. INTEREST-BEARING BORROWINGS (CONTINUED)

At 31 December 2023, the Group's bank loans were repayable as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount repayable		
Within one year or on demand	**5,922,005**	5,890,230
In the second year	**11,511,027**	14,217,673
In the third to fifth years	**14,325,275**	20,817,209
After the fifth years	**317,981**	732,919
	32,076,288	41,658,031
Less: Amounts shown under current liabilities	**(5,922,005)**	(5,890,230)
	26,154,283	35,767,801

As at 31 December 2023 and 2022, the Group's bank loans are secured by the legal charges over the Group's property, plant and equipment with carrying values of approximately RMBNil (2022: RMB3,942,000) (note 14), properties under development with carrying value of approximately RMB43,975,355,000 (2022: RMB44,890,942,000) (note 22) and investment properties with fair value of approximately RMB630,000,000 (2022: RMB652,656,000) (note 16).

As at 31 December 2023 and 2022, unsecured borrowings of RMB19,777,755,000 (2022: RMB12,956,872,000) were guaranteed by C&D Real Estate, and RMB3,092,325,000 (2022: RMB13,430,437,000) were guaranteed by both C&D Real Estate and certain non-controlling interests. As at 31 December 2022, RMB44,664,000 were guaranteed by the subsidiaries of the Company.

As at 31 December 2023 and 2022, the bank loans bear an effective interest rate from 1.30% to 4.59% (2022: from 1.95% to 6.50%) per annum, except for bank loans of RMB51,800,000 (2022: RMB136,396,000) which bear fixed interest rates of 6.50% (2022: 2.60% to 6.50%) per annum.

As at 31 December 2022, the bank loans of approximately RMB44,664,000 were denominated in HK$.

30. DEFERRED TAXATION

The net movement of deferred tax (assets)/liabilities are as follows:

	2023 **RMB'000**	2022 RMB'000
At the beginning of the year	**(4,955,041)**	(3,576,601)
Recognised in profit or loss	**(742,038)**	(1,387,345)
Acquisition of subsidiaries	**–**	(53,723)
Disposal of subsidiaries	**–**	62,628
At the end of the year	**(5,697,079)**	(4,955,041)

Deferred tax liabilities

	Revaluation of investment properties RMB'000	**Withholding tax RMB'000**	**Others temporary differences RMB'000**	**Total RMB'000**
At 1 January 2022 (Restated)	141,815	27,472	658,443	827,730
(Credited)/Charged to profit or loss	(8,473)	–	113,075	104,602
Acquisition of subsidiaries	–	–	8,133	8,133
Disposal of subsidiaries	–	–	(20,196)	(20,196)
At 31 December 2022 and 1 January 2023	**133,342**	**27,472**	**759,455**	**920,269**
(Credited)/Charged to profit or loss	**(12,944)**	**–**	**451,008**	**438,064**
At 31 December 2023	**120,398**	**27,472**	**1,210,463**	**1,358,333**

30. DEFERRED TAXATION (CONTINUED)

Deferred tax assets

	Impairment of assets RMB'000	Recognition of expenses RMB'000	LAT RMB'000	Prepaid income taxes RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2022 (Restated)	(87,806)	(203,253)	(80,059)	(3,841,622)	(191,591)	(4,404,331)
Acquisition of subsidiaries	(2,027)	(129)	–	(59,700)	–	(61,856)
(Credited)/Charged to profit or loss	(388,752)	95,824	(62,346)	(835,623)	(301,050)	(1,491,947)
Disposal of subsidiaries	–	–	–	82,824	–	82,824
At 31 December 2022 and 1 January 2023	**(478,585)**	**(107,558)**	**(142,405)**	**(4,654,121)**	**(492,641)**	**(5,875,310)**
Charged/(Credited) to profit or loss	**331,466**	**2,833**	**13,615**	**(975,637)**	**(552,379)**	**(1,180,102)**
At 31 December 2023	**(147,119)**	**(104,725)**	**(128,790)**	**(5,629,758)**	**(1,045,020)**	**(7,055,412)**

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023 RMB'000	2022 RMB'000
Deferred tax assets	**(7,055,412)**	(5,875,310)
Deferred tax liabilities	**1,358,333**	920,269
	(5,697,079)	(4,955,041)

As at 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on certain unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, the Company controls the dividend policy of these subsidiaries and it is not probable that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised was approximately RMB2,476,785,000 as at 31 December 2023 (2022: RMB1,895,211,000).

31. LEASE LIABILITIES

The remaining contractual maturities of the Group's lease liabilities as at 31 December 2023 are as follows:

	2023 **RMB'000**	2022 RMB'000
Total minimum lease payments:		
Within 1 year	**85,811**	61,889
After 1 year but within 2 years	**58,053**	50,001
After 2 year but within 5 years	**46,621**	76,842
After 5 years	**49,181**	31,760
	239,666	220,492
Future finance charges on lease liabilities	**(23,107)**	(20,186)
Present value of lease liabilities	**216,559**	200,306

	2023 **RMB'000**	2022 RMB'000
Present value of minimum lease payments:		
Within 1 year	**80,388**	59,133
After 1 year but within 2 years	**55,237**	43,410
After 2 year but within 5 years	**43,194**	71,926
After 5 years	**37,740**	25,837
	216,559	200,306
Less: Portion due within one year included under current liabilities	**(80,388)**	(59,133)
Portion due after one year included under non-current liabilities	**136,171**	141,173

During the year ended 31 December 2023, the total cash outflows for the leases are RMB130,291,000 (2022: RMB119,505,000).

32. SHARE CAPITAL

	2023 Number of shares	2023 Amount RMB'000	2022 Number of shares	2022 Amount RMB'000
Authorised:				
Ordinary shares of HK$0.1 each				
At 31 December	**3,000,000,000**	**254,870**	3,000,000,000	254,870
Issued and fully paid:				
At 1 January	**1,738,020,891**	**148,689**	1,377,820,204	117,215
Issuance of new shares by the way of placing (note (a))	**–**	**–**	75,000,000	6,665
Issuance of shares in respect of restricted share incentive schemes (note (b))	**49,870,000**	**4,531**	100,000,000	8,957
Issuance of shares in respect of scrip dividend (note (c))	**107,793,235**	**9,928**	105,200,687	9,047
Issuance of shares in respect of the acquisition of C&D Property Management Group Co., Ltd. (note (d))	**–**	**–**	80,000,000	6,805
At 31 December	**1,895,684,126**	**163,148**	1,738,020,891	148,689

Notes:

(a) On 21 July 2022 and 6 December 2022, the Company completed the placing of 30,000,000 ordinary shares and 45,000,000 ordinary shares at a placing price of HK$17.00 per share and HK$17.98 per share respectively under general mandates with total gross proceed of HK$1,319,100,000 (equivalent to RMB1,160,221,000), giving rise to an increase in share premium of approximately RMB1,153,556,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB101,000 was treated as a deduction against the share premium account.

(b) On 28 December 2023, the Company issued 49,870,000 restricted shares at a price of HK$8.8 per share and recorded an amount of approximately HK$438,856,000 (equivalent to RMB398,750,000) received from participants, which was included in other payables as payables in relation to restricted share incentive schemes.

On 29 December 2022, the Company issued 100,000,000 restricted shares at a price of HK$7.01 per share and recorded an amount of approximately HK$701,000,000 (equivalent to RMB627,907,000) received from participants, which was included in other payables as payables in relation to restricted share incentive schemes.

(c) On 30 March 2023, the Board declared the final dividend of HK$1.3 per share (equivalent to approximately RMB1.18 per share) for the year ended 31 December 2022. The shareholders were provided with an option to receive the final dividend in form of scrip dividend. On 7 July 2023, 107,793,235 shares were issued at an issue price of HK$17.12 per share to shareholders who elected to receive share in lieu of cash dividends pursuant to a scrip dividend scheme, totalling HK$1,845,420,000 (equivalent to RMB1,699,540,000).

(d) On 23 May 2022, 80,000,000 new shares were allotted and issued at a consideration of HK$14.45 per share for the acquisition of C&D Property Management Group Co., Ltd. A par value of HK$8,000,000 (equivalent to approximately RMB6,805,000) was credited to share capital and the premium of HK$1,148,000,000 (equivalent to approximately RMB976,244,000) was credited to share premium account.

33. RESERVES

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

Share premium

The share premium account of the Group represents the premium arising from the issuance of shares of the Company at premium.

Statutory reserve

According to the relevant PRC laws, the subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer of this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in this account are set out in the consolidated statement of changes in equity.

Revaluation reserve

Revaluation reserve arose from transfer of owner-occupied properties to investment properties in prior years.

Capital reserve

Capital reserve mainly arise from (i) the difference between issued share capital of the Company and the aggregate nominal value of the respective share capital/paid-in capital of the companies acquired by the Group; (ii) acquisition of additional interest in a subsidiary which represents the difference between the fair value of the considerations given and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired from non-controlling interests; (iii) the excess of investment cost over the share capital and share premium of the common control entities and (iv) the fair value of restricted shares granted to employees and is dealt with in accordance with the accounting policy set out in note 2.21.

Shares held for restricted share incentive scheme

Shares held for restricted incentive scheme are determined using the grant price of restricted shares that have been issued, which are held by the Group's trustee.

33. RESERVES (CONTINUED)

Perpetual loans

On 1 December 2020 and 16 June 2021, the Group and C&D Real Estate entered into renewable term loan agreements (the "Renewable Term Loan Agreements"). Pursuant to the terms of the Renewable Term Loan Agreements, C&D Real Estate agreed to grant the loan facilities to the Group with a total principal amount of RMB14,500,000,000 (the "Loans").

The initial term of the Loans is 10 years. On the date falling 10 years after the date of the Renewable Term Loan Agreements, the Group shall have the option to extend the maturity of the Loan for every additional cycle (i.e., five years) or elect to repay in full. The Group is not limited by the number of times it may exercise its option to renew the term. The initial annual interest rate for the first year of the Loan is the above-five-year Loan Prime Rate (the "LPR") published by the People's Bank of China (the "PBC"), which will be adjusted at the end of every six months since the date of the Renewable Term Loan Agreements in accordance with the latest LPR published by the PBC in the previous month. Every time when the Group elects to exercise the option to extend the maturity of the Loans, the annual interest rate shall be increased by 3% until it reaches 10%. Since the date falling three years after the date of the Renewable Term Loan Agreements, the Group has the right to early redeem the Loans with a principal amount plus all accrued interest.

The Loans do not have specific maturities in which the Group has the right to defer the outstanding principal and interest or to redeem the Loans. The Group does not have the contractual obligation to deliver cash or other financial assets to other parties.

During the year ended 31 December 2023, amount of approximately RMB2,500,000,000 has been repaid.

Distribution to the subscriber of the Loans amounting to RMB695,581,000 (2022: RMB713,891,000) was treated as a deduction against the retained earnings during the year ended 31 December 2023.

34. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTION

(a) Restricted Share Incentive Schemes of the Company

Pursuant to the Company's restricted share incentive schemes in 2021 ("Restricted Share Incentive Scheme 2021"), 2022 ("Restricted Share Incentive Scheme 2022") and 2023 ("Restricted Share Incentive Scheme 2023"), 35,300,000, 100,000,000 and 49,870,000 restricted shares were granted to the selected participants on 29 June 2021, 2 November 2022 and 7 November 2023 respectively. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors of the Company, certain member of senior management and employees of the Group who under the terms of the restricted Share incentive schemes subscribed for the restricted shares at HK$7.22 per share for Restricted Share Incentive Scheme 2021, HK$7.01 per share for Restricted Share Incentive Scheme 2022 and HK$8.80 per share for Restricted Share Incentive Scheme 2023 respectively. Under the terms of the restricted share incentive schemes, release of the restricted shares are conditional on the performance target of the Company and individual assessments of the recipients on each of the lock-up period. If the vesting conditions are fulfilled, the restricted shares shall be vested by 40%, 30% and 30% on each of the vesting period, respectively. For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the restricted share incentive schemes are to be forfeited.

34. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTION (CONTINUED)

(a) Restricted Share Incentive Schemes of the Company *(Continued)*

Movements of the restricted shares granted under the restricted share incentive schemes are set out below:

	Number of restricted shares
As at 1 January 2022	35,300,000
Granted during the year	100,000,000
Forfeited during the year	(490,000)
As at 31 December 2022 and 1 January 2023	134,810,000
Granted during the year	49,870,000
Forfeited during the year	(2,380,000)
Vested during the year	(13,704,000)
At 31 December 2023	168,596,000

The fair value of each restricted share was assessed based on the difference between the market price of the Company's share and the grant price of each restricted share at the respective grant dates. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the restricted shares. The weighted average fair value of restricted shares granted during the year ended 31 December 2023 was HK$8.70 per share (equivalent to approximately RMB7.83 per share) (2022: HK$6.71 per share (equivalent to approximately RMB6.17 per share)).

As a result of the issuance of restricted shares, the Company's share capital (note 32) and share premium increased by RMB4,531,000 (2022: RMB8,957,000) and RMB394,219,000 (2022: RMB618,950,000), respectively during the year ended 31 December 2023. Accordingly, the Company's shares held under restricted share incentive schemes increased by RMB398,750,000 (2022: RMB627,907,000).

During the year ended 31 December 2023, the Group's trustee transferred 13,704,000 ordinary shares of the Company (2022: Nil) to the share awardees upon vesting of the awarded shares.

The Group recognised the expense of RMB280,415,000 (2023: RMB113,367,000) for the year ended 31 December 2023 in relation to the restricted share incentive schemes.

34. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTION (CONTINUED)

(b) Equity-settled share-based payment of subsidiaries of the Group

C&D Property

C&D Property, a non-wholly owned subsidiary of the Company, operates restricted share incentive schemes. Pursuant to the restricted share incentive scheme in 2021 (the "C&D Property Restricted Share Incentive Scheme 2021") and 2023 (the "C&D Property Restricted Share Incentive Scheme 2023"), 28,250,000 and 7,050,000, and 37,230,000 restricted shares were granted to the selected participants in 2021 and 2022, and 2023 respectively. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors of C&D Property, certain members of senior management and employees of C&D Property who subscribed for the restricted shares at HK$2.41 per share under the terms of the C&D Property Restricted Share Incentive Scheme 2021 and HK$1.87 per share under the terms of the C&D Property Restricted Share Incentive Scheme 2023. Under the terms of the C&D Property's restricted share schemes, if the vesting conditions: (a) performance target of C&D Property and (b) individual performance evaluation requirement on selected participants are fulfilled, the restricted shares shall be vested by 40%, 30% and 30% on each of the vesting period, respectively. For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the restricted share incentive scheme are to be forfeited.

	Number of restricted shares
As at 1 January 2022	28,250,000
Granted during the year	7,050,000
Forfeited during the year	(1,150,000)
As at 31 December 2022 and 1 January 2023	34,150,000
Granted during the year	37,230,000
Forfeited during the year	(300,000)
Vested during the year	(10,760,000)
As at 31 December 2023	60,320,000

The fair value of each restricted share was assessed based on the difference between the market price of the C&D Property's share and the grant price of each restricted share at the respective grant dates. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the restricted shares. The weighted average fair value of restricted shares granted during the year ended 31 December 2023 was approximately HK$1.86 per share (equivalent to RMB1.67 per share) (2022: HK$2.13 per share (equivalent to RMB1.83 per share)).

During the year ended 31 December 2023, the C&D Property's trustee transferred 10,760,000 ordinary shares of C&D Property (2022: Nil) to the share awardees upon vesting of the awarded shares.

C&D Property recognised the expense of RMB12,550,000 (2022: RMB15,039,000) for the year ended 31 December 2023 in relation to the restricted share incentive schemes.

C&D Holsin

As at 19 November 2020, C&D Holsin, a subsidiary of the Group, granted its 13.60% equity interests in Dalian Municipal Design and Research Institute Co., Ltd.* (大連市市政設計研究院有限責任公司) to eligible participant. The sub-group of C&D Holsin recognised the expense of RMB4,624,000 (2022: RMB4,624,000) for the year ended 31 December 2023.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 RMB'000	2022 RMB'000
ASSETS AND LIABILITIES		
Non-current assets		
Interests in subsidiaries	**2,556,274**	2,216,881
Current assets		
Prepayments and other receivables	**398,755**	625,243
Amounts due from subsidiaries	**4,937,587**	4,889,032
Cash at banks and on hand	**655,031**	214,539
	5,991,373	5,728,814
Total assets	**8,547,647**	7,945,695
Current liabilities		
Accruals and other payables	**1,158,390**	853,386
Interest-bearing borrowings	**–**	44,664
	1,158,390	898,050
Net current assets	**4,832,983**	4,830,764
Total assets less current liabilities	**7,389,257**	7,047,645
Non-current liabilities		
Loans from intermediate holding company	**1,890,299**	1,588,860
Total liabilities	**3,048,689**	2,486,910
Net assets	**5,498,958**	5,458,785
EQUITY		
Share capital	**163,148**	148,689
Other reserves (note)	**5,335,810**	5,310,096
Total equity	**5,498,958**	5,458,785

Approved and authorised for issue by the board of directors on 21 March 2024.

ZHAO Chengmin
Director

LIN Weiguo
Director

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

The movements of the Company's other reserves are as follows:

	Share premium RMB'000	Shares held under restricted share incentive scheme RMB'000	Capital reserve (note (a)) RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2022	3,279,017	(212,008)	526,030	(97,362)	16,023	3,511,700
Loss and total comprehensive expense for the year	–	–	–	–	(341,470)	(341,470)
Issuance of shares in respect of the acquisition of C&D Property	976,244	–	–	–	–	976,244
Restricted share incentive scheme						
— Issuance of shares	618,950	(627,907)	–	–	–	(8,957)
— Employee share-based payments	–	–	113,367	–	–	113,367
— Forfeited	–	3,118	–	–	–	3,118
Currency translation differences	–	–	–	57,246	–	57,246
Issuance of new shares by the way of placing	1,153,455	–	–	–	–	1,153,455
Issuance of shares in respect of scrip dividend	1,349,741	–	–	–	–	1,349,741
2022 final dividend approved and paid	(1,504,348)	–	–	–	–	(1,504,348)
At 31 December 2022 and 1 January 2023	**5,873,059**	**(836,797)**	**639,397**	**(40,116)**	**(325,447)**	**5,310,096**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(48,542)**	**(48,542)**
Restricted share incentive scheme (note 34)						
— Issuance of shares	**394,219**	**(398,750)**	**–**	**–**	**–**	**(4,531)**
— Employee share-based payments	**–**	**–**	**309,627**	**–**	**–**	**309,627**
— Forfeited	**–**	**14,720**	**–**	**–**	**–**	**14,720**
— Vested	**–**	**82,305**	**–**	**–**	**–**	**82,305**
Currency translation differences	**–**	**–**	**–**	**63,342**	**–**	**63,342**
Issuance of shares in respect of scrip dividend	**1,689,612**	**–**	**–**	**–**	**–**	**1,689,612**
2023 final dividend approved and paid (note 10)	**(2,080,819)**	**–**	**–**	**–**	**–**	**(2,080,819)**
At 31 December 2023	**5,876,071**	**(1,138,522)**	**949,024**	**23,226**	**(373,989)**	**5,335,810**

Note:

(a) The capital reserve of the Company mainly represented the difference between the net asset value of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the initial listing and the fair value of restricted shares granted to employees.

36. LEASE COMMITMENTS

As lessor

At the reporting date, the future aggregate minimum lease receipts under non-cancellable operating leases in respect of the Group's investment properties are receivables as follows:

	2023 **RMB'000**	2022 RMB'000
Within 1 year	**118,306**	61,262
After 1 year but within 2 years	**99,284**	54,262
After 2 year but within 3 years	**78,779**	45,894
After 3 year but within 4 years	**58,592**	39,686
After 4 year but within 5 years	**34,707**	36,099
After 5 years	**58,116**	76,070
	447,784	313,273

The Group leases its investment properties (note 16) under operating lease arrangements which run for an initial period of one to eight years (2022: one to nine years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. Certain leases are negotiated with reference to the level of business. The terms of the leases generally also require the tenants to pay security deposits.

37. CAPITAL COMMITMENTS

At the reporting date, the Group had the following capital commitments:

	2023 **RMB'000**	2022 RMB'000
Contracted but not provided for		
— proposed development projects	**35,339**	1,371,034
— leasehold improvements	**32,569**	22,058
— properties under development	**66,160,976**	43,171,103
— others	**3,018,854**	677,967

38. FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group is analysed as below:

	2023 **RMB'000**	2022 RMB'000
Guarantees given to banks and financial institutions for mortgage facilities granted to purchasers of the Group's properties	**77,444,071**	75,072,624

The amount represented the guarantees in respect of mortgage facilities granted by certain banks and financial institutions relating to the mortgage loans arranged for certain purchasers of the Group's property units. Such guarantees are provided to secure obligations of those purchasers for repayments, the guarantees period would be started from the date of grant of the mortgage and terminated upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage loan payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and financial institutions and the Group is entitled to take over the legal title and possession of the related properties. In case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the consolidated financial statements. The directors of the Company considered that the fair value of financial guarantee is insignificant due to low applicable default rate.

39. ACQUISITIONS OF SUBSIDIARIES

39.1 Acquisitions of assets

(a) *Acquisitions of assets from C&D Real Estate and its subsidiaries*

During the years ended 31 December 2023 and 2022, the Group acquired entities which held property development projects from C&D Real Estate and its subsidiaries. The acquired subsidiaries did not operate any business or have substantial operation prior to the acquisition and major assets are inventories of properties. Therefore, the Group considered this would be acquisitions of assets in substance and the difference between the purchase consideration paid, and the net assets acquired would be recognised as adjustments to the carrying value of inventories of properties. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets. The considerations of the transactions were determined by reference to the fair value of the assets acquired.

Acquisitions during the year ended 31 December 2023

Details of acquired subsidiaries during the year ended 31 December 2023 are summarised as follows:

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest after acquisition	Cash consideration RMB'000
March 2023	Fujian Zhaorun Real Estate Co., Ltd.* (福建兆潤房地產有限公司)	100%	10,063
November 2023	Xiamen Jianyaoyue Real Estate Development Co., Ltd.* (廈門建垚悦房地產開發有限公司) and its subsidiary	100%	–

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39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

39.1 Acquisitions of assets *(Continued)*

(a) *Acquisitions of assets from C&D Real Estate and its subsidiaries (Continued)*
Acquisitions during the year ended 31 December 2023 *(Continued)*

Details of the aggregate fair values of the identifiable assets and liabilities of these subsidiaries as at the date of respective acquisitions are as follows:

	Aggregate recognised assets and liabilities on acquisitions RMB'000
Property, plant and equipment	64
Inventories of properties	746,812
Cash at banks and on hand	255,996
Trade and other receivables	107
Trade and other payables	(12,894)
Amounts due to related companies	(530,022)
Interest-bearing borrowings	(450,000)
Total identifiable net assets	10,063
Net assets acquired	10,063
Total purchase consideration — settled in cash during the year	10,063
Purchase consideration settled in cash	(10,063)
Cash at banks and on hand in subsidiaries acquired	255,996
Cash inflows on acquisition of subsidiaries	245,933

Acquisitions during the year ended 31 December 2022

Date of acquisition	**Name of subsidiaries acquired**	**Percentage of equity interest after acquisition**	**Cash consideration RMB'000**
August 2022	C&D Real Estate Group Nanjing Company Limited* (建發房地產集團南京有限公司) and its subsidiaries	100%	20,487
December 2022	Changsha Zhaoxiang Real Estate Company Limited* (長沙兆祥房地產有限公司)	90%	–

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39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

39.1 Acquisitions of assets *(Continued)*

(a) *Acquisitions of assets from C&D Real Estate and its subsidiaries (Continued)*

Acquisitions during the year ended 31 December 2022 *(Continued)*

Details of the aggregate fair values of the identifiable assets and liabilities of these subsidiaries as at the date of respective acquisitions are as follows:

	Aggregate recognised assets and liabilities on acquisitions RMB'000
Property, plant and equipment	1,809
Right-of-use assets	509
Deferred tax assets	59,716
Inventories of properties	4,842,756
Cash at banks and on hand	785,267
Other receivables	196,035
Amount due from related parties	13,147
Trade and other payables	(1,425,974)
Contract liabilities	(1,804,587)
Amounts due to related parties	(872,529)
Income tax liabilities	(21,347)
Lease liabilities	(523)
Borrowings	(1,787,000)
Deferred tax liabilities	(6,542)
Total identifiable net liabilities	(19,263)
Less: non-controlling interests	(39,750)
Net assets acquired	20,487
Total purchase consideration:	
— settled in cash during the year	20,487
Purchase consideration settled in cash	(20,487)
Cash at banks and on hand in subsidiaries acquired	785,267
Cash inflow on acquisition of subsidiaries	764,780

39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

39.1 Acquisitions of assets *(Continued)*

(b) *Acquisitions of assets from independent third parties*

Acquisitions during the year ended 31 December 2023

During the year ended 31 December 2023 and 2022, the Group acquired controlling interests in certain companies engaged in property development in the PRC from independent third parties. The acquired subsidiaries did not operate any business or have substantial operation prior to the acquisition and major assets are inventories of properties. Therefore, the Group considered this would be acquisition of assets in substance and the difference between the purchase considerations paid, and the net assets acquired would be recognised as adjustments to the carrying value of inventories of properties. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets. The considerations of the transactions were determined by reference to the fair value of the assets acquired.

Details of acquired subsidiaries are summarised as follows:

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest after acquisition	Cash consideration RMB'000
March 2023	Quanzhou Zhaopeng Real Estate Co., Ltd.* (泉州兆鵬置業有限公司)	51%	–
March 2023	Xiamen Hongfa Zhiyue Real Estate Development Co., Ltd.* (廈門弘發智悦房地產開發有限公司) and its subsidiary	70%	–
April 2023	Hangzhou Binyu Enterprise Management Co., Ltd.* (杭州繽妤企業管理有限公司) and its subsidiary	42.5%	–
April 2023	Hangzhou Tuoqi Real Estate Co., Ltd.* (杭州拓啟置業有限公司) and its subsidiary	100%	701
April 2023	Hangzhou Tuoli Real Estate Co., Ltd.* (杭州拓立置業有限公司) and its subsidiary	100%	309
May 2023	Taizhou Fangyuan Zhiyue Enterprise Management Co., Ltd.* (台州方遠智越企業管理有限公司) and its subsidiary	49%	–
May 2023	Hangzhou Zhaorui Real Estate Co., Ltd.* (杭州兆睿房地產有限公司)	70%	–

39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

39.1 Acquisitions of assets *(Continued)*

(b) *Acquisitions of assets from independent third parties (Continued)*

Acquisitions during the year ended 31 December 2023 *(Continued)*

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest after acquisition	Cash consideration RMB'000
May 2023	Ningbo Zhaocheng Real Estate Co., Ltd.* (寧波兆誠房地產有限公司)	70%	–
June 2023	Suzhou Zhaojin Real Estate Development Co., Ltd.* (蘇州兆錦房地產開發有限公司)	90%	–
June 2023	Chongqing Zhaoheng Real Estate Development Co., Ltd.* (重慶兆衡房地產開發有限公司)	70%	–
September 2023	Beijing Zhaoxiang Real Estate Development Co., Ltd.* (北京兆祥房地產開發有限公司)	70%	–
September 2023	Taicang Jiansheng Real Estate Development Co., Ltd.* (太倉建盛房地產開發有限公司)	70%	–
October 2023	Jiangxi Zhaoxu Real Estate Development Co., Ltd.* (江西兆旭房地產開發有限公司)	100%	–
November 2023	Chengdu Zhaohong Real Estate Development Co., Ltd.* (成都兆弘房地產開發有限公司)	80%	–

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39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

39.1 Acquisitions of assets *(Continued)*

(b) *Acquisitions of assets from independent third parties (Continued)*

Acquisitions during the year ended 31 December 2023 *(Continued)*

The following table summaries the considerations paid for acquisition of these subsidiaries, the aggregate fair value of assets acquired and liabilities assumed at the acquisition dates.

	Aggregate recognised assets and liabilities on acquisition RMB'000
Inventories of properties	11,494,529
Cash at banks and on hand	249,691
Trade and other receivables	123,452
Deposits for land acquisitions	7,189,215
Prepaid taxes	6,093
Trade and other payables	(5,960,866)
Amounts due to related companies	(13,104,389)
Total identifiable net liabilities	(2,275)
Less: non-controlling interests	(3,285)
Net assets acquired	1,010
Total purchase considerations:	
— settled in cash during the year	1,010
Purchase considerations settled in cash	(1,010)
Cash at banks and on hand in subsidiaries acquired	249,691
Cash inflow on acquisition of subsidiaries	248,681

39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

39.1 Acquisitions of assets *(Continued)*

(b) *Acquisitions of assets from independent third parties (Continued)*

Acquisitions during the year ended 31 December 2022

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest after acquisition	Cash consideration RMB'000
January 2022	Dongshan Economic and Technological Development Zone Real Estate Development Company Limited* (東山經濟技術開發區開投房地產有限公司)	75.00%	–
January 2022	Changzhou Rongyu Real Estate Company Limited* (常州融譽置業有限公司)	75.51%	15,102
August 2022	Jiangxi Hengrongchen Real Estate Development Company Limited* (江西恒融晨房地產開發有限公司)	80.00%	–
September 2022	Jiangxi Zhaoxi Real Estate Development Company Limited* (江西兆璽房地產開發有限公司)	70.00%	–

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39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

39.1 Acquisitions of assets *(Continued)*

(b) *Acquisitions of assets from independent third parties (Continued)*

Acquisitions during the year ended 31 December 2022 *(Continued)*

The following table summaries the considerations paid for acquisition of these subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition dates.

	Recognised assets and liabilities on acquisition RMB'000
Property, plant and equipment	8
Inventories of properties	327,016
Cash at banks and on hand	6,275
Amounts due to related companies	(338,639)
Total identifiable net liabilities	(5,340)
Less: non-controlling interests	(20,442)
Net assets acquired	15,102
Total purchase considerations:	
— settled in cash during the year	(15,102)
Purchase considerations settled in cash	(15,102)
Cash at banks and on hand in subsidiaries acquired	6,275
Cash outflow on acquisition of subsidiaries	(8,827)

39.2 Acquisitions of business

(a) *Acquisition of Lijun (Xiamen) Architectural Design Co., Ltd*

In July 2022, the Group completed acquisitions of 100% equity interests of Lijun Architectural Design Co., Ltd* (里雋(廈門)建築設計有限公司) ("Lijun (Xiamen)") from independent third parties, at a total cash consideration of approximately RMB17,500,000. The principal activity of Lijun (Xiamen) is design of construction and engineering.

Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition is not expected to be deductible for tax purpose. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

39.2 Acquisitions of business *(Continued)*

(a) *Acquisition of Lijun (Xiamen) Architectural Design Co., Ltd (Continued)*

Details of the aggregate fair values of the identifiable assets and liabilities of Lijun (Xiamen) in Group as at the date of acquisition are as follows:

	Total recognised assets and liabilities on acquisitions RMB'000
Property, plant and equipment	17
Deferred tax assets	116
Trade and other receivables	3,520
Cash at banks and on hand	2,923
Trade and other payables	(143)
Contract liabilities	(1,358)
Income tax liabilities	(58)
Identified net assets acquired	5,017
Goodwill	12,483
Total purchase consideration:	
— settled in cash during the year	17,500
Purchase consideration settled in cash	(17,500)
Cash at banks and on hand in the subsidiary acquired	2,923
Cash outflow on acquisition of the subsidiary	(14,577)

If the acquisition had occurred on 1 January 2022, the consolidated revenue and consolidated profit of the Group for the year ended 31 December 2022 would be RMB99,639,983,000 and RMB5,562,264,000, respectively. The pro forma financial information is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition had been occurred on 1 January 2022 and could not serve as a basis for the forecast of future operation results.

39. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

39.2 Acquisitions of business *(Continued)*

(b) Acquisition of Xiamen Haoyi Property Management Co., Ltd.

In February 2022, the Group has entered into share transferred agreement to acquire an 100% equity interest of Xiamen Haoyi Property Management Co., Ltd* ("Xiamen Haoyi") (廈門豪億物業管理有限公司), a company whose principally activity is provision of property management services for residential properties in the PRC. The consideration for the acquisition was approximately RMB39,140,000 and the acquisition was completed in March 2022. The acquisition was made with the aims to enhance the business scale of the Group and expand market scope of the property management services of the Group.

Details of the aggregate fair values of the identifiable assets and liabilities of Xiamen Haoyi as at the date of acquisition are as follows:

	Total recognised assets and liabilities on acquisition RMB'000
Property, plant and equipment	167
Deferred tax assets	2,024
Intangible assets	6,364
Inventory	8
Trade and other receivables	7,130
Cash at banks and on hand	13,636
Trade and other payables	(11,374)
Contract liabilities	(2,311)
Income tax liabilities	(3,842)
Deferred tax liabilities	(1,591)
Identifiable net assets acquired	10,211
Goodwill	28,929
Total purchase consideration:	
— settled in cash during the year	39,140
Purchase consideration settled in cash	(39,140)
Cash at banks and on hand in the subsidiary acquired	13,636
Cash outflow on acquisition of the subsidiary	(25,504)

If the acquisition had occurred on 1 January 2022, the consolidated revenue and consolidated profit of the Group for the year ended 31 December 2022 would be RMB99,646,413,000 and RMB5,564,015,000, respectively. The pro forma financial information is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition had been occurred on 1 January 2022 and could not serve as a basis for the forecast of future operation results.

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40. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2022, the Group has disposed certain subsidiaries which held property development projects to independent third parties at a total consideration of RMB600,000 with a net loss on disposal of RMB97,000. The carrying amount of total net assets disposed of, decrease in non-controlling interests, and net cash outflow arising on disposal at the disposal date were RMB20,695,000, RMB19,998,000 and RMB610,350,000, respectively. Subsequent to the disposals, these entities are no longer subsidiaries of the Group.

41. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into following transactions with related parties:

Nature of transactions:	**2023** **RMB'000**	2022 RMB'000
Intermediate holding company:		
Interest expenses on loans from intermediate holding company (note (a))	**1,085,289**	1,171,972
Raw material procured from intermediate holding company (note (f))	**322,733**	–
Associates		
Interest income on loans to associates (note (b))	**(39,019)**	(141,313)
Interest expense on loans from associates (note (c))	**48,153**	–
Joint ventures		
Interest income on loans to joint ventures (note (d))	**(65,540)**	(53,360)
Fellow subsidiaries:		
Construction management fee received (note (e))	**(45,737)**	(39,065)

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Notes:

(a) During the year ended 31 December 2023, the Group incurred loan interest expenses of RMB1,085,289,000 (2022: RMB1,171,972,000) to C&D Real Estate, the intermediate holding company, pursuant to framework loan agreement with C&D Real Estate whereby C&D Real Estate agreed to grant RMB60,000 million (2022: RMB60,000 million) loan facilities to certain subsidiaries of the Company for their project development at annual interest rate of 4.53% (2022: 4.81%) per annum (note 28).

(b) During the year ended 31 December 2023, the Group earned interest income from the associates by granting loans for their operations which is interest-bearing ranging from 6.5% to 10% (2022: 3.65% to 10%) per annum.

(c) During the year ended 31 December 2023, the Group incurred interest expense to the associates by granting loans for their operations which is interest-bearing ranging from 3.43% to 4.75% (2022: 3.43% to 4.75%) per annum.

41. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

Notes: (Continued)

(d) During the year ended 31 December 2023, the Group earned interest income from the joint ventures by granting loans for their operations which is interest-bearing ranging from 4.2% to 10% (2022: 6% to 10%) per annum.

(e) During the year ended 31 December 2023 and 2022, the Group earned construction management fee income by providing services ranging from design, construction and completion to delivery throughout the project construction process with the a fellow subsidiary.

(f) During the years ended 31 December 2023, the Group procured raw materials from Xiamen C&D Inc., an intermediate holding company, in respect of the Group's operation such as real estate development and construction.

Other than the above, no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the 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.

Key management personnel remuneration

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	2023 **RMB'000**	2022 RMB'000
Basic salaries and allowances	**7,126**	11,830
Retirement benefit scheme contributions	**84**	280
Share-based payments	**8,877**	3,321
	16,087	15,431

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest-bearing borrowings RMB'000	Loans from intermediate holding company RMB'000	Amounts due to related companies RMB'000	Amounts due to non-controlling interests RMB'000	Receipts under securitisation arrangements RMB'000	Lease liabilities RMB'000	Total RMB'000
1 January 2023	**41,658,031**	**47,679,925**	**11,126,370**	**4,413,995**	**–**	**200,306**	**105,078,627**
Cash-flows:							
— Repayment	**(28,618,502)**	**(10,364,514)**	**(6,975,457)**	**(8,925,260)**	**(778,000)**	**–**	**(55,661,733)**
— Additions	**18,587,407**	**10,513,984**	**–**	**10,522,927**	**778,000**	**–**	**40,402,318**
— Capital element of lease payments paid	**–**	**–**	**–**	**–**	**–**	**(81,262)**	**(81,262)**
— Interest element of lease payments paid	**–**	**–**	**–**	**–**	**–**	**(4,560)**	**(4,560)**
Non-cash:							
— Acquisition of subsidiaries (note 39)	**450,000**	**–**	**13,634,411**	**–**	**–**	**–**	**14,084,411**
— Interest payables	**–**	**–**	**1,133,442**	**170,042**	**–**	**4,560**	**1,308,044**
— Exchange difference	**(648)**	**–**	**–**	**–**	**–**	**–**	**(648)**
— Entering into new lease	**–**	**–**	**–**	**–**	**–**	**134,077**	**134,077**
— Termination of lease	**–**	**–**	**–**	**–**	**–**	**(32,175)**	**(32,175)**
— Modification of lease	**–**	**–**	**–**	**–**	**–**	**(4,387)**	**(4,387)**
31 December 2023	**32,076,288**	**47,829,395**	**18,918,766**	**6,181,704**	**–**	**216,559**	**105,222,712**
1 January 2022	41,666,957	37,637,867	7,946,002	6,388,232	1,998,346	205,004	95,842,408
Cash-flows:							
— Repayment	(20,763,792)	(11,631,590)	–	(4,172,492)	(1,998,346)	–	(38,566,220)
— Additions	19,022,965	21,673,648	797,228	2,015,836	–	–	43,509,677
— Capital element of lease payments paid	–	–	–	–	–	(70,773)	(70,773)
— Interest element of lease payments paid	–	–	–	–	–	(8,179)	(8,179)
Non-cash:							
— Acquisition of subsidiaries	1,787,000	–	1,211,168	–	–	523	2,998,691
— Interest payables	–	–	1,171,972	182,419	–	8,179	1,362,570
— Exchange difference	(55,099)	–	–	–	–	–	(55,099)
— Entering into new lease	–	–	–	–	–	88,237	88,237
— Termination of lease	–	–	–	–	–	(22,685)	(22,685)
31 December 2022	41,658,031	47,679,925	11,126,370	4,413,995	–	200,306	105,078,627

43. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

During the year ended 31 December 2023, the Group acquired certain equity interests of certain subsidiaries at a total cash consideration of RMB60,985,000 (2022: RMB915,477,000), resulting in a decrease in non-controlling interests of approximately RMB20,938,000 (2022: RMB838,674,000) and a decrease in the capital reserve of approximately RMB40,047,000 (2022: RMB76,803,000).

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the Board of Directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

44.1 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities. See note 2.10 for explanations about how the category of financial instruments affects their subsequent measurement.

	2023 **RMB'000**	2022 RMB'000
Financial assets		
Financial assets at amortised cost		
— Trade and other receivables	**5,115,623**	5,207,417
— Cash at banks and on hand	**54,161,319**	50,280,062
— Amounts due from non-controlling interests	**41,828,357**	35,453,040
— Loans to associates	**3,255,984**	5,407,620
— Loans to joint ventures	**676,428**	978,737
	105,037,711	97,326,876
Financial assets at FVTPL		
— Subordinated tranche securities	**1,000**	5,000
— Unlisted equity securities	**115,538**	118,604
	116,538	123,604
	105,154,249	97,450,480
Financial liabilities		
Financial liabilities measured at amortised cost		
— Trade and other payables	**33,366,394**	24,444,564
— Amounts due to related companies	**18,918,766**	11,126,370
— Amounts due to non-controlling interests	**6,181,704**	4,413,995
— Loans from intermediate holding company	**47,829,395**	47,679,925
— Interest-bearing borrowings	**32,076,288**	41,658,031
— Lease liabilities	**216,559**	200,306
	138,589,106	129,523,191

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

44.2 Foreign currency risk

Currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. As at 31 December 2023 and 2022, the Group did not have significant foreign currency risk from its operations.

44.3 Interest rate risk

The Group has been exposed to interest rate risk due to the fluctuation of the prevailing market interest rate on borrowings which carry prevailing market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing assets and liabilities are mainly cash at banks and on hand, loans to associates, loans to joint ventures, interest-bearing borrowings, loans from intermediate holding company, amounts due to non-controlling interests, amounts due to associates and lease liabilities. All are at variable rates expose the Group to cash flow interest-rate risk, except for loans to associates, loans to joint ventures, an interest-bearing borrowings, loans from intermediate holding company, amounts due to non-controlling interests, amounts due to associates and lease liabilities of totally RMB53,873,978,000 (2022: RMB53,178,819,000) which is at fixed rates and it exposes the Group to fair value interest-rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

At 31 December 2023, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and retained earnings by approximately RMB89,951,000 (2022: RMB51,240,000). The 50 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

44.4 Other price risk

The Group has been exposed to the price risk of unlisted equity securities in connection with the financial assets measured at FVTPL. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

If the price of equity securities had been 5% increased/decreased, post-tax profit for the year ended 31 December 2023 would have been increased/decreased by approximately RMB4,333,000 (31 December 2022: RMB250,000).

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained earnings) and other components of consolidated equity that would arise assuming that the changes in the relevant risk variables had occurred at each reporting date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at each reporting date. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant risk variables, and that all other variables remain constant.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

44.5 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The Group is also exposed to credit risk arising from the provision of financial guarantees and the amounts of which are disclosed in note 38.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2023 and 2022 is the carrying amount of each financial asset as disclosed in note 44.1.

(i) Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group has no significant concentrations of credit risk with exposure spread over a number of counterparties and customers.

To manage credit risk arising from trade receivables and contract assets, the credit quality of the debtors is assessed taking into account of their financial position, historical settlement records, past experience and other factors. The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for all trade receivables and contract assets. The ECLs also incorporate forward-looking information.

Trade receivables and contract assets are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make contractual payments and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

As at 31 December 2023, the Group has adopted average expected loss rate of 6.4% (2022: 5.0%) on the gross carrying amounts of the trade receivables and contract assets amounted to RMB3,011,733,000 (2022: RMB1,598,046,000). The loss allowance as at 31 December 2023 is RMB193,563,000 (2022: RMB79,406,000).

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

44.5 Credit risk *(Continued)*

(ii) *Other financial assets at amortised cost*

Other financial assets at amortised cost include other receivables, cash at banks and on hand, loans to associates, loans to joint ventures and amounts due from non-controlling interests. In order to minimise the credit risk financial assets at amortised cost, the management of the Group has designated a team responsible for determination of credit limits and credit approvals. The management would make periodic collective and individual assessment on the recoverability of financial assets at amortised cost based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of these other financial assets at amortised cost are considered to be low. In addition, there were no significant increase in credit risk since initial recognition.

Management makes periodic collective assessments for financial assets included in other receivables, loans to associates, loans to joint ventures, amounts due from non-controlling interests as well as their individual assessment on the recoverability based on historical settlement records and past experience. In applying the forward-looking information, the Group has taken into account the possible impacts associated with the overall change in the economic environment.

As at 31 December 2023, the Group has adopted average expected loss rate of 6.6% (2022: 6.5%), 9.2% (2022: 4.9%), 12.2% (2022: 3.5%) and 0.1% (2022: 0.1%) on the gross carrying amounts of other receivables, loans to associates, loans to joint ventures and amounts due from non-controlling interests amounted to RMB1,032,411,000 (2022: RMB826,601,000), RMB3,586,246,000 (2022: RMB5,689,190,000), RMB770,375,000 (2022: RMB1,014,469,000) and RMB41,870,182,000 (2022: RMB35,488,528,000), respectively. The loss allowance of other receivables, loans to associates, loans to joint ventures and amounts due from non-controlling interests as at 31 December 2023 is RMB68,584,000 (2022: RMB53,326,000), RMB330,262,000 (2022: RMB RMB281,570,000), RMB93,947,000 (2022: RMB35,732,000) and RMB41,825,000 (2022: RMB35,488,000) respectively, were made against the gross amount of other receivables, loans to associates, loans to joint ventures and amounts due from non-controlling interests respectively.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

44.5 Credit risk *(Continued)*

The credit risks on cash at banks and on hand are considered to be insignificant because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. The Group also continually evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit is extended to customers based on the evaluation of individual customer's financial conditions. In this regard, directors of the Company consider the Group's credit risk is significantly reduced. There is no requirement for collaterals by the Group, except for leases which generally require the tenants to pay security deposits.

The Group has deposited its cash with various banks. The credit risk on cash and bank balances is limited because most of the Group's cash are deposited with major banks located in Hong Kong and the PRC.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

44.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to related companies, amounts due to non-controlling interests, loans from intermediate holding company, receipts under securitisation arrangements, interest-bearing borrowings, lease liabilities and its financing obligation, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30-day projection. Long term liquidity needs for a 180-day and 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period.

The Group maintains cash and short-term bank deposits to meet its liquidity requirements for 30 day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

44.6 Liquidity risk *(Continued)*

Analysed below is the Group's remaining contractual maturities for its non-derivative and derivative financial liabilities as at 31 December 2023 and 2022. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

The contractual maturity analysis of the Group below is based on the undiscounted cash flows of the financial liabilities:

	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Over 5 years RMB'000	Total undiscounted contractual amount RMB'000	Carrying amount RMB'000
As at 31 December 2023						
Trade and other payables	**33,366,394**	**–**	**–**	**–**	**33,366,394**	**33,366,394**
Amounts due to related companies	**18,918,766**	**–**	**–**	**–**	**18,918,766**	**18,918,766**
Amounts due to non-controlling interests	**6,181,704**	**–**	**–**	**–**	**6,181,704**	**6,181,704**
Loans from intermediate holding company	**2,166,672**	**49,996,067**	**–**	**–**	**52,162,739**	**47,829,395**
Interest-bearing borrowings (note (a))	**6,722,968**	**12,143,073**	**14,761,378**	**328,771**	**33,956,190**	**32,076,288**
Lease liabilities	**85,811**	**58,053**	**46,621**	**49,181**	**239,666**	**216,559**
	67,442,315	**62,197,193**	**14,807,999**	**377,952**	**144,825,459**	**138,589,106**
Financial guarantees issued (note (b))						
Maximum amount guaranteed (note 38)	**77,444,071**	**–**	**–**	**–**	**77,444,071**	**77,444,071**
As at 31 December 2022						
Trade and other payables	24,444,564	–	–	–	24,444,564	24,444,564
Amounts due to related companies	11,126,370	–	–	–	11,126,370	11,126,370
Amounts due to non-controlling interests	4,413,995	–	–	–	4,413,995	4,413,995
Loans from intermediate holding company	2,293,404	49,973,329	–	–	52,266,733	47,679,925
Interest-bearing borrowings (note (a))	7,567,942	15,209,681	22,019,328	762,281	45,559,142	41,658,031
Lease liabilities	61,889	50,001	76,842	31,760	220,492	200,306
	49,908,164	65,233,011	22,096,170	794,041	138,031,386	129,523,191
Financial guarantees issued (note (b))						
Maximum amount guaranteed (note 38)	75,072,624	–	–	–	75,072,624	75,072,624

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

44.6 Liquidity risk *(Continued)*

Notes:

(a) Bank loans with a repayment on demand clause are included in the "Within 1 year or on demand" time band in the above maturity analysis. As at 31 December 2023, the aggregate undiscounted principal amounts of these bank loans amounted to RMBNil (2022: RMB44,664,000).

(b) The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the reporting date, the directors considered that it was not probable that the borrowers of the loans would default the repayment of the loans and therefore no provision for the Group's obligation under the guarantee has been made.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash. The Group's existing cash resources and other liquid assets significantly exceed the cash outflow requirements.

44.7 Fair value measurements of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and not using significant unobservable inputs.

- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

44.7 Fair value measurements of financial instruments *(Continued)*

The financial assets and liabilities measured at fair value in the consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Notes	**2023 Level 3 RMB'000**	2022 Level 3 RMB'000
Financial assets			
Financial assets measured at FVTPL			
— Subordinated tranche securities	(a)	**1,000**	5,000
— Unlisted equity securities	(b)	**115,538**	118,604
Total fair value		**116,538**	123,604

The methods and valuation techniques used for the purpose of measuring fair values categorised in Levels 3 is unchanged compared to the previous reporting periods and are described below.

	Valuation technique	**Unobservable input**	**Range of unobservable input 2023**	2022
Subordinated tranche securities (note a)	Discounted cash flow	Discount rate	**2.99%**	2.98% to 3.25%
		Discount factor	**0.99**	0.98 to 0.99
Unlisted equity securities (note b)	Direct comparison and adjusted net asset approach	Adjusted market price of the Market comparable for the underlying carpark held by the unlisted equity securities	**RMB476,000 to RMB524,000**	RMB450,000 to RMB500,000

(a) *Subordinated tranche securities (Level 3)*

Future cash flows are estimated based on applying the expected yields of the instruments and the discount rate that reflects the credit risks of the instrument.

The higher the discount rate, the lower the fair value; the higher the discount factor, the higher the fair value.

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

44.7 Fair value measurements of financial instruments *(Continued)*

(b) *Unlisted equity securities (Level 3)*

The fair value of unlisted equity securities is determined by using adjusted net asset approach. The higher the adjusted market price of the market comparable for the underlying property held by the unlisted equity securities, the higher the fair value.

The reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 of the fair value hierarchy is as follows:

	Subordinated tranche securities RMB'000	Unlisted equity securities RMB'000
At 1 January 2022	389,600	115,600
Additions	5,000	1,004
Disposal	(403,000)	–
Fair value gain recognised in profit or loss	13,400	2,000
At 31 December 2022 and 1 January 2023	**5,000**	**118,604**
Additions	**1,000**	**25,934**
Disposal	**(16,143)**	**(31,500)**
Fair value gain recognised in profit or loss	**11,143**	**2,500**
At 31 December 2023	**1,000**	**115,538**

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data under discounted cash flow in respect of subordinated tranche securities, unlisted structured deposits and unlisted equity securities, as the management considers that the exposure is insignificant to the Group.

Fair value gain or loss on subordinated tranche securities, unlisted structured deposits and unlisted equity securities are recognised in profit or loss and included under "Other net gain".

There have been no transfers into or out of Level 3 during the year ended 31 December 2023 (2022: Nil).

45. NON-CASH TRANSACTIONS

During the year ended 31 December 2023, the contract liabilities have incurred significant financing component of RMB5,959,802,000 (2022: RMB6,198,877,000).

46. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as borrowings less cash at banks and on hand. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

During the years ended 31 December 2022 and 2023, the Group's strategy in monitoring its capital structure, which was unchanged from prior year, was to maintain a sufficient cash level to meet its liquidity requirements. In order to maintain or adjust the cash level, the Group may issue new shares, raise new debts financing or sell assets to increase the cash level.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

47. EVENT AFTER THE REPORTING DATE

Entering into the Equity Transfer Agreement in relation to the acquisition of Chengdu Zhaorongsheng

On 6 November 2023, Chengdu Zhaoxinlin Real Estate Development Company Limited* (成都兆欣麟房地產開發有限公司) ("Chengdu Zhaoxinlin"), an indirect wholly-owned subsidiary of the Company, entered into the Chengdu Zhaorongsheng Real Estate Development Company Limited* (成都兆蓉晟房地產開發有限公司) ("Chengdu Zhaorongsheng") Equity Transfer Agreement with C&D Real Estate Group Chengdu Co., Ltd* (建發房地產集團成都有限公司) ("C&D Real Estate Chengdu"), a fellow subsidiary, pursuant to which C&D Real Estate Chengdu agreed to sell and Chengdu Zhaoxinlin agreed to purchase 100% equity interests in Chengdu Zhaorongsheng. The aggregate cash consideration under the Chengdu Zhaorongsheng Equity Transfer Agreement shall be RMBNil. Chengdu Zhaoxinlin shall also repay the shareholder's loan (principal and interest) in the amount of approximately RMB1,640,052,000 (subject to adjustment) previously advanced by C&D Real Estate Chengdu to Chengdu Zhaorongsheng. Please refer to the Company's announcements dated 6 November 2023 and 12 January 2024; and the Company's circular dated 21 December 2023 for further details.

The acquisition of Chengdu Zhaorongsheng is expected to be completed in March 2024.

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

FINANCIAL SUMMARY

FINANCIAL RESULTS

	Year ended 31 December				
	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)		(Restated)
Revenue	**134,429,975**	99,635,501	54,564,878	42,744,478	17,319,264
Gross profit	**14,916,459**	15,219,414	9,078,755	7,340,268	4,482,186
Profit before income tax	**8,582,708**	8,485,096	5,854,302	4,962,866	3,418,979
Profit for the year	**6,335,226**	5,561,903	4,149,083	2,767,839	1,997,571
Profit for the year attributable to the equity holders of the Company	**5,034,712**	4,933,968	3,552,523	2,321,625	1,717,993

ASSETS, LIABILITIES AND EQUITY

	2023	2022	2021	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)	(Restated)	
Non-current assets	**36,017,074**	30,771,867	21,127,835	11,354,745	9,646,677
Current assets	**391,260,439**	362,691,300	324,958,664	173,165,639	105,942,145
Non-current liabilities	**75,478,182**	84,509,168	75,422,221	50,369,212	38,313,623
Current liabilities	**260,860,462**	229,533,511	206,397,421	96,384,950	57,665,257
Net current assets	**130,399,977**	133,157,789	118,561,243	76,780,689	48,276,888
Total equity	**90,938,869**	79,420,488	64,266,857	37,766,222	19,609,942

MAJOR PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2023

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Estimated plot ratio floor area (sq.m.)	Expected completion date	Group's interest (%)
1	Jianfa•Shuxiangfu* (建發•書香府)	East side of Luxing Road, south side of Baishaguan Road, west side of Guihuazhong 2 Road and Guihuazhong 3 Road, and north side of Tianyuan Street Extension, Luxing Community, Baiyun District, Guiyang, the PRC	Residential	pre-sold	116,890	335,757	By the end of 2025	100
2	Jianfa•Manyun* (建發•縵雲)	West of the intersection of Binhu Road and Dongyu West Road, Xinshi District, Haicang District 05-11, Xiamen, the PRC	Commercial and residential	pre-sold	18,038	107,540	At the beginning of 2024	100
3	Shidai Jingcheng* (時代璟城)	North of Wangkeng Road, East of Liancheng Road, Ningde City, the PRC	Residential,commercial	pre-sold	72,319	166,334	Mid-2024	49.98
4	Jianfa•Tianxiwan Yayuan* (建發•天璽灣雅苑)	South of the Second Kaiming Middle School, Huai'an Ecological New Town Block, Huai'an City, the PRC	Residential	pre-sold	189,035	378,000	Mid-2026	80
5	Jianfa•Chunjiangyue* (建發•春江悅)	Within the lot of Qiyun Road, Haishu District, east to Liangfeng Street, south to Duantang East Road, west to Huancheng West Road, and north to the green area along the river in Wujia Cao, Ningbo City, Zhejiang Province, the PRC	Residential	pre-sold	52,000	124,238	At the beginning of 2024	80
6	Jianfa•Wenhanfu* (建發•文瀚府)	East to Henan Huang Road, planned kindergarten, Red Cross Eye Hospital site, south to planned road, west to protective green space, water environment monitoring center, north to Jintian Road, planned kindergarten, water environment monitoring center, Suqian City, Jiangsu Province, the PRC	Residential	pre-sold	91,000	200,739	Mid-2024	100
7	Jianfa•Tangsong Heming* (建發•棠頌和鳴)	East to Ping Hou River, South to Shuipai Road, West to Xiangjiadang, North to the current river, Shaoxing City, Zhejiang Province, the PRC	Residential	pre-sold	100,000	105,485	Mid-2024	51
8	Jianfa•Wenlan Fudi* (建發•文瀾府邸)	Dainan Street, Lucheng District, Wenzhou City, Zhejiang Province, the PRC	Residential	pre-sold	27,000	76,856	At the beginning of 2024	65
9	Jianfa•Yangzhu* (建發•央著)	North of Hexi New Town, east of Shennong Avenue, north of Zhuzhou Avenue Sports Park, south of Huanghe North Road, near the core of Shennong City, Zhuzhou City, Hunan Province, the PRC	Residential	pre-sold	318,848	854,382	At the beginning of 2028	100
10	Jianfa•Sandangyuan* (建發•三堂院)	South of Zhongbian Section of Guangfo New Trunk Road, Dali Town, Nanhai District, Foshan City, Guangdong Province, the PRC	Residential	pre-sold	69,000	148,802	By the end of 2025	67
11	Jianfa•Mingzhu Wenxi* (建發•明珠灣璽)	Land parcel at the west of Yisha Yong of Henglei Island, Nansha District, Guangzhou City, Guangdong Province, the PRC	Residential	pre-sold	20,000	89,087	By the end of 2024	100
12	Jianfa•Manyun* (建發•縵雲)	East to Hangzhou General Administration Hall Joint Stock Economic Cooperative Land, South to Xiangyuan Road, West to Xiangying Road, North to Xiangyun Road, Hangzhou, Zhejiang Province, the PRC	Residential	pre-sold	42,000	91,573	By the end of 2024	100

MAJOR PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2023 *(Continued)*

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Estimated plot ratio floor area (sq.m.)	Expected completion date	Group's interest (%)
13	Jianfa•Yujingwan* (建發•譽璟灣)	East to Shaoxing Road and Planning Nursery, west to Century Avenue, south to Shantou Road and Planning Nursery, north to Shaoxing Road, Economic and Technological Development Zone, Suqian City, Jiangsu Province, the PRC	Residential	pre-sold	109,000	273,368	Mid-2024	100
14	Jianfa•Jiuxifu* (建發•玖熙府)	West to Jinpu Railway, East to West Ring Road, South to Liu Changshan Road, Wangfu Area, Huaiyun District, Jinan City, Shandong Province, the PRC	Residential	pre-sold	44,000	124,205	Mid-2024	100
15	Jianfa•Wangjing Yangyun* (建發•望京養雲)	Outside the East Fifth Ring Road, north of the Airport Expressway, Beijing, the PRC	Residential	pre-sold	23,000	70,415	Mid-2024	100
16	Jianfa•Manyun Changtan* (建發•縵玥長灘)	West of the intersection of Xinyang Avenue and Gengxi Road, Maluanwan Area, Haicang District, Xiamen City, Fujian Province, the PRC	Residential	pre-sold	47,220	139,900	Mid-2024	85
17	Jianfa•Sanli Yunlu* (建發•三里雲廬)	Southeast of the intersection of Xiang'an Avenue and Xiyan Road, Xiamen, Fujian, the PRC	Residential	pre-sold	45,000	126,000	At the beginning of 2024	85
18	Jianfa•Junhefu* (建發•珺和府)	No.2021-C-1, Chengdi, Hi-tech Zone, Jiangyin, Jiangsu, the PRC	Residential	pre-sold	182,000	218,316	Mid-2024	38
19	Jianfa•Hexi* (建發•和璽)	North of Emei Road and West of Tangsheng Road, Xuzhou City, Jiangsu Province, the PRC	Residential	pre-sold	35,000	98,149	Mid-2024	100
20	Jianfa•Shuxiangfu* (建發•書香府)	The southwest and southeast side of the intersection of Eighty-two One Street and Yanshou North Street, Gongchen Street, Licheng District, Putian City, Fujian Province, the PRC	Residential	pre-sold	71,210	312,905	By the end of 2024	51
21	Jianfa•Xihefu* (建發•熙和府)	East to Lian Yang Road, South to Yan Guan Road, West to Shang Bei Road, North to Ruilijiang Road, Gucun Town, Baoshan District, Shanghai, the PRC	Residential	pre-sold	41,077	82,154	Mid-2024	100
22	Jianfa•Hezhe* (建發•和著)	Qunqing Village, Dongyuan Township and Houhai Village, Baizaki Hui Township, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	100,471	264,239	By the end of 2024	89.92
23	Jianfa•Yangyun* (建發•養雲)	Group 4 and 5, Panjiagou Village, Liujiang Street, Jinjiang District, Chengdu, Sichuan Province, the PRC	Comprehensive	pre-sold	54,763	82,145	Mid-2024	100
24	Jianfa•Yingyue* (建發•映月)	Group 3 and 4, Xiangshan Village, Huayang Street, Tianfu New District, Chengdu, Sichuan Province, the PRC	Residential	pre-sold	104,001	207,900	Mid-2024	100
25	Jianfa•Wenlan Chunxiao* (建發•文瀾春曉)	Southwest of the intersection of Binhai East Avenue and Min'an Avenue, Tong'an District, Xiamen City, Fujian Province, the PRC	Residential	pre-sold	35,858	91,170	By the end of 2024	100

MAJOR PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2023 *(Continued)*

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Estimated plot ratio floor area (sq.m.)	Expected completion date	Group's interest (%)
26	Jianfa•Jiuzhou Guanlan* (建發•玖洲觀瀾)	High-speed railway new city area, west of Beijing-Hong Kong-Macao Expressway, east of Lituo Road, north of Changto Road, Yuhua District, Changsha City, Hunan Province, the PRC	Comprehensive	pre-sold	64,999	210,998	By the end of 2024	100
27	Jianfa•Yangyun* (建發•養雲)	The area bounded by the planned Ma Yuan Ling Road, the planned Qing He Li Road, the planned Hua Xia Road and Pan Jia Ping Road in Changsha City, Hunan Province, the PRC	Comprehensive	pre-sold	40,622	182,311	Mid-2025	100
28	Jianfa•Beijing Junhefu* (建發•北京珺和府)	East to Guihua Erpazi Zongyi Road/Beiqing Yunji, south to Jiefang Road, Beijing, the PRC	Residential	pre-sold	25,642	71,798	By the end of 2024	100
29	Jianfa•Fuzhou Xiyun* (建發•福州璽雲)	Jinshan Urban Renewal Project E-18 Land Parcel at south side of Hongrong Road, east side of Jianxin Middle Road, Cangshan District, Fuzhou, Fujian Province, the PRC	Residential	pre-sold	41,041	123,123	By the end of 2024	100
30	Jianfa•Xiamen Wuyuanhaoyue* (建發•廈門五緣灝月)	Northwest side of the intersection of Wuyuanwan Road and Jinshan Road, Huli District, Xiamen, Fujian Province, the PRC	Residential	pre-sold	20,542	61,600	By the end of 2024	39.93
31	Jianfa•Xiamen Hupanjiujing* (建發•廈門湖畔九境)	Northwest side of the intersection of Lvling Road and Jinlian Road, Hubian Reservoir Area, Huli District, Xiamen, Fujian Province, the PRC	Residential	pre-sold	36,196	88,700	By the end of 2024	71.74
32	Jianfa•Xiamen Yili* (建發•廈門壹里)	Northwest side of the intersection of Hubin South Road and Hubin Yili Road, Siming District, Xiamen, Fujian Province, the PRC	Residential	pre-sold	15,962	72,420	At the beginning of 2025	56.44
33	Jianfa•Ningbo Manyun* (建發•寧波縵雲)	West side of Santian Road, north side of Jiangnan Road, Ningbo, Zhejiang Province, the PRC	Residential	pre-sold	51,846	128,125	At the beginning of 2025	80.04
34	Jianfa•Hangzhou Jianghuaxiyun* (建發•杭州江華璽雲)	West side of Dongyu Road, north side of Tanhuaan Road, Hangzhou, Zhejiang Province, the PRC	Residential	pre-sold	40,366	84,769	At the beginning of 2025	50.78
35	Jianfa•Zhangzhou Manyun* (建發•漳州縵雲)	South of Tengfei Road, west of Yimin Road, Xiangcheng District, Zhangzhou, Fujian Province, the PRC	Residential	pre-sold	69,003	179,408	By the end of 2024	34
36	Jianfa•Nanchang Manyun* (建發•南昌縵雲)	South of Jiuzhou Street, west of Dangui Road, north of Yunjin Road, east of Cuiju Road, Xihu District, Nanchang, Jiangxi Province, the PRC	Residential	pre-sold	58,896	129,571	By the end of 2024	70
37	Jianfa•Shanghai Guantangfu* (建發•上海觀唐府)	East to Weipai North Road, west to Dongping North Road, north to Longyan Road, Shanghai, the PRC	Residential	pre-sold	92,416	166,349	Mid-2025	100

MAJOR PROPERTIES PORTFOLIO

MAJOR PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2023 *(Continued)*

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Estimated plot ratio floor area (sq.m.)	Expected completion date	Group's interest (%)
38	Jianfa•Shanghai Gumeihuating* (建發•上海古美華庭)	East to Xingdong Road, west to Xingzhong Road, north to Baolan Road, Shanghai, the PRC	Residential	pre-sold	26,278	52,556	By the end of 2024	51
39	Jianfa•Beijing Jingyuan* (建發•北京璟院)	North to Huaifang North Road, East to Renjiazhuang Road, South to Huaixin Street, Beijing, the PRC	Residential	pre-sold	32,690	71,917	Mid-2025	100
40	Jianfa•Shanghai Jingyuan* (建發•上海璟院)	East to Wanyuan Road, north to Caobao Road, south to Donglan Road, west to Hechuan Road, Shanghai, the PRC	Residential	pre-sold	49,069	88,325	Mid-2025	100
41	Jianfa•Suzhou Manyunlanting* (建發•蘇州縵雲瀾庭)	North to Lingyan Street, west to Huaihai Street and south to Zhuyuan Road, Suzhou, Jiangsu Province, the PRC	Residential	pre-sold	51,814	129,535	Mid-2025	100
42	Jianfa•Nanjing Manyun (formerly as Jianfa• Jianye District NO.2022 G73 Land Parcel (Hexinanda Land Parcel))* 建發•南京縵雲 (原建發•建鄴區 NO.2022 G73地塊) (河西南大地塊))	North to Luotang Road, East to Xinting Street, Nanjing, Jiangsu Province, the PRC	Residential	pre-sold	28,032	67,276	By the end of 2025	100
43	Jianfa• Suzhou Manyuehuating (formerly as Jianfa• Industrial Park Hudong Suyuan Tugua (2022) No. 06 Land Parcel)* 建發•蘇州縵月華庭 (原建發•工業園區湖東蘇園土掛(2022)06號地塊)	East to Jinliang Street, South to Wangdun Road, Suzhou, Jiangsu Province, the PRC	Residential	pre-sold	23,487	46,973	At the beginning of 2025	100
44	Jianfa•Fuzhou Puyun (formerly as Jianfa• Taijiang District No. 2022-52 Land Parcel)* 建發• 福州璞雲 (原建發•台江區 2022-52號地塊)	Shanghai Xixin Village Land Parcel III, East of Xihuan Middle Road, North of Jiaotong West Road, Taijiang District, Fuzhou, Fujian Province, the PRC	Residential	pre-sold	23,732	72,383	By the end of 2025	100
45	Jianfa•Xiamen Wuyuanwanhai (formerly as Jianfa•Huli District 2022P20 Zhongzhai C25 Land Parcel)* 建發•廈門五緣灣海 (原建發•湖里區 2022P20鐘宅C25地塊)	Northwest of the intersection of Wuyuanwan Road and Zhongzhai East Road, Wuyuanwan Area, Huli District, Xiamen City, Fujian Province, the PRC	Residential	pre-sold	14,397	44,600	By the end of 2025	70

MAJOR PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2023 *(Continued)*

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Estimated plot ratio floor area (sq.m.)	Expected completion date	Group's interest (%)
46	Jianfa•Wuhan Langyue (formerly as Jianfa• Wuchang District P (2022) No. 132 Land Parcel)* 建發•武漢朗玥 (原建發•武昌區 P(2022)132號地塊)	South to Leye Road, North to No. 1 Mansion, Han Street, Wuhan, Hubei Province, the PRC	Residential	pre-sold	23,750	76,000	By the end of 2025	100
47	Jianfa•Jiangyin City Tianyuwan Phase I* (建發•江陰市天敔灣一期)	No. 18, Yushan Road, Jiangyin City, Wuxi, Jiangsu Province, the PRC	Residential	pre-sold	55,496	73,853	At the beginning of 2024	51
48	Jianfa•Jiangyin City Tianyuwan Phase II* (建發•江陰市天敔灣二期)	No. 18, Yushan Road, Jiangyin City, Wuxi, Jiangsu Province, the PRC	Residential	pre-sold	88,623	71,934	By the end of 2024	51
49	Jianfa•Dongguan Manyun* (建發•東莞縵雲)	East to Hongweiliu Road, Nancheng Street, Dongguan City, Guangdong Province, the PRC	Residential	preliminary	17,710	56,141	At the beginning of 2026	70
50	Jianfa•Foshan Manyun* (建發•佛山縵雲)	Libian Lot, Hexi Community, North of Foshan Waterway, Dali Town, Nanhai District, Foshan City, Guangdong Province, the PRC	Residential	preliminary	43,636	109,090	Mid-2026	100
51	Jianfa•Nanchang Jiulong Guantang Phase I (Residential)* (建發•南昌九龍觀唐一期(住宅))	South of Longxing Street and west of Jiulong Avenue, Honggutan District, Nanchang City, Jiangxi Province, the PRC	Residential	preliminary	157,800	140,734	At the beginning of 2026	100
52	Jianfa•Shanghai Putuo District Taopu Community W061101 Unit H8 Block H8-1 Lot* (建發•上海市普陀區桃浦社區W061101單元H8街坊H8-1地塊)	East to Planning Lot H8-3, south to Planning Lot H8-2, west to Qishun Road, and north to Lianguan Road, Taopu Township, Putuo District, Shanghai, the PRC	Residential	preliminary	22,881	57,203	Not yet determined	100
53	Jianfa•Changsha Manyun* (建發•長沙縵雲)	East to Yuehua Road, south to Guyue Road, west to Guansha Road, and north to Baiyue Road, Guansha Ling Urban Renewal Area, Changsha City, Hunan Province, the PRC	Residential, commercial	pre-sold	38,559	154,235	Mid-2026	100
54	Jianfa•Xiamen Wuyuanli* (建發•廈門五緣鯉)	Lot D03, northwest of the intersection of Zhongzhai South Road and Zhongzhai Middle Road, 06-08 Wuyuanwan Area, Huli District, Xiamen City, Fujian Province, the PRC	Residential, commercial	preliminary	33,703	105,000	Mid-2026	85
55	Jianfa•Yueqing Manyun* (建發•樂清縵雲)	South of Wanggang Road and west of Yunmen Road, Binhai New Area, Yueqing City, Wenzhou City, Zhejiang Province, the PRC	Residential, commercial	preliminary	72,305	130,149	By the end of 2026	60
56	Jianfa•Ningbo Langyun* (建發•寧波朗雲)	East to Chuangyuan Road, south to Wenzhi Road, west to Xinhui South Road, and north to Yangfan Road, Gaoxin District, Ningbo City, Zhejiang Province, the PRC	Residential	preliminary	35,980	80,947	Mid-2026	100

MAJOR PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2023 *(Continued)*

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Estimated plot ratio floor area (sq.m.)	Expected completion date	Group's interest (%)
57	Jianfa•Taizhou Manyun* (建發•台州縵雲)	North of Zhongshan West Road and west of Fuqiang River, Xiazhi Street, Jiaojiang District, Taizhou City, Zhejiang Province, the PRC	Residential, commercial	pre-sold	80,546	168,014	By the end of 2025	49
58	Jianfa•Suzhou Langyun* (建發•蘇州朗雲)	South of Xiangyang Road and East of Fenhu Road, Shishan Business Innovation Zone, Gaoxin District, Suzhou City, Jiangsu Province, the PRC	Residential	pre-sold	48,694	116,846	Mid-2025	90
59	Jianfa•Suzhou Tanfu* (建發•蘇州檀府)	West of Guangjin Road and South of Yongqing Road, Huangqiao Street, Xiangcheng District, Suzhou City, Jiangsu Province, the PRC	Residential	preliminary	92,114	110,609	By the end of 2025	70
60	Jianfa•Taicang Langyue* (建發•太倉朗月)	North of Xianfu East Street and east of Dongting South Road, High-tech Zone, Taicang City, Jiangsu Province, the PRC	Residential	pre-sold	61,290	110,315	By the end of 2025	70
61	Jianfa•Hangzhou Yunxi* (建發•杭州雲熙)	East to Langdou Road, south to Xinfu Road, west to Duwen Road, and north to No.1 Road, Yuhang District, Hangzhou City, Zhejiang Province, the PRC	Residential	pre-sold	57,175	102,915	By the end of 2025	70
62	Jianfa•Hangzhou Yunqizhijiang Phase I (Residential)* (建發•杭州雲啟之江一期住宅)	East to the planned Bibo Road, south to No.3 Branch Road, west to Planning Road, and north to Jianghan Road, Xihu District, Hangzhou City, Zhejiang Province, the PRC	Residential, commercial	pre-sold	119,399	273,030	At the beginning of 2026	51
63	Jianfa•Hangzhou Cuilou Yunlu* (建發•杭州萃樓雲廬)	North of Yuniao Road and east of Liangxiang Road, Liangzhu New Town, Liangzhu Street, Yuhang District, Hangzhou City, Zhejiang Province, the PRC	Residential	pre-sold	57,429	86,144	Mid-2026	34
64	Jianfa•Hangzhou Yunqizhijiang Phase II (Residential)* (建發•杭州雲啟之江二期住宅)	East to Planning Road, south to No.3 Branch Road, west to Fenghua Road, and north to Jianghan Road, Xihu District, Hangzhou City, Zhejiang Province, the PRC	Residential, commercial	pre-sold	92,702	231,867	By the end of 2026	51
65	Jianfa•Hangzhou Puyun* (建發•杭州璞雲)	West of Nanhuan Road, south of Planning Road, east of the planned green belt, and north of Zhijiang Unit School, Binjiang District, Hangzhou City, Zhejiang Province, the PRC	Residential	preliminary	25,088	62,720	By the end of 2026	100
66	Jianfa•Beijing Guanyun* (建發•北京觀雲)	Block 19, Shunyi District, Beijing, the PRC, bounded by Yu'an Road in the east, Jutongjiayuan in the west, Jiuzhonghui Shopping Mall in the south, and Shuangyu North Street in the north	Residential, commercial	pre-sold	31,562	56,812	At the beginning of 2026	70
67	Jianfa•Beijing Guantangfu Phase I* (建發•北京觀堂府一期)	CP00-1101 Block, Nanshao Town, Changping District, Beijing, the PRC, bounded by Zhong'an West Road to the east, Jingchang South Street to the south, Wenfeng Road to the west, and Jingchang Street to the north	Residential	preliminary	64,405	130,561	By the end of 2026	100

MAJOR PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2023 *(Continued)*

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Estimated plot ratio floor area (sq.m.)	Expected completion date	Group's interest (%)
68	Jianfa•Beijing Guantangfu Phase II* (建發•北京觀堂府二期	CP00-1101 Block, Nanshao Town, Changping District, Beijing, the PRC, bounded by Zhong'an West Road to the east, Jingchang South Street to the south, Wenfeng Road to the west, and Jingchang Street to the north	Residential	preliminary	42,775	88,926	Mid-2027	100
69	Jianfa•Wuxi Xiyun* (建發•無錫璽雲)	Northwest of the intersection of Gonghu Avenue and Xinyuan Road, Economic Development Zone, Wuxi City, Jiangsu Province, the PRC	Residential	pre-sold	55,006	93,510	Mid-2026	100
70	Jianfa•Nanjing Puyun* (建發•南京璞雲)	Land parcel to the north of Digital Avenue and west of Shouzheng Road, Xishanqiao Street, Yuhuatai District, Nanjing City, Jiangsu Province, the PRC, bounded on the east by Shouzheng Road, on the south by Digital Avenue, on the west by Linmei Road, and on the north by the planned Weier Road	Residential	pre-sold	36,576	102,407	At the beginning of 2026	90

* *Denotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only*