粵海置地

粵海置地控股有限公司
GUANGDONG LAND HOLDINGS LIMITED

（於百慕達註冊成立之有限公司）
(Incorporated in Bermuda with limited liability)
股份代號 Stock Code: 00124

2022
Annual Report 年報

Contents

Corporate Information

(As at 30 March 2023)

Board of Directors

Executive Directors

LAN Runing *(Chairman)*
KUANG Hu *(Vice Chairman)*
LI Yonggang *(Managing Director)*
WU Mingchang
LI Wenchang
JIAO Li *(Chief Financial Officer)*

Independent Non-Executive Directors

Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Member of the Chinese People's Political Consultative Conference (CPPCC) National Committee of PRC, BBS, Officer of the Order of the Crown (Belgium)*
LEUNG Luen Cheong

Audit Committee

Vincent Marshall LEE Kwan Ho *Member of the Chinese People's Political Consultative Conference (CPPCC) National Committee of PRC, BBS, Officer of the Order of the Crown (Belgium) (Committee Chairman)*
Felix FONG Wo *BBS, JP*
LEUNG Luen Cheong

Remuneration Committee

Felix FONG Wo *BBS, JP (Committee Chairman)*
Vincent Marshall LEE Kwan Ho *Member of the Chinese People's Political Consultative Conference (CPPCC) National Committee of PRC, BBS, Officer of the Order of the Crown (Belgium)*
LEUNG Luen Cheong

Nomination Committee

LAN Runing *(Committee Chairman)*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Member of the Chinese People's Political Consultative Conference (CPPCC) National Committee of PRC, BBS, Officer of the Order of the Crown (Belgium)*
LEUNG Luen Cheong

Company Secretary

Christine MAK Lai Hung

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

Website Address

http://www.gdland.com.hk

Principal Bankers

Shanghai Pudong Development Bank
Bank of China
Industrial Bank

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office & Principal Place of Business in Hong Kong

Office A, 18th Floor
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong
Telephone: (852) 2165 6262
Facsimile: (852) 2815 2020

Principal Share Registrar

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

Branch Share Registrar in Hong Kong

Tricor Tengis Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

Share Information

Place of Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code:	00124
Board Lot:	2,000 shares
Financial year end:	31 December

Shareholders' Calendar

Annual General Meeting

16 June 2023 at 3:00 p.m.

Final Dividend

HK8.00 cents per ordinary share, payable on or about 24 July 2023

Last Share Registration Date

For attending Annual General Meeting:	12 June 2023 by 4:30 p.m.
For entitlement to Final Dividend:	23 June 2023 by 4:30 p.m.

Closure of Register of Members

For attending Annual General Meeting:	13 to 16 June 2023 (both days inclusive)
For entitlement to Final Dividend:	26 June 2023

In this annual report, the English names of the PRC entities are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.

Highlights

	Year ended 31 December		
	2022	2021	Change
Revenue (HK$'000)	**1,377,691**	6,006,392	–77.1%
Gross profit (HK$'000)	**549,555**	3,469,341	–84.2%
Fair value gains on investment properties (HK$'000)	**762,820**	405,582	+88.1%
Profit attributable to owners of the Company (HK$'000)	**392,688**	1,402,249	–72.0%
Basic earnings per share (HK cents)	**22.94**	81.93	–72.0%
Proposed final dividend (HK cents)	**8.00**	10.00	–20.0%

	As at 31 December 2022	As at 31 December 2021	Change
Current ratio	**2.1 times**	2.1 times	0.0%
Gearing ratio[1]	**275.7%**	183.3%	+92.4 ppt
Total assets (HK$ million)	**48,920**	46,308	+5.6%
Net asset value per share[2] (HK$)	**4.55**	4.96	–8.3%
Net asset value per share (RMB)	**4.06**	4.06	0.0%
Number of employees	**579**	577	+0.3%

Notes:

1. Gearing ratio = (Interest-bearing loans + Lease liabilities – Cash and cash equivalents) ÷ Net assets

2. Net asset value per share = Equity attributable to owners of the Company ÷ Number of issued shares

Chairman's Statement

In 2022, due to the superimposed adverse effects of multiple unexpected factors such as downtrend of macro economy, global tighter liquidity, and deduction of international situations and geopolitical conflicts, the global economy experienced a sluggish growth. Meanwhile, the economy of the People's Republic of China (the "PRC" or "Mainland China") had faced a triple pressure of "contracting demand, supply slumps and weakening market expectations". Under this severe situation, adhering to the general principle of prudent development, the PRC scientifically coordinated the economic and social development, strengthened the cross-cyclical adjustment of macro policies, enhanced support on real economy, thus the development of national economy has continued to recover. In 2022, the aggregate gross domestic product ("GDP") of the PRC exceeded RMB121 trillion, representing a year-on-year growth of 3.0%; while GDP per capita amounted to RMB86,000, with per capita disposable income of residents increased by 5.0% in nominal terms as compared to the previous year.

In 2022, based on the unchanged general principles of "housing is for living in, not for speculation" and "property policies should be city-specific", the PRC government regulated the national real estate market comprehensively and accurately, continued to roll out more stimulating policies to stabilise the property industry on both supply and demand sides, so as to explicitly release the signal of "stabilising land prices, and stabilising economy". Besides, it also reaffirmed the status of real estate as a pillar industry of the national economy, emphasising "stabilising the real estate market" and mentioning the policy of "guaranteeing property delivery" for the first time. Multiple regulators had successively introduced the big positive news, successively released policies of providing the credit support, bond financing support and equity financing support for real estate enterprises at the financing end to insure the credit risks of real estate enterprises. Despite the continuous improvement of policy environment, the weak expectation of residents' income and the wait-and-see sentiment on house purchasing had remained unchanged, therefore the whole year witnessed the continuous downtrend on the property market.

According to the National Bureau of Statistics, in 2022, the gross floor area ("GFA") of commodity housing sold in the PRC was approximately 1.358 billion square metres ("sq. m."), with a year-on-year decrease of 24.3%; and the sales revenue of commodity housing sold were approximately RMB13.33 trillion, representing a decrease of 26.7% as compared to the previous year. Due to the adverse effects of the downtrend of the overall industry, sluggishness was witnessed on both the supply and demand on the property market of Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"). According to data released by CRIC, the house supply of nine cities in the Greater Bay Area had a year-on-year decrease of 43%, and their transaction has a year-on-year decline of 34%; the annual supply of operating land had a year-on-year decrease of 43%, and the transaction had a year-on-year decrease of 36%. Besides, Guangzhou, Shenzhen and Dongguan had launched the concentrated land supply for four times, and the land acquisition scale, total price and premium rate dropped obviously year-on-year.

In 2022, the Group strived to overcome difficulties and challenges such as the downturn in the real estate market, and resolutely implemented its work plans to achieve multiple breakthroughs in management improvement. In terms of investment management, the Group improved the land acquisition strategy of "city classification, regional grading, and one policy for one district", and promoted the standardisation of land acquisition in the whole procedure from preliminary cost management, project cooperation to land acquisition and auction, so as to continuously improve the quality and efficiency of investment management; in terms of marketing and brand management, the Group improved the marketing management system, strengthened brand management, and achieved a decline both in the marketing expenses and the marketing expense rate through measures such as full-cycle dynamic control; in terms of design management, the Group promoted design standardisation and achieved the standardisation of design for residential units, demonstration areas and offices, realising the purpose of fast development and cost reduction; in terms of production safety, the Group took solid and meticulous steps on production safety, focused on key processes to consolidate production safety, and successfully obtained the certification of ISO 45001 Occupational Health Safety Management System; in terms of financial and capital management, the Group coordinated and optimised capital management and successfully issued the first Commercial Mortgage-Backed Securities ("CMBS") with an amount of RMB330 million.

Results

During the year under review, the Group was engaged in property development and investment businesses. The Group currently holds a number of property development projects and certain investment properties in the Greater Bay Area.

In 2022, the Group recorded a revenue of approximately HK$1,378 million (2021: HK$6,006 million), representing a decrease of approximately 77.1% from the previous year. The Group recorded a profit attributable to owners of the Company for the year under review of approximately HK$393 million (2021: HK$1,402 million), representing a decrease of approximately 72.0% from the previous year. For the year under review, the decrease in revenue and profit attributable to owners of the Company was mainly attributable to the decreased GFA of properties sold as compared to the previous year, which was in line with the development progress of the Group's various projects. For details of the Group's property sales in 2022, please refer to the section headed "Business Review" in the Management Discussion and Analysis.

The Board recommends the payment of a final dividend of HK8.00 cents per share for the year ended 31 December 2022 (2021: HK10.00 cents). If approved by the shareholders of the Company at the forthcoming annual general meeting, the said final dividend will be paid on or about 24 July 2023. Aggregating such dividend with the interim dividend of HK3.00 cents per share paid in 2022, the total dividend for the entire year will be HK11.00 cents (2021: HK10.00 cents) per share.

Business Review

The Group conducted its business as planned in 2022 and achieved satisfactory results.

In 2022, the real estate industry entered into the most difficult period since China's real estate marketisation reform. Under the dual challenges of lack of customer confidence and overall fragile market, the Group actively took effective countermeasures according to actual conditions of each project to speed up the rental and sales destocking process and the destocking speed of many projects for sale was faster than competing products in the same region. It actively promoted the work of "guaranteeing property delivery", and the customer on-visit delivery rate in 2022 was as high as 96.5%. The delivery of real estate properties is aimed at quality assurance, and the timeframe and quality of delivery have won a good reputation among customers.

The Group continued to optimise its business structure and is gradually changing to a two-wheel-driven model of quick turnover projects in combination with commercial operations. At the present stage, the Group has considerable commercial office assets. In 2022, the occupancy rate of the commercial property "GD • Delin (粵海 • 得鄰)" in the Guangzhou Laurel House Project reached 91.7%, exceeding 90% for two consecutive years and achieving stable operation. The "Shenzhen Teem Shopping Mall" of the Shenzhen GDH City Project jointly established under the name of 廣東粵海天河城(集團)股份有限公司 (GDH Teem (Holdings) Limited ("GDH Teem"), a fellow subsidiary of the Company), officially opened on 24 December 2022, with regional initial brand presence ratio exceeding 40%, the occupancy rate exceeding 90%, and the operating rate reaching 87%. The Industrial Heritage as the main exhibition venue of the "Hong Kong-Shenzhen Bi-city Biennale", successfully launched the "GDH • Jinpifang (粵海城 • 金啤坊)" brand, which was rated as a city-level characteristic culture street and a check-in place for Internet celebrities, highlighting the unique charm of GDH brand. The urban renewal experience of the project was also reported and replicated in depth by senior media such as Xinhua News Agency. Meanwhile, the Group strengthened internal resource coordination to enhance leasing promotion and operation capabilities by leveraging GDH Teem and external leasing promotion agencies, and therefore attracted leases in commercial and office products and improved the property service system, customer experience and reputation dissemination, and enhanced the added value of project sales. The Group also highlighted the competitive advantages of projects to promote the leasing of existing properties in combination with accurate and effective ways and countermeasures for leasing promotion and leasing operation.

Outlook

In 2023, uncertainties still lingers along the global situation under factors such as uncertainty of geopolitical conflicts. There is a certain risk of economic recession, while the PRC remains under many difficulties and challenges in economic development with facing triple upward pressure from contracting demand, supply slumps and weakening market expectations. Under the background of economic downturn, the Chinese government, with adhering to the principle of focusing on stability while seeking progress, increases efforts in macro policy regulation and strengthens the coordination of various policies to create the synergy of promoting high-quality development with prioritising the tasks of stabilising growth, employment and prices. Recently, a professional institution has predicted that the growth rate of GDP in the PRC will increase from 4.5% to 5.2% in 2023. Overall, with the introduction of 《擴大內需戰略規劃綱要(2022–2035年)》 (The Outline of the Strategic Plan for Expanding Domestic Demand (2022–2035)), the domestic consumer demand will see a considerable rebound and the economy will continue to pick up.

In December 2022, the Chinese government proposed to "support improved housing consumption", indicating the urgency and importance of stabilising the real estate market. In addition, it further emphasises the requirement to ensure the stable development of the real estate market, and steadily promotes various tasks for "guaranteeing property delivery, securing people's livelihood and stabilising economic fundamentals" to meet the reasonable financing needs of the industry and promote industry restructuring, mergers and acquisitions, thereby effectively preventing and resolving the risks of leading real estate entities, and improving their asset and liability position. It requires the support for rigid and improved housing needs by adopting city-specific policies, in bid to solve the housing problems faced by new citizens and youths, while exploring the development of long-term rentals market. In general, the real estate industry is expected to return to its positioning as a pillar industry of the national economy in 2023. The PRC may further increase the scope and strength of its real estate stimulus policies based on the keynote of "housing is for living in, not for speculation" to reverse the residents' wait-and-see sentiment and boost demand rebound.

After years of development, the Greater Bay Area has already achieved a milestone in construction, and the "one-hour living circle" has basically taken shape. In June 2022, the State Council of the PRC announced 《廣州南沙深化面向世界的粵港澳全面合作總體方案》(The Master Plan of Guangzhou Nansha on Deepening Comprehensive Cooperation between Guangdong, Hong Kong and Macao with Global Perspective), another major strategic deployment for the Greater Bay Area following the introduction of the two cooperation plans for Hengqin and Qianhai in 2021, which will further consolidate the development prospects of the Greater Bay Area. In the future, benefiting from the increasingly obvious effect of the metropolitan circle, the population and industries will continue to concentrate in the metropolitan circle. It is expected that in 2023, the major cities in the Greater Bay Area will further loosen the restrictions on property purchasing and lending, and launch policies such as lowering down payment and interest rates to stimulate the market, with a view to rebounding the property market. In the long run, the land market in the core cities and core areas of the Greater Bay Area will still be a place of strategic importance for major real estate entities, the population of the Greater Bay Area will maintain a positive growth trend, and reasonable housing demand will remain the main target of policy support and encouragement. Therefore, there is still certain room for rigid and improved housing demand for "ensuring people's livelihood and improving living quality".

The Group's projects such as the Shenzhen GDH City, Guangzhou Yungang City, Guangzhou Laurel House, Foshan Laurel House, Foshan Jihua, Zhuhai Jinwan, Zhongshan GDH City, Jiangmen Chenyuan Road, Jiangmen Ganhua, Huizhou Dayawan, Ruyingju and Baohuaxuan are all located in high-quality areas in core cities of the Greater Bay Area and will benefit from the strong development momentum of the Area.

In 2023, the Group will further position itself strategically as "the influential, comprehensive development expert in the Greater Bay Area", continue to leverage its status as a provincial state-owned enterprise in the Greater Bay Area, and develop steadily by property rentals and sales with a correct assessment of the situation to boost the Group's brand reputation and awareness. It will innovate in marketing and take multiple measures to accelerate the destocking process of the existing projects. Through a prudent forecast of the market situation, it will strengthen the expansion of high-quality projects, enhance medium and long-term cultivation efforts such as urban renewal and cooperation with state-owned enterprises, and steadily promote new business research and pilot projects such as affordable housing and light asset construction to provide new momentum for the Group's development. It will also improve the operation system, strengthen lean management, and increase efforts to reduce costs and increase efficiency.

Outlook (continued)

Last but not least, on behalf of the Board, I would like to acknowledge the contribution by management and staff to the Group over the previous year. Under the leadership of the Board, the Group is confident in the prospect of its business development and will actively promote the development of its property business in order to create greater returns for its shareholders as we did in the past.

LAN Runing
Chairman

Hong Kong, 30 March 2023

Management Discussion and Analysis

Results

The consolidated revenue of the Group for 2022 amounted to approximately HK$1,378 million (2021: HK$6,006 million), representing a decrease of approximately 77.1% from the previous year. The decrease in revenue was mainly attributable to the decrease in the sale of GFA of properties held for sale, which was in line with the development progress of the Group's various projects. Please refer to the section headed "Business Review" hereof for details of the Group's property sale in 2022. During the year under review, the Group recorded a profit attributable to owners of the Company of approximately HK$393 million (2021: HK$1,402 million), representing a decrease of approximately 72.0% from the previous year.

The major factors that affected the aforesaid anticipated results of the Group for the year ended 31 December 2022 include the following:

(a) the GFA of the sold units in the buildings on the Northwestern Land of the Group's Shenzhen GDH City Project delivered during the year under review decreased as compared to 2021, the revenue and the profit derived from the sale of such properties decreased as compared to 2021;

(b) during the year under review, the Group recorded fair value gains on investment properties (net of the relevant deferred tax expense) of Shenzhen GDH City Project of approximately HK$745 million, representing an increase as compared to 2021;

(c) pursuant to the relocation compensation agreement (the "Relocation Compensation Agreement") entered into between a subsidiary of the Company and a third party on 1 September 2022, the subsidiary handed over the existing property under the Relocation Compensation Agreement and recognised a gain on disposal in the amount of approximately HK$103 million;

(d) as the GFA delivered by the Group during the year under review decreased as compared to 2021, the selling and marketing expenses decreased by approximately HK$257 million when comparing with 2021; and

(e) due to business expansion of the Group, net finance costs increased by approximately HK$101 million when comparing with 2021.

Management Discussion and Analysis (continued)

Business Review

General Information of the Projects

Name of the property project	Status	Use	Interest held by the Group	Approximate GFA of project (sq. m.)	Approximate GFA included in calculation of plot ratio* (sq. m.)	Expected completion and filing date
Shenzhen City						
Northwestern Land of Shenzhen GDH City	Completed	Business apartment/ Commercial	100%	167,008	122,083	N/A
Northern Land of Shenzhen GDH City	Completed	Commercial/Offices	100%	218,854	153,126	N/A
Southern Land of Shenzhen GDH City	Under development	Offices/Mall	100%	255,308	199,500	2023
Guangzhou City						
Guangzhou Yungang City	In sale	Residential/Commercial	100%	730,000	506,000	2025
Guangzhou Laurel House	Completed	Car-parking spaces	100%	N/A	N/A	N/A
Ruyingju	Completed	Car-parking spaces	80%	N/A	N/A	N/A
Foshan City						
Foshan Laurel House	In sale	Residential/Commercial	100%	200,385	151,493	2023
Foshan Jihua	Under development	Residential/Commercial/ Offices	51%	150,382	118,122	2026
Zhuhai City						
Zhuhai Jinwan	In sale	Residential/Commercial	100%	249,918	166,692	2024
Zhongshan City						
Zhongshan GDH City	In sale	Residential	97.64%	321,456	247,028	2025
Jiangmen City						
Chenyuan Road	Completed	Residential/ Commercial service	100%	222,684	164,216	N/A
Chenyuan Road	Completed	Car-parking spaces	100%	N/A	N/A	N/A
Jiangmen Ganhua (Land No. 3)	Completed	Residential	51%	163,511	122,331	N/A
Jiangmen Ganhua (Land No. 4)	In sale	Residential	51%	299,623	207,419	2023
Jiangmen Ganhua (Land No. 5)	Under development	Residential	51%	89,201	63,150	2026
Huizhou City						
Huizhou Dayawan	In sale	Residential/Commercial	100%	140,163	92,094	2024

**Note: Including (1) underground commercial area of the Shenzhen GDH City Project with a GFA of 30,000 sq. m.; and (2) common area and area transfer to the government of each project.*

Business Review (continued)

Sales of the Projects

Name of the property project	Approximate GFA available for sale (sq. m.)	Approximate GFA contracted: Year under review (sq. m.)	Approximate GFA contracted: Accumulated (sq. m.)	The proportion of accumulated GFA contracted to GFA available for sale	Approximate GFA delivered: Year under review (sq. m.)	Approximate GFA delivered: Accumulated (sq. m.)	The proportion of accumulated GFA delivered to GFA available for sale
Shenzhen City							
Northwestern Land of Shenzhen GDH City	114,986	1,225	100,678	87.6%	6,932	100,628	87.5%
Northern Land of Shenzhen GDH City	84,246	–	–	0.0%	–	–	0.0%
Southern Land of Shenzhen GDH City	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Guangzhou City							
Guangzhou Yungang City	506,000	26,339	26,339	5.2%	–	–	N/A
Guangzhou Laurel House	2,764	447	2,644	95.7%	865	2,644	95.7%
Ruyingju	8,052	605	6,502	80.8%	605	6,502	80.8%
Foshan City							
Foshan Laurel House	151,493	36,504	39,805	26.3%	–	–	N/A
Foshan Jihua	118,122	N/A	N/A	N/A	N/A	N/A	N/A
Zhuhai City							
Zhuhai Jinwan	138,429	21,418	34,363	24.8%	–	–	N/A
Zhongshan City							
Zhongshan GDH City	247,028	12,238	29,615	12.0%	–	–	N/A
Jiangmen City							
Chenyuan Road	158,407	41,030	71,634	45.2%	53,281	53,281	33.6%
Chenyuan Road (Car-parking spaces)	41,834	N/A	N/A	N/A	N/A	N/A	N/A
Jiangmen Ganhua (Land No. 3)	119,334	26,124	49,826	41.8%	13,962	13,962	11.7%
Jiangmen Ganhua (Land No. 4)	205,078	1,800	4,017	2.0%	–	–	N/A
Jiangmen Ganhua (Land No. 5)	62,254	N/A	N/A	N/A	N/A	N/A	N/A
Huizhou City							
Huizhou Dayawan	89,240	1,540	1,540	1.7%	–	–	N/A

During the year under review, the Group's properties recorded the total GFA contracted (including completed properties held for sale and properties held for sale under development) and delivered of approximately 169,000 sq. m. and 76,000 sq. m. respectively.

Business Review (continued)

The Shenzhen GDH City Project

Located in Buxin Area, Luohu District, Shenzhen City in the PRC, the Shenzhen GDH City Project is a multi-functional commercial complex with jewelry as the main theme. The project, which is in close proximity to the urban highways and subway stations and adjoins Weiling Park, is surrounded by several municipal parks within a radius of 1.5 kilometres and enjoys convenient transportation and superb landscape resources. The Shenzhen GDH City Project is developed in two phases. The filing for completion of construction of the first phase was made in June 2020. The construction of the second phase properties came into late stages. As at 31 December 2022, the office tower and the commercial shopping building on the Northern Land development were completed; and the office tower and the commercial shopping building structure on the Southern Land development were topped out and the interior decoration and exterior facade construction were in progress. The overall project is expected to be filed for completion in 2023.

For the search of potential commercial occupiers of the Shenzhen GDH City Project, the Group, Luohu Government of Shenzhen and the Shanghai Diamond Exchange ("SDE") have reached an agreement, pursuant to which the SDE agreed that its Shenzhen extended service platform will be located in the Shenzhen GDH City and it will continue to support the marketing efforts for the Shenzhen GDH City and encourage its members to locate their offices in the Shenzhen GDH City. The Group has entered into a property leasing services agreement with GDH Teem for the shopping mall under the Shenzhen GDH City Project, which operates by GDH Teem under the name of Shenzhen Teem. The Group will share the operating profit with GDH Teem. GDH Teem is principally engaged in the provision of property leasing services, property investment and development, department stores operation, hotel ownership and operations in the PRC, and has extensive industry experience. The agreement enables the Group to benefit from the branding effect of GDH Teem, which is conducive to attracting quality companies to locate in the property.

As at 31 December 2022, the accumulated development costs and direct expenses of the Shenzhen GDH City Project amounted to approximately HK$8,423 million (2021: HK$7,643 million), representing a net increase of approximately HK$780 million during the year under review.

The Guangzhou Yungang City Project

The Guangzhou Yungang City Project consists of three pieces of land (namely Land Plot Nos. AB2910004, AB2909009 and AB2909011) located at the core area of Baiyun New Town, Baiyun District, Guangzhou City, the PRC, with an aggregate site area of approximately 116,471 sq. m. and a total GFA included in the calculation of the plot ratio of approximately 506,000 sq. m. The nature of the land is a state-owned construction land, of which Land Plot No. AB2909011 is planned for residential purpose, and Land Plot Nos. AB2910004 and AB2909009 are planned for commercial and business purpose.

The core area of Baiyun New Town, Baiyun District, Guangzhou City, the PRC, at which the land parcel is located, is positioned to be the hub for headquarters, and is planned as a cluster of corporate headquarters, aviation industry and commercial hotel service functions, focusing on the development of headquarters economy and attracting the headquarters of large corporations and small and medium-sized enterprises. Such land parcel is located to the north of Yuncheng South Fourth Road and south of Qixin Road, and on the two sides of Yuncheng West Road, and is connected to major transport networks. It is adjacent to Baiyun Park Station of Guangzhou Metro Line 2 and trunk roads such as the Airport Expressway and the Baiyun Avenue, and it is only about 30 kilometres away from the Guangzhou Baiyun International Airport. In addition, as the third phase of the Airport Avenue and Guangzhou Metro Line 12 are expected to open in 2023, travel between such land parcel and its surrounding areas will be more convenient in due course. The land parcel is situated in a well-developed neighborhood where commercial shopping centres, schools, hospitals, parks and the Guangzhou Gymnasium are within a three-kilometre radius, and it is close to the scenic area of Baiyun Mountain. With the significant advantage of such land parcel and the development of industries nearby, it has promising market prospects. The project has adopted a model of development by phases. As at 31 December 2022, the properties of each phase of the project are carrying out the construction work of basement and superstructure, and the overall project is expected to be filed for completion in 2025. The pre-sale of the project commenced in July 2022.

Business Review (continued)

The Guangzhou Laurel House Project, the Ruyingju Project and the Baohuaxuan Project

All residential units of the Guangzhou Laurel House Project, the Ruyingju Project and the Baohuaxuan Project had been delivered, and car-parking spaces of these projects are being sold as planned. During the year under review, the commercial property "GD • Delin (粵海 • 得鄰)" of the Guangzhou Laurel House Project ushered in several leading businesses and brands with distinctive characters that perfectly fit the position and theme of the project, i.e. its core positioning "high-end education-oriented community". As at 31 December 2022, the occupancy rate of the Guangzhou Laurel House Project was approximately 91.7%.

The Foshan Laurel House Project

The Foshan Laurel House Project is located at west to Wenhua Road, south to Liming 2nd Road, Chancheng District, Foshan City, the PRC with a site area of approximately 43,284 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 151,493 sq. m. The project is planned for residential use compatible with commercial use. The project is positioned as a modern, top-notch and strong central of Foshan City, which is a place ideal for living, starting business and fostering innovation. Surrounded by two metro networks, its transportation is much convenient. Together with the well-established education, medical and commercial amenities nearby, the project has the advantages to be forged into an above-twin stations residential community featuring quality lifestyle. With the significant advantage in terms of location resources, the project enjoys promising market prospects.

The project is being developed in phases. As at 31 December 2022, the superstructure of each phase of the properties was topped out, and the renovation and masonry work were in progress. The filing for completion of construction of the whole project is expected to be made in 2023. The pre-sale of properties commenced in October 2021, with the project promoted as Foshan Laurel House (佛山粵海 • 拾桂府).

The Foshan Jihua Project

On 25 November 2022, the Group won the bid for the land use rights of the land parcel at Jihua, Chancheng District, Foshan City, the PRC through the public listing-for-sale process with a consideration of RMB1,299 million (equivalent to approximately HK$1,423 million). Such land parcel, divided into Land Plot A and Land Plot B, is located at west to Fenjiang Road, north to Lujing Road and east to Luying West Street, Chancheng District, Foshan City, the PRC, with a total site area of approximately 40,642 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 118,122 sq. m. The nature of the land parcel is a state-owned construction land, of which Land Plot A is a mixed commercial and residential land, and Land Plot B is a residential land compatible with commercial use.

The land parcel is located in the Chengnan area of Chancheng District, Foshan City, the PRC, which belongs to the commercial belt of Jihua, and about 200 metres away from Jihuayuan Station, the interchange station of Foshan Metro Line 1 and Metro Line 4 (under construction). It is connected to convenient transport networks and its location is excellent. The land parcel is flat and regular shaped land with medium size, and it has mature supporting facilities of education, medical care and commercial area nearby. In addition, the Foshan Municipal Government has actively launched a series of favorable policies such as relaxing the threshold for talents to buy houses and removing the purchase restrictions in Chancheng District, which effectively stimulated the demand for house purchases in the area. The project also complements the Foshan Laurel House Project of the Group in the area to create synergy benefits as well as achieve regional deep cultivation and increase cost efficiency. The project is being developed in phases. The filing for completion of construction of the whole project is expected to be made in 2026.

Business Review (continued)

The Zhuhai Jinwan Project

The Zhuhai Jinwan Project is located at the west to Jinhui Road and north to Jinhe East Road in Jinwan District, Zhuhai City, the PRC with a site area of approximately 66,090 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 166,692 sq. m. The project is planned for commercial and residential purposes. The proposed types of properties include residential units, commercial units and car-parking spaces. The high value potentials of the area where the project is located will improve the future development of the project. It is expected that there will be sound living and education amenities in the area. With the significant advantage in terms of location resources, the project enjoys promising market prospects.

The project is being developed in phases. As at 31 December 2022, the superstructure of the first phase properties was topped out, and renovation and masonry works were in progress, and the superstructure for the other phase properties was under construction. The filing for completion of construction of the whole project is expected to be made in 2024. The pre-sale of the project commenced in June 2021, with the project promoted as Zhuhai Laurel House (珠海粵海 • 拾桂府).

The Zhongshan GDH City Project

The Zhongshan GDH City Project is located at the starting area of Tsuihang New District, Zhongshan City, the PRC, with a site area of approximately 98,811 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 247,028 sq. m. The project is planned for town residential use. Sitting in the core centre of the Greater Bay Area, the project is the bridgehead at the west bank of the Pearl River connecting to the Shenzhen Zhongshan Bridge. It therefore undergoes a rapid development and generates increasing market demand. With a superior seaview, the project enjoys rich environmental landscape resources. Coupled with the plan to perfecting the region by education, medical care and commercial amenities, the project is suitable to be developed as a low-density, ecological and quality residential community. With the significant advantage in terms of location, industries and transportation resources, the project enjoys promising market prospects.

The project is being developed in phases. As at 31 December 2022, the superstructure of each phase properties of the project was topped out, and renovation and masonry works were in progress. The filing for completion of construction of the whole project is expected to be made in 2025. The pre-sale of the project commenced in September 2021, with the project promoted as Zhongshan GDH City (中山粵海城).

The Jiangmen Chenyuan Road Project

The Chenyuan Road Project is located at the southeast to the intersection of Chenyuan Road and Longteng Road and west to Fengxiang Road in Pengjiang District, Jiangmen City, the PRC with a site area of approximately 59,705 sq. m. and a maximum total GFA included in the calculation of the plot ratio of approximately 164,216 sq. m. The proposed types of properties include residential units, commercial units, and car-parking spaces. Jiangmen is positioned as the western gateway of the Greater Bay Area, with its value remaining at an underestimated level. Subsequent to improvements in the transportation infrastructure across the eastern and western bays, the future development of such area is expected to prosper. The project is situated in a region with high planning position and enjoys strong market prospects, as well as convenient location as a bonus. Possessing rare landscape resources and sound living amenities, the project embraces the conditions in becoming a regional benchmark project.

The filing for completion of construction of the whole project has been made in August 2022. The pre-sale of the project commenced in January 2021, with the project promoted as Jiangmen One Mansion (江門粵海 • 壹桂府).

Business Review (continued)

The Jiangmen Ganhua Project

The acquisition of 江門粵海置地有限公司 (Jiangmen Yuehai Land Co., Ltd.) ("Jiangmen Yuehai") was completed on 13 January 2021. For details of the acquisition, please refer to the circular of the Company dated 25 November 2020. Jiangmen Yuehai mainly holds three adjourning parcels of land located at the east of Ganbei Road, Pengjiang District, Jiangmen City, the PRC with a total GFA of approximately 396,600 sq. m. (the "Jiangmen Land No. 3–5"). The land has been approved for city and town residential and other commercial and service uses. In addition, there is a parcel of land adjacent to the Jiangmen Land No. 3–5 with a GFA of approximately 41,597 sq. m. (the "Jiangmen Land No. 6"), which has been approved for medical and health, and commercial service uses; and subject to the approval of the relevant government authorities in accordance with the policy of "Three Olds" Renovation (「三舊」改造) in relation to the resettlement of the residents. Jiangmen Yuehai shall be entitled to acquire the relevant land use right in respect of Jiangmen Land No. 6 without paying any land premium. The Jiangmen Ganhua Project is located in a traditional old town district in Jiangmen City with high density population and a convenient transportation network. It is also adjacent to Xi River, connects to the Chaolian Talent Island and is accessible to five parks nearby, providing a quality living environment with an excellent river scenery.

The project is being developed in three phases. The filing for completion of construction of all properties on Land No. 3 has been made in August 2022. As at 31 December 2022, the superstructure of all properties on Land No. 4 was topped out and the renovation and masonry works were in progress. The filing for completion of construction of the whole project is expected to be made in December 2026. The pre-sale of the project commenced in May 2021, with the project promoted as Jiangmen GDH City (江門粵海城).

The Huizhou Dayawan Project

The acquisition of 惠陽粵海房產發展有限公司 (Huiyang Yuehai Property Development Co., Ltd.) ("Huiyang Yuehai") was completed on 18 January 2021. For details of the acquisition, please refer to the circular of the Company dated 25 November 2020. Huiyang Yuehai mainly holds the Huizhou Dayawan Project through its wholly-owned subsidiary, 惠州市粵海房地產開發有限公司 (Huizhou City Yuehai Property Development Co., Ltd.).

The Huizhou Dayawan Project is located at Mamiao, Aotou, Dayawan District, Huizhou City, the PRC with a GFA of approximately 92,094 sq. m. It is close to Xin'ao Avenue, a trunk road connecting Huiyang District and Dayawan District, and is only seven kilometres away from the Huizhou Highspeed Railway South Station. The project is positioned to be a quality urban residential community with natural slope land garden view. The project is being developed in one phase. As at 31 December 2022, the superstructure of properties of the project was topped out and the renovation and masonry works were in progress. The filing for completion of construction is expected to be made in the second quarter of 2024. The pre-sale of the project commenced in August 2022, with the project promoted as Huizhou One Mansion (惠州粵海 • 壹桂府).

Financial Review

Key Financial Indicators

	Note	2022	2021	Change
Profit attributable to owners of the Company (HK$'000)		**392,688**	1,402,249	–72.0%
Return on equity (%)	1	**4.8%**	18.3%	–13.5 ppt

	31 December 2022	31 December 2021	Change
Net assets (HK$ million)	**8,618**	9,318	–7.5%

Note:

1. Return on equity = Profit attributable to owners of the Company ÷ average equity attributable to owners of the Company

During the year under review, the Group recorded a decrease in profit attributable to owners of the Company as compared to last year, which was mainly attributable to the decrease in GFA delivered of the sold units in the buildings on the Northwestern Land of Shenzhen GDH City during the year under review as compared to 2021, resulting in the decrease in revenue and the profit derived from the sale of such properties as compared to 2021. For details, please refer to the section headed "Results" in this Management Discussion and Analysis.

The Group's business and most of its assets are denominated in RMB. The change in net assets was mainly affected by the profit attributable to owners of the Company during the year, changes in the exchange rate of RMB against HK$ and the dividend declared, which together resulted in a decrease of approximately 7.5% in the Group's net assets as compared to the end of 2021.

Operating Income, Expenses and Finance Costs

In 2022, the Group recorded selling and marketing expenses of approximately HK$320 million (2021: HK$577 million), representing a decrease of approximately 44.5% from the previous year. The decrease in selling and marketing expenses was mainly due to the decrease in related sales commissions in relation to the first phase development of the Shenzhen GDH City Project. The Group's administrative expenses for 2022 amounted to approximately HK$243 million (2021: HK$282 million), representing a decrease of approximately 13.8% from the previous year. The decrease of administrative expenses was mainly attributable to a decrease in the taxes and surcharges due to a decrease in revenue.

During the year under review, the Group borrowed loans to support its business development and recorded finance costs of approximately HK$1,247 million (2021: HK$693 million), of which approximately HK$1,038 million was capitalised while the remaining portion of approximately HK$209 million was charged to the statement of profit or loss.

Capital Expenditure

The capital expenditure of the Group during the year was approximately HK$796 million (2021: HK$969 million), which was mainly used for the investment properties under development of the Shenzhen GDH City Project.

Financial Review (continued)

Financial Resources and Liquidity

As at 31 December 2022, the equity attributable to owners of the Company was approximately HK$7,787 million (2021: HK$8,486 million), representing a decrease of approximately 8.2% from that as at the end of 2021. Based on the number of shares in issue as at 31 December 2022, the net asset value per share at the end of the year was approximately HK$4.55 (2021: HK$4.96) per share, representing a decrease of approximately 8.3% from that as at the end of 2021.

As at 31 December 2022, the Group had cash and cash equivalents of approximately HK$2,661 million (2021: HK$2,588 million), representing an increase of approximately 2.8% from the previous year. The increase in cash and cash equivalents was mainly due to more new bank and other borrowings during the year under review to satisfy the funding needs for the Group's business development.

Of the Group's cash and bank balances (including restricted bank balances and cash and cash equivalents) as at 31 December 2022, approximately 98.4% was in RMB and approximately 1.6% was in HKD. Net cash outflows from operating activities for the year amounted to approximately HK$6,661 million (2021: HK$9,643 million), representing a decrease from the previous year, which was mainly due to more proceeds from property sales during the year under review.

As most of the transactions in the Group's daily operations in Mainland China are denominated in RMB, currency exposure from these transactions is low. During the year under review, the Group did not take the initiative to perform currency hedge for such transactions. The Group believed that no significant impact was caused by the fluctuation of RMB exchange rate on the Group's financial position as there is a natural hedging mechanism. Meanwhile, the Group dynamically monitored the foreign exchange exposure and made necessary adjustments in accordance with the change in market environment.

As at 31 December 2022, the Group had interest-bearing borrowings (including CMBS) from certain banks and related parties of the Company amounting to approximately HK$26,415 million (31 December 2021: HK$19,664 million) in aggregate, with a gearing ratio[1] of approximately 275.7% (31 December 2021: 183.3%). According to the relevant loan agreements, approximately HK$6,141 million of the interest-bearing loans are repayable within one year; approximately HK$15,869 million are repayable within one to two years; approximately HK$3,695 million are repayable within two to five years; and the remaining approximately HK$710 million are repayable after five years. The Group obtained funds for business development through different financing channels. As at 31 December 2022, the weighted average effective interest rate of the Group's bank and other borrowings was 4.25% (31 December 2021: 4.16%) per annum. As at 31 December 2022, the banking facilities available to the Group were approximately RMB2,589 million (equivalent to approximately HK$2,898 million). The Group reviews its funding needs from time to time according to the existing projects and other new investment businesses and considers obtaining funds through various financing means and channels so as to secure adequate financial resources for business development.

Asset Pledged and Contingent Liabilities

As at 31 December 2022, the CMBS issued by the Group on the Shanghai Stock Exchange was secured by certain investment properties and their operating income receivables. Meanwhile, the Group's certain properties amounting to approximately HK$26,000 million (31 December 2021: HK$11,506 million) and the 100% equity interests of 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.) and 珠海粵海置地有限公司 (Zhuhai Yuehai Land Co., Ltd.) were pledged to secure certain bank loans.

In addition, as at 31 December 2022, the Group provided guarantees of approximately HK$2,580 million (31 December 2021: HK$800 million) to certain banks in relation to the mortgage loans on properties sold (please refer to Note 27 to the financial statements for details). Save for the above, the Group did not have any other material contingent liabilities as at 31 December 2022.

1 Gearing ratio = (Interest-bearing loans + Lease liabilities — Cash and cash equivalents) ÷ Net assets

Risks and Uncertainties

As the Group is engaged in property development and investment businesses in the Mainland China, the risks and uncertainties of its business are principally associated with the property market and property prices in the Mainland China, and the Group's income in the future will be directly affected accordingly. The property market in the Mainland China is affected by a number of factors which include, among others, economic environment, property supply and demand, the PRC government's fiscal and monetary policies, taxation policies and austerity measures on the real estate sector, etc. At present, property development projects held by the Group are all located in first-tier cities or the Greater Bay Area and comprise different property types and uses, thereby effectively diversify the operating risks of the Group.

Due to the long development period of property development projects, the Company may need to seek external funding to partially finance the development of such projects. As such, financing channels and finance costs are subject to the prevailing market conditions, loan interest rates and the financial position of the Group. As at 31 December 2022, the Group had total outstanding interest-bearing loans of approximately HK$26,415 million (31 December 2021: HK$19,664 million).

According to the applicable accounting standards, investment properties of the Group were carried at fair value. The fair values of these investment properties are subject to the prices in the property markets in which they are located as at the end of each reporting periods. The fair value changes of such investment properties are recognised in the statement of profit or loss and affect the profit of the Group.

As the property development business has a relatively long product life cycle, the Group's future results and cash flows will be relatively volatile. To reduce the volatility of its revenue and profit, the commercial properties of the Guangzhou Laurel House Project and investment properties under development of the Shenzhen GDH City Project are held by the Group for lease in order to generate stable rental income for the Group in the future.

As most of the Company's business operations are located in Mainland China, the Company faces foreign currency risks due to exchange gain/loss from exchange rate fluctuations as well as currency conversion risk due to converted net asset value fluctuations of property development and investment projects in Mainland China. To effectively manage foreign currency risk, the Company closely monitors foreign exchange markets, and utilises multiple strategic approaches, such as optimising cash management strategy and deploying project finance instruments, to control foreign exchange risk.

Relationship with Customers and Suppliers

Holding the interest of every customer in high regard, the Group provides training to its sales staff on a regular basis. The Group also provides its customers with adequate information about its products and responds to any issue and question raised by customers or potential customers regarding the products offered with the aim of building customers' confidence in the Company's products.

The Group's properties in relation to the property business were largely designed or constructed by a variety of suppliers and contractors. The Group selects appropriate suppliers for its major projects through an open, fair and impartial tendering process, maintains databases of supplier information and brand information, and have proper procedures in place to assess and evaluate suppliers. Besides, the Group attaches great importance to anti-graft and anti-corruption measures, meets with suppliers regularly, and conveys such information to them.

Policy and Performance on Environmental, Social and Governance

The Group strictly complies with the regulations enacted by the Mainland China and Hong Kong governments, including those in relation to environmental protection, social and governance. The Company's internal management for environmental, social and governance ("ESG") takes into consideration the views of various stakeholders, especially for important ESG issues, and is supported by staff members from all levels and departments of the Group. Staff members jointly implement and execute relevant internal policies and promptly respond to the expectations of stakeholders.

To further refine its ESG policies, the Group has been actively communicating with stakeholders such as employees, customers, business partners and suppliers, shareholders and investors, government authorities and regulators through various channels in order to gather comments and suggestions from them. Coupled with the management's expectations on development, the Group identifies and analyses important topics at two dimensions, namely "Importance to our Stakeholders" and "Importance to Guangdong Land's Development", by conducting proactive and comprehensive stakeholder communication from multiple perspectives in various ways, such as face-to-face communication, email correspondence, telephone interviews and on-site visits, with the assistance of an independent third-party professional consultant, thereby allowing the Group to envisage changes in the operating environment and consequently achieving the goals of sustainability and proper risk management.

The Group operates in the real estate industry and it is very important to strictly comply with environmental laws and regulations on construction works. Any failure to observe the relevant environmental laws and regulations may result in the relevant authorities' rejection of the applications for construction projects. The Group ensures that all newly constructed buildings comply with the environmental protection and energy conservation requirements set by the central and local governments. It also spares no efforts in contributing to environmental protection by actively collaborating with the main contractors of its development projects.

The information contained in this annual report is based solely on the Company's ESG policies, performance, along with information of internal management. The ESG information of the Group for the year ended 31 December 2022 are contained in the Company's 2022 ESG Report issued separately.

Human Resources

The Group had 579 (31 December 2021: 577) employees as at 31 December 2022. The total employee remuneration and provident fund contributions (excluding directors' remuneration) in 2022 amounted to approximately HK$330 million (2021: HK$283 million).

The Group provides a range of basic benefits to its employees, and its incentive policy is designed to reward employees by reference to and integrating factors including the operating results of the Group and performance of individual employees. There was no share option scheme of the Company in operation during the year under review. The Group provides different training courses for its employees.

Directors' and Senior Management's Profile

Executive Directors

Mr. LAN Runing, aged 54, has been appointed as the Chairman, an Executive Director and the Chairman of the Nomination Committee of the Company in September 2021. He graduated from Sun Yat-Sen University, the PRC and obtained a Bachelor's degree in Philosophy. He also obtained a Master's degree in Business Management from South China University of Technology, the PRC. From 1996 to 2008, he held a number of positions at the General Office of Communist Party of China ("CPC") Guangdong Provincial Committee. Between 2008 and 2014, he worked as the director of Personnel Affairs (4th Division) of CPC Guangdong Provincial Committee's Organisation Department. Mr. Lan was appointed a deputy general manager of 廣東粵海控股集團有限公司 (Guangdong Holdings Limited) ("Guangdong Holdings") and GDH Limited ("GDH") in April 2014 and June 2019, respectively. He acted as an executive director of GDH from May 2014 to June 2019. Mr. Lan was appointed as a non-executive director of Guangdong Investment Limited ("GDI") in January 2015. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of GDI, respectively, which in turn is the immediate controlling shareholder of the Company. GDI is a listed company in Hong Kong. He is also the chairman of a subsidiary of the Company.

Mr. KUANG Hu, aged 45, has been appointed as the Vice Chairman and an Executive Director of the Company in February 2022. He was graduated from the Department of International Economics and Trading of Beijing Normal University, the PRC. He obtained a Master's degree in World Economics and a Doctoral degree in Finance from Sun Yat-Sen University, the PRC. In July 2003, Mr. Kuang joined Guangdong Holdings, and worked in the Strategic Development Department. From November 2012 to June 2015, he was appointed as a deputy general manager of the Strategic Development Department of both Guangdong Holdings and GDH. He was appointed as a general manager of the Operation Department of Guangdong Holdings and GDH for the period from July 2015 to August 2019 and the deputy chief financial officer of Guangdong Holdings and GDH for the period from September 2019 to December 2021. Mr. Kuang is currently a non-executive director of Namyue Holdings Limited ("Namyue Holdings") (formerly known as Guangdong Tannery Limited), and was the chairman and an executive director of such company for the period from September 2019 to December 2021. Namyue Holdings is a Hong Kong listed company. He is also the vice chairman of a subsidiary of the Company.

Mr. LI Yonggang, aged 51, has been appointed as an Executive Director and the Managing Director of the Company in February 2020. He graduated from Hydraulic Architecture speciality of Wuhan University and holds a Bachelor's degree in Engineering. He also holds a Master's degree in Business Administration from Peking University. Mr. Li held various positions in 東深供水工程管理局 (Dongjiang-Shenzhen Water Supply Engineering Administration Bureau) for the period from 1994 to 2000, and acted as deputy director of financial planning division and production technology division respectively. He joined a subsidiary of Guangdong Holdings in October 2000 and acted as a chief engineer. He was a deputy general manager of the Company (formerly known as Kingway Brewery Holdings Limited) from March 2004 to January 2009 and also served as deputy executive director of various construction projects. He acted as a deputy general manager of engineering management department of Guangdong Holdings and a deputy executive general manager of 廣東粵港投資開發有限公司 (Guangdong Yuegang Investment Development Co., Ltd.)# successively during the period from January 2009 to January 2014. Mr. Li has been a director and general manager of 廣東粵港投資開發有限公司 (Guangdong Yuegang Investment Development Co., Ltd.)# and GDH Real Estates (China) Limited# since January 2014, and was subsequently appointed as the chairman of 廣東粵港投資開發有限公司 (Guangdong Yuegang Investment Development Co., Ltd.)# in July 2020. Before he was promoted to the Managing Director, he acted as a deputy executive general manager of the Company since August 2016. He is also the chairman of certain subsidiaries of Guangdong Holdings and GDH, and a director of a subsidiary of the Company.

Executive Directors (continued)

Mr. WU Mingchang, aged 58, was appointed a Non-Executive Director of the Company in March 2016 and has been then re-designated as an Executive Director of the Company in June 2016. Mr. Wu holds a Bachelor of Laws degree and a Master of Laws degree in International Law from Sun Yat-Sen University, the PRC, a Master's degree in Human Geography from Sun Yat-Sen University, the PRC, and a Doctor's degree in Civil and Commercial Law from the School of Law of Wuhan University, the PRC. He served as the deputy division chief, division chief and deputy director of the Guangzhou Urban Planning Bureau, the deputy chief executive of the Haizhu District Government of Guangzhou City, and the director and party secretary of the Legislative Affairs Office of Guangzhou Municipal Government. Mr. Wu was an executive director of GDH and is currently the general counsel of Guangdong Holdings and GDH. He is also a director of a subsidiary of the Company.

Mr. LI Wenchang, aged 40, has been appointed as an Executive Director of the Company in July 2022. He graduated from South China University of Technology, the PRC and obtained a Bachelor's degree in Administration and Management. He also obtained a Master's degree in Business Administration from South China University of Technology, the PRC. Mr. Li has extensive experience in investment and capital operations. From 2006 to 2022, he held various positions at 廣州富力地產股份有限公司 (Guangzhou R&F Properties Co., Ltd.) ("R&F Properties"), the shares of which are listed on the Hong Kong Stock Exchange. He successively served as the general manager of the personnel administration centre of the Malaysia company of R&F Properties, the deputy general manager of the group investment department of R&F Properties and the general manager of the group capital operations centre and the securities affairs representative of R&F Properties. Mr. Li joined Guangdong Holdings in May 2022 and acts as the deputy general manager of its investment and capital operations department. He is currently a director of 廣東省水利電力勘測設計研究院有限公司 (Guangdong Hydropower Planning & Design Institute Limited), a subsidiary of Guangdong Holdings. He is also a director of a subsidiary of the Company.

Mr. JIAO Li, aged 51, has been appointed as an Executive Director and the Chief Financial Officer of the Company in September 2021. He graduated from Zhongnan University of Economics and Law (major in Auditing) and holds a Bachelor's degree in Economics. He is an intermediate accountant. He held various positions in Accounting and Finance Division and Audit Division of 深圳市東深供水局 (Shenzhen Dongshen Water Supply Bureau) for the period from 1995 to 2000. Mr. Jiao joined a subsidiary of Guangdong Holdings in September 2000 and acted as a general manager of the Finance Department of 深圳市東深投資控股有限公司 (Shenzhen Dongshen Investment Holding Company Limited)# from 2000 to 2002 and served as a director and chief financial officer of 東莞東深經濟發展有限公司 (Dongguan Dongshen Financial Development Company Limited) (formerly known as 東莞市東深經濟發展總公司 (Dongguan Dongshen Financial Development Corporation))# from 2002 to 2004. He acted as chief financial officer of the engineering headquarter of 天河城塔樓 (Teem Tower) construction, the engineering headquarter of expansion construction for 中山粵海能源有限公司 (Zhongshan GDH Energy Co., Ltd.) (formerly known as 中山火力發電有限公司 (Zhongshan Thermal Power Co., Ltd.))* and 廣東粵海天河城（集團）股份有限公司 (GDH Teem (Holdings) Limited)* successively during the period from 2004 to 2021. He was chief financial officer of 粵海置業投資（國際）有限公司 (Yuehai Property Investment (International) Limited)# from January to August 2021. He is a director of certain subsidiaries of the Company.

These companies are subsidiaries of Guangdong Holdings

* *These companies are subsidiaries of GDI*

Independent Non-Executive Directors

Mr. Felix FONG Wo, *BBS, JP*, aged 72, has been appointed an Independent Non-Executive Director of the Company in January 2007. He is the chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee of the Company respectively.

Mr. Fong is a founding partner of Arculli Fong & Ng (now renamed as King & Wood Mallesons) and is a consultant of King & Wood Mallesons. Mr. Fong has practised law for over 40 years, eight of which in Toronto. Mr. Fong undertook a number of community and social roles, such as the former chairman of the Chinese Canadian Association of Hong Kong, the Liquor Licensing Board and the Advisory Council on Food and Environmental Hygiene. Mr. Fong is a member of Guangdong Provincial Committee of Chinese People's Political Consultative Conference (9th and 10th Sessions), a director of China Overseas Friendship Association and a director of Hong Kong Basic Law Institute Limited. Mr. Fong is a Justice of Peace and has been awarded a Bronze Bauhinia Star by the Government of the Hong Kong SAR in recognition of his public service. In the area of education, Mr. Fong is a founding member and the first director of the Canadian International School of Hong Kong, and an advisor to the Faculty of Business of University of Victoria in Canada. Mr. Fong is the honorary legal counsels of a number of nonprofit organisations in Hong Kong such as Hong Kong Institute of Professional Photographers Ltd. and The Chinese Manufacturers' Association of Hong Kong.

Mr. Fong is an independent non-executive director of a number of listed companies, namely Greenland Hong Kong Holdings Limited, Television Broadcasts Limited, Vesync Co., Ltd and Howkingtech International Holding Limited, the shares of the above four companies are listed on the Hong Kong Stock Exchange. He is also an independent non-executive director of Bank of Shanghai (Hong Kong) Limited. He was an independent non-executive director of Evergreen International Holdings Limited from October 2010 to March 2020, Sheen Tai Holdings Group Company Limited from June 2012 to May 2020, WuXi Biologics (Cayman) Inc. from May 2017 to June 2020 and Xinming China Holdings Limited from June 2015 to October 2021, the shares of these companies are listed on the Hong Kong Stock Exchange.

Mr. Fong received his engineering degree in Canada in 1974 and his juris doctor from Osgoode Hall Law School in Toronto in 1978. Mr. Fong is a member of the law societies of Hong Kong, Upper Canada and England, and one of the China-appointed attesting officers in Hong Kong appointed by the Ministry of Justice of China.

Directors' and Senior Management's Profile (continued)

Independent Non-Executive Directors (continued)

Mr. Vincent Marshall LEE Kwan Ho, *Member of the Chinese People's Political Consultative Conference (CPPCC) National Committee of PRC, BBS, Officer of the Order of the Crown (Belgium)*, aged 67, has been appointed as an Independent Non-Executive Director of the Company in March 2009. He is the chairman of the Audit Committee, and a member of each of the Remuneration Committee and the Nomination Committee of the Company respectively.

Mr. Lee is the chairman of Tung Tai Group of Companies. He is an independent non-executive director of HK Asia Holdings Limited whose shares are listed on the Hong Kong Stock Exchange. Mr. Lee was an independent non-executive director of Hong Kong Exchanges and Clearing Limited between April 2000 and April 2017 and was a non-executive director of Lerthai Group Limited between March 2013 and June 2017, the shares of the above two companies are listed on the Hong Kong Stock Exchange. Mr. Lee has over 37 years of experience in the securities and futures industry and has extensive experience in banking, corporate finance and investment. He worked for Coopers and Lybrand, Los Angeles & Boston from 1978 to 1981, and for HSBC group, Hong Kong & Vancouver from 1981 to 1990.

He has undertaken a number of public service and community activities. Mr. Lee is at present a member of the Chinese People's Political Consultative Conference (CPPCC) National Committee of PRC and vice-chairman of Standing Committee of the Hong Kong Association for the Promotion of Peaceful Reunification of China. He is also the chairman of Correctional Services Children's Education Trust Investment Advisory Board.

He was a deputy of the National People's Congress of PRC from March 2018 to March 2023. He was the chairman of the Sir Murray MacLehose Trust Fund Investment Advisory Committee between December 2012 and November 2018, a non-official member of Financial Services Development Council from 2013 to January 2019, and the chairman of Hong Kong Guangxi CPPCC Members Friendship Association Limited from 2016 to 2018. He was also a part-time member of Central Policy Unit of the Government of the HKSAR from 2007 to 2008, a member of Academic and Accreditation Advisory Committee of Securities and Futures Commission from 2002 to 2006, a member of Securities and Futures Appeals Tribunal from 2003 to 2009, and the chairman of the Institute of Securities Dealers Limited from 2005 to February 2009. He is a founding member of Canadian International School of Hong Kong Limited since 1990 and acted as its chairman from 2006 to 2008. He was a member of the Council of The Chinese University of Hong Kong from 2016 to May 2022.

Mr. Lee graduated Magna Cum Laude in Accounting and International Finance from the University of Southern California, USA and received a Master of Economics from the London School of Economics and Political Science at the University of London, UK. He is a certified public accountant in State of California, USA and a fellow member of Hong Kong Institute of Certified Public Accountants.

Mr. LEUNG Luen Cheong, aged 55, has been appointed an Independent Non-Executive Director of the Company in January 2023. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company respectively. Mr. Leung graduated from the University of Leicester with first class-honours and holds a Master's degree in Economics from the University of Oxford. He is a Chartered Financial Analyst, a member of The Hong Kong Society of Financial Analysts and also holds the Diploma in Investment Analysis and Portfolio Management. Mr. Leung is the founder of autoPI. He worked for various international financial institutions and has over 30 years of working experience in fund performance, investment risk, global investment performance standards and client reporting. Mr. Leung is an independent non-executive director of Namyue Holdings Limited, the shares of which are listed on the Hong Kong Stock Exchange.

Senior Management

The senior management of the Group comprises the six Executive Directors above, namely, Mr. LAN Runing, Mr. KUANG Hu, Mr. LI Yonggang, Mr. WU Mingchang, Mr. LI Wenchang and Mr. JIAO Li.

Report of the Directors

The directors (the “Directors”) of Guangdong Land Holdings Limited (the “Company”) herein present their report and the audited financial statements of the Company and its subsidiaries (together the “Group”) for the year ended 31 December 2022.

Principal Activities

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in property development and investment businesses.

There were no significant changes in the nature of the Group’s principal activities during the year under review.

Business Review

A review of the business of the Group during the year under review and a discussion on the Group’s future business development are set out in the Chairman’s Statement on pages 4 to 7 and the Management Discussion and Analysis on pages 8 to 18 of this annual report.

Principal risks and uncertainties that the Group may be facing are set out in the section of the Management Discussion and Analysis on page 17 to this annual report. The financial risk management objectives and policies of the Group are provided in Note 30 to the financial statements on pages 129 to 135 of this annual report.
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An analysis of the Group’s performance during the year under review using financial key performance indicators is provided in the section of the Management Discussion and Analysis on page 15 of this annual report.

Discussion on the Group’s environmental policy and compliance with the relevant laws and regulations that have a significant impact on the Company is set out in the section of the Management Discussion and Analysis on page 18 to this annual report.

The Company’s key relationships with its employees, customers and suppliers and business associates that have a significant impact on the Company and on which the Company’s success depends are provided in the section of the Management Discussion and Analysis on pages 17 to 18, the section of this report on page 51, the section of the Corporate Governance Report on page 66 and Note 2(m) to the financial statements on pages 91 to 92 of this annual report.

Financial Summary

A summary of the results and the financial position of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below:

Results

	Year ended 31 December				
	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**1,377,691**	6,006,392	4,000,332	1,836,676	312,421
Fair value gains on investment properties	**762,820**	405,582	1,962,563	575,640	13,813
Gain on bargain purchase	**—**	—	—	—	296,737
Profit attributable to owners of the Company	**392,688**	1,402,249	1,681,922	341,063	224,263

Financial position

	As at 31 December				
	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**48,920,227**	46,308,118	20,862,719	11,852,678	10,647,785
Total liabilities	**(40,302,355)**	(36,989,727)	(13,907,408)	(6,982,668)	(5,987,769)
Net assets	**8,617,872**	9,318,391	6,955,311	4,870,010	4,660,016
Non-controlling interest	**(830,444)**	(832,746)	(119,528)	(106,161)	(122,907)
Equity attributable to owners of the Company	**7,787,428**	8,485,645	6,835,783	4,763,849	4,537,109

Major Properties Held by the Group

Details of the particulars of major properties held by the Group as at 31 December 2022 are set out on pages 138 to 140 of this annual report.

Results and Dividends

The results of the Group for the year ended 31 December 2022 and the financial position of the Group at that date are set out in the financial statements on pages 73 to 137.

An interim dividend of HK3.00 cents (2021: Nil) per ordinary share was paid on 26 October 2022. The Board of Directors (the "Board") has resolved to recommend the payment of a final dividend of HK8.00 cents per ordinary share for the year ended 31 December 2022 (2021: HK10.00 cents per ordinary share).

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company to be held on Friday, 16 June 2023 at 3:00 p.m. (the "2023 Annual General Meeting"), is expected to be paid on or about Monday, 24 July 2023 to shareholders whose names appear on the register of members of the Company at the close of business on Monday, 26 June 2023.

Results and Dividends (continued)

The register of members of the Company will be closed on Monday, 26 June 2023 for the purpose of determining shareholders' entitlement to the proposed final dividend. No transfer of shares will be registered on that day. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 23 June 2023.

The register of members of the Company will be closed and no transfer of shares will be effected during the period from Tuesday, 13 June 2023 to Friday, 16 June 2023, both days inclusive, for determining the shareholders' eligibility to attend and vote at the 2023 Annual General Meeting.

In order to qualify for attending and voting at the 2023 Annual General Meeting, unregistered holders of shares of the Company should ensure that all transfers documents accompanied by the relevant share certificates must be lodged with Tricor Tengis Limited at the above address for registration not later than 4:30 p.m. on Monday, 12 June 2023.

Share Capital

There were no movements in the Company's share capital during the year under review.

Distributable Reserves

As at 31 December 2022, the Company's reserves available for distribution, calculated in accordance with the provision of the Companies Act 1981 of Bermuda, amounted to HK$2,183,224,000.

In addition, the Company's share premium of HK$1,688,606,000 may be distributed in the form of fully paid bonus shares.

Charitable Donations

There were no charitable donations made by the Group during the year under review.

Retirement Benefits Schemes

Particulars of the Group's retirement benefits schemes are set out in Note 2(m)(ii) to the financial statements.

Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2022 are set out in Note 32 to the financial statements.

Directors

The Directors of the Company during the year under review and up to the date of this report are:

Executive Directors

LAN Runing *(Chairman)*
KUANG Hu *(Vice Chairman)* (appointed with effect from 28 February 2022)
LI Yonggang *(Managing Director)*
WU Mingchang
LI Wenchang (appointed with effect from 14 July 2022)
JIAO Li *(Chief Financial Officer)*
ZHU Guang (resigned with effect from 14 July 2022)

Independent Non-Executive Directors

Felix FONG Wo
Vincent Marshall LEE Kwan Ho
LEUNG Luen Cheong (appointed with effect from 1 January 2023)
Alan Howard SMITH (resigned with effect from 1 January 2023)

In accordance with Bye-law 87 of the Company's Bye-laws (the "Bye-Laws"), Mr. LI Yonggang, Mr. WU Mingchang and Mr. Vincent Marshall LEE Kwan Ho will retire by rotation at the 2023 Annual General Meeting and shall be eligible for re-election.

Mr. LI Yonggang, Mr. WU Mingchang and Mr. Vincent Marshall LEE Kwan Ho, being eligible, have offered themselves for re-election and if re-elected, they will hold office from the date of re-election, to the earlier of (a) the conclusion of the annual general meeting of the Company to be held in 2026; or (b) 30 June 2026, subject to earlier determination in accordance with the Bye-Laws and/or any applicable laws and regulations.

Directors' Service Contracts

None of the Directors proposed for re-election at the 2023 Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transactions, Arrangements or Contracts

Save as disclosed in the "Connected Transactions" section on pages 29 to 48 of this report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year under review.

Permitted Indemnity Provision

Indemnity provision within the meaning of permitted indemnity provision under the Hong Kong Companies Ordinance for the benefit of the Directors is currently in force and was in force throughout the year ended 31 December 2022. In addition, the Company has taken out and kept in force appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company

Directors' Interests in Competing Business

The interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "Competing Business") as required to be disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2022 and up to the date of this report are as follows:

I. Core Business Activities of the Group

Property development and investment

II. Interests in Competing Business

Name of Director	Name of entity (Note 1)	Nature of interest (Note 1)	Competing Business
LAN Runing	Guangdong Investment Limited ("GDI")	non-executive director	Property development and investment
LI Yonggang	廣東粵港投資開發有限公司 (Guangdong Yuegang Investment Development Co., Ltd.) (Note 2)	chairman and managing director	Property development and investment
	GDH Real Estates (China) Limited (Note 3)	chairman and managing director	Property development and investment
JIAO Li	廣東粵港投資開發有限公司 (Guangdong Yuegang Investment Development Co., Ltd.) (Note 2)	director (Note 4)	Property development and investment
	廣州南沙粵海地產有限公司 (Guangzhou Nansha Yuehai Real Estates Limited) (Note 3)	director (Note 5)	Property development and investment

Notes:

1. The aforementioned entities are engaged in, among others, property development and investment. The interests of each of the aforementioned Directors in the businesses of the aforementioned entities may also arise through their respective directorships in its holding companies, subsidiaries, associated companies or other form of investment vehicles of such entities.

2. Subsidiary of 廣東粵海控股集團有限公司 (Guangdong Holdings Limited) ("Guangdong Holdings").

3. Subsidiary of GDH Limited ("GDH").

4. Mr. JIAO Li ceased to act as a director of 廣東粵港投資開發有限公司 (Guangdong Yuegang Investment Development Co., Ltd.) with effect from 3 November 2022.

5. Mr. JIAO Li ceased to act as a director of 廣州南沙粵海地產有限公司 (Guangzhou Nansha Yuehai Real Estates Limited) with effect from 8 June 2022.

Management Contracts

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

Directors' Interests and Short Positions in Securities

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be: (a) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

Interests and short positions in the Company

Name of Director	Capacity/ Nature of interest	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note 1)
JIAO Li	Personal	200,000	Long position	0.012%
Vincent Marshall LEE Kwan Ho	Corporate	2,000,000	Long position	0.117%
Alan Howard SMITH (Note 2)	Personal	317,273	Long position	0.019%

Notes:

1. The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of the Company in issue as at 31 December 2022.

2. Mr. Alan Howard SMITH resigned as an Independent Non-Executive Director of the Company with effect from 1 January 2023.

Save as disclosed above, as at 31 December 2022, to the knowledge of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (a) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (b) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Save as disclosed above, at no time during the year under review was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

Substantial Shareholders' Interests

As at 31 December 2022, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Long/Short position	Approximate percentage of interests held (Note 1)
廣東粵海控股集團有限公司 (Guangdong Holdings Limited) (Note 2)	Interest in controlled corporation	1,263,494,221	Long position	73.82%
GDH Limited (Note 2)	Interest in controlled corporation	1,263,494,221	Long position	73.82%
Guangdong Investment Limited	Beneficial owner	1,263,494,221	Long position	73.82%

Notes:

1. The approximate percentage of interests held was calculated on the basis of 1,711,536,850 ordinary shares of the Company in issue as at 31 December 2022.

2. The attributable interest which Guangdong Holdings has in the Company is held through its wholly-owned subsidiary, namely GDH, and the attributable interest of the latter is held through its subsidiary, GDI.

Save as disclosed above, as at 31 December 2022, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

Connected Transactions

The Group's connected transactions and continuing connected transactions conducted during the year and subsequent to the year under review, and disclosed in accordance with Chapter 14A of the Listing Rules are as follows:

I. Connected Transactions

(1) Equity Transfer Agreement in relation to the acquisition of 6% equity interest in Yuehai Property Management

On 28 January 2022, the Company (as purchaser) and Guangdong Holdings (as vendor) entered into the Equity Transfer Agreement, pursuant to which the Company agreed to purchase, and Guangdong Holdings agreed to sell the 6% of the equity interest in the Yuehai Property Management, at the consideration of RMB33,631,098. The change of registration of the relevant sale equity with the relevant administration for industry and commerce department in the PRC has been completed on 1 July 2022.

Guangdong Holdings is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the aforesaid acquisition constitutes a connected transaction of the Company which is subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirement. Further details of the transaction are set out in the announcement of the Company dated 28 January 2022.

Connected Transactions (continued)

I. Connected Transactions (continued)

(2) Tenancy Agreement in relation to the lease of GDI Tower

On 15 September 2022, the Company (as tenant) and Guangdong Power (International) Limited ("GD Power International") (as landlord) entered into a tenancy agreement (the "Tenancy Agreement") in respect of Office A of 18th Floor, Guangdong Investment Tower as its head office and the principal place of business in Hong Kong, for a term of three years from 1 December 2022 to 30 November 2025 (both days inclusive) at HK$124,832 per month (exclusive of rates, service charge and other outgoings).

GD Power International (a non-wholly owned subsidiary of GDI, the immediate controlling shareholder of the Company) is an associate of GDI and hence a connected person of the Company. Accordingly, the entering into of the Tenancy Agreement constitutes a connected transaction of the Company under the Listing Rules. Pursuant to HKFRS 16, the Company (as tenant) shall recognise the premises leased under the Tenancy Agreement as a right-of-use asset in the consolidated statement of financial position of the Company. Accordingly, the entering into of the Tenancy Agreement shall be regarded as an acquisition of asset under the definition of transaction as set out in Rule 14.04(1)(a) of the Listing Rules. As at the date of the Tenancy Agreement, the unaudited value of the right-of-use asset recognised under the Tenancy Agreement was approximately HK$4,095,000. Thus, the Tenancy Agreement is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement. Further details of the transaction are set out in the announcement of the Company dated 15 September 2022.

II. Continuing Connected Transactions — Property Management Services Related Agreements

(1) Shenzhen City Preliminary Property Services Agreement

On 13 November 2020, 廣東粵海置地集團有限公司 (Guangdong Yuehai Land Holdings Limited) ("Guangdong Yuehai Land", a wholly-owned subsidiary of the Company) and 廣東粵海天河城商業管理有限公司 (GDH Teem Commercial Management Co., Ltd.) ("Teem Management Co") entered into the Shenzhen City Preliminary Property Services Agreement, pursuant to which, Teem Management Co agreed to provide property management services to Guangdong Yuehai Land in respect of the properties of the Yuecai City (Northern Land) of the Buxin Project for the period from 13 November 2020 to 12 November 2022 (both days inclusive).

During the year under review, the relevant service fees paid by Guangdong Yuehai Land to Teem Management Co amounted to approximately RMB2,025,000 (2022 annual cap: RMB4,000,000).

Further details of the transaction are set out in the announcement of the Company dated 13 November 2020 and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

(2) The Second Buji Factory Property Services Agreement

On 26 March 2021, 粵海科技(深圳)有限公司 (Yuehai Technology (Shenzhen) Co., Ltd.) ("Yuehai Technology", a wholly-owned subsidiary of the Company) and 深圳市粵海悦生活物業管理有限公司 (Shenzhen Yuehai Yueshenghuo Property Management Co., Ltd.) ("Yuehai Yueshenghuo") entered into the Second Buji Factory Property Services Agreement, pursuant to which, Yuehai Yueshenghuo agreed to provide property management services to Yuehai Technology in respect of that Buji factory premises for the period from 1 April 2021 to 31 March 2023 (both days inclusive).

During the year under review, the relevant service fees paid by Yuehai Technology to Yuehai Yueshenghuo were approximately RMB672,000 (2022 annual cap: RMB810,000).

Further details of the transactions are set out in the announcement of the Company dated 26 March 2021 and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

Connected Transactions (continued)

II. Continuing Connected Transactions — Property Management Services Related Agreements (continued)

(3) The Second Shiyan Factory Property Services Agreement

On 26 March 2021, Yuehai Technology (a wholly-owned subsidiary of the Company) and Yuehai Yueshenghuo entered into the Second Shiyan Factory Property Services Agreement, pursuant to which, Yuehai Yueshenghuo agreed to provide property management services to Yuehai Technology in respect of that Shiyan factory premises for the period from 1 April 2021 to 31 March 2023 (both days inclusive).

On 1 September 2022, Yuehai Technology and 深圳冠利特房地產開發有限公司 (Shenzhen Guanlite Real Estate Development Co., Ltd.) ("Shenzhen Guanlite") entered into the Relocation Compensation Agreement, pursuant to which, Yuehai Technology has agreed to hand-over to Shenzhen Guanlite the Shiyan Factory Property. Since then, Yuehai Technology will not require the property management services provided by Yuehai Yueshenghuo pursuant to the Second Shiyan Factory Property Services Agreement. On 1 September 2022, Yuehai Technology served a notice to Yuehai Yueshenghuo to early terminate the Second Shiyan Factory Property Services Agreement with effect from 30 September 2022.

During the year under review, the relevant service fees paid by Yuehai Technology to Yuehai Yueshenghuo were approximately RMB273,000 (2022 annual cap: RMB440,000).

Further details of the transactions are set out in the announcements of the Company dated 26 March 2021 and 1 September 2022, and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

(4) Jiangmen Yiguifu Preliminary Property Services Agreement

On 26 March 2021, 江門市粵海置地房地產投資有限公司 (Jiangmen Yuehai Land Real Estate Investment Co., Ltd.) ("GDL Jiangmen", a wholly-owned subsidiary of the Company) and 粵海物業管理有限公司 (Yuehai Property Management Co., Ltd.) ("Yuehai Property Management") entered into the Jiangmen Yiguifu Preliminary Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to GDL Jiangmen for the Jiangmen One Mansion (江門粵海 • 壹桂府) Project for the period from 26 March 2021 to 25 March 2024 (both days inclusive).

During the year under review, no service fee was paid by GDL Jiangmen to Yuehai Property Management (2022 annual cap: RMB1,500,000).

Further details of the transaction are set out in the announcement of the Company dated 26 March 2021.

(5) Jiangmen Laurel House Preliminary Property Services Agreement

On 26 March 2021, 江門粵海置地有限公司 (Jiangmen Yuehai Land Co., Ltd.) ("Jiangmen Yuehai Land", a non-wholly owned subsidiary of the Company) and Yuehai Property Management entered into the Jiangmen Laurel House Preliminary Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to Jiangmen Yuehai Land for the Jiangmen Laurel House Project for the period from 26 March 2021 to 25 March 2024 (both days inclusive).

During the year under review, no service fee was paid by Jiangmen Yuehai Land to Yuehai Property Management (2022 annual cap: RMB1,200,000).

Further details of the transaction are set out in the announcement of the Company dated 26 March 2021.

Connected Transactions (continued)

II. Continuing Connected Transactions — Property Management Services Related Agreements (continued)

(6) Yuecai City North Tower Sales Centre and Sample Units Demonstration Area Property Services Agreement

On 26 March 2021, Guangdong Yuehai Land (a wholly-owned subsidiary of the Company) and Teem Management Co entered into the 2021 Yuecai City North Tower Sales Centre and Sample Units Demonstration Area Property Services Agreement, pursuant to which, Teem Management Co agreed to provide property management services to Guangdong Yuehai Land in respect of the sales centre and sample units demonstration area of the project for the period from 1 April 2021 to 31 March 2022 (both days inclusive).

On 30 March 2022, Guangdong Yuehai Land and Yuehai Yueshenghuo entered into the 2022 Yuecai City North Tower Sales Centre and Sample Unit Demonstration Area Property Services Agreement. pursuant to which, Yuehai Yueshenghuo agreed to provide property management services to Guangdong Yuehai Land in respect of the sales centre and sample units demonstration area of the project for the period from 1 April 2022 to 31 March 2023 (both days inclusive).

During the year under review, the relevant service fees paid by Guangdong Yuehai Land to Teem Management Co and Yuehai Yueshenghuo respectively for the 2021 Yuecai City North Tower Sales Centre and Sample Units Demonstration Area Property Services Agreement and the 2022 Yuecai City North Tower Sales Centre and Sample Unit Demonstration Area Property Services Agreement were approximately RMB1,118,000 (2022 annual cap: RMB1,500,000) and RMB3,606,000 (2022 annual cap: RMB3,770,000).

Further details of the transactions are set out in the announcements of the Company dated 26 March 2021 and 30 March 2022, and Note 29(a) to the financial statements — the transactions under “Property management service fees paid to fellow subsidiaries”.

(7) Zhuhai Jinwan Project Preliminary Property Services Agreement

On 10 May 2021, 珠海粵海置地有限公司 (Zhuhai Yuehai Land Co., Ltd.) (“GDL Zhuhai”, a wholly-owned subsidiary of the Company) and 粵海物業管理有限公司珠海分公司 (Yuehai Property Management Co., Ltd. Zhuhai Branch) (“Yuehai Property Management Zhuhai Branch”) entered into the Zhuhai Jinwan Project Preliminary Property Services Agreement, pursuant to which, Yuehai Property Management Zhuhai Branch agreed to provide property management services to GDL Zhuhai for the Zhuhai Jinwan Project for the period from 10 May 2021 to 9 May 2024 (both days inclusive).

During the year under review, no service fee was paid by GDL Zhuhai to Yuehai Property Management Zhuhai Branch (2022 annual cap: RMB0).

Further details of the transaction are set out in the announcement of the Company dated 10 May 2021.

(8) Zhongshan Yigui Garden Preliminary Property Services Agreement

On 27 July 2021, 中山粵海置地有限公司 (Zhongshan Yuehai Land Co., Ltd.) (“GDL Zhongshan”, a non-wholly owned subsidiary of the Company), and Yuehai Property Management entered into the Zhongshan Yigui Garden Preliminary Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to GDL Zhongshan for the Zhongshan Yigui Garden (the legal standard geographical name of the Zhongshan Ma’an Island Project) for the period from 27 July 2021 to 9 May 2024 (both days inclusive).

During the year under review, no service fee was paid by GDL Zhongshan to Yuehai Property Management (2022 annual cap: RMB0).

Further details of the transaction are set out in the announcement of the Company dated 27 July 2021.

Connected Transactions (continued)

II. Continuing Connected Transactions — Property Management Services Related Agreements (continued)

(9) Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement

On 27 July 2021, 佛山粤海置地有限公司 (Foshan Yuehai Land Co., Ltd.) ("GDL Foshan", a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the Foshan Yuehai Shiguiyuan Preliminary Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to GDL Foshan for the Foshan Yuehai Shiguiyuan (the legal standard geographical name of the Foshan Wanhua Project) for the period from 27 July 2021 to 9 May 2024 (both days inclusive).

During the year under review, no service fee was paid by GDL Foshan to Yuehai Property Management (2022 annual cap: RMB0).

Further details of the transaction are set out in the announcement of the Company dated 27 July 2021.

(10) The Second Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement

On 27 July 2021, GDL Foshan (a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the First Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to GDL Foshan in respect of the sales centre and sample units of the project for the period from 27 July 2021 to 31 July 2022 (both days inclusive).

On 26 July 2022, GDL Foshan and Yuehai Property Management entered into the Second Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to GDL Foshan in respect of the sales centre and sample units of the project for the period from 1 August 2022 to 31 July 2023 (both days inclusive).

During the year under review, the relevant service fees paid by GDL Foshan to Yuehai Property Management respectively for the First Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement and the Second Foshan Wanhua Project Site (Sales Centre and Sample Units) Property Services Agreement were approximately RMB3,000,000 (2022 annual cap: RMB3,780,000) and RMB2,334,000 (2022 annual cap: RMB2,618,000).

Further details of the transactions are set out in the announcements of the Company dated 27 July 2021 and 26 July 2022, and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

(11) GDH Plaza Preliminary Property Services Agreement

On 16 September 2021, Jiangmen Yuehai Land (a non-wholly owned subsidiary of the Company) and Yuehai Property Management entered into the GDH Plaza Preliminary Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to Jiangmen Yuehai Land for the GDH Plaza (the property name on one of the land plots of the Jiangmen Ganhua Project) for the period from 16 September 2021 to 9 May 2024 (both days inclusive).

During the year under review, no service fee was paid by Jiangmen Yuehai Land to Yuehai Property Management (2022 annual cap: RMB0).

Further details of the transaction are set out in the announcement of the Company dated 10 December 2021.

Connected Transactions (continued)

II. Continuing Connected Transactions — Property Management Services Related Agreements (continued)

(12) The Second Jiangmen Yiguifu Project Site (Sales Centre and Sample Units) Property Services Agreement

On 10 December 2021, GDL Jiangmen (a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the Second Jiangmen Yiguifu Project Site (Sales Centre and Sample Units) Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to GDL Jiangmen in respect of the sales centre and sample units of the project for the period from 1 January 2022 to 31 December 2022 (both days inclusive).

During the year under review, the relevant service fees paid by GDL Jiangmen to Yuehai Property Management were approximately RMB2,881,000 (2022 annual cap: RMB3,850,000).

Further details of the transactions are set out in the announcements of the Company dated 10 December 2021 and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

(13) The Second Jiangmen GDH City Project Site (Sales Centre and Sample Units) Property Services Agreement

On 10 December 2021, Jiangmen Yuehai Land (a non-wholly owned subsidiary of the Company) and Yuehai Property Management entered into the Second Jiangmen GDH City Project Site (Sales Centre and Sample Units) Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to Jiangmen Yuehai Land in respect of the sales centre and sample units of the project for the period from 1 January 2022 to 31 December 2022 (both days inclusive).

During the year under review, the relevant service fees paid by Jiangmen Yuehai Land to Yuehai Property Management were approximately RMB5,240,000 (2022 annual cap: RMB6,600,000).

Further details of the transactions are set out in the announcements of the Company dated 10 December 2021 and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

(14) The Second Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement

On 10 December 2021, GDL Zhuhai (a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the Second Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to GDL Zhuhai in respect of the sales centre and sample units of the project for the period from 1 January 2022 to 31 December 2022 (both days inclusive).

During the year under review, the relevant service fees paid by GDL Zhuhai to Yuehai Property Management were approximately RMB3,888,000 (2022 annual cap: RMB6,270,000).

Further details of the transactions are set out in the announcement of the Company dated 10 December 2021 and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

Connected Transactions (continued)

II. Continuing Connected Transactions — Property Management Services Related Agreements (continued)

(15) The Second Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement

On 10 December 2021, GDL Zhongshan (a non-wholly owned subsidiary of the Company) and Yuehai Property Management entered into the Second Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement, pursuant to which, Yuehai Property Management shall continue to provide property management services to GDL Zhuhai in respect of the sales centre and sample units of the project for the period from 1 January 2022 to 31 December 2022 (both days inclusive).

During the year under review, the relevant service fees paid by GDL Zhongshan to Yuehai Property Management were approximately RMB5,660,000 (2022 annual cap: RMB8,020,000).

Further details of the transactions are set out in the announcement of the Company dated 10 December 2021 and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

(16) The Second Huizhou Yuehai Riverside Garden Project Site (Sales Centre and Sample Units) Property Services Agreement

On 10 December 2021, 惠州市粵海房地產開發有限公司 (Huizhou City Yuehai Property Development Co., Ltd.) ("Huizhou Property", a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the First Huizhou Yuehai Riverside Garden Project Site (Sales Centre and Sample Units) Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to Huizhou Property in respect of the sales centre and sample units of the project for the period from 11 December 2021 to 31 August 2022 (both days inclusive).

On 30 August 2022, Huizhou Property and Yuehai Property Management entered into the Second Huizhou Yuehai Riverside Garden Project Site (Sales Centre and Sample Units) Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to Huizhou Property in respect of the sales centre and sample units of the project for the period from 1 September 2022 to 31 August 2023 (both days inclusive).

During the year under review, the relevant service fees paid by Huizhou Property to Yuehai Property Management respectively for the First Huizhou Yuehai Riverside Garden Project Site (Sales Centre and Sample Units) Property Services Agreement and the Second Huizhou Yuehai Riverside Garden Project Site (Sales Centre and Sample Units) Property Services Agreement were approximately RMB2,827,000 (2022 annual cap: RMB3,397,000) and RMB1,158,000 (2022 annual cap: RMB1,287,000).

Further details of the transactions are set out in the announcements of the Company dated 10 December 2021 and 30 December 2022, and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

(17) Huizhou Yuehai Riverside Garden Preliminary Property Services Agreement

On 28 January 2022, Huizhou Property (a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the Huizhou Yuehai Riverside Garden Preliminary Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to Huizhou Property for the Huizhou Yuehai Riverside Garden (the promotion name of the Huizhou Dayawan Project) for the period from 28 January 2022 to 9 May 2024 (both days inclusive).

During the year under review, no service fee was paid by Huizhou Property to Yuehai Property Management (2022 annual cap: RMB0).

Further details of the transaction are set out in the announcement of the Company dated 30 March 2022.

Connected Transactions (continued)

II. Continuing Connected Transactions — Property Management Services Related Agreements (continued)

(18) Yuecai City (Northwestern Land) Carpark Entrusted Management Agreement

On 30 March 2022, Guangdong Yuehai Land (a wholly-owned subsidiary of the Company) and Yuehai Yueshenghuo entered into the Yuecai City (Northwestern Land) Carpark Entrusted Management Agreement, pursuant to which, Yuehai Yueshenghuo agreed to provide property management services to Guangdong Yuehai Land for such carpark for the period from 30 March 2022 to 29 March 2024 (both days inclusive).

During the year under review, the relevant service fees paid by Guangdong Yuehai Land to Yuehai Yueshenghuo were approximately RMB1,403,000 (2022 annual cap: RMB1,620,000).

Further details of the transaction are set out in the announcement of the Company dated 30 March 2022 and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

(19) Property Management Services Agreement of the Guangzhou Laurel House

Reference are made to the announcements of the Company dated 18 July 2018, 30 August 2019 and 13 November 2020 in relation to the Preliminary Property Management Services Agreement of the Laurel House (previously known as Yuehai Zhuguang Yashe District) (the "Property Management Services Agreement of the Guangzhou Laurel House"), the First Supplemental Agreement and the Second Supplemental Agreement respectively, and the relevant service term expired on 31 December 2021.

On 19 April 2022, 廣東粵海房地產開發有限公司 (Guangdong Yuehai Property Development Co., Ltd.) ("Guangdong Property Development", a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the third supplemental agreement to the Property Management Services Agreement of the Guangzhou Laurel House, pursuant to which, Yuehai Property Management agreed to provide property management services in respect of the Guangzhou Laurel House properties to Guangdong Property Development for the period from 1 January 2022 to 31 December 2023 (both days inclusive).

During the year under review, the relevant service fees paid by Guangdong Property Development to Yuehai Property Management amounted to approximately RMB503,000 (2022 annual cap: RMB3,060,000).

Further details of the transactions are set out in the announcements of the Company dated 18 July 2018, 30 August 2019, 13 November 2020 and 19 April 2022, and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

(20) GDH Yungang City Project Site (Sales Centre and Sample Units) Property Services Agreement

On 19 April 2022, GDL Development (a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the GDH Yungang City Project Site (Sales Centre and Sample Units) Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to GDL Development in respect of the sales centre and sample units of the project for the period from 19 April 2022 to 31 December 2022 (both days inclusive).

During the year under review, the relevant service fees paid by GDL Development to Yuehai Property Management were approximately RMB5,200,000 (2022 annual cap: RMB6,600,000).

Further details of the transaction are set out in the announcement of the Company dated 19 April 2022 and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

Connected Transactions (continued)

II. Continuing Connected Transactions — Property Management Services Related Agreements (continued)

(21) Yuehai Yunyang Garden Preliminary Property Services Agreement

On 31 May 2022, GDL Development (a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the Yuehai Yunyang Garden Preliminary Property Services Agreement, pursuant to which, Yuehai Property Management agreed to provide property management services to GDL Development for the Yuehai Yunyang Garden (the residential project on one of the land plots of the Yungang City Project) for the period from 31 May 2022 to 9 May 2024 (both days inclusive).

During the year under review, no service fee was paid by GDL Development to Yuehai Property Management (2022 annual cap: RMB0).

Further details of the transaction are set out in the announcement of the Company dated 26 July 2022.

(22) Industrial Heritage (Biennale Exhibition Venue) Property Management Services Agreement

On 13 June 2022, Guangdong Yuehai Land (a wholly-owned subsidiary of the Company) and Yuehai Yueshenghuo entered into the Industrial Heritage (Biennale Exhibition Venue) Property Management Services Agreement, pursuant to which, Yuehai Yueshenghuo agreed to provide property management services to Guangdong Yuehai Land for the Industrial Heritage (as the venue of the Biennale Exhibition) during the decoration and preparation period and exhibition period for a term of 5 months from 5 November 2022 to the end date of the Biennale Exhibition (which is expected to be in March 2023 and subject to the confirmation by relevant government organiser of the Biennale Exhibition).

During the year under review, the relevant service fees paid by Guangdong Yuehai Land to Yuehai Yueshenghuo were approximately RMB215,000 (2022 annual cap: RMB418,000).

Further details of the transaction are set out in the announcement of the Company dated 26 July 2022, and Note 29(a) to the financial statements — the transactions under “Property management service fees paid to fellow subsidiaries”.

(23) Yuehai Commercial Centre and Baiyun Yuehai Plaza Preliminary Property Services Agreement

On 20 October 2022, GDL Development (a wholly-owned subsidiary of the Company) and 廣州粵海物業服務有限公司 (Guangzhou Yuehai Property Service Co., Ltd.) (“Guangzhou Yuehai Property”) entered into the Yuehai Commercial Centre and Baiyun Yuehai Plaza Preliminary Property Services Agreement, pursuant to which, Guangzhou Yuehai Property agreed to provide property management services to GDL Development for Yuehai Commercial Centre and Baiyun Yuehai Plaza (the commercial project on one of the land plots of the Yungang City Project) for the period from 20 October 2022 to 9 May 2024 (both days inclusive).

During the year under review, no service fee was paid by GDL Development to Guangzhou Yuehai Property (2022 annual cap: RMB0).

Further details of the transaction are set out in the announcement of the Company dated 30 December 2022.

Connected Transactions (continued)

II. Continuing Connected Transactions — Property Management Services Related Agreements (continued)

Yuehai Property Management, Yuehai Property Management Zhuhai Branch, Teem Management Co, Yuehai Yueshenghuo and Guangzhou Yuehai Property are subsidiaries of Guangdong Holdings, the ultimate controlling shareholder of the Company, hence, associates of Guangdong Holdings and connected persons of the Company. Pursuant to the Listing Rules, the entering into of each of the agreements under the above items (1) to (23) (collectively the "Property Management Services Agreements") constitutes a continuing connected transaction of the Company. On a standalone basis, except for the agreements under items (2), (3), (4), (5), (9), (11), (17), (18), (21), (22) and (23), the remaining transactions are subject to annual review, reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement.

On a standalone basis, as all of the applicable percentage ratios in respect of the continuing connected transactions under each of the agreements under the items (2), (3), (4), (5), (9), (11), (17), (18), (21), (22) and (23) calculated at the date of signing of the agreement pursuant to the Listing Rules are less than 0.1%, or are less than 5% and the relevant annual cap amount is less than HK$3,000,000, it is fully exempt from the annual review, announcement and independent shareholders' approval requirements.

As the highest applicable percentage ratio (on an aggregated basis) in respect of the relevant transactions contemplated under the Property Management Services Agreements calculated pursuant to the Listing Rules is more than 0.1% but all of the applicable percentage ratios are less than 5%, the Property Management Services Agreements are subject to the annual review, reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement.

III. Continuing Connected Transactions — Property Leasing Services Related Agreements

(1) Laurel House Nursery Property Leasing Services Agreement

On 24 December 2020, Guangdong Property Development (a wholly-owned subsidiary of the Company) and Teem Management Co entered into the Laurel House Nursery Property Leasing Services Agreement, pursuant to which, Teem Management Co agreed to provide property leasing services in respect of the Laurel House Nursery to Guangdong Property Development for the period from 1 January 2021 to 31 December 2023 (both days inclusive).

During the year under review, the relevant service fees paid by Guangdong Property Development to Teem Management Co were approximately RMB43,000 (2022 annual cap: RMB150,000).

Further details of the transaction are set out in the announcement of the Company dated 15 January 2021 and Note 29(a) to the financial statements — the transactions under "Property leasing service fees paid to fellow subsidiaries".

(2) Guangdong Land Buxin Project Property Leasing Services Agreement

On 15 January 2021, Guangdong Yuehai Land (a wholly-owned subsidiary of the Company) and 廣東粵海天河城(集團)股份有限公司 (GDH Teem (Holdings) Limited) ("GD Teem") entered into the Guangdong Land Buxin Project Property Leasing Services Agreement, pursuant to which, GD Teem agreed to (i) grant the right to use the name of "天河城" for the commercial and shopping center under the Buxin Project and (ii) provide property leasing services in respect of the commercial and shopping center under the Buxin Project, to Guangdong Yuehai Land for the period from 16 January 2021 to 15 January 2022 (both days inclusive).

During the year under review, the relevant service fees paid by Guangdong Yuehai Land to GD Teem were approximately RMB100,000 (2022 annual cap: RMB350,000).

Further details of the transaction are set out in the announcement of the Company dated 15 January 2021 and Note 29(a) to the financial statements — the transactions under "Property leasing service fees paid to fellow subsidiaries".

Connected Transactions (continued)

III. Continuing Connected Transactions — Property Leasing Services Related Agreements (continued)

(3) Laurel House Commercial Property Leasing Services Agreement and Laurel House Commercial Property Leasing and Operational Management Services Agreement

On 31 December 2021, Guangdong Property Development (a wholly-owned subsidiary of the Company) and 廣州粵海仰忠匯置業有限公司 (Guangzhou Yuehai Yangzhonghui Land Co., Ltd.) ("Yuehai i-Club") entered into the Laurel House Commercial Property Leasing and Operational Management Services Agreement, pursuant to which, Yuehai i-Club agreed to provide leasing and related operational management services in respect of the GD • Delin (粵海 • 得鄰), to Guangdong Property Development for the period from 1 January 2022 to 31 December 2023 (both days inclusive).

During the year under review, the relevant service fees paid by Guangdong Property Development to Yuehai i-Club were approximately RMB2,936,000 (2022 annual cap: RMB4,190,000).

Further details of the transactions are set out in the announcement of the Company dated 31 December 2021 and Note 29(a) to the financial statements — the transactions under "Property leasing service fees paid to fellow subsidiaries".

Teem Management Co, GD Teem and Yuehai i-Club are subsidiaries of Guangdong Holdings, the ultimate controlling shareholder of the Company, hence, associates of Guangdong Holdings and connected persons of the Company. Pursuant to the Listing Rules, the entering into of each of the agreements under the above items (1) to (3) (collectively the "Property Leasing Services Agreements") constitutes a continuing connected transaction of the Company.

On a standalone basis, as all of the applicable percentage ratios in respect of the continuing connected transactions under the agreement under the item (1) calculated at the date of signing of the agreement pursuant to the Listing Rules are less than 0.1%, the transaction is fully exempt from the annual review, announcement and independent shareholders' approval requirements.

In addition, on a standalone basis, as one or more of the applicable percentage ratios in respect of the continuing connected transactions under each of the agreements under the items (2) and (3) calculated at the date of signing of the agreement pursuant to the Listing Rules are more than 0.1% but all of the applicable percentage ratios are less than 5%, the transactions are subject to the annual review, reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement.

As the highest applicable percentage ratio (on an aggregated basis) in respect of the relevant transactions contemplated under the Property Leasing Services Agreements calculated pursuant to the Listing Rules is more than 0.1% but all of the applicable percentage ratios are less than 5%, the Property Leasing Services Agreements are subject to the annual review, reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement.

Connected Transactions (continued)

IV. Continuing Connected Transactions — Lease Agreements

(1) Lease Agreement in relation to letting of Site B for temporary carpark operations

On 15 April 2022, Jiangmen Yuehai Land (a non-wholly owned subsidiary of the Company) (as lessor) and Yuehai Property Management (as lessee) entered into the Lease Agreement, pursuant to which, Jiangmen Yuehai Land agreed to lease certain sites of the Jiangmen Ganhua Project with a site area of 10,500 sq. m. ("Site B") to Yuehai Property Management to operate a temporary open-air carpark with a capacity of 700 car parking spaces, a term of one year for the period from 16 April 2022 to 15 April 2023 (both days inclusive).

During the year under review, the relevant rent paid by Yuehai Property Management to Jiangmen Yuehai Land were approximately RMB2,015,000 (2022 annual cap: RMB2,240,000).

Further details of the transaction are set out in the announcement of the Company dated 15 July 2022 and Note 29(a) to the financial statements — the transactions under "Rental income received from a fellow subsidiary".

(2) Lease Agreement in relation to letting of Site A for temporary carpark operations

On 15 July 2022, Jiangmen Yuehai Land (a non-wholly owned subsidiary of the Company) (as lessor) and Yuehai Property Management (as lessee) entered into the Lease Agreement, pursuant to which, Jiangmen Yuehai Land agreed to lease certain sites of the Jiangmen Ganhua Project with a site area of 8,950.46 sq. m. ("Site A") to Yuehai Property Management to operate a temporary open-air carpark with a capacity of 300 car parking spaces, a term of one year for the period from 15 July 2022 to 14 July 2023 (both days inclusive).

During the year under review, the relevant rent paid by Yuehai Property Management to Jiangmen Yuehai Land were approximately RMB486,000 (2022 annual cap: RMB554,000).

Further details of the transaction are set out in the announcement of the Company dated 15 July 2022 and Note 29(a) to the financial statements — the transactions under "Rental income received from a fellow subsidiary".

(3) Lease Agreement in relation to Shopping Centre of the Shenzhen GDH City

On 16 September 2022, Guangdong Yuehai Land (a wholly-owned subsidiary of the Company) (as lessor) and 深圳粵海天河城購物中心有限公司 (Shenzhen GDH Teem Shopping Center Co., Ltd.) ("Shenzhen GDH Teem") (as lessee) entered into the Lease Agreement, pursuant to which, Guangdong Yuehai Land has agreed to lease the shopping centre, the carparks and old factory building situated at the Northern Land and the Southern Land to Shenzhen GDH Teem for commercial operation for a term of 240 months from 16 September 2022 to 15 September 2042 (both days inclusive).

During the year under review, no rent was paid by Shenzhen GDH Teem to Guangdong Yuehai Land (2022 annual cap: RMB0).

Further details of the transaction are set out in the announcement of the Company dated 16 September 2022.

Yuehai Property Management and Shenzhen GDH Teem are subsidiaries of Guangdong Holdings, the ultimate controlling shareholder of the Company, hence, associates of Guangdong Holdings and connected persons of the Company. Pursuant to the Listing Rules, the entering into of each of the agreements under the above items (1) to (3) (collectively the "Lease Agreements") constitutes a continuing connected transaction of the Company.

Connected Transactions (continued)

IV. Continuing Connected Transactions — Lease Agreements (continued)

On a standalone basis, as all of the applicable percentage ratios in respect of the continuing connected transactions under each of the agreements under the items (1) and (2) calculated at the date of signing of the agreement pursuant to the Listing Rules are less than 0.1%, or are less than 5% and the relevant annual cap amount is less than HK$3,000,000, the transactions are fully exempt from the annual review, announcement and independent shareholders' approval requirements.

In addition, on a standalone basis, as one or more of the applicable percentage ratios in respect of the continuing connected transactions under the agreement under the item (3) calculated at the date of signing of the agreement pursuant to the Listing Rules are more than 0.1% but all of the applicable percentage ratios are less than 5%, the transaction is subject to the annual review, reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement.

As the highest applicable percentage ratio (on an aggregated basis) in respect of the relevant transactions contemplated under the Property Leasing Services Agreements calculated pursuant to the Listing Rules is more than 0.1% but all of the applicable percentage ratios are less than 5%, the Lease Agreements are subject to the annual review, reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement.

V. Continuing Connected Transactions — Other Agreements

(1) Financial Services Framework Agreement

On 29 April 2022, the Company and 粤海集團財務有限公司 (GDH Finance Co., Ltd.) ("GDH Finance") entered into the Financial Services Framework Agreement, pursuant to which, the Company agreed that the Group will utilise certain financial services including the deposit services, the settlement services, the loan services, the guarantee services and the other financial services offered by GDH Finance in the PRC for the period from 1 May 2022 to 31 August 2024 (both days inclusive).

During the year under review, GDH Finance entered into specific agreement for the provision of financial services with Jiangmen Yuehai Land. The maximum aggregate daily balance of (i) cash deposits (including the interest accrued thereon), and (ii) the relevant fund balance(s) in respect of the electronic bills of exchange payment services amounted to approximately RMB6,957,000; and (iii) no services fee was paid by the Group to GDH Finance (2022 annual caps: RMB60,000,000 as the maximum of the aggregate daily balances in respect of the deposit services and the electronic bills of exchange payment services; RMB5,000,000 as the maximum service fees in respect of the settlement services and the other financial services (on an aggregated basis)).

Further details of the transaction are set out in the announcement of the Company dated 29 April 2022.

As the highest applicable percentage ratio in respect of the Fund Balance Caps exceeds 0.1% but all of them are less than 5%, each of the deposit services and the electronic bills of exchange payment services is subject to the reporting, annual review and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirement.

As the highest applicable percentage ratio in respect of the Service Fees Caps exceeds 0.1% but all of them are less than 5%, each of the settlement services and the other financial services is subject to the reporting, annual review and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirement.

Connected Transactions (continued)

V. Continuing Connected Transactions — Other Agreements (continued)

(2) Parking Space Sales Agency Services Agreement

On 10 June 2022, 廣州市番禺粵海房地產有限公司 (Guangzhou Panyu Yuehai Real Estate Company Limited) ("Guangzhou Panyu", a non-wholly owned subsidiary of the Company) and Yuehai Property Management entered into the Parking Space Sales Agency Services Agreement in relation to the provision of sales agency services in respect of 175 parking spaces in the Group's Ruyingju Project by Yuehai Property Management to Guangzhou Panyu, for the period from 10 June 2022 to 31 December 2023 (both days inclusive).

During the year under review, the relevant commission paid by Guangzhou Panyu to Yuehai Property Management were approximately RMB74,000 (2022 annual cap: RMB4,000,000).

Further details of the transaction are set out in the announcement of the Company dated 10 June 2022.

As the highest applicable percentage ratio in respect of the transactions contemplated under the Parking Space Sales Agency Services Agreement calculated at the date of signing of the agreement pursuant to the Listing Rules is more than 0.1% but all of the applicable percentage ratios are less than 5%, the transaction is subject to the annual review, reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement.

VI. Continuing Connected Transactions pursuant to Rule 14A.60(1) of the Listing Rules

(1) Matters related to the Disposal of Yuehai Yueshenghuo

Reference is made to the announcement of the Company dated 19 November 2020 regarding the Disposal of Yuehai Yueshenghuo. Yuehai Yueshenghuo was a wholly-owned subsidiary of the Company, upon completion of the Disposal of Yuehai Yueshenghuo on 23 November 2020, Yuehai Yueshenghuo became a wholly-owned subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company, hence, an associate of Guangdong Holdings and a connected person of the Company.

Prior to Yuehai Yueshenghuo becoming a wholly-owned subsidiary of Guangdong Holdings, it had entered into the following agreements (the "Existing Yuehai Yueshenghuo Agreements") in respect of continuing transactions with the Group. Upon completion of the Disposal of Yuehai Yueshenghuo, the transactions contemplated under the Existing Yuehai Yueshenghuo Agreements constituted continuing connected transactions of the Company. As the Group continues to conduct the transactions contemplated under the Existing Yuehai Yueshenghuo Agreements, the Company is required to comply with the annual review and disclosure requirements pursuant to Rule 14A.60(1) of the Listing Rules.

Yuecai City Preliminary Property Management Services Agreement

On 10 October 2018, Guangdong Yuehai Land (a wholly-owned subsidiary of the Company) and Yuehai Yueshenghuo entered into the Yuecai City Preliminary Property Management Services Agreement, pursuant to which, Yuehai Yueshenghuo agreed to provide property management services to Guangdong Yuehai Land in respect of the properties on the Northwestern Land of Yuecai City for the period from 30 June 2020 to 29 June 2025 (both days inclusive).

During the year under review, the relevant service fees paid by Guangdong Yuehai Land to Yuehai Yueshenghuo were approximately RMB2,100,000.

Further details of the above transaction are set out in the announcement of the Company dated 19 November 2020 and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

Connected Transactions (continued)

VI. Continuing Connected Transactions pursuant to Rule 14A.60(1) of the Listing Rules (continued)

(2) Matters related to the Huizhou Acquisition

Reference is made to the announcement of the Company dated 29 October 2020 regarding the Huizhou Acquisition. Upon completion of the Huizhou Acquisition on 18 January 2021, 惠陽粵海房產發展有限公司 (Huiyang Development Property Development Co., Ltd.) ("Huiyang Development") and Huizhou Property became wholly-owned subsidiaries of the Company.

Prior to Huiyang Development and Huizhou Property becoming wholly-owned subsidiaries of the Company, they had entered into the following agreements (the "Existing Huizhou Agreements") in respect of continuing transactions with the subsidiaries of Guangdong Holdings. Upon completion of the Huizhou Acquisition, the transactions contemplated under the Existing Huizhou Agreements constituted continuing connected transactions of the Company. As the Group continues to conduct the transactions contemplated under the Existing Huizhou Agreements, the Company is required to comply with the annual review and disclosure requirements pursuant to Rule 14A.60(1) of the Listing Rules.

(a) Huiyang Lijiang Garden Commercial Property Rental Services Agreement

On 22 October 2020, Huiyang Development (a wholly-owned subsidiary of the Company) and Teem Management Co entered into the Huiyang Lijiang Garden Commercial Property Rental Services Agreement, pursuant to which, Teem Management Co shall provide commercial property rental services to Huiyang Development in respect of certain commercial properties in Huiyang Lijiang Garden for the period from 16 September 2020 to 31 December 2025 (both days inclusive).

During the year under review, the relevant service fees paid by Huiyang Development to Teem Management Co were approximately RMB11,000.

(b) Huiyang Lijiang Garden Car Park Operation Management Services Agreement

On 31 December 2019, Huiyang Development (a wholly-owned subsidiary of the Company) and 粵海物業管理有限公司惠陽分公司 (Yuehai Property Management Co., Ltd. Huiyang Branch) ("Yuehai Property Management Huiyang Branch") entered into the Huiyang Lijiang Garden Car Park Operation Management Services Agreement, pursuant to which, Yuehai Property Management Huiyang Branch shall provide daily operation management services for the car park in Huiyang Lijiang Garden for the period from 1 January 2020 to 31 December 2022 (both days inclusive).

During the year under review, the relevant service fees paid by Huiyang Development to Yuehai Property Management Huiyang Branch were approximately RMB67,000.

Further details of the above transactions are set out in the announcement of the Company dated 29 October 2020 and Note 29(a) to the financial statements — the transactions under "Property management service fees paid to fellow subsidiaries".

Yuehai Yueshenghuo, Yuehai Property Management Huiyang Branch and Teem Management Co are subsidiaries of Guangdong Holdings, the ultimate controlling shareholder of the Company, hence, associates of Guangdong Holdings and connected persons of the Company. Therefore, the transactions contemplated under the Existing Yuehai Yueshenghuo Agreements and the Existing Huizhou Agreements constitute continuing connected transactions of the Company.

The Board, including the Independent Non-Executive Directors, has reviewed the continuing connected transactions set out above and has confirmed that such continuing connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Connected Transactions (continued)

KPMG, the Company's auditor, were 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 the Hong Kong Institute of Certified Public Accountants. KPMG have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions set out above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

VII. Connected transactions conducted subsequent to the Year under Review

Subsequent to the year under review, the Group has entered into the connected transactions and disclosed in accordance with Chapter 14A of the Listing Rules as follows:

(1) Tenancy Agreement in relation to the lease of Teem Tower

On 30 December 2022, Guangdong Yuehai Land (a wholly-owned subsidiary of the Company) (as tenant) and GD Teem (as landlord) entered into a tenancy agreement (the "Tenancy Agreement") pursuant to which, Guangdong Yuehai Land has leased certain units on the 42nd floor to 45th floor of Teem Tower, Guangzhou for commercial offices use for a term of 24 months from 1 January 2023 to 31 December 2024 (both days inclusive) and (i) in respect of the period from 1 January 2023 to 31 March 2023, the monthly rent shall be in the amount of RMB395,075.70 (inclusive of the value-added tax of 5%); and (ii) in respect of the period from 1 April 2023 to 31 December 2024, the monthly rent shall be in the amount of RMB1,185,227.10 (inclusive of the value-added tax of 5%). The monthly rent is exclusive of property management service fees, utility charges and other outgoings.

GD Teem (a non-wholly owned subsidiary of GDI, the immediate controlling shareholder of the Company) is an associate of GDI and hence a connected person of the Company. Accordingly, the entering into of the Tenancy Agreement constitutes a connected transaction of the Company under the Listing Rules. Pursuant to HKFRS 16, the Company shall recognise the premises leased under the Tenancy Agreement as a right-of-use asset in the consolidated statement of financial position of the Company. Accordingly, the entering into of the Tenancy Agreement shall be regarded as an acquisition of asset under the definition of transaction as set out in Rule 14.04(1)(a) of the Listing Rules. As at the date of the Tenancy Agreement, the unaudited value of the right-of-use asset recognised under the Tenancy Agreement is approximately RMB24,000,000. Further details of the transaction are set out in the announcement of the Company dated 30 December 2022.

(2) Provision of Loan by the Jihua No.1 Partnership — Co-investment in the Foshan Jihua Project

The Group has adopted the Property Project Co-investment Scheme which allows the participants to invest in different property projects of the Group in the form of loan to be provided to the respective project companies of the Group. Accordingly, certain participants (including directors of the Company and/or its subsidiaries, hence connected persons of the Company) have formed 珠海置勝季華一號投資合夥企業(有限合夥) (Zhuhai Zhisheng Jihua No.1 Investment Partnership Enterprise (Limited Partnership)) (the "Jihua No.1 Partnership") for the purpose of investing in the Foshan Jihua Project.

On 30 January 2023, 佛山粵海置地發展有限公司 (Foshan Yuehai Land Development Co., Ltd.) ("Foshan GDL Development", a non-wholly owned subsidiary of the Company) and the Jihua No.1 Partnership entered into a loan agreement (the "Foshan Jihua Loan Agreement"), pursuant to which, Foshan GDL Development has agreed to borrow a loan in the principal amount of RMB2,650,000 from the Jihua No.1 Partnership.

As certain partners of the Jihua No.1 Partnership are or controlled by directors of the Company and/or its subsidiaries (hence connected persons of the Company), the Foshan Jihua Loan Agreement constitutes a connected transaction of the Company which is subject to the reporting and announcement requirements under the Listing Rules, but is exempt from the independent shareholders' approval requirement. Further details of the transaction are set out in the announcement of the Company dated 30 January 2023.

Connected Transactions (continued)

VIII. Continuing connected transactions conducted subsequent to the Year under Review

Subsequent to the year under review, the Group has entered into the continuing connected transactions and disclosed in accordance with Chapter 14A of the Listing Rules as follows:

(1) Teem Tower Property Services Agreement

On 30 December 2022, Guangdong Yuehai Land (a wholly-owned subsidiary of the Company) and Teem Management Co entered into the Teem Tower Property Services Agreement in relation to the provision of property management services in respect of certain units on the 42nd floor to 45th floor of Teem Tower, Guangzhou by Teem Management Co to Guangdong Yuehai Land (as tenant of the leased units) for the period from 1 January 2023 to 9 May 2024 (both days inclusive). The annual caps for the year 2023 and year 2024 have been set as RMB2,550,000 and RMB920,000 respectively. Further details of the transaction are set out in the announcement of the Company dated 30 December 2022.

(2) The Second Huiyang Lijiang Garden Carpark Management Services Agreement

On 1 February 2023, Huiyang Development (a wholly-owned subsidiary of the Company) and Yuehai Property Management Huiyang Branch entered into the Second Huiyang Lijiang Garden Carpark Management Services Agreement in relation to the provision of property management services in respect of the Huiyang Lijiang Garden Carpark by Yuehai Property Management Huiyang Branch to Huiyang Development for the period from 1 February 2023 to 9 May 2024 (both days inclusive). The annual caps for the year 2023 and year 2024 have been set as RMB93,000 and RMB37,000 respectively. Further details of the transaction are set out in the announcement of the Company dated 23 February 2023.

(3) The Third and Fourth Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreements

On 30 December 2022, GDL Zhuhai (a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the Third Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample units of the Zhuhai Jinwan Project site by Yuehai Property Management to GDL Zhuhai for the period from 1 January 2023 to 31 March 2023 (both days inclusive) and the relevant annual cap has been set as RMB1,100,000. Further details of the transaction are set out in the announcement of the Company dated 30 December 2022. The relevant service term expired on 31 March 2023.

On 23 February 2023, GDL Zhuhai and Yuehai Property Management entered into the Fourth Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample units of the Zhuhai Jinwan Project site by Yuehai Property Management to GDL Zhuhai for the period from 1 April 2023 to 30 April 2024 (both days inclusive) and the annual caps for the year 2023 and year 2024 have been set as RMB3,045,000 and RMB1,353,000 respectively. Further details of the transaction are set out in the announcement of the Company dated 23 February 2023.

Connected Transactions (continued)

VIII. Continuing connected transactions conducted subsequent to the Year under Review (continued)

(4) The Third and Fourth Jiangmen GDH City Project Site (Sales Centre and Sample Units) Property Services Agreements

On 30 December 2022, Jiangmen Yuehai Land (a non-wholly owned subsidiary of the Company) and Yuehai Property Management entered into the Third Jiangmen GDH City Project Site (Sales Centre and Sample Units) Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample units of the Jiangmen GDH City Project site by Yuehai Property Management to Jiangmen Yuehai Land for the period from 1 January 2023 to 31 March 2023 (both days inclusive) and the relevant annual cap has been set as RMB1,000,000. Further details of the transaction are set out in the announcement of the Company dated 30 December 2022. The relevant service term expired on 31 March 2023.

On 23 February 2023, Jiangmen Yuehai Land and Yuehai Property Management entered into the Fourth Jiangmen GDH City Project Site (Sales Centre and Sample Units) Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample units of the Jiangmen GDH City Project site by Yuehai Property Management to Jiangmen Yuehai Land for the period from 1 April 2023 to 31 March 2024 (both days inclusive) and the annual caps for the year 2023 and year 2024 have been set as RMB3,167,000 and RMB1,056,000 respectively. Further details of the transaction are set out in the announcement of the Company dated 23 February 2023.

(5) The Third and Fourth Jiangmen Yiguifu Project Site (Sales Centre and Sample Units) Property Services Agreements

On 30 December 2022, GDL Jiangmen (a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the Third Jiangmen Yiguifu Project Site (Sales Centre and Sample Units) Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample units of the Jiangmen Yiguifu Project site by Yuehai Property Management to GDL Jiangmen for the period from 1 January 2023 to 31 March 2023 (both days inclusive) and the relevant annual cap has been set as RMB671,000. Further details of the transaction are set out in the announcement of the Company dated 30 December 2022. The relevant service term expired on 31 March 2023.

On 23 February 2023, GDL Jiangmen and Yuehai Property Management entered into the Fourth Jiangmen Yiguifu Project Site (Sales Centre and Sample Units) Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample units of the Jiangmen Yiguifu Project site by Yuehai Property Management to GDL Jiangmen for the period from 1 April 2023 to 30 April 2024 (both days inclusive) and the annual caps for the year 2023 and year 2024 have been set as RMB2,097,000 and RMB932,000 respectively. Further details of the transaction are set out in the announcement of the Company dated 23 February 2023.

(6) The Third and Fourth Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreements

On 30 December 2022, GDL Zhongshan (a non-wholly owned subsidiary of the Company) and Yuehai Property Management entered into the Third Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample units of the Zhongshan Ma'an Island Project site by Yuehai Property Management to GDL Zhongshan for the period from 1 January 2023 to 31 March 2023 (both days inclusive) and the relevant annual cap has been set as RMB1,420,000. Further details of the transaction are set out in the announcement of the Company dated 30 December 2022. The relevant service term expired on 31 March 2023.

Connected Transactions (continued)

VIII. Continuing connected transactions conducted subsequent to the Year under Review (continued)

(6) The Third and Fourth Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreements (continued)

On 23 February 2023, GDL Zhongshan and Yuehai Property Management entered into the Fourth Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample units of the Zhongshan Ma'an Island Project site by Yuehai Property Management to GDL Zhongshan for the period from 1 April 2023 to 31 December 2023 (both days inclusive) and the annual cap for the year 2023 has been set as RMB3,925,000. Further details of the transaction are set out in the announcement of the Company dated 23 February 2023.

(7) The Second and Third GDH Yungang City Project Site (Sales Centre and Sample Units) Property Services Agreements

On 30 December 2022, GDL Development (a wholly-owned subsidiary of the Company) and Yuehai Property Management entered into the Second GDH Yungang City Project Site (Sales Centre and Sample Units) Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample units of the Yungang City Project site by Yuehai Property Management to GDL Development for the period from 1 January 2023 to 31 March 2023 (both days inclusive) and the relevant annual cap has been set as RMB2,310,000. Further details of the transaction are set out in the announcement of the Company dated 30 December 2022. The relevant service term expired on 31 March 2023.

On 23 February 2023, GDL Development and Yuehai Property Management entered into the Third GDH Yungang City Project Site (Sales Centre and Sample Units) Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample units of the Yungang City Project site by Yuehai Property Management to GDL Development for the period from 1 April 2023 to 31 December 2023 (both days inclusive) and the annual cap for the year 2023 has been set as RMB8,410,000. Further details of the transaction are set out in the announcement of the Company dated 23 February 2023.

(8) 2022 Yuecai City North Tower Sales Centre and Sample Units Demonstration Area Property Services Agreement

According to the 2022 Yuecai City North Tower Sales Centre and Sample Unit Demonstration Area Property Services Agreement, the relevant service term expired on 31 March 2023.

On 23 February 2023, Guangdong Yuehai Land (a wholly-owned subsidiary of the Company) and Yuehai Yueshenghuo entered into the Supplemental Agreement in respect of 2022 Yuecai City North Tower Sales Centre and Sample Unit Demonstration Area Property Services Agreement in relation to the provision of property management services in respect of the sales centre and sample unit demonstration area of Yuecai City North Tower by Yuehai Property Management to Guangdong Yuehai Land for the period from 1 April 2023 to 30 April 2024 (both days inclusive) and the annual caps for the year 2023 and year 2024 have been set as RMB1,394,000 and RMB619,000 respectively. Further details of the transaction are set out in the announcement of the Company dated 23 February 2023.

Yuehai Property Management, Yuehai Yueshenghuo and Yuehai Property Management Huiyang Branch are subsidiaries of Guangdong Holdings, the ultimate controlling shareholder of the Company, hence, associates of Guangdong Holdings and connected persons of the Company. Pursuant to the Listing Rules, the entering into of each of the agreements under the above items (1) to (8) constitutes a continuing connected transaction of the Company.

Connected Transactions (continued)

VIII. Continuing connected transactions conducted subsequent to the Year under Review (continued)

On a standalone basis, as all of the applicable percentage ratios in respect of the annual caps set for the Second Huiyang Lijiang Garden Carpark Management Services Agreement, the Third Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement, the Third Jiangmen GDH City Project Site (Sales Centre and Sample Units) Property Services Agreement and the Third Jiangmen Yiguifu Project Site (Sales Centre and Sample Units) Property Services Agreement calculated at the date of signing of the agreements pursuant to the Listing Rules are less than 0.1%, they are fully exempt from the annual review, announcement and independent shareholders' approval requirements. As the highest applicable percentage ratio in respect of the annual caps set for the Third Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement and the Second GDH Yungang City Project Site (Sales Centre and Sample Units) Property Services Agreement and the Teem Tower Property Services Agreement calculated at the respective date of signing of the agreements pursuant to the Listing Rules is more than 0.1% but all of the applicable percentage ratios are less than 5%, they are subject to the annual review, reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement.

In addition, on a standalone basis, as the highest applicable percentage ratio in respect of the annual caps set for the Fourth Zhuhai Jinwan Project Site (Sales Centre and Sample Units) Property Services Agreement, the Fourth Jiangmen GDH City Project Site (Sales Centre and Sample Units) Property Services Agreement, the Fourth Jiangmen Yiguifu Project Site (Sales Centre and Sample Units) Property Services Agreement, the Fourth Zhongshan Ma'an Island Project Site (Sales Centre and Sample Units) Property Services Agreement, the Third GDH Yungang City Project Site (Sales Centre and Sample Units) Property Services Agreement and 2022 Yuecai City North Tower Sales Centre and Sample Unit Demonstration Area Property Services Agreement (as amended by the Supplemental Agreement) (collectively the "Six Property Management Services Agreements") calculated at the respective date of signing of the agreements pursuant to the Listing Rules is more than 0.1% but all of the applicable percentage ratios are less than 5%, they are subject to the annual review, reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement.

References are made to the announcements of the Company dated 13 November 2020, 26 March 2021, 10 May 2021, 27 July 2021, 10 December 2021, 30 March 2022, 19 April 2022, 26 July 2022 and 30 December 2022 in relation to, among other things, the Previous Property Management Services Agreements (including the Teem Tower Property Services Agreement and the Second Huiyang Lijiang Garden Carpark Management Services Agreement). On the basis that the Six Property Management Services Agreements and the Previous Property Management Services Agreements are all related to the provision of property management services by the Yuehai Property Management Group to the Group, the Six Property Management Services Agreements and the Previous Property Management Services Agreements have been aggregated pursuant to the Listing Rules. On an aggregated basis, as the highest applicable percentage ratio in respect of the annual caps set for the Six Property Management Services Agreements and the Previous Property Management Services Agreements calculated pursuant to the Listing Rules exceeds 5%, the Six Property Management Services Agreements are therefore subject to the annual review, announcement and independent shareholders' approval requirements under the Listing Rules. Further details of the transactions are set out in the announcement of the Company dated 23 February 2023 and the circular of the Company dated 14 March 2023.

Related Party Transactions

Details of the significant related party transactions in the normal course of business are provided in Note 29(a) to the financial statements. The related party transactions described in Note 29(a) (marked with *) to the financial statements also constitute connected transactions or continuing connected transactions discloseable under the Listing Rules (details are set out under the section headed "Connected Transactions" of this report). In respect of these connected transactions and continuing connected transactions, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Apart from the connected transactions and continuing connected transactions disclosed in the section headed "Connected Transactions" of this report, none of the other related party transactions as disclosed in Note 29(a) to the financial statements is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Disclosure under Rule 13.21 of the Listing Rules

(1) Term Loan Facility from the First Bank

On 11 March 2022, the Company accepted a facility letter (the "2022 Facility Letter") issued by a bank (the "First Bank") whereby a term loan facility (the "2022 Facility") for 360 days in the principal amount of HK$1,000 million would be made available by the First Bank to the Company subject to the terms and conditions of the 2022 Facility Letter.

Pursuant to the 2022 Facility Letter, the First Bank may by notice to the Company require the Company to fully repay the loan under the 2022 Facility within one month if, among others, any one of the following events has occurred:

(i) Guangdong Holdings ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in GDI; or

(ii) Guangdong Holdings ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial People's Government of the PRC (the "Guangdong Provincial Government").

In addition, the Company shall undertake to ensure that GDI continues to be the single largest shareholder and holds (directly or indirectly) not less than 50% of the shareholding in the Company.

The outstanding principal of the 2022 Facility as at 31 December 2022 amounted to HK$1,000 million.

The loan under the 2022 Facility has been fully repaid on 10 March 2023.

On 6 March 2023, the Company accepted another facility letter (the "2023 Facility Letter") issued by the First Bank whereby a term loan facility (the "2023 Facility") for 360 days in the principal amount of HK$500 million would be made available by the Bank to the Company subject to the terms and conditions of the 2023 Facility Letter.

Pursuant to the 2023 Facility Letter, the First Bank may by notice to the Company require the Company to fully repay the loan under the 2023 Facility within one month if, among others, any one of the following events has occurred:

(i) Guangdong Holdings ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in GDI; or

(ii) Guangdong Holdings ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial Government.

In addition, the Company shall undertake to ensure that GDI continues to be the single largest shareholder and holds (directly or indirectly) not less than 50% of the shareholding in the Company.

(2) Uncommitted Revolving Loan Facility from the Second Bank

On 17 March 2022, the Company accepted a facility letter (the "2022 Revolving Facility Letter") issued by the second bank (the "Second Bank") whereby an uncommitted revolving loan facility (the "2022 Revolving Facility") for 360 days in the principal amount of HK$300 million would be made available by the Second Bank to the Company subject to the terms and conditions of the 2022 Revolving Facility Letter.

Disclosure under Rule 13.21 of the Listing Rules (continued)

(2) Uncommitted Revolving Loan Facility from the Second Bank (continued)

Pursuant to the 2022 Revolving Facility Letter, the Second Bank may by notice to the Company require the Company to fully repay the loan under the 2022 Revolving Facility immediately if, among others, any one of the following events has occurred which would constitute an event of default:

(i) Guangdong Holdings ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial Government; or

(ii) Guangdong Holdings ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in GDI; or

(iii) GDI ceases to retain as the single largest shareholder of the Company and ceases to hold (whether directly or indirectly) at least 50% shareholding in the Company.

The outstanding principal of the 2022 Revolving Facility as at 31 December 2022 amounted to HK$300 million.

The loan under the 2022 Revolving Facility has been fully repaid on 17 March 2023.

On 7 March 2023, the Company accepted another facility letter (the "2023 Revolving Facility Letter") issued by the Second Bank whereby an uncommitted revolving loan facility (the "2023 Revolving Facility") for 360 days in the principal amount of HK$300 million would be made available by the Second Bank to the Company subject to the terms and conditions of the 2023 Revolving Facility Letter.

Pursuant to the 2023 Revolving Facility Letter, the Second Bank may by notice to the Company require the Company to fully repay the loan under the 2023 Revolving Facility immediately if, among others, any one of the following events has occurred which would constitute an event of default:

(i) Guangdong Holdings ceases to be ultimately controlled and/or beneficially majority-owned (directly and/or indirectly) by the Guangdong Provincial Government; or

(ii) Guangdong Holdings ceases to beneficially own, directly and/or indirectly, at least 51% of the shareholding in GDI; or

(iii) GDI ceases to retain as the single largest shareholder of the Company and ceases to hold (whether directly or indirectly) at least 50% shareholding in the Company.

(3) Uncommitted Revolving Loan Facility from the Third Bank

On 6 March 2023, the Company accepted a facility letter (the "New Revolving Facility Letter") issued by the third bank (the "Third Bank") whereby an uncommitted revolving loan facility (the "New Revolving Facility") for 360 days in the principal amount of HK$500 million would be made available by the Third Bank to the Company subject to the terms and conditions of the New Revolving Facility Letter.

Pursuant to the New Revolving Facility Letter, the Third Bank may by notice to the Company require the Company to fully repay the loan under the New Revolving Facility immediately if, among others, any one of the following events has occurred which would constitute an event of default:

(i) the Company ceases to be a subsidiary of GDI; or

(ii) the Company ceases to be a subsidiary of Guangdong Holdings.

Purchase, Sale and Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year under review.

Equity-Linked Agreements

During the year ended 31 December 2022, the Company had not entered into any equity-linked agreements.

Significant Contracts with Controlling Shareholders or its Subsidiaries

Save as disclosed in pages 29 to 48 of this report, the Company and the controlling shareholders of the Company or its subsidiaries had not entered into any contracts of significance during the year under review.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Bye-Laws and there are no restrictions against such rights under the laws of Bermuda, being the jurisdiction in which the Company is incorporated.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for approximately 3.4% of the Group's total sales for the year under review.

Purchases from the Group's five largest suppliers accounted for approximately 92.4% of the Group's total purchases for the year and purchases from the Group's largest supplier included therein accounted for approximately 34.9% of the Group's total purchases for the year under review.

None of the Directors, their respective associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the issued ordinary shares of the Company) had any interest in the Group's five largest customers or suppliers.

Auditor

KPMG was first appointed as auditor of the Company in 2022 upon the retirement of PricewaterhouseCoopers.

KPMG will retire and a resolution for its re-appointment as auditor of the Company will be proposed at the 2023 Annual General Meeting.

By Order of the Board
LAN Runing
Chairman

Hong Kong, 30 March 2023

Corporate Governance Report

Business Model and Development Strategies

The Company and its subsidiaries (the "Group") are principally engaged in the property development and investment businesses. The Group is committed to consolidating the operational development of its existing businesses and proactively seeking development opportunities in order to generate continuous and steady investment returns for shareholders. Through optimising asset portfolio, strengthening capital management, enhancing management standard and corporate governance, further fortifying competitive strengths and enhancing the market influence of the Group in the real estate market of the Greater Bay Area, they stand to provide strong support for the enterprise's long-term, steady and sustainable development.

The Group will further position itself strategically as "the influential, comprehensive development expert in the Greater Bay Area", continue to leverage its status as a provincial state-owned enterprise in the Greater Bay Area, and develop steadily by property rentals and sales with a correct assessment of the situation to boost the Group's brand reputation and awareness. It will innovate in marketing and take multiple measures to accelerate the destocking process of the existing projects. Through a prudent forecast of the market situation, it will strengthen the expansion of high-quality projects, enhance medium and long-term cultivation efforts such as urban renewal and cooperation with state-owned enterprises, and steadily promote new business research and pilot projects such as affordable housing and light asset construction to provide new momentum for the Group's development. It will also improve the operation system, strengthen lean management, and increase efforts to reduce costs and increase efficiency.

Corporate Culture

The Group implements the core values of "three honests" and "four stricts" and the corporate culture of "integrity, honesty, responsibility, collaboration and efficiency".

Corporate values "three honests" and "four stricts":

- To be honest in thought, word and deed
- Set strict standards for work, organisation, attitude and observance of discipline

Corporate culture Integrity, honesty, responsibility, collaboration and efficiency

The Group insists on the implementation of:

- the core value of "being responsible and accountable". It is committed to carrying forward the brand essence, promoting the concept of sustainable development, collaborating with employees, suppliers and partners, and creating returns for shareholders. While fulfilling the mission of "making the state-owned capital bigger and stronger", the Group unremittingly seeks sustainable development, and strives to meet more aspirations by maximising the space, delivering more value for the land, and creating a better life for the society and the public with an eternal responsibility of a state-owned enterprise.

- the "two consistencies" requirements. It improves the corporate governance structure with a clear division of labour, coordinated operation and effective checks and balances, with a view to ensuring that the Board and the management can properly perform their duties in accordance with laws, regulations, policies and the Bye-Laws.

- the concept of "people-oriented and safe development". It attaches great importance to the rights of employees and strive to create a safe, healthy and stable working environment. The Group regularly provides professional and diversified safety training for employees. The contribution of employees is critical to the success of the Group's business. The Group strives to create a caring and rewarding working environment for employees to ensure their growth in a diverse and fair environment. At the same time, the Group continues to provide career development and training opportunities for employees to maintain their competitiveness and release their potential.

Corporate Culture (continued)

- the mission of "social responsibility". It strives to bring positive impacts to society and promote high-quality development of society. The Group focuses on the internal promotion of awareness and implementation of actions in social responsibility and externally fulfils corporate social responsibility and acts as an exemplary role. The Group actively organised various public welfare and voluntary activities to help people in need, and fulfilled its commitment to promoting society's sustainable development, bringing benefits to its employees, partners and the communities where its business operates.

- "sustainable development". As the community becomes more concerned with the sustainable development issues, the Group is committed to integrating the concepts of environmental protection, social responsibility and corporate governance into its daily business operations.

The Group will step up its efforts in strengthening corporate culture and enhance corporate core competencies.

Corporate Governance Code

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

In the opinion of the Directors, the Company has complied with the code provisions and, where appropriate, adopted the applicable recommended best practices set out in the CG Code throughout the year ended 31 December 2022.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors and also implemented internal policy to govern the dealing in securities of the Company by the employees of the Group. In response to specific enquiry made, all the Directors confirmed that they had complied with the required standards of dealings as set out in the Model Code during the year under review.

Board of Directors

The Board which is accountable to the shareholders of the Company, is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The management is entrusted by the Board with the authority and responsibility for the day-to-day management of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for Board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements and rules and regulations. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

As at the date of this report, the Board comprises six Executive Directors, being Mr. LAN Runing who is also the Chairman of the Board, Mr. KUANG Hu, who is also the Vice Chairman of the Board, Mr. LI Yonggang, who is also the Managing Director, Mr. WU Mingchang, Mr. LI Wenchang and Mr. JIAO Li who is also the Chief Financial Officer, and three Independent Non-Executive Directors, being Mr. Felix FONG Wo, Mr. Vincent Marshall LEE Kwan Ho and Mr. LEUNG Luen Cheong.

An updated list of Directors identifying their roles and functions is available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

Board of Directors (continued)

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's annual, interim and quarterly results. During the year under review, thirteen Board meetings were held and attendance of each Director at the Board meetings is set out in the section headed "Board and Committees Meetings" of this report.

The Company has devised the annual meeting schedule for next year before the end of the year, setting out all meeting dates of the Board and its committees, in order for the Directors to plan ahead. At least fourteen days' notice of a Board meeting is normally given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comment before being tabled at the next Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the current Board practice, if a Director has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting. The Bye-Laws also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her associates has a material interest. Every Director is entitled to have access to the Board papers and related materials as well as to the advice and services of the Company Secretary.

Corporate Governance Functions

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board performing corporate governance functions under the CG Code include:

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

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

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

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

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

During the year under review, the Board considered, among other matters, the following corporate governance issues:

(a) reviewed the training and continuous professional development of Directors;

(b) monitored the report or complaint regarding possible improprieties in financial reporting and internal control (if any);

(c) reviewed the effectiveness of the risk management and internal control systems of the Company through the Internal Audit Department and the Audit Committee; and

(d) reviewed the Company's compliance with the CG Code and the information disclosed in the Corporate Governance Report.

Chairman and Managing Director

As at the date of this report, the Chairman of the Board is Mr. LAN Runing and the Managing Director is Mr. LI Yonggang. Their roles are clearly defined and segregated to ensure independence, proper checks and balances. Mr. Lan provides leadership for the Board and oversees its functioning, ensuring that the Board works effectively and acts in the best interest of the Group. Under the guidance of the Board, Mr. Li as the Managing Director focuses on the day-to-day management of the Group's business, and leads the management team of the Group.

Non-Executive Directors

All Directors, including Non-Executive Directors, appointed to fill a causal vacancy or as an additional member to the existing Board shall hold office only until the first general meeting after their appointment and shall be eligible for re-election.

Moreover, each Non-Executive Director (including Independent Non-Executive Director) is appointed for a term of not more than approximately three years expiring on the earlier of either (a) the conclusion of the annual general meeting of the Company in the year of the third anniversary of the appointment or re-election of that Director; or (b) the expiration of the period within which the annual general meeting of the Company is required to be held in the year of the third anniversary of the appointment or re-election of that Director and in any event, subject to earlier determination in accordance with the Bye-Laws and/or applicable laws and regulations.

During the year under review, the Non-Executive Directors (including Independent Non-Executive Directors) provided the Company with a wide range of expertise and a balance of skills and brought independent judgment on issues of strategic direction, development, performance and risk management through their contribution at Board meetings and committee meetings.

Independence of Independent Non-Executive Directors

During the year under review and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received the confirmations of independence from the three Independent Non-Executive Directors, namely Mr. Felix FONG Wo, Mr. Vincent Marshall LEE Kwan Ho and Mr. LEUNG Luen Cheong in accordance with Rule 3.13 of the Listing Rules.

Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho have served the Board for more than nine years. They have clearly demonstrated their willingness to exercise independent judgement and to provide objective opinions to the management. There is no evidence that length of tenure is having an adverse impact on their independence. The Board therefore considers that Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho remain independent, notwithstanding the length of their tenure.

The Nomination Committee has assessed the independence of all the Independent Non-Executive Directors and has concluded that all of them are independent within the definition of the Listing Rules. Further, up to the date of this report, the Board is not aware of the occurrence of any events, which would cause it to believe that the independence of any of the Independent Non-Executive Directors has been impaired.

During the year, the Board has reviewed the mechanisms for ensuring independent views and input are available to the Board, including the proportion, independence and recruitment of Independent Non-Executive Directors, their contributions and the channels for obtaining internal appropriate information and seeking external independent professional advice, and considered such mechanism to be effectively implemented.

Relationship amongst Directors

The Board members do not have any financial, business, family or other material/relevant relationships with each other. Such balanced Board composition also ensures that strong independence exists across the Board. The profiles of the Directors as set out on pages 19 to 22 of this annual report, demonstrate a diversity of skills, expertise, experience and qualifications of the Directors.

Directors' Induction and Continuous Professional Development

Upon the appointment of the Board members, each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

The Company encourages the Directors to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong ordinances and corporate governance practices so that they can continuously develop and refresh their relevant knowledge and skills. Some Directors attended seminars or conferences organised by government authorities, professional bodies or industrial organisations, etc. in relation to corporate governance, updates on laws, rules and regulations, accounting, financial, management or other professional skills. During the year, the Company organised training for Directors and provided them with reading materials.

According to the records kept by the Company, the Directors attended the following trainings during the year under review:

Name of Director	Attending Directors' trainings organised by the Company, other companies or organisations	Reading materials
Executive Directors		
LAN Runing	✓	✓
KUANG Hu *(Note 1)*	✓	✓
LI Yonggang	✓	✓
WU Mingchang	✓	✓
LI Wenchang *(Note 2)*	✓	✓
JIAO Li	✓	✓
ZHU Guang *(Note 3)*	✓	✓
Independent Non-Executive Directors		
Felix FONG Wo	✓	✓
Vincent Marshall LEE Kwan Ho	✓	✓
Alan Howard SMITH *(Note 4)*	✓	✓

Notes:

1. Mr. KUANG Hu has been appointed as the Vice Chairman and an Executive Director of the Company with effect from 28 February 2022.
2. Mr. LI Wenchang has been appointed as an Executive Director of the Company with effect from 14 July 2022.
3. Ms. ZHU Guang resigned as an Executive Director of the Company with effect from 14 July 2022.
4. Mr. Alan Howard SMITH resigned as an Independent Non-Executive Director of the Company with effect from 1 January 2023.

Board Diversity Policy

The Board has adopted a board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity on the Board.

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural background, educational level, length of service, professional experience, skills and knowledge. The Company will also take into consideration its own business model and specific needs from time to time. All Board appointments are based on meritocracy and candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Nomination Committee has set the measurable objectives based on several focused areas: gender, age, cultural background, educational level, length of service, professional experience, skills and knowledge for the implementation of Board diversity of the Company. The Nomination Committee reviews the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises nine Directors, amongst them, three are Independent Non-Executive Directors, with diverse backgrounds, thereby promoting critical review and control of the management process. The Board maintains a balanced composition and is characterised by significant diversity, whether considered in terms of age, professional experience, skills and knowledge.

Having reviewed the implementation of the Board Diversity Policy and the structure, size, and composition of the Board, the Nomination Committee and the Board considered that the Company had met the requirements of the Board Diversity Policy, except for the members' gender (Ms. ZHU Guang resigned as a Director of the Company in July 2022).

In order to maintain a balanced composition of the Board in terms of gender, the Company will actively identify suitable candidate and strive to ensure that Board has different gender by the end of 2024.

The Company has also adopted an "Employees Diversity and Employment Protection Policy" to promote diversity at all levels of the workforce. At the Group, there is no discrimination on the basis of gender, race, age, nationality, religion, family status, disability, etc., and there is equal opportunity for all employees.

As at 31 December 2022, approximately 58% of the Group's employees were male and approximately 42% were female, achieving the goal of gender diversity across the workforce.

Dividend Policy

The Board has adopted a revised dividend policy on 28 April 2021 with the aims of generating stable and sustainable returns for the shareholders of the Company.

In deciding whether to recommend the payment of any dividend and in determining the amount thereof, the Board will take into account the Group's operating income, operating cash flows, financial position, investment and financing needs, contractual restrictions imposed on the payment of dividends (if any), past dividend payments, dividend payout ratio from the peers and other factors that the Board considers appropriate. The Company strikes a balance between the sharing of the Company's profit with the shareholders of the Company and preserve sufficient funds to facilitate its future development.

Dividend Policy (continued)

Since the Group is currently experiencing a fast business development stage, and takes an active approach in contemplating and delving into the possibility of seeking out opportunities for real estate development and investment projects mainly in the Guangdong-Hong Kong-Macao Greater Bay Area and the Pearl River Delta in order to pursue better future returns for the shareholders of the Company, and that the Group intends to prioritise the application of funds towards its existing projects and future business development. At this stage, the Board will adopt a progressive dividend policy to reward the shareholders of the Company.

The Board will review the revised dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the revised dividend policy at any time as it seems fit and necessary.

Board Committees

The Board has established the Remuneration Committee, the Nomination Committee and the Audit Committee.

Remuneration Committee

The Company established the Remuneration Committee in June 2005. The Remuneration Committee has been delegated responsibility from the Board to determine the remuneration packages of individual Executive Directors and senior management. The terms of reference of the Remuneration Committee detailing its authority and duties are available on the websites of the Company and HKEx.

As at the date of this report, the Remuneration Committee comprises three Independent Non-Executive Directors, being Mr. Felix FONG Wo, Mr. Vincent Marshall LEE Kwan Ho and Mr. LEUNG Luen Cheong. Mr. Felix FONG Wo is the chairman of the Remuneration Committee.

The Remuneration Committee shall meet at least once a year in accordance with its terms of reference. Three Remuneration Committee meetings were held in 2022 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this report.

In 2022, the Remuneration Committee reviewed and approved the proposed remuneration packages for the newly appointed Vice Chairman and Independent Non-Executive Director and individual Executive Director's annual remuneration package and performance bonus.

Details of the Directors' emoluments for the year 2022 are set out in Note 7 to the financial statements.

Nomination Committee

The Company established the Nomination Committee in March 2012. The Nomination Committee is responsible for, amongst other things, reviewing the structure, size and composition of the Board, assisting the Board in the development and review of the Board Diversity Policy (and the measurable objectives for its implementation), and the Directors' Nomination Policy, identifying individuals suitably qualified to become Board members, assessing the independence of Independent Non-Executive Directors in accordance with the criteria prescribed under the Listing Rules and the CG Code, making recommendation on the re-appointment of the retiring Directors and succession planning for Directors. The terms of reference of the Nomination Committee detailing its authority and duties are available on the websites of the Company and HKEx.

As at the date of this report, the Nomination Committee comprises the Chairman of the Board, Mr. LAN Runing, and three Independent Non-Executive Directors, being Mr. Felix FONG Wo, Mr. Vincent Marshall LEE Kwan Ho and Mr. LEUNG Luen Cheong. Mr. LAN Runing is the chairman of the Nomination Committee.

Nomination Committee (continued)

The Nomination Committee shall meet at least once a year in accordance with its terms of reference. Four Nomination Committee meetings were held in 2022 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this report.

In 2022, the Nomination Committee performed the works as summarised below:

(a) assessed the independence of the Independent Non-Executive Directors;

(b) considered and recommended to the Board the re-appointment of the retiring Directors;

(c) reviewed the implementation of the Board Diversity Policy and the structure, size, members' gender and composition of the Board; and

(d) considered and recommended to the Board for the appointments of Vice Chairman, Executive Director and Independent Non-Executive Director of the Company.

Directors' Nomination Policy

The Board has adopted a Directors' nomination policy (the "Directors' Nomination Policy") to formally set out the criteria and process in the nomination and appointment of Directors. According to the Directors' Nomination Policy, the ultimate responsibility for selection and appointment of Directors rests with the entire Board or the shareholders in general meeting, as the case may be. The Board has delegated the relevant screening and evaluation process to the Nomination Committee, which identifies suitably qualified candidates and recommends them to the Board. In assessing the suitability of a proposed candidate, the Nomination Committee takes into consideration the candidate's integrity, qualifications, skills, knowledge, experiences relevant to the Company's business and corporate strategy, his/her commitment to enhancing shareholder value and devoting sufficient time to effectively carry out their duties, fulfilment of the independence requirements as set out in the Listing Rules (for Independent Non-Executive Directors) and diversity on the Board. After reaching its decision, the Nomination Committee nominates such candidates to the Board for approval and appointment. As mentioned above, all Directors appointed to fill a casual vacancy or as an additional member to the existing Board shall hold office only until the first general meeting after their appointment and shall be eligible for re-election. The Board will make recommendation to shareholders in respect of the proposed re-election of Directors at general meetings.

Audit Committee

The Company established the Audit Committee in September 1998. The Audit Committee oversees matters concerning the external auditor including making recommendations to the Board regarding the appointment of the external auditor, reviewing the scope of their audit work and approving their fees. The Audit Committee further ensures that the management has put in place effective systems of the risk management and internal control and maintains an overview of the Group's risk management system and financial controls. It reviews the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting functions and their training and budget. In addition, it reviews the internal audit schedules of the Group, considers the Group's internal audit reports and monitors the effectiveness of the internal audit function. The terms of reference of the Audit Committee detailing its authority and duties are available on the websites of the Company and HKEx.

As at the date of this report, the Audit Committee comprises three Independent Non-Executive Directors, being Mr. Vincent Marshall LEE Kwan Ho, Mr. Felix FONG Wo and Mr. LEUNG Luen Cheong. Mr. Vincent Marshall LEE Kwan Ho is the chairman of the Audit Committee.

The Company has complied with Rule 3.21 of the Listing Rules, which requires that at least one of the members of the Audit Committee (which must comprise a minimum of three members with Non-Executive Directors only and must be chaired by an Independent Non-Executive Director) is an Independent Non-Executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

Audit Committee (continued)

The Audit Committee shall meet at least twice a year in accordance with its terms of reference. Four Audit Committee meetings were held in 2022 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this report. In addition to its four meetings as aforesaid, the Audit Committee also had two private meetings with the external auditor without the presence of the management to discuss any area of concern.

In 2022, the Audit Committee performed the works as summarised below:

(a) reviewed the annual caps on continuing connected transactions of the Company;

(b) reviewed and recommended 2021 annual results, auditor's findings and draft annual results announcement for the Board's approval;

(c) reviewed and considered various accounting issues and new accounting standards and their financial impacts;

(d) reviewed the internal audit plan of 2022;

(e) reviewed and recommended 2022 interim and quarterly results, auditor's findings, draft interim and quarterly results announcements for the Board's approval;

(f) reviewed and recommended the internal audit reports for the Board's approval; and

(g) assessed the effectiveness of risk management and internal control systems of the Group for 2021.

Auditor's Remuneration

The remuneration of the Company's auditor, KPMG and its other member firm, for services rendered in respect of the year ended 31 December 2022 is set out as follows:

Services rendered	**Fee** *HK$'000*
Audit of annual financial statements	1,680
Review of interim financial report	780
Agreed-upon procedures in respect of quarterly results	260
Total	**2,720**

Board and Committees Meetings

The individual attendance records of each Director at the meetings of the Board, the Nomination Committee, the Remuneration Committee, the Audit Committee and the Annual General Meeting of the Company during the year ended 31 December 2022 are set out below:

Name of Director	Board Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Audit Committee Meeting	Annual General Meeting
Executive Directors					
LAN Runing	13/13	4/4	N/A	N/A	1/1
KUANG Hu *(Note 1)*	11/11	N/A	N/A	N/A	1/1
LI Yonggang	13/13	N/A	N/A	N/A	1/1
WU Mingchang	11/13	N/A	N/A	N/A	1/1
LI Wenchang *(Note 2)*	5/5	N/A	N/A	N/A	N/A
JIAO Li	13/13	N/A	N/A	N/A	1/1
ZHU Guang *(Note 3)*	7/8	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Felix FONG Wo	13/13	4/4	3/3	4/4	1/1
Vincent Marshall LEE Kwan Ho	13/13	4/4	3/3	4/4	1/1
Alan Howard SMITH *(Note 4)*	13/13	4/4	3/3	4/4	0/1

Notes:

1. Mr. KUANG Hu has been appointed as the Vice Chairman and an Executive Director of the Company with effect from 28 February 2022.
2. Mr. LI Wenchang has been appointed as an Executive Director of the Company with effect from 14 July 2022.
3. Ms. ZHU Guang resigned as an Executive Director of the Company with effect from 14 July 2022.
4. Mr. Alan Howard SMITH resigned as an Independent Non-Executive Director of the Company with effect from 1 January 2023.

Accountability and Audit

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 December 2022, which give a true and fair view of the financial position of the Group and of the results and cash flows for that financial year. In preparing the financial statements for the year ended 31 December 2022, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on a going concern basis.

The Group endeavours to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. The annual and interim results of the Company are announced in a timely manner within the limit of three months and two months respectively after the end of the relevant periods in accordance with the Listing Rules. To further enhance the Company's level of corporate governance and transparency, the Company has announced its unaudited financial information for the first quarter and first third quarters during the financial year ended 31 December 2022, and will continue to publish quarterly unaudited financial information in the future.

The Directors have acknowledged their responsibility for preparing all information and representations contained in the financial statements of the Company for the year ended 31 December 2022.

Risk Management and Internal Control

The Board has overall responsibilities for maintaining and ensuring effective implementation of the risk management and internal control systems of the Group. Such systems are designed to prudently manage the Group's risks within an acceptable risk profile. The Board has delegated to management the implementation of such systems of risk management and internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures.

The management under the supervision of the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the systems of risk management and internal control when there are changes to business environment or regulatory guidelines.

The management assists the Board with the implementation of all relevant policies and procedures on risk and control by identifying and assessing the risks faced and designing, operating and monitoring suitable risk management and internal control to mitigate and control these risks. The key processes that have been established in reviewing the adequacy and integrity of the systems of risk management and internal control include the following:

A defined management structure is maintained with specified limits of authority and control responsibilities, which is designed to (a) safeguard assets from inappropriate use; (b) maintain proper accounts; (c) ensure compliance with laws and regulations; and (d) identify, manage and mitigate key risks to the Group.

In addition to the duties of the Audit Committee as mentioned above, the Audit Committee, inter alia, reviews the financial controls, risk management, internal control systems of the Group and any significant internal control issues identified by the Internal Audit Department, the external auditor and the management. It also conducts review of the internal audit functions with particular emphasis on the scope and quality of the internal audits and independence of the Internal Audit Department. During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting, financial reporting and internal audit functions, and their training programmes and budgets.

The Internal Audit Department monitors compliance with policies and procedures and the effectiveness of the risk management and internal control systems and highlights significant findings in respect of any non-compliance. It plays an important role in the Group's risk management and internal control framework, and provides objective assurance to the Board that the sound internal control system is maintained and operated in compliance with the established processes and standards by performing periodic checking. The Internal Audit Department issues reports to the Board and relevant management covering various operational and financial processes of the Group and provides summary reports to the Audit Committee together with the status of implementation of their recommendation in each Audit Committee meeting.

An Inside Information Policy was adopted by the Company which sets out guidelines to the directors, officers and all relevant employees of the Group to ensure inside information (as defined in the Listing Rules) of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations.

The Board has reviewed the effectiveness of the Group's risk management and internal control systems and is satisfied that the risk management and internal control systems in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and, up to the date of this report, are reasonably effective and adequate.

Company Secretary

The Company Secretary reports to the Chairman and the Managing Director of the Company and is responsible for advising the Board on corporate governance matters.

Ms. Christine MAK Lai Hung has been appointed as the Company Secretary of the Company with effect from 20 February 2020. She is a full time employee of the Company and has extensive experience in company secretarial and corporate governance practices with listed companies. For the year under review, Ms. Mak undertook over fifteen hours of relevant professional training to update her skills and knowledge.

Shareholders' Rights

The following procedures are subject to the Bye-Laws, the Companies Act 1981 of Bermuda and applicable legislations and regulations.

Procedures for shareholders to convene a special general meeting

Registered shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such special general meeting shall be held within two months after the deposit of such requisition. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the head office of the Company in Hong Kong at Office A, 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong marked for the attention of the Board or the Company Secretary.

The written requisition must state the purpose of the general meeting, signed by the registered shareholders concerned and may consist of several documents in like form, each signed by one or more of those shareholders. The written requisition will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a special general meeting by serving sufficient notice in accordance with the statutory and regulatory requirements to all the registered shareholders. On the contrary, if the written requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a special general meeting will not be convened as requested.

If within 21 days from the date of deposit of the requisition the Board fails to proceed to convene a special general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for shareholder to put forward proposals at general meetings

The Company holds an annual general meeting every year, and may hold a general meeting known as a special general meeting whenever necessary.

Registered shareholder(s) of the Company holding (a) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (b) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the next annual general meeting; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

Shareholders' Rights (continued)

Procedures for shareholder to put forward proposals at general meetings (continued)

The written request/statements must be signed by the shareholder(s) concerned and deposited at the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Board or the Company Secretary, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the head office of the Company in Hong Kong at Office A, 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong marked for the attention of the Board or the Company Secretary.

If the written request is in order, the Company Secretary will ask the Board (a) to include the resolution in the agenda for the annual general meeting; or (b) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the annual general meeting; or the statement will not be circulated for the general meeting.

The procedures for shareholder(s) to propose a person for election as a director of the Company are posted on the Company's website.

Shareholders' Enquiries

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, via its online holding enquiry services at www.tricoris.com, or send email to is-enquiries@hk.tricorglobal.com or call its hotline at (852) 2980 1333, or go in person to its public counter at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Shareholders may also send written enquiries to the Company, for the attention of the Chief Financial Officer or the Company Secretary by mail to Office A, 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong or by fax to (852) 2815 2020.

Shareholders' Communication Policy

The Board recognises the importance of communication with the Company's shareholders. The Company adopted the "Shareholders' Communication Policy" and is made available on the Company's website. The Company is committed to maximising the use of its website as a channel to provide updated information in a timely manner and to strengthen the communications with both the public and the shareholders.

The Group's current channels of communication with shareholders and investors include:

- timely publication of corporate communications, including annual reports, interim reports, environmental, social and governance reports, announcements and circulars on the websites of the Company and HKEx as required by the Listing Rules;
- the Company's website also contains information on the Company's policies, project updates, memorandum of association and Bye-Laws, news and presentations, etc.;
- the Company holds regular annual results conference and various investor events from time to time to facilitate communication between the Company and investors;

Shareholders' Rights (continued)

Shareholders' Communication Policy (continued)

- the Company holds annual general meeting every year and encourages active participation of shareholders. Where appropriate or necessary, the Chairman and other members of the Board, the chairmen of Board committees or their representatives, and the external auditor will attend the annual general meetings to answer shareholders' questions; and

- Shareholders may make enquiries to the Company in the manner described in the section headed "Shareholders' enquiries" above, investors may also make enquiries to the Company by sending email to info@gdland.com.hk.

During the year, the Board has reviewed the Shareholders' Communication Policy and after reviewing the existing channels of communication with shareholders and investors of the Company, considered such policy to be effectively implemented.

Investor Relations

The Company actively promotes investor relations and communication with the investment community throughout the year under review. The Company responds to requests for information and queries from the investment community including shareholders, analysts and the media through regular results conferences, announcements and briefing meetings.

The Board is committed to providing clear and full information on the Company to shareholders through the publication of notices, announcements, circulars, interim and annual reports. Moreover, additional information on the Company is also available to shareholders and stakeholders through the "Investor Relations" page on the Company's website.

Constitutional Documents

During the year under review, there were no significant changes in the Company's Memorandum of Association and Bye-Laws. An up-to-date version of the Company's Memorandum of Association and Bye-Laws is available on the websites of the Company and HKEx.

Environmental Policies and Climate Change Related Risks

Environmental protection is one of the Group's key focuses in fulfilling its corporate social responsibilities. The Government of the PRC requires that all applicable businesses comply with relevant environmental laws and regulations. As all of its operations are in Mainland China, the Group strictly complies with the applicable laws and regulations. The Group has relevant environmental policies in place. The Group resolutely implements the PRC's strategic objectives and planning of "peak carbon dioxide emissions" by 2030 and "carbon neutrality" by 2060, actively explores the implementation path of "peak carbon dioxide emissions and carbon neutrality" in the real estate industry, and integrates green building elements and the construction plans for sponge cities into our construction projects through technological innovations and professional expertise.

The Group is fully aware of the impact of climate change on business and operations and has analysed the impact of climate change on our business and operations with reference to the "Recommendations for Climate-related Financial Disclosures" issued by the Task Force on Climate-related Financial Disclosures, to identify the climate risks affecting the Group' business, which include physical risks (acute risks and chronic risks) and transition risks (policy and legal risks, technological risks, market risks and reputation risks). To this end, the Group has formulated a series of reasonable response strategies and management measures, aiming to further enhance the level of climate risk prevention.

For more detailed information about the Company's environmental policies and climate change related risks, please refer to the Company's 2022 environmental, social and governance report issued separately.

Environment, Social and Governance Management

The Board incorporates environmental, social and governance ("ESG") considerations into its decision-making process, regularly identifies material ESG issues with the management, and formulates ESG strategies, management approaches and goals that are appropriate for the Group based on the Group's overall strategic planning. Meanwhile, the Board has established the ESG Committee with ESG Working Group under it. Authorised by the Board, the ESG Committee is responsible for assisting in the ESG management of the Group. The ESG Committee is required to determine the implementation paths and management policy for the ESG objectives set by the Board, and to oversee the work of the ESG Working Group. The ESG Working Group is responsible for strictly responding to the ESG requirements set by the ESG Committee at the business level and assisting the ESG Committee in reporting material ESG issues to the Board. Moreover, the Board monitors the progress of the ESG objectives, policies and achievements of the Group through reports from the ESG Committee, and conducts irregular reviews to continuously improve and refine the ESG management, with a view to ensuring that the long-term values established by the Group are consistent with the expectations and requirements of investors and regulators.

Relationship with Stakeholders

The Company recognises that employees, customers and suppliers and business associates are key stakeholders to the Company's success. We strive to achieve corporate sustainability through engaging our employees, providing quality services to our customers, collaborating with business partners (including suppliers and contractors) to deliver quality sustainable products and services and supporting our community.

By Order of the Board
LAN Runing
Chairman

Hong Kong, 30 March 2023

Independent Auditor's Report

To the shareholders of Guangdong Land Holdings Limited
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Guangdong Land Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 73 to 137, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

Assessing the fair value of investment properties

Refer to Note 14 to the consolidated financial statements and the accounting policies in Note 2(f).

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2022, the Group had completed investment properties and investment properties under development (together "investment properties") stated at fair value of HK$8,461 million. Changes in fair value during the year were recognised and presented as fair value gains on investment properties amounting to HK$763 million for the year ended 31 December 2022. Management has engaged an external valuer to determine the valuation of the Group's investment properties stated at fair value as at 31 December 2022. The determination of these fair values involves significant judgement and estimation, particularly in relation to selecting the appropriate valuation methodology, capitalisation rates, estimated developer profit and market rents. We identified assessing the fair value of investment properties as a key audit matter because of the inherent risks involved in estimating the values of investment properties, particularly in light of the current economic circumstances.	Our audit procedures to assess the fair value of investment properties included the following: • obtaining and inspecting the valuation reports prepared by the external property valuers engaged by management; • assessing the external property valuer's competence, capabilities and objectivity; • with the assistance of our internal property valuation specialists, discussing with the external property valuer on the valuation methodology and the key estimates and assumptions, and on a sample basis: — evaluating appropriateness of the valuation methodology adopted with reference to the requirements of the prevailing accounting standards; — assessing the reasonableness of the key estimates and assumptions (including capitalisation rates, estimated developer profit and market rents) adopted in the valuations, on a sample basis, by comparison with market data; and • comparing tenancy information, including passing rents and lease period, provided by the Group to the external property valuers with underlying contracts, on a sample basis.

Key Audit Matters (continued)

Assessing the fair value of investment properties	
Refer to Note 16 to the consolidated financial statements and the accounting policies in Note 2(g).	
The Key Audit Matter	**How the matter was addressed in our audit**
As at 31 December 2022, the aggregate carrying value of the Group's properties under development ("PUD") and completed properties held for sale ("CPS") (together "inventories") totalled HK$34,974 million. These properties principally comprise residential properties, commercial units and car parks in the Greater Bay Area. Inventories are stated at the lower of cost and net realisable value. The calculation of the net realisable value of inventories involves significant management judgement, particularly in estimating costs to completion and future selling prices. Estimation of costs to completion and future selling prices are inherently uncertain due to changes in market demand and government policies. We identified assessing the net realisable value of inventories of the Group as a key audit matter because of the inherent risks involved in estimating net realisable values, particularly in light of the current economic circumstances.	Our audit procedures to assess the net realisable value of inventories included the following: • assessing the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project; • discussing with management the progress of each property development project, and the development budgets reflected in the latest forecasts for each property development project; • evaluating the appropriateness of the methodology adopted by the management with reference to industry practice and the requirements of the prevailing accounting standards; • on a sample basis, assessing the reasonableness of key estimates and assumptions adopted in the assessment, including those relating to average net selling prices and costs to completion, by comparing the future selling prices with market available data and the sales budget plans maintained by the Group and by comparing the costs to completion with the Group's latest development budget; • comparing the costs incurred to 31 December 2022 with budgets made at 31 December 2021, on a sample basis, to assess the accuracy of management's forecasting and budgeting process; and • evaluating the selected sensitivity analyses prepared by the management for the key assumptions adopted in the net realisable value estimations, including forecast selling prices and costs to completion, and considering whether there is any indication of management bias.

Information Other Than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors 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 are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

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

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

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

We communicate with the Audit 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 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Chun Pong.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2023

Consolidated Statement of Profit or Loss

For the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Notes	2022 HK$'000	2021 HK$'000
Revenue	5	**1,377,691**	6,006,392
Cost of sales		**(828,136)**	(2,537,051)
Gross profit		**549,555**	3,469,341
Other income	5	**1,320**	1,524
Other gains, net	5	**105,892**	14,696
Fair value gains on investment properties	14	**762,820**	405,582
Selling and marketing expenses		**(319,990)**	(576,515)
Administrative expenses		**(242,502)**	(282,137)
Operating profit		**857,095**	3,032,491
Finance income	8	**22,097**	35,687
Finance costs	8	**(209,365)**	(122,182)
Finance costs, net		**(187,268)**	(86,495)
Profit before tax	6	**669,827**	2,945,996
Income tax expense	9	**(264,853)**	(1,568,649)
Profit for the year		**404,974**	1,377,347
Attributable to:			
Owners of the Company		**392,688**	1,402,249
Non-controlling interests		**12,286**	(24,902)
Profit for the year		**404,974**	1,377,347
Earnings per share			
Basic and diluted	10	**HK22.94 cents**	HK81.93 cents

The notes on pages 79 to 137 form part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	2022 **HK$'000**	2021 HK$'000
Profit for the year	**404,974**	1,377,347
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent year:		
Exchange differences on translation of Mainland China operations	**(882,993)**	276,642
Total comprehensive income for the year	**(478,019)**	1,653,989
Attributable to:		
Owners of the Company	**(475,717)**	1,687,088
Non-controlling interests	**(2,302)**	(33,099)
Total comprehensive income for the year	**(478,019)**	1,653,989

The notes on pages 79 to 137 form part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022
(Expressed in Hong Kong dollars)

	Notes	2022 HK$'000	2021 HK$'000
Assets			
Non-current assets			
Property, plant and equipment	11	**12,750**	13,507
Construction in progress	11	**81,816**	67,910
Right-of-use assets	12	**4,999**	5,164
Intangible assets	13	**19,668**	22,746
Investment properties	14	**8,461,145**	7,535,154
Equity investments designated at fair value through other comprehensive income	15	**37,650**	—
Deferred tax assets	22(b)	**940,374**	858,736
Total non-current assets		**9,558,402**	8,503,217
Current assets			
Completed properties held for sale	16	**4,308,925**	656,899
Properties held for sale under development	16	**30,665,014**	33,183,235
Other contract costs	16	**67,964**	62,201
Prepayments, land and other deposits and other receivables	17	**863,312**	820,701
Tax recoverable		**247,222**	49,443
Restricted bank balances	18	**548,456**	444,029
Cash and cash equivalents	18	**2,660,932**	2,588,393
Total current assets		**39,361,825**	37,804,901
Total assets		**48,920,227**	46,308,118
Liabilities			
Current liabilities			
Trade and other payables and accruals	19	**(4,616,707)**	(11,283,890)
Contract liabilities	20	**(5,593,884)**	(2,287,380)
Lease liabilities	12(a)	**(2,218)**	(4,439)
Tax payable	22(a)	**(2,488,659)**	(2,777,274)
Bank and other borrowings	21	**(2,638,347)**	(1,505,140)
Loans from related parties	29(c)	**(3,502,474)**	(574,724)
Total current liabilities		**(18,842,289)**	(18,432,847)
Net current assets		**20,519,536**	19,372,054
Total assets less current liabilities		**30,077,938**	27,875,271

The notes on pages 79 to 137 form part of the consolidated financial statements.

Consolidated Statement of Financial Position (continued)

As at 31 December 2022
(Expressed in Hong Kong dollars)

	Notes	**2022 HK$'000**	2021 HK$'000
Non-current liabilities			
Bank and other borrowings	21	**(4,835,887)**	(5,488,816)
Loans from related parties	29(c)	**(15,438,783)**	(12,094,889)
Lease liabilities	12(a)	**(3,113)**	(1,035)
Deferred tax liabilities	22(b)	**(1,166,489)**	(956,561)
Other payables	19	**(15,794)**	(15,579)
Total non-current liabilities		**(21,460,066)**	(18,556,880)
Total liabilities		**(40,302,355)**	(36,989,727)
Net assets		**8,617,872**	9,318,391
Equity			
Equity attributable to owners of the Company			
Share capital	23	**171,154**	171,154
Reserves	24	**7,616,274**	8,314,491
		7,787,428	8,485,645
Non-controlling interests	25	**830,444**	832,746
Total equity		**8,617,872**	9,318,391

Approved and authorised for issue by the board of directors on 30 March 2023.

LI Yonggang	**JIAO Li**
Director	*Director*

The notes on pages 79 to 137 form part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022
(Expressed in Hong Kong dollars)

		Attributable to owners of the Company										
	Note	Share capital *HK$'000*	Share premium account *HK$'000*	Capital reserve *HK$'000*	Property revaluation reserve *HK$'000*	Enterprise development funds *HK$'000*	Reserve funds *HK$'000*	Exchange fluctuation reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2021		171,154	1,688,606	13,824	6,984	216	291,237	243,507	4,420,255	6,835,783	119,528	6,955,311
Profit for the year		–	–	–	–	–	–	–	1,402,249	1,402,249	(24,902)	1,377,347
Other comprehensive income for the year:												
Exchange differences on translation of Mainland China operations		–	–	–	–	–	–	284,839	–	284,839	(8,197)	276,642
Total comprehensive income for the year		–	–	–	–	–	–	284,839	1,402,249	1,687,088	(33,099)	1,653,989
Transactions with owners in their capacity as owners:												
Non-controlling interest on an acquisition of subsidiary		–	–	–	–	–	–	–	–	–	746,317	746,317
Transaction with a non-controlling interest		–	–	(11,039)	–	–	–	–	–	(11,039)	–	(11,039)
Transfer to reserve funds		–	–	–	–	–	2,689	–	(2,689)	–	–	–
Dividend paid	*23(b)*	–	–	–	–	–	–	–	(26,187)	(26,187)	–	(26,187)
At 31 December 2021		171,154	1,688,606	2,785	6,984	216	293,926	528,346	5,793,628	8,485,645	832,746	9,318,391

		Attributable to owners of the Company										
	Note	**Share capital** ***HK$'000***	**Share premium account** ***HK$'000***	**Capital reserve** ***HK$'000***	**Property revaluation reserve** ***HK$'000***	**Enterprise development funds** ***HK$'000***	**Reserve funds** ***HK$'000***	**Exchange fluctuation reserve** ***HK$'000***	**Retained profits** ***HK$'000***	**Total** ***HK$'000***	**Non-controlling interests** ***HK$'000***	**Total equity** ***HK$'000***
At 1 January 2022		**171,154**	**1,688,606**	**2,785**	**6,984**	**216**	**293,926**	**528,346**	**5,793,628**	**8,485,645**	**832,746**	**9,318,391**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**392,688**	**392,688**	**12,286**	**404,974**
Other comprehensive income for the year:												
Exchange differences on translation of Mainland China operations		**–**	**–**	**–**	**–**	**–**	**–**	**(868,405)**	**–**	**(868,405)**	**(14,588)**	**(882,993)**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**–**	**(868,405)**	**392,688**	**(475,717)**	**(2,302)**	**(478,019)**
Transactions with owners in their capacity as owners:												
Transfer to reserve funds		**–**	**–**	**–**	**–**	**–**	**1,272**	**–**	**(1,272)**	**–**	**–**	**–**
Dividend paid	*23(b)*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(222,500)**	**(222,500)**	**–**	**(222,500)**
At 31 December 2022		**171,154**	**1,688,606**	**2,785**	**6,984**	**216**	**295,198**	**(340,059)**	**5,962,544**	**7,787,428**	**830,444**	**8,617,872**

The notes on pages 79 to 137 form part of the consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2022
(Expressed in Hong Kong dollars)

	Notes	2022 HK$'000	2021 HK$'000
Operating activities			
Net cash used in operations	28(a)	**(5,548,411)**	(8,369,651)
Interest received		**22,097**	35,699
Interest paid		**(761,794)**	(332,782)
PRC tax paid		**(373,368)**	(976,752)
Net cash flows used in operating activities		**(6,661,476)**	(9,643,486)
Investing activities			
Purchases of property, plant and equipment		**(4,268)**	(6,182)
Additions to construction in progress		**(20,476)**	(17,518)
Additions to investment properties		**(708,242)**	(915,130)
Acquisition of subsidiaries	29(a)	**—**	(537,719)
Payment of the consideration payable for acquisition of subsidiaries	29(a)	**(707,823)**	(45,937)
Purchase of investments stated at equity investments at fair value through other comprehensive income		**(37,650)**	—
Net cash flows used in investing activities		**(1,478,459)**	(1,522,486)
Financing activities			
Proceeds from bank and other borrowings		**4,032,811**	5,191,409
Proceeds from loans from related parties		**12,015,589**	7,016,812
Repayments of bank and other borrowings		**(2,548,255)**	(1,024,609)
Repayments of loans from related parties		**(4,832,116)**	(215,433)
Dividends paid		**(222,500)**	(26,187)
Principal elements of lease payments		**(4,500)**	(5,382)
Net cash flows generated from financing activities	28(b)	**8,441,029**	10,936,610
Net increase/(decrease) in cash and cash equivalents		**301,094**	(229,362)
Cash and cash equivalents at the beginning of the year		**2,588,393**	2,647,323
Effect of foreign exchange rate changes, net		**(228,555)**	170,432
Cash and cash equivalents at the end of the year	18	**2,660,932**	2,588,393

The notes on pages 79 to 137 form part of the consolidated financial statements.

Notes to Consolidated Financial Statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 General Information

Guangdong Land Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The directors consider the immediate parent and the ultimate holding company of the Company to be Guangdong Investment Limited (粵海投資有限公司) ("GDI") and Guangdong Holdings Limited (廣東粵海控股集團有限公司) ("Guangdong Holdings"). GDI is incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"). Guangdong Holdings is a company established in the People's Republic of China (the "PRC").

During the year, the Company and its subsidiaries (together, the "Group") were involved in property development and investment businesses. The principal activities of the Company's principal subsidiaries are set out in Note 32.

The Company's shares are listed on the Hong Kong Stock Exchange.

2 Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(a)(i) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— investment property, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (see Note 2(f)); and

— investments in equity securities (see Note 2(i)(i)).

2 Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 3.

(i) New amendments to standards and framework adopted by the Group

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use
- Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 16, Property, plant and equipment: Proceeds before intended use

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

(Expressed in Hong Kong dollars unless otherwise indicated)

2 Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

(i) New amendments to standards and framework adopted by the Group (continued)

Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

(ii) New standards, amendments to standards and interpretations which are not yet effective for this financial year and have not been early adopted by the Group

The Group has not early adopted the following new standards, amendments to standards and interpretations that have been issued but are not yet effective for the current accounting period beginning on or after 1 January 2022:

	Effective for accounting periods beginning on or after
HKFRS 17, Insurance contracts	1 January 2023
Amendments to HKAS 1, Presentation of financial statements: Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates	1 January 2023
Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2 Summary of Significant Accounting Policies (continued)

(b) Consolidation

(i) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests, proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

All intra-group transactions, balances and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated unless the transaction provides evidence of an impairment of transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 Summary of Significant Accounting Policies (continued)

(b) Consolidation (continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Dilution gains or losses on transaction with non-controlling interests are also recorded in equity.

(iii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK dollar"), which is the Group's presentation currency and the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within "other gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2 Summary of Significant Accounting Policies (continued)

(c) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities are translated at the closing rate at the end of the reporting period;

(b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated statement of profit or loss as part of the gain or loss on disposal.

(d) Property, plant and equipment

Property, plant and equipment including buildings are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred. The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, and an appropriate proportion of borrowing costs (see Note 2(t)).

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	3%–20%
Office equipment	18%–20%
Furniture and fixtures	18%–20%
Motor vehicles	18%–20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of profit or loss.

2 Summary of Significant Accounting Policies (continued)

(e) Intangible asset

Separately acquired trademarks are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

The Group amortises intangible asset with a limited useful life using the straight-line method over the following period:

Trademark	20 years

Both the period and method of amortisation are reviewed annually.

(f) Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss.

If the fair value of investment properties under development cannot be reliably measured, the investment properties under development will be measured at cost until such time as fair value can be measured or construction is completed.

Subsequent expenditure is charged to the asset's carrying amount 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 repairs and maintenance costs are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred. Investment properties that are being redeveloped for continuing use as investment properties continue to be measured at fair value.

Investment properties are derecognised either when they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of an investment property, the transaction price less the carrying value immediately prior to the sale is treated as gain/loss on disposal of investment property and is recorded in consolidated statement of profit or loss. Rental income from investment properties is accounted for as described in Note 2(r).

2 Summary of Significant Accounting Policies (continued)

(g) Inventories and other contract costs

(i) Property development business

Inventories of property development business are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

— **Properties held for sale under development**

Properties held for sale under development are investments in land and buildings on which construction work and development have not been completed and are stated at the lower of cost and net realisable value. Borrowing costs (see Note 2(t)) incurred during the construction period and up to the date of completion of construction are capitalised as development costs. Net realisable value represents the estimated selling price less estimated costs of completion and estimated selling expenses. On completion, the properties are reclassified to completed properties held for sale at the then carrying amount.

— **Completed properties held for sale**

Completed properties held for sale are stated at the lower of cost and estimated net realisable value. In respect of unsold properties, cost is determined by apportionment of the total land and development costs, other direct expenses and where applicable borrowing costs attributable to unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses after the balance sheet date, or by management estimates of anticipated sale proceeds based on prevailing market conditions.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) 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(g)(i)).

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.

2 Summary of Significant Accounting Policies (continued)

(g) Inventories and other contract costs (continued)

(ii) Other contract costs (continued)

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 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.

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(r).

(h) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

2 Summary of Significant Accounting Policies (continued)

(h) Leases (continued)

(i) As a lessee (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

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

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 Summary of Significant Accounting Policies (continued)

(h) Leases (continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(r).

When the Group is an intermediate lessor, a sublease is classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(h)(i), then the Group classifies the sublease as an operating lease.

(i) Financial assets

(i) Classification

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

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

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

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

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 Summary of Significant Accounting Policies (continued)

(i) Financial assets (continued)

(iii) Measurement

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

(iv) Impairment

The Group has four types of financial assets that are subject to HKFRS 9's expected credit loss model:

- other receivables
- restricted bank balances
- cash and cash equivalents; and
- financial guarantees

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

For trade receivables (if any), the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the lender would not otherwise consider;
- it becomes probable that the debtor will enter bankruptcy or other financial reorganisation;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from trade and other receivables since the initial recognition of those assets, although the decrease cannot yet be identified with the individual trade and other receivables in the portfolio;
- adverse changes in the payment status of debtors; and
- national or local economic conditions that correlate with defaults on trade and other receivables.

2 Summary of Significant Accounting Policies (continued)

(j) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(k) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. Trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment (see Note 2(i)(iv)).

(l) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(iv)).

(m) Employee benefits

(i) Employee leave entitlements

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

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

2 Summary of Significant Accounting Policies (continued)

(m) Employee benefits (continued)

(ii) Pension obligations

Pursuant to the relevant laws and regulations of the PRC, the Group participates in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance (the "MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

(iii) Bonus entitlements

The expected cost of bonus payments is recognised as liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(n) Borrowings

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

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in the consolidated statement of profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 Summary of Significant Accounting Policies (continued)

(o) Trade payables

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

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

(p) Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 Summary of Significant Accounting Policies (continued)

(p) Current and deferred income tax (continued)

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(r) Revenue recognition

Sales of properties

Revenue is recognised as or when the control of the asset is transferred to the customer. Revenue is recognised at a point in time when the customer obtains control of the completed property.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property, whenever the earlier, and the Group has present right to payment and the collection of the consideration is probable. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see Note 2(s)).

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

Rental income from operating lease

Rental income is recognised in the consolidated statement of profit or loss on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

2 Summary of Significant Accounting Policies (continued)

(s) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in profit or loss exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in profit or loss.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the consolidated statement of profit or loss in the year in which they are incurred.

(u) 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 that make strategic decisions.

(v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required, or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 Summary of Significant Accounting Policies (continued)

(w) Dividend distribution

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

(x) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

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 instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

(y) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

3 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.

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.

(a) Critical accounting estimates

(i) Estimate of fair value of investment properties

The fair value of each completed investment property is individually measured at each balance sheet date by independent professional valuers based on a market value assessment. The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. The valuers have relied on the discounted cash flow method or the market approach. The fair value derived from discounted cash flow approach is based upon estimates of future results and a set of assumptions specific to each property to reflect its cashflow profile, while the direct comparison approach considers the recent prices of similar properties with adjustments to reflect the difference in characteristics of the properties.

Fair value of investment properties under development is generally derived using the residual method. This valuation method is essentially a means of valuing the properties by reference to its development potential by deducting development costs together with developer's profit and risk margins from the estimated capital value of the proposed development assuming completed as at the date of valuation.

Details of the estimates and assumptions have been disclosed in Note 14.

(ii) Provision for diminution in value of properties held for sale under development and completed properties held for sale

The Group assesses the carrying amounts of properties held for sale under development and completed properties held for sale according to their recoverable amounts based on an estimation of the net realisable value of the underlying properties, taking into account estimated costs to completion based on past experience and committed contracts and expected future sales price based on prevailing market conditions. If the carrying amounts of the underlying stock of properties fluctuate from those values estimated as a result of changes in market condition, material reversal of or provision for diminution in value of properties held for sale under development and completed properties held for sale may result. The assessment requires the use of judgement and estimates.

(b) Critical judgements in applying the Group's accounting policies

Distinction between investment properties and properties held for sale

The Group determines whether a property qualifies as an investment property or property held for sale. In making the judgement, the Group considers the intention of holding the property (land or building). Property held to earn rental or for capital appreciation is considered as investment property whereas property held for sale in the ordinary course of business is considered as property held for sale. The Group considers each property separately in making its judgement.

4 Segment Information

For management purposes, the Group is organised into business units based on the projects and has three reportable segments as follows:

(a) the property development segment consists of property development;

(b) the property investment segment consists of property investment, leasing and management operations; and

(c) the other segment consists of corporate and other income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about the resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that finance and interest income and finance cost are excluded from such measurement.

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities as these liabilities are managed on a group basis.

The bank and other borrowings pledged by the assets of the property investment segment used in financing the property development activities were considered as segment liabilities in property development segment by management.

During the current and prior years, there were no intersegment transactions.

4 Segment Information (continued)

(a) Segment result, assets and liabilities

	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2022				
Segment revenue:				
Sales to external customers	**1,351,831**	**25,860**	**–**	**1,377,691**
Segment results	**73,246**	**827,005**	**(43,156)**	**857,095**
Reconciliation:				
Finance income				**22,097**
Finance costs				**(209,365)**
Profit before tax				**669,827**
Year ended 31 December 2021				
Segment revenue:				
Sales to external customers	5,986,116	20,276	–	6,006,392
Segment results	2,685,896	388,135	(41,540)	3,032,491
Reconciliation:				
Finance income				35,687
Finance costs				(122,182)
Profit before tax				2,945,996

4 Segment Information (continued)

(a) Segment result, assets and liabilities (continued)

	Property development HK$'000	Property investment HK$'000	Others HK$'000	Total HK$'000
As at 31 December 2022				
Segment assets	**39,290,016**	**8,590,217**	**99,620**	**47,979,853**
Reconciliation:				
Unallocated assets				**940,374**
Total assets				**48,920,227**
Segment liabilities	**(37,795,687)**	**(7,743)**	**(1,332,436)**	**(39,135,866)**
Reconciliation:				
Unallocated liabilities				**(1,166,489)**
Total liabilities				**(40,302,355)**
Other information				
Fair value gains on investment properties	**—**	**762,820**	**—**	**762,820**
Depreciation	**(5,140)**	**—**	**(3,151)**	**(8,291)**
Amortisation	**(1,199)**	**—**	**—**	**(1,199)**
Capital expenditure	**(22,294)**	**(771,349)**	**(2,449)**	**(796,092)**
As at 31 December 2021				
Segment assets	37,862,567	7,553,461	33,354	45,449,382
Reconciliation:				
Unallocated assets				858,736
Total assets				46,308,118
Segment liabilities	(34,988,415)	(10,065)	(1,034,686)	(36,033,166)
Reconciliation:				
Unallocated liabilities				(956,561)
Total liabilities				(36,989,727)
Other information				
Fair value gains on investment properties	—	405,582	—	405,582
Depreciation	(7,025)	—	(3,193)	(10,218)
Amortisation	(1,239)	—	—	(1,239)
Capital expenditure	(23,489)	(945,035)	(211)	(968,735)

4 Segment Information (continued)

(b) Geographical information

Revenue and non-current assets information is based on the locations of the customers and the locations of the assets. As the Group's major operations are principally located in Mainland China, no further geographical segment information is provided.

(c) Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue for each of the years ended 31 December 2022 and 2021.

5 Revenue, Other Income and Other Gains, Net

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

	2022 **HK$'000**	2021 HK$'000
Revenue		
From contract with customers:		
— Sale of properties recognised at a point in time	**1,351,831**	5,986,116
From other sources:		
— Rental income	**25,860**	20,276
	1,377,691	6,006,392
Other income		
Entrusted management services income	**1,320**	1,524
Other gains, net		
Gain on disposal of investment property *(Note)*	**102,519**	—
Loss on disposal of property, plant and equipment	**(254)**	(1,394)
Exchange (loss)/gains, net	**(8,285)**	4,383
Sales deposits forfeiture	**1,131**	2,624
Others	**10,781**	9,083
	105,892	14,696

Note: During the year, the Group disposed one of its investment properties to a third party under a relocation compensation agreement for a city renovation project resulting in a gain of HK$102,519,000, for a consideration of cash compensation and an non-cash consideration of the contractual right receiving properties (see Note 17(c)).

6 Profit Before Tax

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

	Notes	**2022** **HK$'000**	2021 HK$'000
Cost of sales			
— properties		**822,889**	2,535,683
— others		**5,247**	1,368
Depreciation of property, plant and equipment	*11*	**3,776**	4,215
Depreciation of right-of-use assets	*12*	**4,515**	6,003
Amortisation of intangible assets	*13*	**1,199**	1,239
Rental expenses *(Note)*		**6,630**	4,240
Taxes and surcharges		**15,950**	49,937
Auditor's remuneration			
— audit services		**1,680**	2,600
— non-audit services		**1,040**	1,656
Directors' emoluments	*7*	**7,271**	15,966
Rentals income from investment properties less direct outgoings of HK$5,030,000 (2021: HK$1,265,000)		**15,714**	16,979
Staff costs			
— wages and salaries		**283,831**	250,263
— provident fund contributions		**45,769**	33,210
— forfeited contributions		**—**	(17)
		329,600	283,456
Less: amount capitalised under property development projects		**(131,680)**	(95,496)
Total staff costs expensed		**197,920**	187,960

Note: The amount was associated with short-term leases.

7 Benefits and Interests of Directors and Five Highest Paid Individuals

(a) Directors' emoluments

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Performance -related bonuses *HK$'000*	Pension scheme contributions *HK$'000*	Total remuneration *HK$'000*
2022					
Executive Directors:					
LAN Runing *(Chairman)*	**–**	**–**	**–**	**–**	**–**
KUANG Hu *(Note i)*	**–**	**1,087**	**–**	**351**	**1,438**
LI Yonggang	**–**	**1,210**	**1,114**	**520**	**2,844**
WU Mingchang	**–**	**–**	**–**	**–**	**–**
LI Wenchang *(Note ii)*	**–**	**–**	**–**	**–**	**–**
JIAO Li	**–**	**793**	**390**	**166**	**1,349**
ZHU Guang *(Note iii)*	**–**	**–**	**–**	**–**	**–**
	–	**3,090**	**1,504**	**1,037**	**5,631**
Independent Non-Executive Directors:					
Alan Howard SMITH *(Note iv)*	**520**	**–**	**–**	**–**	**520**
Felix FONG Wo	**560**	**–**	**–**	**–**	**560**
Vincent Marshall LEE Kwan Ho	**560**	**–**	**–**	**–**	**560**
	1,640	**–**	**–**	**–**	**1,640**
2021					
Executive Directors:					
XU Yeqin *(Note v)*	–	1,110	4,480	777	6,367
LAN Runing *(Chairman) (Note vi)*	–	–	–	–	–
LI Yonggang	–	1,399	2,812	709	4,920
WU Mingchang	–	–	–	–	–
ZHU Guang	–	–	–	–	–
ZHANG Jun *(Note vii)*	–	582	2,036	96	2,714
JIAO Li *(Note viii)*	–	273	–	52	325
	–	3,364	9,328	1,634	14,326
Independent Non-Executive Directors:					
Alan Howard SMITH	520	–	–	–	520
Felix FONG Wo	560	–	–	–	560
Vincent Marshall LEE Kwan Ho	560	–	–	–	560
	1,640	–	–	–	1,640

7 Benefits and Interests of Directors and Five Highest Paid Individuals (continued)

(a) Directors' emoluments (continued)

Notes:

(i) KUANG Hu was appointed as an Executive Director effective from 28 February 2022.

(ii) LI Wenchang was appointed as an Executive Director effective from 14 July 2022.

(iii) ZHU Guang resigned as an Executive Director effective from 14 July 2022.

(iv) Alan Howard SMITH resigned as an Independent Non-Executive Director effective from 1 January 2023. LEUNG Luen Cheong has been appointed as an Independent Non-Executive Director effective from 1 January 2023.

(v) XU Yeqin resigned as an Executive Director effective from 15 September 2021.

(vi) LAN Runing was appointed as an Executive Director and the Chairman of the Board effective from 15 September 2021.

(vii) ZHANG Jun resigned as an Executive Director effective from 15 September 2021.

(viii) JIAO Li was appointed as an Executive Director effective from 15 September 2021.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2021: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

Save as mentioned elsewhere in the consolidated financial statements, no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party or were parties and in which a Director of the Company or any entities connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) Five highest paid individuals

The highest paid individuals during the year included 2 directors (2021: 2 directors). Details of directors' and chief executives' remuneration are set out in Note 7(a) above. Details of the remuneration for the year of the five (2021: five) highest paid individuals are as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Salaries, allowances and benefits in kind	**4,890**	5,294
Performance-related bonuses	**4,021**	13,256
Pension scheme contributions	**1,735**	2,213
	10,646	20,763

7 Benefits and Interests of Directors and Five Highest Paid Individuals (continued)

(c) Five highest paid individuals (continued)

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

	Number of employees	
	2022	2021
HK$1,500,001 to HK$2,000,000	**1**	—
HK$2,000,001 to HK$2,500,000	**2**	—
HK$2,500,001 to HK$3,000,000	**—**	1
HK$3,000,001 to HK$3,500,000	**—**	2

8 Finance Income/Costs

	2022 *HK$'000*	2021 *HK$'000*
Finance income		
— bank interest income	**22,097**	35,687
Finance costs		
— interest expenses on bank borrowings	**331,775**	229,018
— interest expenses on other borrowings	**913,360**	461,918
— others	**2,431**	2,179
Total finance costs incurred	**1,247,566**	693,115
Less: amount capitalised in property development projects	**(1,038,201)**	(570,933)
Total finance costs expensed	**209,365**	122,182

For the year ended 31 December 2022, the capitalised interest rate applied to funds borrowed and used for the development of properties is between 2.05% and 6.65% (2021: 1.21% and 6.50%) per annum.

9 Income Tax in the Consolidated Statement of Profit or Loss

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2021: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates. PRC corporate income tax has been provided at the rate of 25% (2021: 25%) on the estimated assessable profit for the year.

Land appreciation tax ("LAT") has been provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation values, with certain allowable deductions.

	Note	**2022** **HK$'000**	2021 HK$'000
Current income tax			
— PRC taxation		**16,956**	1,066,288
LAT in Mainland China		**94,492**	1,093,456
Deferred income tax	*22(b)*	**142,249**	(591,095)
Withholding tax		**11,156**	—
		264,853	1,568,649

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the majority of the subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2022 **HK$'000**	2021 HK$'000
Profit before tax	**669,827**	2,945,996
Tax at the statutory tax rates of 25% (2021: 25%)	**167,457**	736,499
Tax effect of different taxation rate	**3,161**	344
Effect of withholding tax at 10% on the dividend distribution made by a subsidiary in Mainland China	**11,156**	—
Income not subject to tax	**(129)**	(1,705)
Expenses not deductible for tax	**12,339**	14,742
Utilisation of previously unrecognised tax losses	**—**	(1,323)
LAT deductible for calculation of income tax purposes	**(23,623)**	(273,364)
LAT in Mainland China	**94,492**	1,093,456
Income tax expense	**264,853**	1,568,649

10 Earnings Per Share Attributable to Equity Holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$392,688,000 (2021: HK$1,402,249,000) and the number of ordinary shares of 1,711,536,850 (2021: 1,711,536,850) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2022 and 2021.

11 Property, Plant and Equipment and Construction in Progress

	Note	Buildings HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Subtotal HK$'000	Construction in progress HK$'000	Total HK$'000
Cost								
At 1 January 2022		**8,468**	**21,373**	**878**	**5,202**	**35,921**	**67,910**	**103,831**
Additions		**1,685**	**2,290**	**185**	**108**	**4,268**	**20,476**	**24,744**
Disposals		**–**	**(1,276)**	**(244)**	**–**	**(1,520)**	**–**	**(1,520)**
Exchange differences		**(195)**	**(1,745)**	**(66)**	**(446)**	**(2,452)**	**(6,570)**	**(9,022)**
At 31 December 2022		**9,958**	**20,642**	**753**	**4,864**	**36,217**	**81,816**	**118,033**
Accumulated depreciation								
At 1 January 2022		**7,518**	**12,167**	**383**	**2,346**	**22,414**	**–**	**22,414**
Charge for the year	6	**125**	**2,875**	**117**	**659**	**3,776**	**–**	**3,776**
Disposals		**–**	**(1,060)**	**(206)**	**–**	**(1,266)**	**–**	**(1,266)**
Exchange differences		**(125)**	**(1,074)**	**(32)**	**(226)**	**(1,457)**	**–**	**(1,457)**
At 31 December 2022		**7,518**	**12,908**	**262**	**2,779**	**23,467**	**–**	**23,467**
Net book value at 31 December 2022		**2,440**	**7,734**	**491**	**2,085**	**12,750**	**81,816**	**94,566**
Cost								
At 1 January 2021		63,507	22,842	581	3,537	90,467	48,692	139,159
Additions		–	5,075	232	875	6,182	17,518	23,700
Acquisitions of subsidiaries		188	365	76	660	1,289	–	1,289
Transfer to investment properties		(56,165)	–	–	–	(56,165)	–	(56,165)
Disposals		(152)	(7,498)	(28)	–	(7,678)	–	(7,678)
Exchange differences		1,090	589	17	130	1,826	1,700	3,526
At 31 December 2021		8,468	21,373	878	5,202	35,921	67,910	103,831
Accumulated depreciation								
At 1 January 2021		33,227	14,580	291	1,643	49,741	–	49,741
Charge for the year	6	96	3,375	100	644	4,215	–	4,215
Transfer to investment properties		(26,210)	–	–	–	(26,210)	–	(26,210)
Disposals		(137)	(6,134)	(13)	–	(6,284)	–	(6,284)
Exchange differences		542	346	5	59	952	–	952
At 31 December 2021		7,518	12,167	383	2,346	22,414	–	22,414
Net book value at 31 December 2021		950	9,206	495	2,856	13,507	67,910	81,417

12 Right-Of-Use Assets and Lease Liabilities

The Group leases various offices. Rental agreements are typically made for a fixed period of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(a) Amounts recognised in the consolidated statement of financial position

	2022 ***HK$'000***	2021 *HK$'000*
Right-of-use assets:		
Properties — offices	**4,999**	5,164
Lease liabilities:		
Current	**2,218**	4,439
Non-current	**3,113**	1,035
	5,331	5,474

There were additions of HK$4,530,000 to the right-of-use assets during the year (2021: HK$3,505,000).

(b) Amounts recognised in the consolidated statement of profit or loss

	2022 ***HK$'000***	2021 *HK$'000*
Depreciation charge of right-of-use assets:		
Properties — offices	**4,515**	6,003
Interest expense included in finance costs	**172**	408

The total cash outflow for leases including the interest expense during the year was HK$4,650,000 (2021: HK$7,040,000).

13 Intangible Asset

	Trademark *HK$'000*
Cost	
At 1 January 2022	**25,157**
Exchange differences	**(2,131)**
At 31 December 2022	**23,026**
Accumulated amortisation	
At 1 January 2022	**2,411**
Charge for the year	**1,199**
Exchange differences	**(252)**
At 31 December 2022	**3,358**
Net book value at 31 December 2022	**19,668**
Cost	
At 1 January 2021	24,439
Exchange differences	718
At 31 December 2021	25,157
Accumulated amortisation	
At 1 January 2021	1,120
Charge for the year	1,239
Exchange differences	52
At 31 December 2021	2,411
Net book value at 31 December 2021	22,746

14 Investment Properties

	Completed investment properties *HK$'000*	Investment properties under development *HK$'000*	Total *HK$'000*
At 1 January 2021	472,476	5,481,166	5,953,642
Additions	—	945,035	945,035
Acquisitions of subsidiaries	8,088	—	8,088
Transfer from property, plant equipment at cost to completed investment properties	29,955	—	29,955
Fair value (losses)/gains on investment properties	(39,377)	444,959	405,582
Exchange differences	10,394	182,458	192,852
At 31 December 2021 and 1 January 2022	481,536	7,053,618	7,535,154
Additions	—	771,349	771,349
Cost adjustment	9,420	—	9,420
Transfer from Investment properties under development to completed investment properties	2,826,629	(2,826,629)	—
Transfer from completed properties held for sale to completed investment properties	97,864	—	97,864
Disposal of investment properties	(12,241)	—	(12,241)
Fair value gains on investment properties	314,854	447,966	762,820
Exchange differences	(288,606)	(414,615)	(703,221)
At 31 December 2022	3,429,456	5,031,689	8,461,145

As at 31 December 2022, investment properties under development of fair value HK$5,031,689,000 (2021: HK$7,053,618,000) and completed investment properties of fair value HK$ 3,270,647,000 (2021: Nil) was pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (Note 21).

For the year ended 31 December 2022, the fair value gains on investment properties included the fair value revaluation gain HK$52,031,000 upon transfer of completed properties held for sales.

The Group measures its completed investment properties and investment properties under development at fair value. Independent valuation of the Group's investment properties was performed by Guangdong Zhixin Asset Evaluation Co., Ltd., an independent professionally qualified valuer.

The Group's completed investment properties and investment properties under development of HK$8,461,145,000 (2021: HK$7,535,154,000) are valued by fair value measurements using significant unobservable inputs (level 3).

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Investment Properties (continued)

Fair value measurements using significant unobservable inputs

Information about fair value measurements using significant unobservable inputs:

	Valuation techniques	Significant unobservable inputs	Range or weighted average
Completed commercial properties	Income approach *(i)*	Capitalisation rate	4.8%–5.3% (2021: N/A)
		Market rent /estimated rental per month (per sq. m.)	HK$117 to HK$373 (2021: HK$61 to HK$306)
		Term yield	N/A (2021: 4.5%)
		Reversionary yield	N/A (2021: 5%)
Commercial properties under development	Residual method *(ii)*	Capitalisation rate	4.3% to 4.8% (2021: 6%)
		Estimated cost of construction (per sq. m.)	HK$10,727 (2021: HK$7,342–11,442)
		Estimated developer's profit	7% (2021: 19%)
Carpark spaces	Income approach *(i)*	Capitalisation rate	3.18% (2021: N/A)
		Market rent /estimated rental per month (per car park space)	HK$783 to $963 (2021: N/A)
	Market approach *(iii)*	Estimated unit rate (per car parking space)	2021: HK$236,174
Warehouse properties	Market approach *(iii)*	Estimated land value (per sq. m.)	HK$3,381 (2021: HK$3,899)
	Depreciated replacement cost method *(iv)*	Estimated cost of construction (per sq. m.)	HK$3,582 (2021: HK$5,507 to HK$5,629)
Clubhouse	Income approach *(i)*	Capitalisation rate	5.18% (2021: N/A)
		Market rent /estimated rental per month (per sq. m.)	HK$38 (2021: N/A)
	Market approach *(iii)*	Estimated unit rate (per sq. m.)	N/A (2021: HK$5,813)
Kindergarten	Income approach *(i)*	Capitalisation rate	5.18% (2021: N/A)
		Market rent /estimated rental per month (per sq. m.)	HK$31 (2021: HK$31)
		Term yield	N/A (2021: 6%)
		Reversionary yield	N/A (2021: 6.5%)

14 Investment Properties (continued)

Notes:

(i) Income approach is based on the income potential by adopting appropriate capitalisation rate, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The estimated rental adopted in the valuation have referred to valuers' view of recent lettings, within the subject properties and other comparable properties. For the year ended 31 December 2022, an investment property was completed and transferred into completed investment properties from investment properties under development. As at 31 December 2022, the fair value for this investment property was derived using the income approach while as at 31 December 2021, residual method was used. Fair value gain was recognised as the developer's profit and risk margins were released.

(ii) Residual method is essentially a means of valuing the completed properties by reference to its development potential by deducting development costs together with developer's profit and risk margins from the estimated capital value of the proposed development assuming completed as at the date of valuation. As the construction progress of the investment property under development was closer to completion, the lower adopted rate for developer's profit reflected a lower risk, which led to a higher fair value of the investment property.

(iii) Market approach is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

(iv) The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar property in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnishes the most reliable indication of value for properties in the absence of a known market based on comparable sales.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

Prevailing market rents are estimated based on Guangdong Zhixin Asset Evaluation Co., Ltd.'s view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Market yield is estimated by Guangdong Zhixin Asset Evaluation Co., Ltd. based on the risk profile of the properties being valued. The higher the yield, the lower the fair value.

A significant decrease/increase in the estimated cost of construction would result in a significant increase/decrease in the fair values of the investment properties.

Operating lease

The Group leases out investment property under operating leases. The leases typically run for an initial period of 3 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. Certain leases include variable lease payment terms that are based on the revenue of tenants.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Within 1 year	**16,547**	19,222
After 1 year but within 2 years	**14,078**	18,733
After 2 year but within 3 years	**12,271**	15,830
After 3 year but within 4 years	**10,701**	13,960
After 4 year but within 5 years	**4,894**	12,765
After 5 years	**5,308**	11,415
	63,799	91,925

15 Equity Investments Designated at Fair Value through Other Comprehensive Income

	2022 HK$'000	2021 HK$'000
Investment in unlisted equity securities	**37,650**	—

The Group designated its investment in 粵海物業管理有限公司 (Yuehai Property Management Co., Ltd.), a company incorporated in the PRC, at fair value through other comprehensive income as the investment is held for strategic purposes.

16 Completed Properties Held for Sale, Properties Held for Sale Under Development and Other Contract Costs

	2022 HK$'000	2021 HK$'000
Completed properties held for sale	**4,308,925**	656,899
Properties held for sale under development expected to be completed and delivered:		
— Within a normal operating cycle included under current assets	**30,665,014**	33,183,235
Other contract costs relating to sales commission of property sales	**67,964**	62,201
	35,041,903	33,902,335

At the end of the reporting period, completed properties held for sale of HK$1,954,030,000 (2021: Nil) and properties held for sale under development of HK$15,743,787,000 (2021: HK$4,451,985,000) were pledged to banks as securities for bank borrowings granted to subsidiaries of the Group (Note 21).

The normal operating circle of the Group's property development generally ranges from one to three years.

At the end of the reporting period, completed properties held for sale and properties held for sale under development of HK$31,579,568,000 (2021: HK$33,160,487,000) were expected to be recovered after more than one year.

17 Prepayments, Land and Other Deposits and Other Receivables

	2022 **HK$'000**	2021 *HK$'000*
Trade receivables	**6,561**	5,488
Amounts due from fellow subsidiaries *(Note (a))*	**8,915**	3,384
Other receivables *(Note (b))*	**46,673**	25,384
Financial assets measured at amortised cost	**62,149**	34,256
Prepaid taxes	**663,702**	624,892
Prepaid construction costs	**31,869**	154,449
Deposits	**8,124**	7,104
Other current assets *(Note (c))*	**97,468**	—
	863,312	820,701

Notes:

(a) As at 31 December 2022, the balance mainly represents the expenses paid on behalf of a fellow subsidiary for leasing and operating a commercial property of the Group.

(b) As at 31 December 2022, none of the other receivables was past due (2021: Nil). The credit risk was low as the counterparties were with strong financial position. With no significant increase in credit risk at year end and taking into account of the forward-looking information, the expected credit loss was considered as immaterial to the Group.

(c) The Group disposed one of its investment properties to a third party under a relocation compensation agreement for a city renovation project. Other current assets represented the contractual right of receiving the residential properties under the relocation compensation agreement.

Ageing analysis

An ageing analysis of the Group's trade receivables as at the end of the reporting period, based on the payment due date, is as follows:

	2022 **HK$'000**	2021 *HK$'000*
Current or less than 3 months past due	**7,382**	5,488

Further details on the Group's credit policy are set out in Note 30(b).

18 Restricted Bank Balances and Cash and Cash Equivalents

	Notes	2022 HK$'000	2021 HK$'000
Cash and bank balances		**1,909,184**	1,918,802
Time deposits with original maturity of less than three months when acquired		**–**	13,368
Other deposits with banks	(a)	**36,208**	1,562
Property pre-sale proceeds	(b)	**1,263,996**	1,098,690
		3,209,388	3,032,422
Less: restricted bank balances		**(548,456)**	(444,029)
Cash and cash equivalents		**2,660,932**	2,588,393

Notes:

(a) Pursuant to regulations related to pre-sale proceeds, the Group is required to provide guarantee deposits against the designated bank accounts for pre-sale proceeds for one of its projects. As at 31 December 2022, such deposits amounted to HK$30,667,000 (2021: HK$960,000).

(b) It represented pre-sale proceeds from properties held for sale under development placed at designated bank accounts under supervision pursuant to relevant regulations in the PRC.

As at 31 December 2022, according to relevant regulations, balance amounting to approximately HK$512,248,000 (2021: HK$442,467,000) cannot be released until certain conditions are fulfilled. The remaining amounts can be released to the Group for meeting the payment needs for certain prescribed costs associated with the property development.

(c) At the end of the reporting period, cash and bank balances (excluding restricted bank balances) of the Group denominated in Renminbi ("RMB") amounted to HK$2,608,788,000 (2021: HK$2,573,814,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

(d) Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between seven days and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

19 Trade and Other Payables and Accruals

	2022 HK$'000	2021 HK$'000
Current portion:		
Trade and bills payables	**147,426**	320,430
Construction costs accruals	**2,154,621**	2,331,895
Payables for land use rights	**—**	6,239,063
Interest payable to group companies *(Note 29(c))*	**907,027**	486,349
Other payables, accruals and provisions	**487,545**	574,813
Amounts due to group companies *(Note 29(c))*	**162,772**	801,391
Financial liabilities measured at amortised cost	**3,859,391**	10,753,941
Other taxes payable	**729,441**	511,476
Deposits	**27,875**	18,473
	4,616,707	11,283,890
Non-current portion:		
Financial liabilities measured at amortised cost		
— Other payables	**15,794**	15,579

The carrying amounts of trade and other payables approximate their fair values because of their immediate or short-term maturity.

Trade payables are non-interest bearing, while bills payables are interest-bearing. An aging analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 HK$'000	2021 HK$'000
Not yet due	**46,148**	452
Within 1 month	**31,357**	—
1 to 3 months	**56,315**	3,755
Over 3 months	**13,606**	316,223
	147,426	320,430

20 Contract Liabilities

The Group has recognised the following liabilities related to contracts with customers:

	2022	2021
	HK$'000	*HK$'000*
Contract liabilities	**5,593,884**	2,287,380

Notes:

(a) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

(b) The following table shows the revenue recognised in the current reporting period relates to carried-forward contract liabilities and relates to performance obligations that were satisfied in a prior year.

	2022	2021
	HK$'000	*HK$'000*
Revenue recognised that was included in the contract liability balance at the beginning of the year		
— Property sales	**954,368**	2,097,573

(c) The following table shows the amount of unsatisfied performance obligations resulting from property sales with an original expected duration within one year:

	2022	2021
	HK$'000	*HK$'000*
Expected to be recognised within one year	**3,159,401**	1,318,531

21 Bank and Other Borrowings

	2022	2021
	HK$'000	*HK$'000*
Bank borrowings — secured	**5,798,937**	5,116,198
Bank and other borrowings — unsecured	**1,318,344**	1,877,758
Other borrowings — Commercial Mortgage Backed Securities ("CMBS") — secured	**356,953**	—
	7,474,234	6,993,956
Bank and other borrowings repayable as follows:		
Not exceeding 1 year	**2,638,347**	1,505,140
More than 1 year but not exceed 2 years	**2,265,152**	1,589,995
More than 2 years but not exceed 5 years	**1,861,084**	3,898,821
More than 5 years	**709,651**	—
	7,474,234	6,993,956
Less: current portion	**(2,638,347)**	(1,505,140)
Non-current portion	**4,835,887**	5,488,816

Bank and other borrowings are secured by the following pledged assets:

	2022	2021
	HK$'000	*HK$'000*
Completed properties held for sale *(Note 16)*	**1,954,030**	—
Investment properties *(Note 14)*	**8,302,336**	7,053,618
Properties held for sale under development *(Note 16)*	**15,743,787**	4,451,985
	26,000,153	11,505,603

Note:

On 30 August 2022, CMBS amounted to RMB330,000,000 (equivalent to HK$369,435,000) were issued in the Shanghai Stock Exchange. The CMBS were secured by certain investment properties and their operating income receivables. The interest rates of the CMBS classified as priority A level with a principal amount of RMB170,000,000 was fixed at 3.35% per annum and that of priority B level of RMB150,000,000 was fixed at 3.8% per annum. The term of the CMBS was 18 years. At the end of the third year, the sixth year, the ninth year, the twelfth year, the fifteenth year and the eighteenth year, the Group shall be entitled to adjust the interest rates of the CMBS or repurchase the outstanding balance, and the holders of the CMBS shall be entitled to require the Group to redeem the outstanding balance. The Group subscribed CMBS of RMB10,000,000 (equivalent to HK$11,195,000) which was sub-ordinated to other securities and the amount was eliminated on the consolidation.

Out of the above secured bank borrowings of HK$5,798,937,000 (2021: HK$5,116,198,000), an aggregate amount of HK$992,963,000 (2021: HK$1,390,616,000) is also secured by equity interests of subsidiaries.

21 Bank and Other Borrowings (continued)

Note (continued):

The secured bank borrowings of HK$5,798,937,000 (2021: HK$5,116,198,000) are repayable by instalments. Such secured bank borrowings are interest-bearing at floating rates with contractual interest repricing dates ranged within one year or less.

As at 31 December 2022, the weighted average effective interest rate of the Group's bank and other borrowings is 4.25% (2021: 4.16%) per annum.

The carrying amounts of bank borrowings approximate their fair values and are denominated in Renminbi.

22 Income Tax in the Consolidated Statement of Financial Position

(a) Current taxation in the consolidated statement of financial position represents:

	2022 HK$'000	2021 HK$'000
PRC corporate income tax	**84,237**	257,355
LAT in Mainland China	**2,404,422**	2,519,919
	2,488,659	2,777,274

(b) Deferred tax assets and liabilities recognised:

(i) The movement on the net deferred tax account is as follows:

	2022 HK$'000	2021 HK$'000
Beginning of the year	**(97,825)**	(678,130)
(Charged)/credited in profit or loss	**(142,249)**	591,095
Exchange differences	**13,959**	(10,790)
	(226,115)	(97,825)

22 Income Tax in the Consolidated Statement of Financial Position (continued)

(b) Deferred tax assets and liabilities recognised (continued):

(ii) The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities

	Revaluation of properties *HK$'000*	Fair value adjustments arising from acquisition of subsidiaries *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 January 2021	(691,433)	(372,004)	(7,738)	(1,071,175)
(Charged)/credited to the consolidated statement of profit or loss during the year *(Note 9)*	(114,216)	344,434	(88,052)	142,166
Acquisitions of subsidiaries	(1,553)	—	—	(1,553)
Exchange differences	(20,519)	(5,608)	128	(25,999)
At 31 December 2021 and 1 January 2022	**(827,721)**	**(33,178)**	**(95,662)**	**(956,561)**
(Charged)/credited to the consolidated statement of profit or loss during the year *(Note 9)*	**(188,371)**	**17,161**	**(131,824)**	**(303,034)**
Exchange differences	**77,623**	**2,126**	**13,357**	**93,106**
At 31 December 2022	**(938,469)**	**(13,891)**	**(214,129)**	**(1,166,489)**

Deferred tax assets

	Provision for LAT *HK$'000*	Tax loss *HK$'000*	Others *HK$'000*	Total *HK$'000*
At 1 January 2021	332,070	4,696	56,279	393,045
Credited to the consolidated statement of profit or loss during the year *(Note 9)*	285,884	52,566	110,479	448,929
Acquisitions of subsidiaries	—	3,879	—	3,879
Exchange differences	14,168	(2,929)	1,644	12,883
At 31 December 2021 and 1 January 2022	**632,122**	**58,212**	**168,402**	**858,736**
Credited to the consolidated statement of profit or loss during the year *(Note 9)*	**23,461**	**87,503**	**49,821**	**160,785**
Exchange differences	**(54,477)**	**(8,432)**	**(16,238)**	**(79,147)**
At 31 December 2022	**601,106**	**137,283**	**201,985**	**940,374**

22 Income Tax in the Consolidated Statement of Financial Position (continued)

(b) Deferred tax assets and liabilities recognised (continued):

(ii) The movements in deferred tax assets and liabilities during the year are as follows (continued):

In accordance with the accounting policy set out in Note 2(p) to the consolidated financial statements, the Group has not recognised deferred tax assets in respect of cumulative tax losses arising in the Mainland China of HK$3,035,000 (2021: HK$4,545,000) which will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as the directors considered it is not considered probable that sufficient taxable profits will be available against which the tax losses can be utilized.

Pursuant to the PRC Corporate Income Tax Law, 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2022, temporary differences relating to the undistributed profits of subsidiaries amounted to HK$4,292,807,000 (2021: HK$3,950,341,000). Deferred tax liabilities of HK$429,281,000 (2021: HK$395,034,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

23 Share Capital and Dividends

(a) Share capital

	2022 **_HK$'000_**	2021 *HK$'000*
Authorised:		
5,000,000,000 ordinary shares of HK$0.10 each	**500,000**	500,000
Issued and fully paid:		
1,711,536,850 ordinary shares of HK$0.10 each	**171,154**	171,154

23 Share Capital and Dividends (continued)

(b) Dividends

(i) Dividends payable to shareholders of the Company attributable at the end of the reporting period:

	2022 **HK$'000**	2021 HK$'000
Interim dividend declared and paid of HK3.00 cents per ordinary share (2021: Nil)	**51,346**	—
Final dividend — HK8.00 cents (2021: HK10.00 cents) per ordinary share	**136,923**	171,154
	188,269	171,154

At a meeting held on 30 March 2023, the Board of Directors proposed a final dividend of HK8.00 cents (2021: HK10.00 cents) per ordinary share for the year ended 31 December 2022 totaling to HK$ 136,923,000 (2021: HK$171,154,000) based on 1,711,536,850 ordinary share in issue as at 31 December 2022. The actual amount of final dividend payable in respect of the year ended 31 December 2022 will be subject to the actual number of ordinary shares in issue on the record date, which is expected to be on or about 26 June 2023.

The final dividend has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to shareholders of the Company attributable to the previous financial year, and approved and paid during the current financial year:

	2022 **HK$'000**	2021 HK$'000
Final dividend in respect of the previous financial year, and approved and paid during the following final period, of HK10.00 cents (2021: HK1.53 cents) per ordinary share	**171,154**	26,187

24 Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 77 of the consolidated financial statements.

(a) Exchange fluctuation reserve

The exchange reserve comprises all exchange differences arising from the translation of the consolidated financial statements of Mainland China operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(c)(ii).

24 Reserves (continued)

(b) Reserve funds and enterprise development funds

Pursuant to the relevant PRC laws and regulations, a portion of the profits of the Group's subsidiaries which are registered in the PRC has been transferred to the enterprise development funds and the reserve funds which are restricted as to use and are not available for distribution. When the balances of these reserves reach 50% of each company's share capital, any further appropriation is optional. The amounts transferred from the retained profits are determined by the board of directors of these subsidiaries.

(c) Property revaluation reserve

The property revaluation reserve represents the revaluation surplus for land and buildings held for own use in prior years.

(d) Capital reserve

The capital reserve comprises the difference between fair value of any consideration paid or received and the relevant share acquired or sold of the carrying value of net assets of the subsidiary for transactions with non-controlling interests that do not result in loss of control (Note 2(b)(ii)).

25 Partly Owned Subsidiary with Material Non-Controlling Interest

Details of the Group's subsidiary that has material non-controlling interest are set out below:

	2022	2021
Percentage of equity interest held by non-controlling interest:		
江門粵海置地有限公司 ("Jiangmen Yuehai")	**49%**	49%

	2022 ***HK$'000***	2021 *HK$'000*
Profit/(loss) for the year allocated to non-controlling interest:		
Jiangmen Yuehai	**13,854**	(16,357)
Accumulated balance of non-controlling interest at the reporting date:		
Jiangmen Yuehai	**689,872**	736,725

25 Partly Owned Subsidiary with Material Non-Controlling Interest (continued)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2022 **HK$'000**	2021 HK$'000
Jiangmen Yuehai		
Revenue	**208,325**	—
Total expenses	**(170,589)**	(37,864)
Profit/(loss) for the year	**28,273**	(33,382)
Total comprehensive income for the year	**(95,618)**	(38,766)
Current assets	**3,482,610**	3,349,649
Non-current assets	**4,224**	6,983
Current liabilities	**(1,420,677)**	(835,978)
Non-current liabilities	**(658,255)**	(1,017,134)
Cash flows used in operating activities	**(192,547)**	(161,132)
Cash flows used in investing activities	**(139)**	(794)
Cash flows from financing activities	**131,074**	259,935

26 Capital Commitments

The Group had the following capital commitments at the end of the reporting period:

	2022 **HK$'000**	2021 HK$'000
Contracted, but not provided for:		
Property development expenditure	**8,701,189**	11,580,609

27 Guarantees

As at 31 December 2022, the Group provided guarantees to certain banks in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by any of these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 31 December 2022, the Group's outstanding guarantees amounted to HK$2,580,254,000 (2021: HK$799,803,000) for these guarantees.

28 Note to the Consolidated Statement of Cash Flows

(a) Reconciliation of profit before tax to net cash used in operations

	2022 HK$'000	2021 HK$'000
Profit before tax	669,827	2,945,996
Depreciation	8,291	10,218
Amortisation	1,199	1,239
Finance costs	209,365	122,182
Finance income	(22,097)	(35,687)
Loss on disposal of property, plant and equipment	254	1,394
Exchange loss/(gains), net	8,285	(4,383)
Fair value gains on investment properties	(762,820)	(405,582)
Operating profit before working capital changes	112,304	2,635,377
(Increase)/decrease in completed properties held for sale	(3,959,534)	3,006,904
Decrease/(increase) in properties held for sale under development	673,273	(24,868,004)
Increase in right-of-use asset	–	(1,257)
(Increase)/decrease in prepayments, land and other deposits and other receivables	(111,436)	2,487,104
Increase in other contract costs	(11,490)	(6,723)
Increase in amount due to fellow subsidiaries	99,190	830,106
Increase in restricted bank balances	(147,876)	(306,650)
(Decrease)/increase in trade and bills payables	(142,901)	212,957
Increase in amounts due to holding companies	3	352
(Decrease)/increase in other payables and accruals	(5,705,583)	7,523,371
Increase in contract liabilities	3,645,639	116,812
Net cash used in operations	(5,548,411)	(8,369,651)

(b) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings HK$'000	Loans from related parties HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2022	6,993,956	12,669,613	5,474	19,669,043
Increase in lease liabilities from entering into new leases during the year	–	–	4,530	4,530
Cash flows from financing activities	1,484,556	7,183,473	(4,500)	8,663,529
Non-cash flow transaction	(466,400)	466,400	–	–
Exchange differences	(537,878)	(1,378,229)	(173)	(1,916,280)
At 31 December 2022	7,474,234	18,941,257	5,331	26,420,822

29 Related Party Transactions

(a) Transactions with related parties

The following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties.

	Notes	2022 HK$'000	2021 HK$'000
Rental expenses paid to a fellow subsidiary*	(i)	**2,981**	3,252
Rental income received from a fellow subsidiary*	(i)	**2,675**	—
Information technology related service fee paid to a fellow subsidiary	(i)	**1,575**	795
Consultancy fee paid to a fellow subsidiary	(i)	**—**	4,139
Property management service fees paid to fellow subsidiaries*	(ii)	**53,615**	45,949
Property management service income received from fellow subsidiaries	(i)	**506**	—
Property leasing service fees paid to fellow subsidiaries*	(iii)	**5,236**	7,315
Interest expenses paid to fellow subsidiaries	(iv)	**768,418**	342,405
Interest expense paid to the ultimate holding company	(v)	**193,659**	93,852
Entrusted management service income received from the ultimate holding company	(vi)	**1,320**	1,364

Notes:

(i) All the rental income/expenses, information technology related service fee, consultancy fee and property management service income were charged in accordance with the terms of agreement entered into between the Group and the respective fellow subsidiaries.

(ii) The property management service fees were charged in accordance with the terms of agreements entered into between the Group and the fellow subsidiaries.

(iii) The property leasing service fees were charged in accordance with the terms of agreements entered into between the Group and the fellow subsidiaries.

(iv) The interest expenses were charged at effective interest rate of 4.00% to 6.50 % per annum (2021: 4.00% to 5.50% per annum).

(v) The interest expenses were charged at effective interest rate of 4.75% and 5.50% per annum (2021: 4.75% per annum).

(vi) The entrusted management services fee was charged in accordance with the terms of an agreement entered into between the Group and the ultimate holding company.

* These related party transactions also constitute connected transaction or continuing connected transactions discloseable under the Listing Rules.

29 Related Party Transactions (continued)

(a) Transactions with related parties (continued)

In addition to the above:

(i) In January 2021, the Group acquired certain subsidiaries from Guangdong Holdings, the ultimate holding company of the Company. As at 31 December 2022, all cash considerations were fully paid.

(ii) In July 2022, the Group acquired 6% of the equity interest of Yuehai Property Management Co., Ltd. ("粵海物業管理有限公司") from Guangdong Holdings which was classified as equity investments at fair value through other comprehensive income in the consolidated financial statements. Cash consideration of HK$37,650,000 was paid during the year.

(b) Compensation of key management personnel of the Group:

	2022 *HK$'000*	2021 *HK$'000*
Short-term employee benefits	**4,594**	12,692
Post-employment benefits	**1,037**	1,634
Total compensation paid to key management personnel	**5,631**	14,326

Further details of the directors, emoluments are included in Note 7 to the consolidated financial statements.

All key management personnel are directors of the Group.

29 Related Party Transactions (continued)

(c) Balances with related parties are analysed as follows:

	Notes	2022 HK$'000	2021 HK$'000
Amounts due from fellow subsidiaries	(i)	**8,915**	3,384
Amount due to the ultimate holding company	(i)	**24**	21
Amounts due to fellow subsidiaries	(i)	**162,748**	801,370
		162,772	801,391
Interest payable to fellow subsidiaries and non-controlling interests		**633,861**	391,047
Interest payable to the ultimate holding company		**273,166**	95,302
		907,027	486,349
Short-term loans from fellow subsidiaries	(ii)	**3,502,474**	574,724
Long-term loans from fellow subsidiaries and non-controlling interests	(ii)	**11,249,614**	9,964,249
Long-term loans from the ultimate holding company	(iii)	**4,189,169**	2,130,640
		18,941,257	12,669,613
Loans from related parties repayable as follows:			
Not exceeding 1 year		**3,502,474**	574,724
More than 1 year but not exceed 2 years		**13,603,923**	4,153,414
More than 2 years but not exceed 5 years		**1,834,860**	7,941,475
		18,941,257	12,669,613

Notes:

(i) The amounts due from/to related parties are unsecured, interest-free and are repayable on demand.

(ii) The short-term loans from fellow subsidiaries are unsecured, interest-bearing at interest rate with a range of 4.00% to 5.50% per annum (2021: 4.00% to 4.35% per annum) and repayable within one year.

The long-term loans from fellow subsidiaries are unsecured, interest-bearing at interest rate with a range of 4.00% to 5.50% per annum (2021: 4.00% to 5.50% per annum) and repayable within four years.

Three long-term loans from non-controlling interests are unsecured, interest-bearing at interest rate of 5.50% per annum, 4.75% per annum, and 4.80% per annum and repayable within three, four, and three years, respectively (2021: Loans with interest rate from 4.75% to 6.50% per annum are repayable within 3 to 5 years).

(iii) Two long-term loans from the ultimate holding company are unsecured, interest-bearing at interest rate of 4.75% and 5.50% per annum (2021: 4.75% per annum) and repayable within two years.

29 Related Party Transactions (continued)

(d) Applicability of the Listing Rules relating to connected transactions

Apart from the connected transactions and continuing connected transactions disclosed in the section headed "Connected Transactions" in the Directors' Report, all the other related party transactions did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

30 Financial Risk Management and Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on timely and effective manners.

(a) Market risk

(i) Foreign currency risk

The Group has transactional currency exposures. These exposures arise from revenue or expenses by operating units in currencies other than the units, functional currencies. The Group's monetary assets, financing and transactions are principally denominated in RMB and HK$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Exposures to RMB currency	
	2022	2021
	HK$'000	*HK$'000*
Cash and cash equivalents	**417**	13,656
Trade and other receivables	**42,969**	217
Trade and other payables and accruals	**(3,914)**	(5,360)
	39,472	8,513

30 Financial Risk Management and Financial Instruments (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

	Increase/ (decrease) in RMB rate *%*	Increase/ (decrease) in profit before tax *HK$'000*	Increase/ (decrease) in equity *HK$'000*
2022			
If HK$ weakens against RMB	**3**	**1,184**	**1,184**
If HK$ strengthens against RMB	**(3)**	**(1,184)**	**(1,184)**
2021			
If HK$ weakens against RMB	3	255	255
If HK$ strengthens against RMB	(3)	(255)	(255)

(ii) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. The Group's interest-bearing assets mainly include deposits at bank. The Group's floating rate borrowings will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. The Group's borrowings if issued at fixed rates will expose the Group to fair value interest rate risk.

To mitigate the risk, the Group has maintained fixed and floating rate debts. To match with underlying risk faced by the Group, the level of fixed rate debt for the Group is decided after taking into consideration the potential impact of higher interest rates, interest cover and the cash flow cycles of the Group's businesses and investments.

At the end of the reporting periods, if interest rates had been increased or decreased by 50 (2021: 50) basis points and all other variables were held constant, the profit for the year of the Group would have decreased or increased by approximately HK$7,407,000 (2021: profit for the year of the Group would have decreased or increased by approximately HK$7,893,000) resulting from the change in the finance costs of bank and other borrowings after considering the impact of interest capitalisation.

30 Financial Risk Management and Financial Instruments (continued)

(b) 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 credit risk of the Group's financial assets, which comprise cash and bank balances, restricted bank balances, trade receivables and other receivables, arises from default of the counterparty, with the maximum exposure equal to the carrying amounts of these instruments.

Trade receivables and other receivables

In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is closely monitored to minimise any credit risk associated with these receivables.

For the other receivables from third parties and related parties, the counterparties primarily have strong financial position and management considers the credit risk is not high. The Group maintains frequent communications with these counterparties and consider that the expected credit risks of them are minimal in view of the history of cooperation with them and forward-looking information.

The Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rate, the Group considers historical loss rates for each category of debtors and adjusts for forward looking macroeconomic data.

As at 31 December 2022 and 2021, management consider other receivables and non-trade receivables due from related companies as low credit risk as counterparties have a strong capacity to meet its contractual cash flow obligations in the near term. The Group assessed that the expected credit losses for these receivables are immaterial.

Restricted bank balances and cash and bank balances

The identified impairment loss of restricted bank balances and cash and bank balances was immaterial.

As stated in Note 27 regarding the guarantee provided by the Group, upon default in mortgage payments by any of these purchasers and the Group responsibility for repaying the outstanding mortgage payments, the Group is entitled to take over the legal titles and possession of the related properties and to sell the properties to recover any amounts paid by the Group to the banks. Therefore, the Group's credit risk is significantly reduced. Nevertheless, the net realisable values of the relevant properties are subject to the fluctuation of the property market in general, the Group assesses at the end of each reporting period the liabilities based on the current estimates of future cash flows. As at 31 December 2022 and 2021, no provision on the guarantees to banks had been made in the consolidated financial statements.

30 Financial Risk Management and Financial Instruments (continued)

(c) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. other receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility.

Management of the Group has carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the end of the reporting period. Based on this forecast, the directors of the Company have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during the forecast period. In preparing the cash flow forecast, the directors of the Company have considered historical cash requirements of the Group as well as other key factors, including the availability of loans financing which may impact the operations of the Group prior to the end of the next twelve months after the end of the reporting period. The directors of the Company are of the opinion that the assumptions and sensitivities which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Within 1 year or on demand *HK$'000*	1 to 2 years *HK$'000*	2 to 5 years *HK$'000*	More than 5 years *HK$'000*	Total *HK$'000*	Carrying amount at 31 Dec *HK$'000*
2022						
Trade and bills payables	**147,426**	**–**	**–**	**–**	**147,426**	**147,426**
Financial liabilities included in other payables, accruals and provisions	**3,711,965**	**–**	**15,794**	**–**	**3,727,759**	**3,727,759**
Bank and other borrowings	**2,884,077**	**2,400,565**	**2,222,701**	**769,773**	**8,277,116**	**7,474,234**
Loans from fellow subsidiaries and non-controlling interests	**3,851,193**	**10,557,176**	**2,148,427**	**–**	**16,556,796**	**14,752,088**
Loan from the ultimate holding company	**–**	**4,720,981**	**–**	**–**	**4,720,981**	**4,189,169**
Lease liabilities	**2,218**	**1,838**	**1,373**	**–**	**5,429**	**5,331**
	10,596,879	**17,680,560**	**4,388,295**	**769,773**	**33,435,507**	**30,296,007**
2021						
Trade and bills payables	314,118	3,146	3,166	–	320,430	320,430
Financial liabilities included in other payables, accruals and provisions	10,954,312	1,143	8,005	–	10,963,460	10,963,460
Bank and other borrowings	1,786,096	2,215,920	3,668,274	–	7,670,290	6,993,956
Loans from fellow subsidiaries and non-controlling interests	625,499	5,171,018	5,877,708	364,625	12,038,850	10,538,973
Loan from the ultimate holding company	–	–	101,205	2,337,268	2,438,473	2,130,640
Lease liabilities	4,588	1,068	–	–	5,656	5,474
	13,684,613	7,392,295	9,658,358	2,701,893	33,437,159	30,952,933

30 Financial Risk Management and Financial Instruments (continued)

(d) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

		Fair value measurements as at 31 December 2022 categorised into		
	Fair value at 31 December 2022 *HK$'000*	**Level 1** *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*
Recurring fair value measurements				
Equity investments designated at fair value through other comprehensive income	**37,650**	**–**	**–**	**37,650**

The Group has no financial assets and liabilities that are measured at fair value at 31 December 2021.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial asset (2021: Nil).

The fair value of unlisted equity investments designated at fair value through other comprehensive income has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple, such as price to sales ("P/S") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by a revenue measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding revenue measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

30 Financial Risk Management and Financial Instruments (continued)

(d) Fair value estimation (continued)

For financial instrument in Level 3, prices are determined using valuation technique such as market-based valuation technique. Categorisation of fair value measures within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement.

	Valuation techniques	Unobservable input		Sensitivity of fair value to the input
Equity investments designated at fair value through other comprehensive income	Market multiples	Average P/S multiple of peers	1.61	The higher the multiple, the higher the fair value
		Discount for lack of marketability	13.26%	The higher the discount, the lower the fair value

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	Total *HK$'000*
At 1 January 2022	–
Addition during the year	**37,650**
At 31 December 2022	**37,650**

30 Financial Risk Management and Financial Instruments (continued)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages and adjusts its capital structure in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The Group monitors capital by maintaining an appropriate gearing ratio based on its business development strategy, prevailing market environment and economic condition. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total debt, which includes current and non-current borrowings, and lease liabilities, less cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

	2022 ***HK$'000***	2021 *HK$'000*
Bank and other borrowings *(Note 21)*	**7,474,234**	6,993,956
Loans from fellow subsidiaries and non-controlling interests *(Note 29(c))*	**14,752,088**	10,538,973
Loan from the ultimate holding company *(Note 29(c))*	**4,189,169**	2,130,640
Lease liabilities *(Note 12)*	**5,331**	5,474
Less: cash and cash equivalents *(Note 18)*	**(2,660,932)**	(2,588,393)
Net debt	**23,759,890**	17,080,650
Total equity	**8,617,872**	9,318,391
Gearing ratio	**275.70%**	183.30%

31 Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
Assets		
Non-current assets		
Property, plant and equipment	2,676	431
Right-of-use assets	3,927	2,773
Investments in subsidiaries	459,504	473,910
Equity investments designated at fair value through other comprehensive income	37,650	—
Amounts due from subsidiaries	4,954,902	4,974,289
Total non-current assets	5,458,659	5,451,403
Current assets		
Prepayments, deposits and other receivables	2,805	43,996
Restricted bank balances	172	188
Cash and cash equivalents	52,203	27,853
Total current assets	55,180	72,037
Total assets	5,513,839	5,523,440
Liabilities		
Current liabilities		
Bank borrowings	(1,300,000)	(1,000,000)
Amounts due to subsidiaries	(24)	(21)
Other payables, accruals and provision	(26,547)	(23,195)
Lease liabilities	(1,265)	(2,911)
Total current liabilities	(1,327,836)	(1,026,127)
Net current liabilities	(1,272,656)	(954,090)
Total assets less current liabilities	4,186,003	4,497,313
Non-current liabilities		
Lease liabilities	(2,785)	—
Total liabilities	(1,330,621)	(1,026,127)
Net assets	4,183,218	4,497,313
Equity		
Share capital	171,154	171,154
Reserves *(Note)*	4,012,064	4,326,159
Total equity	4,183,218	4,497,313

31 Statement of Financial Position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account *HK$'000*	Capital reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2021	1,688,606	140,234	2,513,352	4,342,192
Total comprehensive income for the year	—	—	10,154	10,154
Dividend paid	—	—	(26,187)	(26,187)
At 31 December 2021 and 1 January 2022	**1,688,606**	**140,234**	**2,497,319**	**4,326,159**
Total comprehensive income for the year	**—**	**—**	**(91,595)**	**(91,595)**
Dividend paid	**—**	**—**	**(222,500)**	**(222,500)**
At 31 December 2022	**1,688,606**	**140,234**	**2,183,224**	**4,012,064**

32 Information About Principal Subsidiaries

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

Company	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
廣州市番禺粵海房地產有限公司	Mainland China	RMB187,300,000	–	80	Property development
粵海科技 (深圳) 有限公司#	Mainland China	US$50,000,000	–	100	Property investment
廣東粵海置地集團有限公司#	Mainland China	RMB4,000,000,000	–	100	Property development and investment
廣東粵海房地產開發有限公司*	Mainland China	RMB308,000,000	–	100	Property development and investment
江門市粵海置地房地產投資有限公司	Mainland China	RMB530,000,000	–	100	Property development
珠海粵海置地有限公司*	Mainland China	RMB930,000,000	–	100	Property development
江門粵海置地有限公司	Mainland China	RMB1,260,000,000	–	51	Property development
佛山粵海置地有限公司	Mainland China	RMB1,000,000,000	–	100	Property development
中山粵海置地有限公司	Mainland China	RMB1,470,000,000	–	97.6	Property development
惠陽粵海房產發展有限公司	Mainland China	RMB132,010,581	–	100	Property development and investment
廣東粵海置地發展有限公司	Mainland China	RMB4,600,000,000	–	100	Property development
佛山粵海置地發展有限公司	Mainland China	RMB600,000,000	–	51	Property development

\# The subsidiaries were registered as wholly-foreign-owned enterprises under PRC law.

* The shares of these subsidiaries were pledged to secure certain bank borrowings (Note 21).

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.

Particulars of Major Properties

31 December 2022

Investment Properties

Location	Use	Category of lease	Attributable interest of the Group
Commercial portion of Northwestern Land and Northern Land of the Shenzhen GDH City, 3008 Taibai Road, Luohu District, Shenzhen, Guangdong, PRC	Commercial	Medium	100%
Commercial portion of Guangzhou Laurel House, Nos. 43–79 Zhuguang Road, Yuexiu District, Guangzhou City, Guangdong, PRC	Commercial	Medium	100%
Biao Ma Ling, Buji Town, Longgang District, Shenzhen City, Guangdong, PRC	Commercial	Medium	100%
A ring-pull can factory, 3008 Taibai Road, Luohu District, Shenzhen City, Guangdong, PRC	Commercial	Medium	100%
A clubhouse and a kindergarten, Huiyang Lijiang Garden, Baiyun Second Road, Danshui, Huiyang District, Huizhou City, Guangdong, PRC	Commercial	Medium	100%

Particulars of Major Properties (continued)

31 December 2022

Properties Under Development and Investment Properties Under Development

Location	Use	Site area (sq. m.)	Gross floor area (sq. m.)	Attributable interest of the Group
Southern Land of the Shenzhen GDH City 3008 Taibai Road, Luohu District, Shenzhen, Guangdong, PRC	Commercial/ office/mall	16,044	199,500	100%
The Zhuhai Jinwan Project West of Jinhui Road and North of Jinhe East Road, Jinwan District, Zhuhai City, Guangdong, PRC	Residential/ Commercial	66,090	166,692	100%
The Foshan Laurel House Project West of Wenhua Road, South of Liming Second Road, Chancheng District, Foshan City, Guangdong, PRC	Residential/ Commercial	43,284	151,493	100%
The Zhongshan GDH City Project Tsuihang New District, Zhongshan City, Guangdong, PRC	Residential	98,811	247,028	97.64%
The Jiangmen Ganhua Project (Jiangmen Land No. 4 and 5) East of Ganbei Road, Pengjiang District, Jiangmen City, Guangdong, PRC	Residential/ Commercial	133,764	270,569	51%
The Huizhou Dayawan Project Mamiao, Aotou, Dayawan District, Huizhou City, Guangdong, PRC	Residential/ Commercial	30,698	92,094	100%
The Guangzhou Yungang City Project Core Area of Baiyun New Town, Baiyun District, Guangzhou City, Guangdong, PRC	Residential/ Commercial	114,463	506,000	100%
The Foshan Jihua Project West Side of Fenjiang Road, North Side of Lujing Road and East Side of Luying West Street, Chancheng District, Foshan City, Guangdong, PRC	Residential/ Commercial/ Offices	40,642	118,122	51%

Particulars of Major Properties (continued)

31 December 2022

Completed Properties Held For Sale

Location	Use	Gross floor area (sq. m.)	Attributable interest of the Group
Northwestern Land and Northern Land of the Shenzhen GDH City 3008 Taibai Road, Luohu District, Shenzhen, Guangdong, PRC	Business apartment/ Commercial	275,209*	100%
The Chenyuan Road Project West of Fengxiang Road, Southeast of the intersection of Chenyuan Road and Longteng Road, Pengjiang District, Jiangmen City, Guangdong, PRC	Residential/ Commercial service/ Car-parking spaces	164,216	100%
The Jiangmen Ganhua Project (Jiangmen Land No. 3) East of Ganbei Road, Pengjiang District, Jiangmen City, Guangdong, PRC	Residential/ Commercial	122,331	51%
Guangzhou Laurel House Nos. 43–79 Zhuguang Road, Yuexiu District, Guangzhou City, Guangdong, PRC	Car-parking spaces	2,764	100%
Ruyingju South of Sanzhi Xiangshui Road, Dongxiang Village, Dashi Town, Panyu District, Guangzhou, Guangdong, PRC	Car-parking spaces	8,052	80%

* Represents the gross floor area of the entire project, including the commercial portion.

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GUANGDONG LAND HOLDINGS LIMITED