



建發國際投資集團有限公司
C&D International Investment Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1908

ANNUAL REPORT

2021

ANNUAL REPORT



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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHUANG Yuekai (*Chairman*)
Ms. ZHAO Chengmin
Mr. LIN Weiguo (*Chief Executive Officer*)

Non-executive Directors

Mr. HUANG Wenzhou
Ms. YE Yanliu
Mr. WANG Wenhui

Independent Non-executive Directors

Mr. WONG Chi Wai
Mr. WONG Tat Yan, Paul
Mr. CHAN Chun Yee

COMPANY SECRETARY

Miss LEUNG Ching Ching (*FCG, HKFCG*)

AUDIT COMMITTEE

Mr. WONG Chi Wai (*Committee Chairman*)
Mr. WONG Tat Yan, Paul
Mr. CHAN Chun Yee

REMUNERATION COMMITTEE

Mr. WONG Tat Yan, Paul (*Committee Chairman*)
Mr. WONG Chi Wai
Mr. CHAN Chun Yee

NOMINATION COMMITTEE

Mr. ZHUANG Yuekai (*Committee Chairman*)
Mr. CHAN Chun Yee
Mr. WONG Chi Wai
Mr. WONG Tat Yan, Paul

INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

PRINCIPAL BANKERS

(in alphabetical order)
Agricultural Bank of China Limited
Bank of Beijing Co., Ltd.
Bank of China (Hong Kong) Limited
Bank of China Limited
Bank of Communications Co., Ltd.
Bank Of Hangzhou Co., Ltd.
Bank Of Jiangsu Co., Ltd.
China Construction Bank Corporation
China Everbright Bank Company Limited
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd.
Ping An Bank Co., Ltd.
Postal Savings Bank of China
Shanghai Pudong Development Bank

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN PRC

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

King & Wood Mallesons

STOCK CODE

1908

COMPANY'S WEBSITE

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of C&D International Investment Group Limited ("C&D International Group" or the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2021 (the "Year").

I. REVIEW OF ECONOMIC LANDSCAPE

In 2021, Chinese economy experienced a difficult time because of the severe challenges brought by the pandemic and the changes over the past century, and the real estate industry has gone through ups and downs. Local governments continued to emphasize the policy objective of "housing without speculation" and insisted on regulation and control, and real estate regulation policies were introduced frequently. As for real estate financing, major banks continued to specify the rule of "Three Red Lines" to restrict real estate housing loans, the "concentration" management of real estate loans strictly controlled the scale of housing loans, and the supervision of all channels of real estate financing continued to be strengthened; meanwhile, local regulators further strengthened "pre-sale funds supervision" to prevent risks from the real estate market. Since the second half of the year, the confidence of home buyers in the market have been plagued and severely affected by the private real estate enterprises with high debts, and sales in the real estate market across the industry declined significantly in the second half of the year.

The severe policy and market environment will further force the real estate industry to consolidate and change, so that real estate companies will focus more and more on improving their professional capabilities and achieving quality development oriented to profit growth. The Group anchored its corporate positioning as "integrated investment services provider for real estate development and real estate industry chain" in order to integrate the respective advantages of state-owned enterprise background and market-oriented operation mechanism, we proactively seek opportunities from the crisis, optimize the organization and management structure, and accelerate the market layout and adjustment. In 2021, the Group's operating results continued to grow and the influence of its corporate brand grew, continuing to create value for shareholders and society.

II. RESULTS AND DIVIDEND

During the Year, the Group achieved operating revenue of approximately RMB53.44 billion (2020: approximately RMB42.74 billion), representing a year-on-year increase of approximately 25.0%; the profit for the year attributable to the equity holders of the Company of approximately RMB3.52 billion (2020: approximately RMB2.32 billion), representing a year-on-year increase of approximately 51.5%.

The board of directors of the Company (the "Board") recommends the declaration of a final dividend of HK\$1.20 per share for the year with scrip dividend election, subject to the approval of the shareholders at the forthcoming annual general meeting (the "AGM").

III. BUSINESS REVIEW

In 2021, under the leadership of the Board and by focusing on business directions of “improving quality and efficiency, adjusting structure, reducing costs and controlling risks (提質效、調結構、降成本、控風險)”, , the Company drove its development under the dual force of “Product + Service” and maintained growth momentum of various business indicators.

(1) Property development business: solid foundation and continuous growth

1. Sales scale reached a new high with steady strengthening of investment in expansion reserve

- (1) Sustained growth in contracted sales: In 2021, the Company maintained its upward momentum in contracted sales. The Group, together with its joint ventures and associates, achieved the cumulative contracted sales attributable to the shareholders of the Company amounted to approximately RMB130.092 billion, representing a year-on-year increase of approximately 100.90%; the cumulative contracted sales GFA attributable to the shareholders of the Company was approximately 6,826,900 sq.m., representing a year-on-year increase of approximately 104.29%.
- (2) Continued consolidation of investment in land reserves: In 2021, the Group focused on acquiring quality property development projects in the core city clusters of the three major clusters (Western China, South-eastern China and Eastern China), supported by the Group's abundant capital flow. During the Year, the Group acquired approximately 11.81 million sq.m. of saleable gross floor area (“GFA”) attributable to the shareholders of the Company for new projects.
- (3) Optimization of the regional layout: The Group insisted on the strategy of “regional focus and city cultivation” to optimize the regional distribution. As at 31 December 2021, the Company invested in a total of 218 property development projects (2020: 128, representing a year-on-year increase of approximately 70.3%) in more than 60 cities, and cultivated its presence in tier-one, tier-two as well as strong tier-three and tier-four cities; the saleable GFA of land reserves was approximately 19.44 million sq.m. (2020: approximately 12.32 million sq.m., representing a year-on-year increase of approximately 57.8%) with saleable value of approximately RMB290.6 billion (2020: approximately RMB213.1 billion, representing a year-on-year increase of approximately 36.4%), which provided good momentum for the Group's growth and development in the future.

CHAIRMAN'S STATEMENT

2. *Quality and efficiency improvement in operation management and continuous leadership in product quality*
 - (1) Quality and efficiency improvement in operation management: In 2021, the Group steadily improved its overall operational efficiency by optimizing organizational control, strengthening front-line empowerment, implementing standard work schedules and enhancing on-site control, and achieved an effective improvement in the progress of land acquisition to first sale, and the progress of land acquisition to cash flow recovery; through the establishment of a systematic business process guidance system, the Group compiled refined operation guidance manuals, subdivided project formats and key node standards to consolidate operational efficiency improvement and provide practical guidance for deep urban cultivation; and built a comprehensive data system to realize real-time insight into operation data and grasped the operation situation of the Group, regions and various projects in real time.
 - (2) Crafting products to raise the standard: Focusing on “high-end improvement projects”, the Group has innovated the series of products such as “Emperor Chinese (王府中式)” and “Zen Chinese (禪境中式)”, which are based on traditional Chinese architecture and culture and integrate the humanistic characteristics of different regions to construct a new Chinese product system that integrates modern fashion and classics, thereby enhancing the core competitiveness and brand value of the products and creating a leading industry. Chinese products with cultural charm are highly recognized and widely praised by resident and people from all sectors.

(2) Real estate industry chain: Optimize the layout for synergistic growth

1. Quality and efficiency improvement in operation management: The Group's commercial assets management projects were located in Shanghai and Nanning, with a total area under management of approximately 145,000 sq.m.. In 2021, facing the rebounding epidemic and external environment, the Group established a new standard operation system by combining with information digital process and continuously improved the quality of commercial asset management, achieving operating revenue of approximately RMB190 million.
2. Continued growth in the scale of entrusted construction: As at 31 December 2021, the Group had a total of 30 entrusted construction projects; in 2021, the Group was internally involved in the entrusted construction of 2 commercial housing construction projects for the first time to promote the innovation of the consideration model, establish the entrusted construction brand and accelerate the scale expansion of the entrusted construction business, achieving operating revenue of approximately RMB440 million in 2021.
3. Acquisition of an engineering management company: In 2021, the Group acquired 29.01% equity interest in an A-Shares listed company, Holsin Engineering Consulting Group Co., Ltd. (“Holsin”), a company listed on the Shanghai Stock Exchange (stock code: 603909), which completes the Group's service layout in the engineering management industry chain. After the acquisition, both parties will share their advantageous resources around the construction and services of urban development, and develop business strategic synergy.

CHAIRMAN'S STATEMENT

(3) Image of capital market: Good interaction and brand enhancement

1. Actively promoting corporate value: In 2021, the Group actively communicated and interacted with the capital market and conducted various forms of investor exchange activities. During the Year, we held nearly 54 exchange events with the participation of more than 334 investment institutions and brokerages to actively promote the value of the Company to the capital market.
2. Highly recognised by the market: In 2021, the Group was ranked 1700 in Forbes Top 2000 Global Public Companies and awarded the "Most Valuable Investment Award for Hong Kong Listed Company* (港股上市公司最具投資價值獎)" in the "Gelonghui • 1st Best Listed Company in Greater China* (格隆匯 • 首屆大中華區最佳上市公司)".

IV. FUTURE DEVELOPMENT PROSPECT

In 2022, the PRC's Central Economic Conference summarized the economic situation this year as "contraction in demand, supply shock and weaker expectations (需求收縮、供給衝擊、預期較弱)". The real estate industry will continue to be impacted by the overlapping effects of economic downturn, policy regulation, recurrence of epidemic, risk exposure and market competition, resulting in continued wait-and-see expectations among home buyers. The Group will continue to strengthen its development model of "Product + Service", emphasize the quality of its operations and continuously improve its profitability by actively responding to various tests in the economic and policy environment and by focusing on the overall working principle of "focusing on projects to enhance quality and efficiency, holding fast to innovation to help development and preventing risks to ensure safety".

(1) Consolidate the core competitiveness of real estate development and become a stable and long-running real estate enterprise

Focusing on its core business of real estate development, the Group will enhance its financial, product, operational and investment capabilities to comprehensively improve the Group's overall competitiveness over the full cycle, enhance its operational resilience and flexibility, and continue to contribute to its stability and growth.

The Group will closely combine the advantages of its state-owned enterprise background and market-oriented operation system, and adopt "city-specific strategies" for the real estate market environment in each key core city, including: (1) gaining insight into market changes, analyzing the competitive landscape and customer needs to better meet customer demands and improve the speed of project de-commissioning; (2) accelerating product development and innovation, establishing and improving the mechanism for innovation implementation, and enhancing product competitiveness; (3) targeting key points of the project operation cycle, continuously improving the operational efficiency and profitability of individual projects, and pursuing profitable growth.

CHAIRMAN'S STATEMENT

(2) Clear positioning of “integrated investment services provider for real estate industry chain” to enhance the value creation capability of the industry chain

The Group will continue to consolidate its strategic layout of real estate industry chain investment services in order to enhance the value creation and industry competitiveness of the real estate industry chain investment services business, develop new business growth curves and improve anti-cyclicality.

1. Business operation: Continuously improve the quality of investment, operation and assets in order to increase the occupancy rate of projects and enhance the efficiency of commercial asset management.
2. Entrusted construction services: To give full play to the advantages of high-quality professional construction management to ensure the quality of project construction and improve operational efficiency; to strengthen the market expansion, promote the innovation of construction mode and enhance the influence of “C&D” brand in the entrusted construction industry.
3. Engineering management: In the future, the in-depth synergistic cooperation between Holsin and the Group's property development segment will help enhance the production efficiency and production management capability of the Group's property development business, which will in turn strengthen the Group's corporate competitiveness and operating efficiency.

In 2022, the Group will proactively adapt to national policies and directions, insist on quality growth and maintain a balance between growth, efficiency and risk; implement a long-term mechanism, prudent management plans and focus on long-term stable development; enhance the core competencies of its property development business and maintain its competitive edge in the real estate industry chain, and strive to become a leading “integrated investment services provider for real estate development and real estate industry chain” in the PRC.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude to our shareholders, customers and the community for their generous support.

C&D International Investment Group Limited
Zhuang Yuekai
Chairman and Executive Director

Hong Kong, 25 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2021, the Chinese economy experienced a difficult time because of the severe challenges brought by the pandemic, and the real estate industry has gone through ups and downs. Local governments continued to emphasize the policy objective of “housing without speculation” and insisted on regulation and control, and real estate regulation policies were introduced frequently. As for real estate financing, major banks continued to specify the rule of “Three Red Lines” to restrict real estate housing loans, the “concentration” management of real estate loans strictly controlled the scale of housing loans, and the supervision of all channels of real estate financing continued to be strengthened; meanwhile, local regulators further strengthened “pre-sale funds supervision” to prevent risks in the real estate market. Since the second half of 2021, the confidence of home buyers in the market have been plagued and severely affected by the private real estate enterprises with high debts, and sales in the real estate market across the industry declined significantly in the second half of the Year.

BUSINESS REVIEW

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

During the Year, the revenue of the Group was approximately RMB53.44186 billion, representing a year-on-year increase by approximately RMB10.69739 billion (approximately 25.03%) as compared with the previous financial year. The gross profit of the Group amounted to approximately RMB8.73645 billion, increased by approximately RMB1.39618 billion (approximately 19.02%) as compared with the previous year. The profit attributable to the equity holders of the Company amounted to approximately RMB3.51676 billion, increased by approximately RMB1.19513 billion (approximately 51.48%) as compared with the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development Business

In the Year, the Group's revenue from property development business was approximately RMB52.57478 billion, representing a year-on-year increase by approximately RMB10.11453 billion as compared with the previous financial year and accounting for approximately 98% of the Group's total revenue. During the Year, the gross floor area ("GFA") of delivered properties was approximately 3.4814 million sq.m., representing an increase by approximately 953,700 sq.m. as compared with the previous financial year.

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

City	Amount (RMB ten thousand)	
	2021	2020
Suzhou	1,173,194	1,048,737
Xiamen	1,085,894	964,656
Putian	461,333	176,039
Zhangzhou	394,054	399,646
Nanning	329,419	1,203
Guangzhou	281,753	–
Fuzhou	244,940	365,923
Ningde	227,180	–
Nanping	193,535	275,292
Shanghai	177,169	–
Nanjing	177,047	–
Longyan	132,214	245,781
Wuhan	128,420	–
Shenzhen	116,264	–
Wuxi	70,433	484,241
Zhuhai	44,784	–
Changsha	18,609	275,522
Quanzhou	746	3,716
Sanming	490	5,269
Total	5,257,478	4,246,025

MANAGEMENT DISCUSSION AND ANALYSIS

Contracted Sales in 2021

During the Year, the Group, together with its joint ventures and associates, achieved the cumulative contracted sales attributable to the shareholders of the Company amounted to approximately RMB130.092 billion, representing an increase of approximately 100.90% as compared to the previous financial year. As at 31 December 2021, the cumulative contracted sales GFA attributable to the shareholders of the Company was approximately 6.8269 million sq.m., representing an increase of approximately 104.29% as compared to the previous financial year.

The amount and GFA sold for contracted sales attributable to the shareholders of the Company by city in the Year are set out in the following table:

City	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)
Xiamen	2,509,952	698,444
Fuzhou	989,113	499,756
Suzhou	957,330	647,360
Chengdu	873,488	262,580
Wuxi	858,691	367,105
Shanghai	789,149	190,605
Nanjing	643,913	315,696
Hangzhou	593,704	244,092
Zhangzhou	525,796	484,223
Quanzhou	514,501	565,431
Nanning	490,688	264,036
Ningde	440,959	334,583
Putian	330,080	266,999
Changsha	317,491	245,001
Beijing	220,337	29,395
Nanping	212,621	256,379
Longyan	190,728	158,681
Zhuhai	183,437	60,854
Chongqing	159,095	91,392
Foshan	134,463	55,755
Guangzhou	123,409	27,011
Guiyang	121,688	135,133
Bengbu	116,404	89,530
Zhuzhou	110,746	147,118
Huai'an	84,968	42,092
Shaoxing	72,487	30,253
Nanchang	59,078	33,480
Wuhan	57,399	40,085
Yiyang	55,903	77,956
Ningbo	54,334	21,353

MANAGEMENT DISCUSSION AND ANALYSIS

City	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)
Nantong	50,411	26,789
Suqian	50,066	21,653
Jinan	29,221	28,197
Liuzhou	23,136	20,630
Lu'an	18,753	17,912
Shenzhen	18,731	4,355
Shangrao	11,147	16,327
Wenzhou	11,026	4,007
Yancheng	4,033	3,734
Jiujiang	579	733
Yiwu	136	149
Total	13,009,191	6,826,864

The amount and GFA sold for contracted sales attributable to the shareholders of the Company by city in 2020 are set out in the following table:

City	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)
Xiamen	1,564,212	321,663
Suzhou	1,194,406	646,513
Changsha	547,779	382,139
Wuxi	457,160	219,335
Putian	450,413	337,392
Zhangzhou	380,299	306,009
Nanning	353,068	213,780
Shanghai	303,642	79,232
Fuzhou	214,553	138,113
Nanping	213,715	236,404
Nanjing	197,094	95,129
Longyan	171,664	156,477
Ningde	126,388	113,386
Zhuhai	100,403	33,361
Guangzhou	55,462	12,493
Wuhan	42,661	29,746
Shenzhen	38,549	9,167
Beijing	33,117	4,425
Hangzhou	30,895	6,921
Total	6,475,480	3,341,685

MANAGEMENT DISCUSSION AND ANALYSIS

Land Reserves

As of 31 December 2021, the aggregate saleable GFA of land reserves of the Group was approximately 19.4443 million sq.m., with a total of 218 projects in China and Australia.

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

City	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)
Changsha	1,165,958	838,849
Wuxi	1,141,113	801,988
Putian	1,043,440	569,159
Zhuzhou	867,804	867,804
Zhangzhou	819,550	585,222
Chengdu	809,476	723,574
Fuzhou	784,480	484,107
Suzhou	739,342	481,884
Quanzhou	736,512	635,808
Nanning	711,569	661,753
Xiamen	709,922	601,463
Suqian	588,103	588,103
Wenzhou	529,619	199,588
Nanping	515,531	389,488
Huangshi	515,513	515,513
Guiyang	500,527	450,474
Longyan	490,767	418,034
Huai'an	446,716	357,373
Jinan	445,020	445,020
Shanghai	423,834	323,022
Foshan	418,902	191,099
Hefei	413,319	257,631
Nanchang	388,707	190,466
Jiangmen	368,509	262,598
Ningde	349,303	284,240
Yiyang	329,793	329,793
Ningbo	326,391	261,112
Nanjing	314,691	297,773
Shangrao	306,291	233,561
Nantong	282,007	203,176
Hangzhou	246,408	170,891

MANAGEMENT DISCUSSION AND ANALYSIS

City	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)
Guangzhou	227,168	186,626
Bengbu	196,559	196,559
Yancheng	179,731	88,068
Jiujiang	171,734	110,941
Taizhou	158,956	62,275
Yiwu	139,600	46,068
Xuzhou	119,524	119,524
Shaoxing	97,923	52,649
Beijing	97,658	85,010
Zhuhai	84,202	84,202
Wuhan	83,721	41,982
Liuzhou	72,077	72,077
Chongqing	63,267	63,267
Shenzhen	7,815	3,986
Sydney	7,663	4,598
Sanming	7,623	3,888
Total	19,444,338	14,842,286

MANAGEMENT DISCUSSION AND ANALYSIS

The amount of saleable GFA and attributable GFA of land reserves by city in 2020 are set out in the following table:

City	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)
Wuxi	1,225,968	891,060
Suzhou	1,178,425	965,193
Zhangzhou	974,695	768,245
Fuzhou	904,337	524,267
Changsha	835,165	465,017
Ningde	773,978	435,803
Xiamen	736,670	619,787
Nanping	723,354	562,171
Nanning	716,159	634,367
Guiyang	569,551	512,596
Nanjing	415,645	326,806
Longyan	393,792	384,697
Quanzhou	372,554	370,032
Huai'an	372,510	156,454
Hangzhou	312,491	233,447
Putian	284,826	220,987
Bengbu	281,479	281,479
Wuhan	238,611	119,736
Shanghai	187,148	94,182
Zhuhai	170,114	157,836
Guangzhou	154,954	99,170
Chongqing	150,797	150,797
Foshan	109,710	109,710
Beijing	83,450	42,559
Jinan	76,634	76,634
Shaoxing	42,862	42,862
Shenzhen	16,351	8,339
Sanming	11,814	6,025
Sydney	7,663	4,598
Total	12,321,707	9,264,856

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

	2021		2020	
	RMB'000	%	RMB'000	%
Property development	52,574,784	98.38	42,460,248	99.34
Others (Note)	867,079	1.62	284,230	0.66
Total	53,441,863	100.00	42,744,478	100.00

Note: Represents income from entrusted construction services, commercial assets management and other services.

Property development

Revenue from property development increased by approximately RMB10.11453 billion from approximately RMB42.46025 billion for the year ended 31 December 2020 to approximately RMB52.57478 billion for the Year. Saleable GFA delivered for each of the years ended 31 December 2020 and 2021 were approximately 2.5277 million sq.m. and approximately 3.4814 million sq.m., respectively. The revenue derived from the property development for the Year increased mainly due to the increase in saleable GFA delivered.

Others

Other segment during the Year mainly included entrusted construction services income, commercial assets management income and other income. The total external income of these remaining segments was approximately RMB867.08 million while that of 2020 was approximately RMB284.23 million. The increase was mainly due to the increase of provision of entrusted construction services in the Year.

Cost of Sales

Cost of sales increased by approximately RMB9.30120 billion from approximately RMB35.40421 billion for the year ended 31 December 2020 to approximately RMB44.70541 billion for the Year. This result was primarily attributable to the increase in saleable GFA sold and delivered during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB7.34027 billion and RMB8.73645 billion for each of the two years ended 31 December 2020 and 2021 respectively, representing a gross profit margin of approximately 17.17% and 16.35% respectively. The decrease in the overall gross profit margin was mainly due to the decrease in gross profit margin of property development of certain regions where price ceiling policies were in place.

Other Net Gain

Other net gain increased from approximately RMB414.07 million for the year ended 31 December 2020 to approximately RMB687.16 million for the Year. The increase was mainly due to an increase in interest income and government subsidy income in the Year.

Borrowing Costs

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

Total borrowing costs increased from approximately RMB4.87776 billion for the year ended 31 December 2020 to approximately RMB7.68294 billion for the Year. The increase was mainly due to an increase in capital required due to an increase in property projects.

Loss on Changes in Fair Value of Investment Properties

The loss on changes in fair value of investment properties was approximately RMB21.36 million for the Year (2020: loss of approximately RMB15.29 million). The loss reflected the adjustments in the value of investment properties during the Year.

Administrative Expenses

Administrative expenses increased by approximately RMB417.39 million to approximately RMB806.54 million for the Year from approximately RMB389.15 million for the year ended 31 December 2020. This was primarily due to an increase in the provision for inventory properties during the Year.

Selling Expenses

Selling expenses increased by approximately RMB930.37 million to approximately RMB2.71344 billion for the Year from approximately RMB1.78307 billion for the year ended 31 December 2020. It was primarily due to (i) an increase in labour cost; and (ii) an increase in marketing expenses such as advertising and promotion expenses as a result of a significant increase in the number of sales projects during the Year as compared to 2020.

Profit before Income Tax from Continuing Operations

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB5.67755 billion for the Year, representing an increase of approximately RMB714.68 million (approximately 14.40%) from a profit of approximately RMB4.96287 billion in the previous financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

Income tax expense decreased from approximately RMB2.21170 billion in the previous financial year to approximately RMB1.66814 billion for the Year. The decrease in income tax was mainly due to the completion of the land value-added tax settlement for some projects, which resulted in a larger recoverable balance than expected.

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

The profit attributable to the equity holders of the Company increased by approximately RMB1.19513 billion (approximately 51.48%) from approximately RMB2.32163 billion in the previous financial year to approximately RMB3.51676 billion for the Year.

Liquidity and Financial Resources

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

The Group continued to adopt a prudent financing policy and sustain a sound capital structure with healthy cash flow. As at 31 December 2021, the Group's cash at banks and on hand amounted to approximately RMB46.05413 billion (as at 31 December 2020: approximately RMB27.99287 billion) while total assets and net assets (after deducting non-controlling interests) were approximately RMB343.52222 billion (as at 31 December 2020: approximately RMB183.42355 billion) and approximately RMB26.61131 billion (as at 31 December 2020: approximately RMB17.81537 billion) respectively. As at 31 December 2021, the Group's working capital amounted to approximately RMB117.64450 billion (as at 31 December 2020: approximately RMB76.40505 billion). As at 31 December 2021, the Group recorded net debt of approximately RMB39.80660 billion (as at 31 December 2020: approximately RMB27.55164 billion) with net debt to equity ratio of approximately 62.93% (as at 31 December 2020: approximately 73.76%).

As at 31 December 2021, the Group had (i) interest-bearing borrowings of approximately RMB621.38 million and RMB14.84 million denominated in HK\$ and AUD respectively which borne an interest rate ranging from 1.95% to 2.75% and 4.27% (as at 31 December 2020: approximately RMB339.02 million and approximately RMB16.64 million, with an interest rate at 2.75% and 4.27% per annum respectively) per annum respectively; (ii) interest-bearing borrowings (including receipts under securitisation arrangements) of approximately RMB43.02909 billion denominated in RMB which borne an interest rate ranging from 3.8% to 6.5% (as at 31 December 2020: approximately RMB28.43792 billion, with an interest rate ranging from 3.8% to 7.0% per annum) per annum; (iii) loans from intermediate holding company of approximately RMB37.63787 billion denominated in RMB which borne an interest rate at 4.81% (as at 31 December 2020: approximately RMB24.42162 billion, with an interest rate at 5.5% per annum) per annum; (iv) the amounts due to non-controlling shareholders of the Company of approximately RMB12.34 million and approximately RMB3.65936 billion denominated in AUD and RMB respectively which borne an interest rate at 6% and ranging from 4.35% to 10% (as at 31 December 2020: approximately RMB12.40 million and approximately RMB2.31691 billion, with an interest rate at 6% and ranging from 3.85% to 11.5% per annum) per annum; and (v) the amounts due to associates of the Company of approximately RMB885.85 million denominated in RMB respectively which borne an interest rate ranging from 4.35% to 6% (as at 31 December 2020: Nil) per annum. No particular trend of seasonality was observed for the Group's borrowing requirements for the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's gearing ratio (total borrowings divided by total equity) as at 31 December 2021 decreased to 135.7% (as at 31 December 2020: 148.7%) as a result of the increase in total equity due to the issuance of a perpetual loan and the increase in contribution from the non-controlling shareholders of the Company during the Year.

Of the total borrowings, approximately RMB11.41536 billion are repayable within one year while approximately RMB73.83827 billion are repayable after one year but within five years.

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

Financial Guarantee Contracts

The Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance as at 31 December 2021 was approximately RMB64.58836 billion (as at 31 December 2020: approximately RMB52.24280 billion). The increase in balance was mainly attributable to the increase of pre-sale real estate mortgage loan due to the increase of the sales of property projects in the Year.

Capital Commitments

Capital commitments were those contracts that were concluded but not provided for leasehold improvement, prepayments for intended projects that were concluded but not provided for allowance, nor for the construction of properties under development. The capital commitment balance was approximately RMB40.39596 billion as at 31 December 2021 (as at 31 December 2020: approximately RMB23.52120 billion). The increase was mainly attributable to the increase in properties under development that were concluded but not provided for allowance during the Year as compared to 2020.

Pledge of Assets

As at 31 December 2021, the Group's bank loan was secured by legal charges in respect of property, plant and equipment with carrying value of approximately RMB22.05 million (2020: Nil), right-of-use assets with carrying value of approximately RMB10.93 million (2020: Nil), investment properties with a fair value of approximately RMB684.46 million (as at 31 December 2020: approximately RMB633.00 million) and properties under development with carrying value of approximately RMB47.10244 billion (as at 31 December 2020: approximately RMB28.31376 billion).

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Structure

As at 31 December 2021, the Company's issued share capital was HK\$137,782,020.4, divided into 1,377,820,204 ordinary shares (the "Shares") of HK\$0.1 each (as at 31 December 2020: HK\$117,671,110.6, divided into 1,176,711,106 Shares).

Foreign Currency Exposure

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

As at 31 December 2021, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

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

Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities (as at 31 December 2020: Nil).

Significant Investments

During the Year, the Group did not hold any significant investment or significant securities investment as part of its asset portfolio.

Employees and Emolument Policy

As at 31 December 2021, the Group employed a total of 2,672 full-time employees (as at 31 December 2020: 966 full-time employees). Total staff costs, including Directors' emoluments, of the Group were approximately RMB1.98359 billion for the Year (2020: approximately RMB1.74485 billion). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment that commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses are offered to those staff with outstanding performance. A share option scheme and restricted share incentive scheme have been adopted to attract and retain eligible employees to contribute to the Group.

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

MANAGEMENT DISCUSSION AND ANALYSIS

KEY RISK FACTORS AND UNCERTAINTIES

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

EVENT AFTER REPORTING DATE

Details of the event after the reporting date of the Group are set out in note 49 to the consolidated financial statements contained in this report.

OUTLOOK AND PROSPECT

In 2022, the PRC's Central Economic Conference summarized the economic situation this year as "contraction in demand, supply shock and weaker expectations* (需求收縮、供給衝擊、預期較弱)". The real estate industry will continue to be impacted by the overlapping effects of economic downturn, policy regulation, recurrence of epidemic, risk exposure and market competition, resulting in continued wait-and-see expectations among home buyers. The Group will continue to strengthen its development model of "Product + Service", emphasize the quality of its operations and continuously improve its profitability by actively responding to various tests in the economic and policy environment and by focusing on the overall working principle of "focusing on projects to enhance quality and efficiency, holding fast to innovation to help development and preventing risks to ensure safety".

(1) Consolidate the core competitiveness of real estate development and become a stable and long-running real estate enterprise

Focusing on its core business of real estate development, the Group will enhance its financial, product, operational and investment capabilities to comprehensively improve the Group's overall competitiveness over the full cycle, enhance its operational resilience and flexibility, and continue to contribute to its stability and growth.

The Group will closely combine the advantages of its state-owned enterprise background and market-oriented operation system, and adopt "city-specific strategies" for the real estate market environment in each key core city, including: (1) gaining insight into market changes, analyzing the competitive landscape and customer needs to better meet customer demands and improve the speed of project de-commissioning; (2) accelerating product development and innovation, establishing and improving the mechanism for innovation implementation, and enhancing product competitiveness; (3) targeting key points of the project operation cycle, continuously improving the operational efficiency and profitability of individual projects, and pursuing profitable growth.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Clear positioning of “integrated investment services provider for real estate industry chain” to enhance the value creation capability of the industry chain

The Group will continue to consolidate its strategic layout of real estate industry chain investment services in order to enhance the value creation and industry competitiveness of the real estate industry chain investment services business, develop new business growth curves and improve anti-cyclicality.

1. Business operation: Continuously improve the quality of investment, operation and assets in order to increase the occupancy rate of projects and enhance the efficiency of commercial asset management.
2. Entrusted construction services: To give full play to the advantages of high-quality professional construction management to ensure the quality of project construction and improve operational efficiency; to strengthen the market expansion, promote the innovation of construction mode and enhance the influence of “C&D” brand in the entrusted construction industry.
3. Engineering management: In the future, the in-depth synergistic cooperation between Holsin and the Group’s property development segment will help enhance the production efficiency and production management capability of the Group’s property development business, which will in turn strengthen the Group’s corporate competitiveness and operating efficiency.

In 2022, the Group will proactively adapt to national policies and directions, insist on quality growth and maintain a balance between growth, efficiency and risk; implement a long-term mechanism, prudent management plans and focus on long-term stable development; enhance the core competencies of its property development business and maintain its competitive edge in the real estate industry chain. The Group will also be expanding its business foundation and presence in the industry chain and strive to become a leading “integrated investment services provider for real estate development and real estate industry chain” in the PRC. The Group will also explore opportunities to increase synergies of the property management and value-added services provided by the Group and C&D Property Management Group Co., Ltd (a company listed on the Stock Exchange, stock code: 2156) and its subsidiaries.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. ZHUANG Yuekai (庄躍凱先生) (“Mr. Zhuang”)

Mr. Zhuang, aged 57, was appointed as the chairman of the Board and an executive director of the Company on 10 February 2015. He was also appointed as a member and the chairman of the nomination committee of the Board (the “Nomination Committee”) and has acted as a member of the remuneration committee of the Board (the “Remuneration Committee”) with effect from 16 March 2015, and ceased to be a member of the Remuneration Committee with effect from 15 March 2021. Mr. Zhuang graduated from Fuzhou University with a bachelor’s degree in engineering, majoring in industrial and civil architecture in 1986. Mr. Zhuang completed a course in business administration offered by Tsinghua University in December 2001. He is a senior engineer, a registered enterprise legal adviser and a certified real estate appraiser in the PRC and is entitled to special government allowances of the State Council of the PRC. Mr. Zhuang has engaged in the real estate industry for over 30 years, accumulating a wealth of management experience in the industry. Mr. Zhuang is responsible for the strategic planning of C&D International Group.

Mr. Zhuang has joined Xiamen C&D Corporation Limited (“Xiamen C&D”) since July 1986 and worked in C&D Real Estate Corporation Limited (“C&D Real Estate”) since July 1998. He currently serves as, among others, the vice-general manager and a member of the party committee of Xiamen C&D and the chairman of the board and the secretary of party committee of C&D Real Estate. He was appointed as a non-executive director and chairman of the board of C&D Property Management Group Co., Ltd (“C&D Property”, together with its subsidiaries, “C&D Property Group”) in September 2020, the shares of which are listed on the Stock Exchange (stock code: 2156), and was appointed as the chairman of Holsin in December 2021.

Xiamen C&D is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate. C&D Real Estate is the holding company of Well Honour International Limited (益鴻國際有限公司) (“Well Honour”) which, in turn, is the holding company of Well Land International Limited (益能國際有限公司) (“Well Land”), a controlling shareholder of the Company.

Ms. ZHAO Chengmin (趙呈閩女士) (“Ms. Zhao”)

Ms. Zhao, aged 53, was appointed as an executive director of the Company on 10 February 2015 and is one of the authorised representatives of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). She was appointed as deputy executive officer on 20 March 2015 and resigned as deputy executive officer on 15 March 2016. Ms. Zhao graduated from Xiamen University with a master’s degree in business administration and is a senior accountant. Ms. Zhao has engaged in financial work for more than 30 years, accumulating a wealth of financial management experience.

Ms. Zhao has joined Xiamen C&D since September 1990 and worked in C&D Real Estate for many years. She currently serves as, among others, a director of Xiamen C&D, a director and general manager and the vice secretary of the party committee of C&D Real Estate, a director of Well Land and Well Honour and a legal representative of various subsidiaries of C&D Real Estate and of the Group. Ms. Zhao worked as finance controller and vice-general manager in Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 600870).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. LIN Weiguo (林偉國先生) (“Mr. Lin”)

Mr. Lin, aged 43, was appointed as an executive director and the chief executive officer of the Company on 21 March 2019. He was appointed as the financial controller of the Company from 20 March 2015 to 15 March 2016, and the chief operating officer of the Company from 15 March 2016 to 21 March 2019. Before joining the Group, he served as a financial manager, manager, regional sales director of a branch of Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870). He thereafter joined C&D Real Estate in 2007 and served as its financial controller and assistant to general manager. He is currently a director and a deputy general manager and a member of the party committee of C&D Real Estate, a director and the legal representative of some subsidiaries of C&D Real Estate and the Group. Mr. Lin holds a bachelor's degree in accounting from Anhui University of Finance and Economics in 2010. He was a non-executive director of C&D Property since September 2020, and was appointed as a director of Holsin in December 2021. He is a senior economist and a senior accountant.

NON-EXECUTIVE DIRECTORS

Mr. HUANG Wenzhou (黃文洲先生) (“Mr. Huang”)

Mr. Huang, aged 57, has been appointed as a non-executive director of the Company since 29 April 2015. Mr. Huang graduated from MBA of Xiamen University majoring in business administration. He is an accountant.

Mr. Huang has been working in Xiamen C&D for many years. On 2 March 2017, he was appointed and currently serves as the chairperson of Xiamen C&D and a director of C&D Real Estate. Mr. Huang also serves as vice-chairman of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153).

Ms. YE Yanliu (葉衍榴女士) (“Ms. Ye”)

Ms. Ye, aged 50, was appointed as a non-executive director of the Company on 21 March 2019. She joined Xiamen C&D in 1995 and served as its legal affairs director and general legal consultant. She is currently the vice-general manager of Xiamen C&D, a director of Xiamen C&D Inc., a company listed on the Shanghai Stock Exchange (stock code: 600153), a director of C&D Real Estate and a director of some other subsidiaries of Xiamen C&D (not of the Group) and in charge of risk management in general for Xiamen C&D. Ms. Ye holds a bachelor's degree. She is a qualified corporate legal consultant and a practicing corporate lawyer in the PRC.

Mr. WANG Wenhui (王文懷先生) (“Mr. Wang”)

Mr. Wang, aged 50, was appointed as a non-executive director of the Company on 20 April 2020. He joined Xiamen C&D in August 1998 with extensive experiences in investment and management. He is currently a member of the party committee and the vice general manager of Xiamen C&D, a director of C&D Real Estate, a director of Lianfa Group Company Limited* (聯發集團有限公司), a director of Xiamen Conference & Exhibition Group Inc., a director of Xiamen C&D Tourism and Hotels Incorporation, the chairman of the board of Xiamen C&D Emerging Industries Equity Investment Limited Company* (廈門建發新興產業股權投資有限責任公司). Currently, Mr. Wang is also a director of Xiamen Faratronic Co., Ltd., a public company whose shares listed on the main board of the Shanghai Stock Exchange (stock code: 600563). Mr. Wang has been a director of Xiamen Juben Information Technology Group Co., Ltd, a public company whose shares listed on the New Third Board (stock code: 835086) from 26 June 2019 to 15 October 2021. Mr. Wang obtained a master's degree in economics from Xiamen University in June 1998.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WONG Chi Wai (黃馳維先生)

Mr. Wong Chi Wai, aged 55, has been an independent non-executive director of the Company since 23 November 2012. He is also the chairman of the audit committee of the Board (the "Audit Committee") and a member of the Remuneration Committee and the Nomination Committee. He currently also serves as an independent non-executive director of Kin Yat Holdings Limited (stock code: 638) and Arts Optical International Holdings Limited (stock code: 1120), shares of both companies are listed on the Main Board of the Stock Exchange. He is currently the chairman of the audit committee of Arts Optical International Holdings Limited and the chairman of the nomination committee of Kin Yat Holdings Limited. From June 2003 to September 2020, Mr. Wong Chi Wai served as an independent non-executive director of Bonjour Holdings Limited (stock code: 653), a company listed on the Main Board of the Stock Exchange. Mr. Wong Chi Wai obtained a bachelor's degree in social science from and was awarded a post-graduate certificate in laws by the University of Hong Kong in 1988 and 1993, respectively. He is a practising certified public accountant in Hong Kong and an associate member of the Institute of Chartered Accountants in England and Wales. He has over 31 years of experience in the accountancy profession. Other than holding private practice qualification in accounting, he has been admitted as solicitor at the High Court on 9 March 2019 and practice as consultant lawyer in a law firm.

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

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

Mr. WONG Tat Yan, Paul (黃達仁先生)

Mr. Wong Tat Yan, Paul, aged 52, has been an independent non-executive director of the Company since 23 November 2012. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Wong Tat Yan, Paul obtained a bachelor's degree in commerce from James Cook University of North Queensland in Australia in 1993 and a master's degree in business administration from the University of Queensland in Australia in 2004. From May 2015 to June 2017, Mr. Wong Tat Yan, Paul served as an independent non-executive director and the chairman of the audit committee and remuneration committee of Huiyin Holding Group Limited (formerly known as Share Economy Group Limited, stock code: 1178) which is listed on the Main Board of the Stock Exchange ("Huiyin Holdings"). Mr. Wong Tat Yan, Paul is a practising certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a fellow member of the Taxation Institute of Australia. He has over 22 years of experience in auditing, accounting and taxation gained by taking up various positions in a number of accounting firms in Hong Kong and is currently a partner of Paul Wong & Co., a certified public accountants firm in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

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

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

Mr. Chan, aged 44, has been an independent non-executive director of the Company since 23 November 2012. He is a member of the Audit Committee, Nomination Committee and the Remuneration Committee. He obtained a bachelor's degree in laws from the City University of Hong Kong in 1999 and a master's degree in laws in information technology and intellectual property law from the University of Hong Kong in 2004. Mr. Chan is a member of the Law Society of Hong Kong, associate member of Chartered Institute of Arbitrators and fellow member of Hong Kong Institute of Arbitrators and has been a practising solicitor in Hong Kong for more than 16 years in general legal practice and in different areas of law. Mr. Chan has been working as a solicitor at the law firm of C.T. Chan & Co., Solicitors since 2002 and become a partner of that law firm since April 2015. Mr. Chan has experience in advising on the legal aspects of a broad range of company, commercial and corporate finance matters.

SENIOR MANAGEMENT

Mr. CHEN Shinan (陳詩楠先生) ("Mr. Chen")

Mr. Chen, aged 34, has been appointed as the financial controller of the Company since 20 October 2020. He has engaged in financial field for nearly 6 years, accumulating a wealth of financial management experience. Prior to joining the Group, Mr. Chen worked as auditor in Deloitte Touche Tohmatsu Certified Public Accountants LLP from October 2015 to November 2017. He joined C&D Real Estate in 2017, and served as the manager of the finance department of C&D Real Estate, and the vice general manager (executive) of the finance department of C&D Real Estate. He currently serves as the vice general manager (standing) of the finance and funding department of C&D Real Estate.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. PAN Yanxia (潘燕霞女士) (“Ms. Pan”)

Ms. Pan, aged 38, has been appointed as the internal audit controller of the Company since 1 April 2018. She has engaged in financial and auditing field for nearly 14 years, accumulating a wealth of financial and auditing management experience. Ms. Pan worked in Ernst & Young Hua Ming LLP for seven years. Prior to joining C&D Real Estate, she has been a vice-director of corporate finance in a private company. She joined C&D Real Estate in 2016 and served as the assistant to general manager of the auditing department of C&D Real Estate, the vice-general manager of the auditing & supervision department of C&D Real Estate, the general manager of finance centre of C&D Real Estate, and the general manager of the audit centre of C&D Real Estate. She currently serves as the general manager of the finance department of Haixi enterprise of C&D Real Estate. Ms. Pan is responsible for the internal audit of the Group.

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

COMPANY SECRETARY

Miss LEUNG Ching Ching (梁晶晶小姐) (“Miss Leung”)

Miss Leung, aged 41, has been appointed as the company secretary of the Company since 1 November 2017. Miss Leung is a senior manager of the Corporate Services Division of Tricor Services Limited. She has over 18 years of experience in company secretarial industry, and provided services to clients ranging from private companies to public companies listed on the Main Board of the Stock Exchange. Other than the Company, Miss Leung is currently also named company secretary/joint company secretaries to five other Hong Kong listed companies. Miss Leung is a Chartered Secretary and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Miss Leung graduated from The Chinese University of Hong Kong and admitted to the Degree of Bachelor of Social Science. She also received a Master of Arts in Professional Accounting and Information System from City University of Hong Kong.

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities and other particulars of its subsidiaries are set out in note 22 to the consolidated financial statements.

Further discussion and analysis of the business review required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 9 to 22 of this annual report and the "Environmental, Social and Governance Report" set out on pages 69 to 148 of this annual report. The relevant discussion in the "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" sections forms part of this directors' report.

RESULTS

The results of the Group for the Year and the state of affairs of the Company and of the Group as at 31 December 2021 are set out in the consolidated financial statements and their accompanying notes on pages 153 to 281 of this annual report.

FINAL DIVIDEND

The Board recommended payment of a final dividend of HK\$1.2 per share of the Company ("Share") for the Year (2020: Nil). Shareholders whose names appear on the register of members of the Company on Monday, 30 May 2022, (the "Eligible Shareholders") may select to receive the final dividend in the form of new Shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Scheme").

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

A circular containing details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Tuesday, 7 June 2022. If approved by the Shareholders, it is expected that the final dividend and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all of the final dividend in the form of new Shares) will be distributed and dispatched to the Eligible Shareholders on or around Friday, 8 July 2022.

DIVIDEND POLICY

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

DIRECTORS' REPORT

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("AGM") will be held on Friday, 20 May 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 17 May 2022 to Friday, 20 May 2022 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Monday, 16 May 2022.

For the purpose of determining the Shareholders' entitlement to the proposed final dividend for the Year, the register of members of the Company will be closed from Thursday, 26 May 2022 to Monday, 30 May 2022 (both days inclusive). In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at the above-mentioned address for registration by 4:30 p.m. on Wednesday, 25 May 2022.

FINANCIAL SUMMARY

A summary of the financial results as well as the assets and liabilities of the Group for the last five financial years is set out on page 282 of this annual report.

SHARE CAPITAL

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

TAX RELIEF AND EXEMPTION

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

BORROWINGS

Details of the borrowings of the Group for the Year are set out in notes 29, 30 and 31 to the consolidated financial statements.

INVENTORIES OF PROPERTIES

Details of the inventories of properties of the Group for the Year are set out in note 23 to the consolidated financial statements.

DIRECTORS' REPORT

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in notes 35 and 37 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserves available for distribution to equity holders, comprising the share premium, capital reserve and retained earnings, amounted to approximately RMB3,821,070,000.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of approximately RMB3,279,017,000 may be applied for paying distributions or dividends to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

PRE-EMPTIVE RIGHTS

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the Year are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group for the Year are set out in note 17 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Year, the Group made charitable donations of RMB14.96 million (2020: RMB3 million).

MAJOR CUSTOMERS AND SUPPLIERS

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

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

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

DIRECTORS' REPORT

BOARD OF DIRECTORS

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

Executive Directors

Mr. Zhuang Yuekai (*Chairman*)^N

Ms. Zhao Chengmin

Mr. Lin Weiguo (*Chief Executive Officer*)

Non-executive Directors (the "NEDs")

Mr. Huang Wenzhou

Ms. Ye Yanliu

Mr. Wang Wenhui

Independent Non-executive Directors (the "INEDs")

Mr. Wong Chi Wai^{A/R/N}

Mr. Wong Tat Yan, Paul^{A/R/N}

Mr. Chan Chun Yee^{A/R/N}

Notes:

A: Member of the Audit Committee

R: Member of the Remuneration Committee

N: Member of the Nomination Committee

In accordance with Articles 105 and 109 of the Articles of Association, Ms. Zhao Chengmin, Ms. Ye Yanliu and Mr. Chan Chun Yee will retire from office by rotation and being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the Directors and the senior management of the Group are set out on pages 23 to 27 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INEDS

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

DIRECTORS' REPORT

SERVICE CONTRACTS OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from 10 February 2015 and 21 March 2019 respectively, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either party may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the executive Directors is entitled to a director's emolument of HK\$1,200,000 per annum from the time of his/her appointment and such fee is revised to RMB3,000,000 per annum with effect from 1 December 2021 (which was determined by the Board with reference to his/her experience, knowledge, qualification, duties and responsibilities within the Group and the prevailing market conditions), and such management bonus and other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the Remuneration Committee) from time to time.

Each of the NEDs has entered into a service agreement/ letter of appointment with the Company for a term of three years commencing from 29 April 2015, 21 March 2019 and 20 April 2020 respectively, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either party may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the NEDs does not receive any director's emolument but he/she may be entitled to such discretionary bonus and/or other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the Remuneration Committee) from time to time.

Each of the INEDs has entered into a letter of appointment with the Company for a term of one year commencing on 14 December 2012, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either party may terminate the agreement by giving the other party not less than three months' notice in writing. Each of the INEDs is entitled to a director's emolument of HK\$200,000 per annum since 20 March 2019.

DIRECTORS' REPORT

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

As at 31 December 2021, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the shares of the Company

Name of Directors	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Mr. Zhuang Yuekai	Founder of a discretionary trust Beneficiary of a trust (other than a discretionary interest)	65,850,068 (Note 2) 330,000 (Note 3)	4.78% 0.02%
Ms. Zhao Chengmin	Founder of a discretionary trust Beneficiary of a trust (other than a discretionary interest)	65,850,068 (Note 2) 330,000 (Note 3)	4.78% 0.02%
Mr. Lin Weiguo	Interest of controlled corporation Beneficiary of a trust (other than a discretionary interest)	65,850,068 (Note 2) 290,000 (Note 3)	4.78% 0.02%

Notes:

- 1 The percentage of shareholding was calculated based on the Company's total number of 1,377,820,204 Shares in issue as at 31 December 2021.
- 2 These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee Limited ("Tricor Equity Trustee"). Tricor Equity Trustee is a trustee of a discretionary trust and each of Mr. Zhuang Yuekai and Ms. Zhao Chengmin is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Therefore, Mr. Zhuang Yuekai, Ms. Zhao Chengmin and Mr. Lin Weiguo are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO.
- 3 35,300,000 Shares were allotted and issued to the trustee of the 2021 restricted share incentive scheme (the "Incentive Scheme"), who held the Shares on behalf of the incentive recipients of the Incentive Scheme. Being the incentive recipients of the Incentive Scheme, each of Mr. Zhuang Yuekai, Ms. Zhao Chengmin and Mr. Lin Weiguo is interested in 330,000 Shares, 330,000 Shares and 290,000 Shares held on trust by the trustee under the Incentive Scheme, respectively, which are subject to vesting.

DIRECTORS' REPORT

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

Name of Directors	Name of associated corporation	Capacity/ Nature of interest	Number of issued shares/ underlying shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Mr. Zhuang Yuekai	C&D Property	Founder of a discretionary trust	60,412,000 (Note 2)	4.52%
Ms. Zhao Chengmin	C&D Property	Founder of a discretionary trust	60,412,000 (Note 2)	4.52%
Mr. Lin Weiguo	C&D Property	Interest of controlled corporation	60,412,000 (Note 2)	4.52%

Notes:

1. The percentage of shareholding was calculated based on C&D Property's total number of 1,336,261,106 ordinary shares in issue as at 31 December 2021.
2. These ordinary shares of C&D Property were registered in the name of Diamond Firetail, a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust and each of Mr. Zhuang Yuekai and Ms. Zhao Chengmin is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Therefore, Mr. Zhuang Yuekai, Ms. Zhao Chengmin and Mr. Lin Weiguo are deemed to be interested in the ordinary shares of C&D Property held by Diamond Firetail by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT

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

As at 31 December 2021, so far as it was known to any Directors or the chief executive of the Company, the following parties (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares and underlying Shares:

Name of substantial Shareholders	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Well Land	Beneficial owner	834,426,697	60.56%
Well Honour	Interest of controlled corporation	834,426,697 (Note 2)	60.56%
C&D Real Estate	Interest of controlled corporation	834,426,697 (Note 2)	60.56%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporation	834,426,697 (Note 2)	60.56%
Xiamen C&D	Interest of controlled corporation	834,426,697 (Note 2)	60.56%
Mr. Richard Li	Interest of controlled corporation	87,821,426 (Note 3)	6.37%
OLP Capital Management Limited	Interest of controlled corporation	87,821,426 (Note 3)	6.37%
RCWL Inc.	Interest of controlled corporation	87,821,426 (Note 3)	6.37%
Mr. Shen Di Fan	Interest of controlled corporation	87,821,426 (Note 3)	6.37%
Cederberg Capital (Cayman)	Interest of controlled corporation	82,926,264 (Note 4)	6.02%
Cederberg Capital (Cayman) GP	Interest of controlled corporation	82,926,264 (Note 4)	6.02%
Mr. Dawid Krige	Interest of controlled corporation	82,926,264 (Note 4)	6.02%

Notes:

- The percentage of shareholding was calculated based on the Company's total number of 1,377,820,204 Shares in issue as at 31 December 2021.
- Well Land is a wholly-owned subsidiary of Well Honour. Well Honour is a wholly-owned subsidiary of C&D Real Estate. C&D Real Estate is owned as to 54.65% and 45.35% by Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D, a state-owned group of companies under the supervision of Xiamen State-owned Assets Supervision and Admission Commission of Xiamen Municipal People's Government, respectively. Xiamen C&D is interested in Xiamen C&D Inc. as to 47.38%. Therefore, each of Well Honour, C&D Real Estate, Xiamen C&D Inc. and Xiamen C&D is deemed to be interested in the Shares held by Well Land by virtue of the SFO.

DIRECTORS' REPORT

- 3 As at 31 December 2021, OceanLink Partners Fund, L.P. and Cassini Partners, L.P. were interested in 54,010,263 and 33,811,163 Shares, respectively. As at 31 December 2021, OLP Capital Management Limited is the investment manager of OceanLink Partners Fund, LP and Cassini Partners, L.P. OLP Capital Management Limited is owned by Mr. Shen Di Fan and RCWL Inc. as to 65% and 35%, respectively. RCWL Inc. is a company wholly owned by Mr. Richard Li. Therefore, each of Mr. Shen Di Fan, Mr. Richard Li, RCWL Inc., and OLP Capital Management Limited is deemed to be interested in the Shares held by OceanLink Partners Fund, L.P. and Cassini Partners, L.P..
- 4 As at 31 December 2021, Cederberg Capital Limited was interested in 82,926,264 Shares. Cederberg Capital Limited is a wholly-owned subsidiary of Cederberg Capital (Cayman), with Mr. Dawid Krige being the only substantial shareholder. Cederberg Capital (Cayman) GP is the general partner of Cederberg Capital (Cayman). Therefore, each of Cederberg Capital (Cayman), Cederberg Capital (Cayman) GP and Mr. Dawid Krige is deemed to be interested in the Shares held by Cederberg Capital Limited.

PERMITTED INDEMNITY PROVISION

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

ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

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

Save for those connected transactions and continuing connected transactions set out on pages 37 to 48 of this annual report, there was no transaction, arrangement or contract of significance in relation to the Company's business, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest, nor was there any other transaction, arrangement or contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

DIRECTORS' REPORT

MANAGEMENT CONTRACT

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

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken in the ordinary course of business by the Group during the Year are set out in note 43 to the consolidated financial statements, and save as disclosed in the paragraphs headed "Continuing Connected Transactions" below, none of them constituted and there were no transactions which constituted a connected transaction (as defined under the Listing Rules) of the Company and was subject to reporting requirement during the Year and as at 31 December 2021.

LITIGATIONS

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

CONNECTED TRANSACTIONS

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

1. Issue of Shares under the restricted share incentive scheme to connected persons pursuant to the specific mandate

On 31 March 2021, the Board resolved to award an aggregate of 13,310,000 Restricted Shares to certain incentive recipients, including Directors and senior management of the Group and directors, former directors, supervisors and general managers of the Company's subsidiaries who are connected persons of the Company. The allotment and issue of the Restricted Shares to such connected persons constitutes connected transactions of the Company, which is subject to reporting, announcement and independent shareholders' approval requirements.

The Restricted Shares were allotted pursuant to a specific mandate obtained at the extraordinary general meeting held on 9 June 2021. Upon issuance and allotment of the Restricted Shares, BOCI Trustee (Hong Kong) Limited will hold the Restricted Shares on trust for the incentive recipients.

Further details about the Incentive Scheme are set out in the section headed "Restricted Share Incentive Scheme" under the Directors' Report in this annual report.

2. Acquisition of Zhuzhou Yuefa

On 7 May 2021, each of Xiamen Yi Yue Property Company Limited* (廈門益悅置業有限公司) ("Yi Yue") and Xiamen Zhaoyirong Property Development Company Limited* (廈門兆翊蓉房地產開發有限公司) ("Xiamen Zhaoyirong"), indirect wholly-owned subsidiaries of the Company, entered into an equity transfer agreement with C&D Real Estate (the "Zhuzhou Yuefa Equity Transfer Agreements"), pursuant to which C&D Real Estate agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Zhuzhou Yuefa Real Estate Company Limited* (株洲悅發房地產有限公司) ("Zhuzhou Yuefa"), respectively. The cash consideration under the Zhuzhou Yuefa Equity Transfer Agreements shall be RMBNil. Yi Yue and Xiamen Zhaoyirong shall repay the shareholder's loan (principal and interest) in the amount of approximately RMB1,249,365,000 previously advanced by C&D Real Estate to Zhuzhou Yuefa in accordance with the proportion of their respective equity interests in Zhuzhou Yuefa to be held by Yi Yue and Xiamen Zhaoyirong. Upon completion of the transactions contemplated under the Zhuzhou Yuefa Equity Transfer Agreements, Zhuzhou Yuefa has become an indirect wholly-owned subsidiary of the Company.

DIRECTORS' REPORT

As C&D Real Estate is the controlling shareholder of the Company, the transaction contemplated under the Zhuzhou Yuefa Equity Transfer Agreements constitutes a connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements. At the extraordinary general meeting held on 19 August 2021, the resolutions approving the transactions contemplated under the Zhuzhou Yuefa Equity Transfer Agreements were passed by the independent shareholders of the Company by way of poll.

The Company entered into the Zhuzhou Yuefa Equity Transfer Agreements as the two land parcels located at Jinde Industry Park* (金德工業園), Hunan, the PRC are supported by full community services in good location with great development potential and the acquisition of such lands would further expand the scale of the Group's landbank and enhance the Group's brand influence in the PRC market.

3. Acquisition of Fujian Zhaofeng

On 13 August 2021, Xiamen Zhaochengyao Investment Company Limited* (廈門兆澄壺投資有限公司) ("Xiamen Zhaochengyao"), an indirect wholly-owned subsidiary of the Company, Xiamen Guoji Xintuo Company Limited* (廈門國際信託有限公司) ("Xiamen Guoji Xintuo"), Fujian Zhaofeng Real Estate Company Limited* (福建兆豐房地產有限公司) ("Fujian Zhaofeng"), Xiamen C&D Jiarun City Construction Investment Company Limited* (廈門建發嘉潤城市建設投資有限公司) ("C&D Jiarun") and Xiamen Liyuan Investment Company Limited* (廈門利源投資有限公司) ("Xiamen Liyuan") entered into a cooperation agreement, pursuant to which, among other things, (1) Xiamen Zhaochengyao and Xiamen Guoji Xintuo agreed to establish Fujian Zhaoheng Property Development Company Limited* (福建兆恒房地產開發有限公司), a joint venture which Xiamen Zhaochengyao and Xiamen Guoji Xintuo shall own 80% and 20% equity interests, respectively; (2) C&D Jiarun and Xiamen Liyuan agreed to sell, and the Joint Venture agreed to purchase 100% equity interests in Fujian Zhaofeng at the consideration of RMB20,024,000; and (3) the registered capital of Fujian Zhaofeng shall be increased from RMB20,000,000 to RMB900,000,000 (the "Cooperation Agreement"). On 12 October 2021, Xiamen Zhaochengyao, Fujian Zhaofeng, C&D Jiarun and Xiamen Liyuan signed the confirmation letter, pursuant to which it was agreed among the parties that the rights and obligations of Xiamen Guoji Xintuo under the Cooperation Agreement shall be passed to Xiamen Jiawoxin (the "Confirmation Letter"). Upon completion of the transactions contemplated under the Cooperation Agreement, each of the Joint Venture and Fujian Zhaofeng has become a subsidiary of the Company.

As each of Fujian Zhaofeng, C&D Jiarun and Xiamen Liyuan is a subsidiary of C&D Real Estate, Fujian Zhaofeng, C&D Jiarun, Xiamen Liyuan and C&D Real Estate are connected persons of the Company, and the transactions contemplated under the Cooperation Agreement constitute connected transactions of the Company which is subject to reporting, announcement and independent shareholders' approval requirements. At the extraordinary general meeting held on 12 November 2021, the resolution approving the transactions contemplated under the Cooperation Agreement (as amended by the Confirmation Letter) were passed by the independent shareholders of the Company by way of poll.

The Company entered into the Cooperation Agreement as (i) the land parcel located at south of Guihua Seventh Road* (規劃七路) and the west of Jiaomei Avenue* (角美大道), Fujian, the PRC is well-located and fully-equipped with surrounding facilities with good development potential; and (ii) the transactions under the Cooperation Agreement will further expand the Group's land reserve and enhance its recognition in the PRC real estate market.

DIRECTORS' REPORT

4. Acquisition of Changsha Zhaoxiang and Xiamen Zhaodinglong

On 9 September 2021, each of Yi Yue and Xiamen Zhaoyirong, indirect wholly-owned subsidiaries of the Company, entered into an equity transfer agreement with C&D Real Estate (the "Changsha Zhaoxiang Equity Transfer Agreements"), pursuant to which, among other things, C&D Real Estate agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 85% and 5% equity interests in Changsha Zhaoxiang Real Estate Company Limited* (長沙兆祥房地產有限公司) ("Changsha Zhaoxiang"), respectively. The cash consideration under the Changsha Zhaoxiang Equity Transfer Agreements shall be RMBNil. Yi Yue and Xiamen Zhaoyirong shall repay the shareholder's loan (principal and interests) of approximately RMB1,667,211,000 (as at 3 November 2021 and subject to adjustment) previously advanced by C&D Real Estate to Changsha Zhaoxiang in accordance with the proportion of the equity interests in Changsha Zhaoxiang to be held by Yi Yue and Xiamen Zhaoyirong. Upon completion of the transactions contemplated under the Changsha Zhaoxiang Equity Transfer Agreements, Changsha Zhaoxiang will become a subsidiary of the Company.

On 9 September 2021, Shanghai C&D Shenggao Enterprise Development Company Limited* (上海建發盛高企業發展有限公司) ("Shanghai Shenggao") and Xiamen Zhaoyirong, indirect wholly-owned subsidiaries of the Company, entered into equity transfer agreements with C&D Real Estate and Xiamen Liyuan respectively (the "Xiamen Zhaodinglong Equity Transfer Agreements"), pursuant to which, among other things, C&D Real Estate and Xiamen Liyuan agreed to sell and Shanghai Shenggao and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Xiamen Zhaodinglong Real Estate Development Company Limited* (廈門兆鼎瓏房地產開發有限公司) ("Xiamen Zhaodinglong"), respectively. The cash consideration under the Xiamen Zhaodinglong Equity Transfer Agreements shall be RMBNil. Shanghai Shenggao and Xiamen Zhaoyirong shall repay the shareholder's loan (principal and interests) of approximately RMB695,110,000 previously advanced by C&D Real Estate to Xiamen Zhaodinglong in accordance with the proportion of their respective equity interests in Xiamen Zhaodinglong to be held by Shanghai Shenggao and Xiamen Zhaoyirong. Upon completion of the transactions contemplated under the Xiamen Zhaodinglong Equity Transfer Agreements, Xiamen Zhaodinglong has become a subsidiary of the Company in December 2021.

As (i) C&D Real Estate is a controlling shareholder of the Company and (ii) Xiamen Liyuan is a wholly-owned subsidiary of C&D Real Estate, the transactions contemplated under the Changsha Zhaoxiang Equity Transfer Agreements and the Xiamen Zhaodinglong Equity Transfer Agreements constitute connected transactions under Chapter 14A of the Listing Rules which is subject to reporting, announcement and independent shareholders' approval requirements. At the extraordinary general meeting held on 3 December 2021, the resolutions approving the transactions contemplated under the Equity Transfer Agreements were passed by the independent shareholders of the Company by way of poll.

Each of the Changsha Zhaoxiang Equity Transfer Agreements and the Xiamen Zhaodinglong Equity Transfer Agreements (collectively, the "Equity Transfer Agreements") were entered into as (i) the land parcel located at High Speed Express New City* (高鐵新城) in Wuguang Area* (武廣片區), Changsha, Hunan Province, the PRC and the land parcel located at Lane 0007 Street 20024* (20024街道0007街坊), 14A-01 Unit CMS15-0305, Shanghai, the PRC are well-located and fully-equipped with surrounding facilities with good development potential; and (ii) the transactions under the Equity Transfer Agreements will further expand the Group's land reserve and enhance its recognition in the PRC real estate market.

DIRECTORS' REPORT

5. Capital increase to Guangzhou Jianxin

On 26 July 2021, Xiamen Libai Business Service Company Limited* (廈門利柏商務服務有限公司) ("Xiamen Libai"), a wholly-owned subsidiary of the Company, C&D Real Estate and Hongxin Chuangye Workshop Investment Group Stock Company Limited* (弘信創業工場投資集團股份有限公司) ("Hongxin Chuangye") entered into a capital increase agreement (the "Capital Increase Agreement"), pursuant to which the parties agreed that the registered capital of Guangzhou Jianxin Microfinance Company Limited* (廣州建信小額貸款有限公司) ("Guangzhou Jianxin") shall increase from RMB200,000,000 to RMB300,000,000. Xiamen Libai has agreed to contribute RMB34,000,000. Upon completion of the capital increase pursuant to the Capital Increase Agreement, Xiamen Libai held 34% of Guangzhou Jianxin's equity interests.

As C&D Real Estate is a controlling shareholder of the Company, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction under Chapter 14A of the Listing Rules, which is subject to the reporting and announcement requirements, but exempted from the independent shareholders' approval requirement.

The Capital Increase Agreement was entered into as it will further support the business expansion of Guangzhou Jianxin and enhance the risk resistance of Guangzhou Jianxin.

CONTINUING CONNECTED TRANSACTIONS

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

1. Lease of properties

On 14 March 2016, Shanghai C&D Zhaoyu Asset Management Company Limited* (上海建發兆昱資產管理有限公司) ("Shanghai Zhaoyu"), a subsidiary of the Company, entered into a lease (the "Huayuan Lease") in respect of the Xinjiangwan Huayuan* (新江灣華苑) project (the "Huayuan Project") and a lease (the "Jiayuan Lease") in respect of the Xinjiangwan Jiayuan* (新江灣嘉苑) project (the "Jiayuan Project") with Shanghai Zhongyue Real Estate Development Company Limited* (上海中悅房地產開發有限公司) ("Shanghai Zhongyue") and Shanghai Shanxidi Real Estate Development Company Limited* (上海山溪地房地產開發有限公司) ("Shanghai Shanxidi") respectively, pursuant to which Shanghai Zhongyue and Shanghai Shanxidi agreed to respectively lease certain properties in the Huayuan Project and the Jiayuan Project to Shanghai Zhaoyu.

The term of the Jiayuan Lease is 60 months commencing from 15 March 2016 to 14 March 2021, while the term of the Huayuan Lease is 60 months commencing from 1 July 2016 to 30 June 2021. An independent financial advisor has been appointed by the Company to opine on the term of the two leases, each of which is more than three years and confirmed that it is a normal business practice for agreements of this type to be of such duration.

The rent payable under each of the Jiayuan Lease and the Huayuan Lease shall be calculated daily at RMB0.28 per sq.m., RMB0.3 per sq.m., RMB0.32 per sq.m., RMB0.34 per sq.m., RMB0.36 per sq.m. and RMB0.36 per sq.m., for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 and for the year ending 31 December 2021 respectively, which is determined based on arm's length basis with reference to the prevailing market rates of the rental charge of properties in Shanghai.

DIRECTORS' REPORT

The respective annual caps of the transactions contemplated under the Jiayuan Lease and the Huayuan Lease were as follows:

Financial year	Annual caps under the Jiayuan Lease	Annual caps under the Huayuan Lease
Year ended 31 December 2016	RMB2,160,000	RMB1,810,000
Year ended 31 December 2017	RMB2,850,000	RMB3,720,000
Year ended 31 December 2018	RMB3,040,000	RMB3,980,000
Year ended 31 December 2019	RMB3,230,000	RMB4,230,000
Year ended 31 December 2020	RMB3,430,000	RMB4,500,000
Year ending 31 December 2021	RMB700,000	RMB2,290,000

The Jiayuan Lease and Huayuan Lease were entered into to allow the Group to accumulate experience for its expansion into commercial management and operation in Shanghai.

Each of Shanghai Shanxidi and Shanghai Zhongyue is a subsidiary of C&D Real Estate and therefore is a connected person of the Company. Pursuant to the Listing Rules, the transactions contemplated under the Jiayuan Lease and the Huayuan Lease are required to be aggregated and treated as if they were one transaction. After aggregation, the transactions contemplated under the two leases are subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the rent payable to Shanghai Zhongyue under the Huayuan Lease amounted to approximately RMB2,287,000 and the rent payable to Shanghai Shanxidi under the Jiayuan Lease amounted to approximately RMB691,000.

2. Lease of properties

On 18 July 2017, Shanghai Zhaoyu entered into a lease (the "Yangpu Lease") with Shanghai Zhaoyu Investment Development Company Limited* (上海兆御投資發展有限公司) ("Shanghai Zhaoyu Investment Development"), pursuant to which Shanghai Zhaoyu Investment Development agreed to lease certain properties located in Yangpu District* (楊浦區), Shanghai to Shanghai Zhaoyu.

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

DIRECTORS' REPORT

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

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

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

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

As Shanghai Zhaoyu Investment Development is a wholly-owned subsidiary of Xiamen C&D which is a controlling shareholder of the Company, Shanghai Zhaoyu Investment Development is a connected person of the Company, hence the entering into of the Yangpu Lease constitutes continuing connected transactions under the Listing Rules, and is subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules

During the Year, the rent payable of Shanghai Zhaoyu under the Yangpu Lease amounted to approximately RMB6,350,000.

DIRECTORS' REPORT

3. Provision of entrusted construction management services

On 29 January 2019 (after trading hours), Xiamen C&D Zhaocheng Construction Operation and Management Limited* (廈門建發建設運營管理有限公司, formerly known as 廈門建發兆誠建設運營管理有限公司) ("Zhaocheng Construction") entered into the framework agreement (the "Entrusted Construction Framework Agreement") with C&D Real Estate for the period from 29 January 2019 to 31 December 2021, pursuant to which Zhaocheng Construction shall provide entrusted construction management services for a variety of construction and property development projects, etc. of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies. The term of the Entrusted Construction Framework Agreement was from 29 January 2019, to 31 December 2021.

Entrusted construction management services to be provided by Zhaocheng Construction mainly include:

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

Entrusted construction management service fees for each of the abovementioned service categories include:

- (i) the basic construction management fees for entrusted construction: to be calculated as not less than 4% of the "direct development costs" (land costs, public maintenance fees and contracts managed by C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies will not be applied in the calculation of management fees) of the project. The "direct development costs" is subject to adjustment according to the actual settlement amount of all contracts under management of Zhaocheng Construction;
- (ii) the basic construction management fees for entrusted operating construction: to be calculated as not less than 5% of the "total sales" of the project. The "total sales" represent the total revenue to be obtained by C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies from the project (i.e. the amount of receivables with legal basis (including output value added tax), including the amounts received and the expected income of the relevant outstanding receivables from certain legal documents including signed sales and lease contracts and other contracts); and
- (iii) other fees: may be determined by both business parties otherwise agreed according to the actual status of the project, including but not limited to the construction incentive and the construction management bonus, etc.. The specific fees can be charged on a certain percentage of the "direct development costs", while the rate and the charging method can be determined by both business parties after negotiation.

DIRECTORS' REPORT

The aforementioned entrusted construction management service fees may be adjusted according to the actual construction situation of the project upon unanimous consent by both parties after negotiation.

The proposed annual caps of the entrusted construction management service fees to be received by Zhaocheng Construction under the Entrusted Construction Framework Agreement for each of the three years ending 31 December 2021 are RMB150,000,000. In determining the proposed annual caps, the Board has considered, among other things, the following main factors: (1) the historical fees received by Zhaocheng Construction from C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies for providing entrusted construction management services; (2) the anticipated rise in labor costs, management fees, etc.; (3) the service demand of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies arising from their daily operations; and (4) the relevant taxes and a reasonable profit margin.

The Entrusted Construction Framework Agreement was entered into to better manage the entrusted construction management services to be provided by C&D Construction to C&D Real Estate, and is conducive to expanding C&D Construction's business scale and enhancing the performance of the Company's entrusted construction management segment.

C&D Real Estate is a controlling shareholder of the Company and, therefore, a connected person of the Company. Accordingly, the entering into of the Entrusted Construction Framework Agreement constitutes a continuing connected transaction under Chapter 14A of the Listing Rules. The transactions contemplated under the Entrusted Construction Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The transactions contemplated under the agreements entered into by Zhaocheng Construction as stated in the Company's announcements dated 1 August 2017, 31 August 2018 and 22 October 2018 respectively are included in the Entrusted Construction Framework Agreement.

During the Year, the total entrusted construction management service fees receivable under the Entrusted Construction Framework Agreement amounted to approximately RMB52,380,000.

DIRECTORS' REPORT

4. Leasing framework agreement

On 28 April 2020, the Company entered into the framework agreement (the "Leasing Framework Agreement") with Xiamen C&D, pursuant to which Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies agreed to lease certain office premises, which are held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies, to the Group for office use.

The rent, property management fees, utilities and energy costs shall be calculated and paid in the following manner:

1. In principle, the rent is calculated based on the gross floor area of the subject properties multiplied by the rent per unit area which shall be determined with reference to the rent of similar office premises in the vicinity and the local market rental level, subject to adjustment by the parties in accordance with the actual condition of the subject properties.
2. The Group shall pay the property management fees, public maintenance fund, utilities, air-conditioning fees in respect of the subject properties.
3. In principle, the Group shall make rental payment on a quarterly basis, and the specific payment and settlement could be arranged by negotiation between the parties to the lease.

For each of the three years ending 31 December 2022, the proposed annual caps of the rent to be received by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies under the Leasing Framework Agreement are RMB30 million, RMB40 million and RMB50 million respectively. In determining the proposed annual caps, the Board has considered the following key factors, including but not limited to: (1) the area and rental level of the office premises held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies which the Group currently intends to lease; (2) the rental level of similar properties in the vicinity and the general market rental level of the office premises held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies which the Group currently intends to lease; (3) the historical figures of rent paid by the Group to Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies; and (4) the Group's anticipated future demand for leasing the office premises held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies and the rental level.

The Leasing Framework Agreement was entered into as the office premises leased or to be leased to the Group by Xiamen C&D, will be used as daily office for the Group's staff which would satisfy the normal operation needs of the Group.

Xiamen C&D is a controlling shareholder of the Company and, therefore, a connected person of the Company. Accordingly, the entering into of the Leasing Framework Agreement constitutes a continuing connected transaction under Chapter 14A of the Listing Rules. The transactions contemplated under the Leasing Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the fees payable under the Leasing Framework Agreement amounted to approximately RMB2,619,000.

DIRECTORS' REPORT

5. Continuing connected transaction in relation to the business framework agreement

On 23 December 2020, C&D Real Estate, the Company and C&D Property entered into a business framework agreement (the "Business Framework Agreement"), pursuant to which, among other things, C&D Property Group and its joint ventures shall provide certain services to (i) the Group (excluding C&D Property Group and its joint ventures) (the "Remaining Group"); and (ii) Xiamen C&D and its subsidiaries (excluding the Group and C&D Property Group) and their joint ventures and associates (the "Remaining Xiamen C&D Group"), for the period from the listing date of C&D Property (i.e. 31 December 2020) until 31 December 2022. Subsequently, on 4 October 2021, the Company, C&D Real Estate and C&D Property entered into a supplemental agreement (the "Supplemental Agreement") to revise the existing annual caps as approved under the Business Framework Agreement.

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

The pricing basis of the abovementioned services is as follows:

- 1 Property management services: property management fees shall be determined after arm's length negotiations by the parties after taking into account a number of factors, including: (i) the types of the properties, such as residential and non-residential, and the location of the projects such as the tier of city; (ii) the scope and quality of the services provided; (iii) the expected operational costs (including, among other things, staff costs, material costs, subcontracting costs and operational administrative expenses); (iv) the target profit margins of C&D Property; (v) profiles of the property owners and residents; (vi) the local government's guidance price on property management fees (where applicable); and (vii) the property management fees for similar services and similar types of projects in the market. Pursuant to the property management services contracts, the property management fees are calculated based on area multiplied by unit price. The specific unit price is calculated based on the prevailing market price in the location of the projects and approved by the relevant local authorities, as the case may be.
- 2 Community value-added and synergy services: the service fees shall be determined after arm's length negotiations with reference to the prevailing market prices of similar services in the open market and historical charges for each of the three years ended 31 December 2019 and the six months ended 30 June 2020.
- 3 Value-added services to non-property owners: the service fees shall be determined after arm's length negotiations based on the calculation of "cost (calculated in accordance with the actual costs incurred, such as materials and labour) + indirect management fee (calculated by tax-exclusive income x 10–15%) + taxes". The abovementioned tax will be subject to adjustment in accordance with relevant rules and regulations.

DIRECTORS' REPORT

The proposed annual caps of the service fees payable to C&D Property Group by the Remaining Group under the Business Framework Agreement for each of the three years ended/ending 31 December 2020, 2021 and 2022 are RMB270.0 million, RMB345.0 million and RMB455.0 million, respectively. The breakdown of the proposed annual caps by types of services are as follows:

	For the year ended/ending 31 December					
	2020		2021		2022	
	RMB million	%	RMB million	%	RMB million	%
Service fees payable to C&D Property Group:						
Property management services	6	2.2	35	6.4	50	6.7
Community value-added and synergy services	4	1.5	55	10.0	90	12.1
Value-added services to non-property owners	260	96.3	460	83.6	605	81.2
Total	270	100.0	550	100.0	745	100.0

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

As C&D Property became a connected person of the Company upon the listing of C&D Property, the transactions contemplated under the Business Framework Agreement between the Remaining Group and C&D Property Group constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules during the Year. The transactions contemplated under the Business Framework Agreement between the Remaining Group and C&D Property Group are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. At the extraordinary general meeting held on 30 December 2021, the resolution approving the transactions contemplated under the Supplemental Agreement was passed by the independent shareholders of the Company by way of poll.

During the Year, the service fees payable by the Remaining Group under the Business Framework Agreement amounted to approximately RMB491,270,000, of which the service fees payable under (i) property management services; (ii) community value-added and synergy services; and (iii) value-added services to non-property owners amounted to approximately RMB34,139,000, RMB28,132,000 and RMB428,999,000, respectively.

DIRECTORS' REPORT

6. Inventory Property Underwriting Agreement

On 4 October 2021, the Company and C&D Property entered into an inventory property underwriting agreement (the "Inventory Property Underwriting Agreement"), pursuant to which the C&D Property Group shall provide inventory property sales agency services to the Group for first-hand residential properties and/or parking spaces developed by the Group. The C&D Property Group shall pay the Group the full amount representing the market value of the inventory properties contemplated under the Inventory Property Underwriting Agreement to buy out the selling right of the inventory properties and obtain sole and exclusive rights for providing inventory property sales agency services to the Group in relation to the inventory properties.

Pursuant to the Inventory Property Underwriting Agreement, the maximum market value of the unsold residential inventory properties for underwriting entrusted by the Group to the C&D Property Group for sales per year shall not exceed RMB1 billion. After the C&D Property Group completes the sale of a property to purchaser(s) and the Group receives the purchase price of such property, the purchase price of that property prepaid by the C&D Property Group (including the corresponding capital cost tentatively fixed to be 5% annually (subject to adjustment but no less than 5% annually)) shall be refunded to the C&D Property Group. As such, based on the maximum capital costs to be received by the C&D Property Group annually being RMB50 million, the proposed annual cap is RMB1.05 billion for each of the three years ending 31 December 2023.

The Inventory Property Underwriting Agreement was entered into as it could accelerate the sale of the first-hand inventory properties of the Group; and the C&D Property Group is familiar with the property owners and residents, which enables the C&D Property Group to prepare tailor-made sales agency services to these property owners and residents so as to enhance the sales volume.

As C&D Property is a subsidiary of Well Land, the controlling shareholder of the Company, C&D Property is thus an associate of the Company, and the transactions contemplated under the Inventory Property Underwriting Agreement between the Group and the C&D Property Group constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Inventory Property Underwriting Agreement between the Group and C&D Property Group are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. At the extraordinary general meeting held on 30 December 2021, the resolution approving the transactions contemplated under the Inventory Property Underwriting Agreement was passed by the independent Shareholders by way of poll.

During the Year, the service fee payable by the Group under the Inventory Property Underwriting Agreement was approximately RMB0.

DIRECTORS' REPORT

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

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

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the relevant agreements governing the relevant transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was also engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. Based on its work, the Company's auditor has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions:

- a. nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions have not been approved by the Company's Board of Directors;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

Save as disclosed above, a summary of material related party transactions made during the Year is disclosed in note 43 to the consolidated financial statements. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

DIRECTORS' REPORT

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE (THE "PLACING")

In order to raise capital for the Company while broadening the shareholder base and capital base, the Company entered into the placing and subscription agreement on 3 June 2021. The net proceeds from the placing of 65,000,000 new ordinary Shares (the aggregate nominal value of which was HK\$6,500,000) to an independent third party, Cederberg Capital Limited, under general mandate (as set out in the announcement of the Company dated 3 June 2021) was approximately HK\$940 million (representing a net placing price of approximately HK\$14.46 per placing Share), which was based on the placing price of HK\$14.50 per placing Share (the closing price as quoted on the Stock Exchange as at 3 June 2021 was HK\$14.50 per Share) after deducting the actual expenses relating to the Placing. Such net proceeds were used in accordance with the intention disclosed in the announcement of the Company dated 15 June 2021. The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2021:

Use of proceeds	Planned applications (HK\$ million)	Percentage of total net proceeds	Actual usage up to 31 December 2021 (HK\$ million)
Repayment of loans	800	85.1%	800
Expanding land reserves	120	12.8%	120
General working capital	20	2.1%	20

EQUITY-LINKED AGREEMENTS

Other than the share option scheme adopted in 2012 (the "Share Option Scheme") and the restricted share incentive scheme adopted in 2021 as stated below, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the Year or subsisted at the end of the Year.

DIRECTORS' REPORT

DEBENTURES

Yi Yue entered into a renewable term loan agreement with C&D Real Estate on 1 December 2020 and 16 June 2021, details of which is disclosed in note 35 to the consolidated financial statements.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme in 2012 for the purpose of providing incentives and rewards to eligible participants who have contributed or may contribute to the success of the Group's operations. The Share Option Scheme totally complies with the requirements of Chapter 17 of the Main Board Listing Rules after the listing of the Company's Shares has been transferred from the GEM Board to the Main Board in 2014. The Share Option Scheme is still effective after the transfer. The principal terms of the Share Option Scheme are set out below:

Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for the Shares in the Company:

- (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of the subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of the subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; or
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

DIRECTORS' REPORT

Maximum number of Shares under the Share Option Scheme

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue from 14 December 2012 (the GEM listing date), that is 30,000,000 Shares, representing approximately 2.18% of the total issued Shares as at the date of this annual report.

Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of the Company.

Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates must be approved by INEDs (excluding INED who or whose associates is the proposed grantee of the options). In addition, any grant of options to a substantial shareholder or an INED or any of their respective associates in aggregate over 0.1% of the Shares in issue or with an aggregate value, based on the closing price of the Shares at the date of each offer, in excess of HK\$5 million, in the 12-month period up to and including the date of such grant, must be approved by the Shareholders in general meeting of the Company.

Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option to be accompanied by the payment of consideration of HK\$1, being acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

Subscription price for the Shares and consideration for the option

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on 23 November 2012, being the adoption date of the Share Option Scheme.

No share options were granted, exercised or cancelled by the Company or lapsed under the Share Option Scheme during the Year and there were no outstanding share options under the Share Option Scheme as at 1 January and 31 December 2021.

DIRECTORS' REPORT

RESTRICTED SHARE INCENTIVE SCHEME

For the purpose of establishing and improving the Company's medium to long-term incentive mechanism to collectively integrate interests of the Shareholders, the Company and the Company's core team, fully motivate the management and core staff of the Company and achieve high-quality development of the Company, the 2021 restricted share incentive Scheme (the "Incentive Scheme") was approved at the extraordinary general meeting of the Company on 9 June 2021. The maximum number of restricted Shares ("Restricted Shares") to be granted to the recipients under the Incentive Scheme is 35,300,000 Shares, representing approximately 2.56% of the total issued Shares as at the date of this annual report. The total number of Shares to be granted to each of the recipients under the Incentive Scheme shall not exceed 1.00% of the total share capital of the Company. Pursuant to the Incentive Scheme, the Company allotted and issued 35,300,000 Shares to the trustee of the Incentive Scheme, who held the Shares on behalf of the incentive recipients of the Incentive Scheme until the Restricted Shares are transferred to the relevant incentive recipients. Release of the Restricted Shares are conditional on the performance target of the Company and individual assessments of the recipients on each of the lock-up period, and the recipients may subscribe for the Shares to be allotted and issued to them at a price of HK\$7.22 per Share upon fulfillment of such conditions. Details of the Incentive Scheme are disclosed in the announcement of the Company dated 31 March 2021 and the circular of the Company dated 18 May 2021.

During the Year, a total of 35,300,000 Restricted Shares were granted, out of which 950,000 Restricted Shares were granted to the Directors. The closing price of the Shares on 31 March 2021 (i.e. the date on which the terms of the Incentive Scheme was fixed) was HK\$14.1. The details of the movement of the Restricted Shares are as follows:

Name of the incentive recipient	Position within the Group	Number of Restricted Shares as at		Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	Number of Restricted Shares as at		Vesting Period (Note)
		1 January 2021	Date of grant					31 December 2021	2021	
Mr. Zhuang Yuekai	Executive Director	-	29 June 2021	330,000	-	-	-	330,000	29 June 2021 to 28 June 2026	
Ms. Zhao Chengmin	Executive Director	-	29 June 2021	330,000	-	-	-	330,000	29 June 2021 to 28 June 2026	
Mr. Lin Weiguo	Executive Director and chief executive officer of the Company	-	29 June 2021	290,000	-	-	-	290,000	29 June 2021 to 28 June 2026	
Sub-total				950,000				950,000		
Employees of the Group										
Senior management of the Company, directors, former directors, supervisor and general managers of the Company's subsidiaries	-	-	29 June 2021	12,420,000	-	-	-	12,420,000	29 June 2021 to 28 June 2026	
Other employees of the Group	-	-	29 June 2021	21,930,000	-	-	-	21,930,000	29 June 2021 to 28 June 2026	
Total				35,300,000	-	-	-	35,300,000		

Note: All Restricted Shares granted to the incentive recipients are subject to different lock-up periods. The Restricted Shares shall be released starting from 24 months, 36 months and 48 months respectively from the grant date of the Restricted Shares, respectively; and 40%, 30% and 30% of the Restricted Shares will be released during each period, respectively.

DIRECTORS' REPORT

The net proceeds received under the Incentive Scheme was approximately HK\$254.9 million (representing a net price of approximately HK\$7.22 per Restricted Share). Such net proceeds were intended for general working capital and were fully used in accordance with the intention disclosed in the announcement of the Company dated 31 March 2021.

The validity period of the Incentive Scheme shall end on the date on which all lock-up restrictions imposed on the Restricted Shares are lifted or all Restricted Shares granted to the Incentive Recipients were repurchased, which shall be no later than 8 June 2031.

RETIREMENT BENEFIT SCHEMES/PENSION SCHEME

Retirement benefits to employees are provided through defined contribution plans.

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

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

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

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 56 to 68 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

ADDITIONAL DISCLOSURES

Registration of lease agreements in the PRC

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

As at 31 December 2021, 54 lease agreements were still pending to be registered due to the fact that the merchants shall bring their ID cards and go to the competent Real Estate Bureau together with relevant staff of the Group to complete the registration. However, the merchants did not actively assist the Company in completing such registration.

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

DIRECTORS' REPORT

Property ownership certificate of Wan Guo Plaza* (萬國廣場) (formerly known as Yu Feng High Street)

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

As at 31 December 2021, the application process for the new property ownership certificate was still ongoing. Given that the application for a new property ownership certificate under the above special circumstance is not one which is usually taken out before the relevant PRC authorities, the Group expects that the processing time would be longer than is normally required. There was no indication from the PRC authorities as to how long such process would take. The Group will maintain its communication with the relevant PRC authorities closely so as to obtain the up-to-date status of the application progress until the new property ownership certificate covering the shortfall in GFA is issued.

REVIEW BY AUDIT COMMITTEE

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

INDEPENDENT AUDITOR

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

There has been no change in auditor in any of the preceding three years as of 31 December 2021.

On behalf of the Board

ZHUANG Yuekai

Chairman and executive Director

Hong Kong, 25 March 2022

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report for the Year.

CORPORATE GOVERNANCE PRACTICES

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

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company.

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

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

BOARD OF DIRECTORS

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

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

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

Executive Directors

Mr. Zhuang Yuekai (*Chairman*)

Ms. Zhao Chengmin

Mr. Lin Weiguo (*Chief Executive Officer*)

Non-executive Directors

Mr. Huang Wenzhou

Ms. Ye Yanliu

Mr. Wang Wenhui

Independent Non-executive Directors

Mr. Wong Chi Wai

Mr. Wong Tat Yan, Paul

Mr. Chan Chun Yee

The biographical information of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 23 to 27 of this annual report.

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

BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

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

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

Name of Directors	Attendance of Board Meeting	Attendance of annual general meeting	Attendance of EGM
Mr. Zhuang Yuekai	4/4	1/1	0/6
Ms. Zhao Chengmin	4/4	1/1	0/6
Mr. Lin Weiguo	4/4	1/1	6/6
Mr. Huang Wenzhou	4/4	1/1	0/6
Ms. Ye Yanliu	4/4	1/1	0/6
Mr. Wang Wenhui	4/4	1/1	0/6
Mr. Wong Chi Wai	4/4	1/1	6/6
Mr. Wong Tat Yan, Paul	4/4	1/1	6/6
Mr. Chan Chun Yee	4/4	1/1	5/6

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

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

The position of chairman of the Board (“Chairman”) is held by Mr. Zhuang Yuekai. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. Mr. Lin Weiguo is the chief executive officer of the Company who is responsible for the Company’s business development and daily management and operations.

Independent Non-executive Directors

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

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Appointment and Re-election of Directors

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

Each of the independent non-executive Directors has been appointed for an initial term of one year commencing on 14 December 2012, which is renewable automatically for successive terms of one year each from the day immediately after the expiry of the then current term, subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

The Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders of the Company at the first general meeting after appointment.

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

CORPORATE GOVERNANCE REPORT

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

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

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

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

Continuous Professional Development of Directors

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

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

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

CORPORATE GOVERNANCE REPORT

The record of CPD relating to director's duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2021 are summarized as follows:

Name of Directors	Types of Training <small>Note</small>
Executive Directors	
Mr. Zhuang Yuekai (<i>Chairman</i>)	A/B
Ms. Zhao Chengmin	A/B
Mr. Lin Weiguo (<i>Chief Executive Officer</i>)	A/B
Non-executive Directors	
Mr. Huang Wenzhou	A/B
Ms. Ye Yanliu	A/B
Mr. Wang Wenhui	A/B
Independent Non-executive Directors	
Mr. Wong Chi Wai	A/B
Mr. Wong Tat Yan, Paul	A/B
Mr. Chan Chun Yee	A/B

Note:

Types of Training

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

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

BOARD COMMITTEES

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

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

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee. Mr. Wong Chi Wai is the chairman of the Audit Committee.

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

During the Year, the Audit Committee held two meetings to review the annual financial results and report in respect of the year ended 31 December 2020, the interim results and report for the six months ended 30 June 2021, and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

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

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

Name of Members of the Audit Committee	Attendance
Mr. Wong Chi Wai (<i>Chairman</i>)	2/2
Mr. Wong Tat Yan, Paul	2/2
Mr. Chan Chun Yee	2/2

Remuneration Committee

The Remuneration Committee currently consists of three independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee. Mr. Wong Tat Yan, Paul is the chairman of the Remuneration Committee. Mr. Zhuang Yuekai, an executive Director, has ceased to act as a member of the Remuneration Committee with effect from 15 March 2021.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

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

CORPORATE GOVERNANCE REPORT

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

Name of Members of the Remuneration Committee	Attendance
Mr. Wong Tat Yan, Paul (<i>Chairman</i>)	1/1
Mr. Zhuang Yuekai (<i>Note</i>)	1/1
Mr. Wong Chi Wai	1/1
Mr. Chan Chun Yee	1/1

Note: Mr. Zhuang Yuekai has ceased to act as a member of the Remuneration Committee with effect from 15 March 2021.

Details of the remuneration of the Directors and the senior management of the Company by band are set out in the note 14 to the Financial Statements for the year ended 31 December 2021.

Nomination Committee

The Nomination Committee consists of four members, namely Mr. Zhuang Yuekai, executive Director, Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee, independent non-executive Directors. Mr. Zhuang Yuekai is the chairman of the Nomination Committee.

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

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

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

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

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

Name of Members of the Nomination Committee	Attendance
Mr. Zhuang Yuekai (<i>Chairman</i>)	1/1
Mr. Chan Chun Yee	1/1
Mr. Wong Chi Wai	1/1
Mr. Wong Tat Yan, Paul	1/1

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

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

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

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

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

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

Director Nomination Policy

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

(i) Appointment of New Director

- The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

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

(ii) Re-election of Director at General Meeting

- The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

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

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

CORPORATE GOVERNANCE REPORT

Corporate Governance Functions

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

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

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

The management assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems. The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2021.

CORPORATE GOVERNANCE REPORT

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2021, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2021.

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 149 to 152.

AUDITOR'S REMUNERATION

The remuneration paid and payable to the Company's external auditor in respect of non-audit services and audit services for the year ended 31 December 2021 amounted to approximately HK\$100,000 and HK\$2,090,000 respectively.

An analysis of the remuneration paid and payable to the external auditor of the Company, Grant Thornton Hong Kong Limited, in respect of audit services and non-audit services for the year ended 31 December 2021 is set out below:

Service Category	Fees Paid/Payable
Audit Services	Nil/HK\$2,000,000
Non-audit Services	
— risk management review and internal control review services (Paid to Grant Thornton Advisory Services Limited)	HK\$100,000/HK\$90,000
	HK\$100,000/HK\$2,090,000

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Miss Leung Ching Ching is the Company's company secretary. Miss Leung Ching Ching is a senior manager of the Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Lu Jinwen, the deputy general manager of the Company has been designated as the primary contact person at the Company which would work and communicate with Miss Leung Ching Ching on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2021, Miss Leung Ching Ching has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting

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

Putting Forward Proposals at General Meetings

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

Putting Forward Enquiries to the Board

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

Contact Details

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

Head office and principal place of business of the Company in Hong Kong

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

Hong Kong branch share registrar and transfer office of the Company

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

During the Year, the Company has not made any changes to the Articles of Association. An up to date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

Constitutional Documents

There was no change to the Company's Articles of Association during the Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. Introduction of the Report

The Group is pleased to release its 2021 Environmental, Social and Governance (hereinafter referred to as “ESG”) Report (hereinafter referred to as the “Report”) to disclose the vision and concept of sustainable development of the Group, as well as to convey the Group’s sustainable development practices and performance during the reporting period to stakeholders and the community.

2. Scope of the Report

The Report covers the business of property development, real estate industry chain investment services and investment in emerging industries of the Group from 1 January 2021 to 31 December 2021.

3. Preparation basis of the Report

The Report has met all the “comply or explain” provisions as set out in Appendix 27 Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “ESG Reporting Guide”) under the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The content index of the ESG Reporting Guide is set out in Appendix 2 of the Report for users’ quick search.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

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

4. Source of reporting data

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

5. Publication of the Report

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

II. CONCEPT AND GOVERNANCE OF SUSTAINABLE DEVELOPMENT

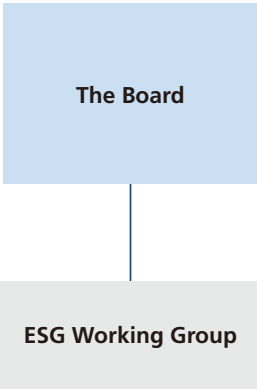
The Group adheres to the corporate mission of “exploiting new values and enabling more people to live a quality life”, and actively fulfills its corporate social and environmental responsibilities in the course of development, while wholeheartedly listens to the appeals and expectations of stakeholders. While implementing our corporate core value of “Enterprising and Win-win cooperation”, the Group continues to integrate the concept of sustainable development into various business segments and daily operations, monitors the potential impact of our business development and daily operations on the society and environment in a timely manner, enhances the identification and management on ESG risks, as well as pursues a balanced development among the economic, environmental and social benefits.

The Board of the Group is fully liable for the ESG strategies and reporting, which is responsible for reviewing and formally approving its annual ESG Report. The Board acknowledges and discusses the ESG related work progress through Board meetings and general meetings of the Company, and gives further instructions on related matters according to the specific circumstances. The Group continues to strengthen its ESG risk management, and monitors ESG related risks based on the current risk management and internal control systems to ensure stable and sustainable development. For more details on the Group’s risk management and internal control, please refer to the information disclosed in the section headed Corporate Governance Report of the 2021 Annual Report of C&D International Investment Group Limited.

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

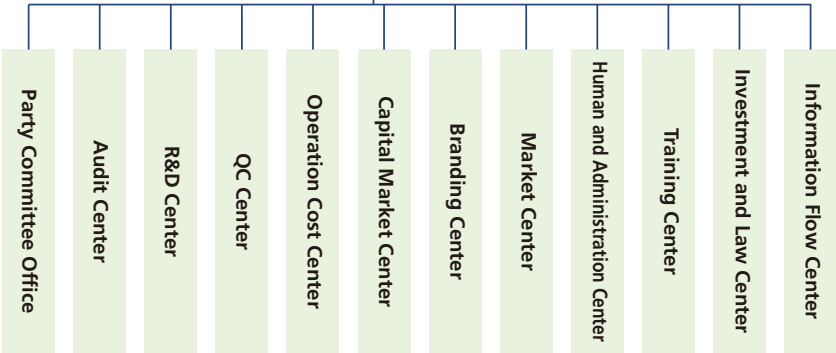
Decision-making Level

- Responsibilities of decision-making level**
1. Review and determine ESG-related risks, ensure that appropriate and effective management and internal control systems for ESG-related risk to be set up;
 2. Evaluate and recognise the annual ESG materiality issues;
 3. Approve and supervise the execution of Group’s objectives, strategies and management approach, etc. towards ESG;
 4. Approve the annual ESG Report.



Execution Level

- The ESG working group, comprising relevant staff from various functional departments, forms the execution level and is responsible for the followings:
1. Implement management and internal control systems for ESG-related risk;
 2. Coordinate the assessment of annual ESG materiality issues;
 3. Prepare and review annual ESG Report and assist on external disclosure;
 4. Draft ESG-related policies and objectives, execute ESG-related planning, and finalize specific work on ESG;
 5. Report the progress and advice on the above-mentioned ESG matters to the Board on a regular basis.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. PARTICIPATION OF STAKEHOLDERS

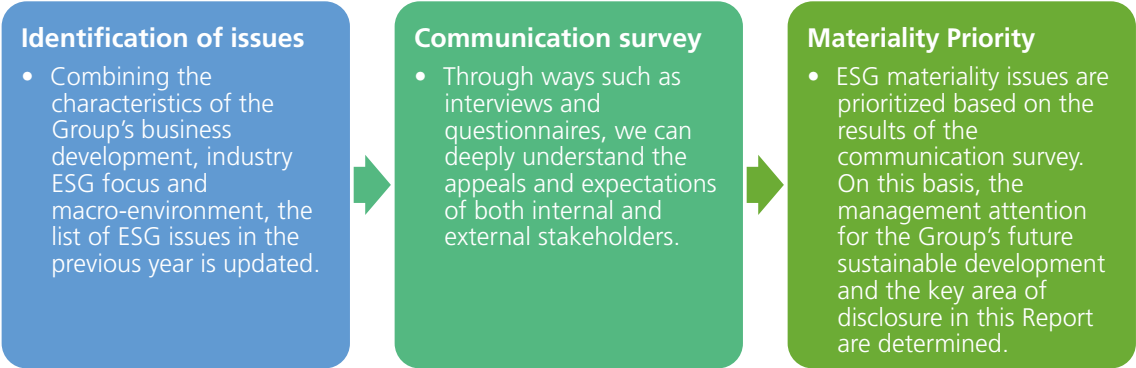
The Group continues to improve the communication mechanism with stakeholders. We understand and respond to expectations and appeals of various stakeholders in a timely manner through diversified communication channels. During the communication process, the Group's concept of sustainable development is being conveyed to stakeholders, with an aim to optimize the strategies and planning in respect of sustainable development based on the expectations and appeals of stakeholders, and work together with all stakeholders to achieve a win-win situation.

Stakeholders	Major communication channel	Expectations and Appeals	Communication and Response
Shareholders and investors	General meetings Referral and introduction sessions Communication with investors by phone/mail Push notification of official website	Investment returns Interests protection Corporate transparency Risk control	Enhance profitability Convene general meetings Disclosure of day-to-day information Optimize internal control and risk management
Government and regulators	Submission of regulatory information to relevant departments	Operation in compliance with the laws Response to the national call Support local development	Pay taxes in full on time, implement anti-corruption management Actively implement relevant policies Actively assume social responsibilities
Employees	Worker congress meetings Employee care activities Employee suggestion box Employee satisfaction surveys	Career development platform Remuneration and benefits Occupational health and safety Listening to the voice of employees	Optimize career promotion mechanism Competitive salary and benefits Implement management system for health and safety Equal communication and complaint mechanism
Customers	Nationwide customer service hotline Service satisfaction surveys Official WeChat account Community activities	Product quality and price/performance ratio Customer service quality Customer information security Customer rights protection	Implement the "Diamond" brand concept Comprehensive and considerate services Improve the relevant system for confidentiality of customer information Marketing compliance
Suppliers and partners	Visits to suppliers Evaluation on supplier qualifications Supplier conference	Integrity cooperation Experience sharing Win-win cooperation Business ethics and reputation	Create supplier management system Promote daily communication Carry out project cooperation Perform contracts under the laws and perform assessment of suppliers
Society and the public	Official website Official WeChat account	Actively fight against the pandemic Support social welfare Protect natural environment Promote social advancement	Establish anti-pandemic mechanism Take part in charity Adhere to green operations Share development achievements

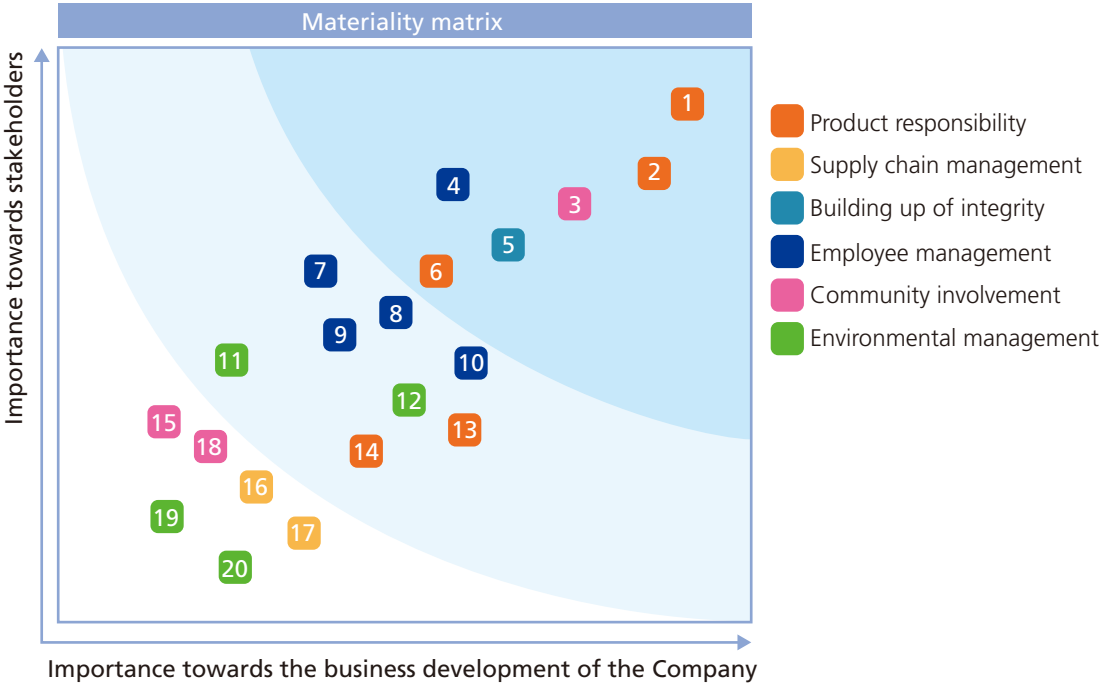
IV. MATERIALITY ASSESSMENT OF ESG ISSUES

Procedures for Materiality Assessment of ESG Issues

The Group communicate with stakeholders through various ways including WeChat account, official website, face-to-face interviews, online questionnaires, properties owners’ satisfaction survey, and employees’ meetings, so as to deeply understand the level of concern of stakeholders in respect of all materiality issues. Based on the communication results, the importance of the Group’s business development and the level of concern of stakeholders, the materiality of ESG issues has been prioritized comprehensively to determine the disclosure focus of the 2021 ESG Report, in order to actively respond to the expectations and appeals of stakeholders. The materiality assessment process of ESG issues for the year is illustrated in the following chart:



Set out below is the materiality assessment results of ESG issues of the Group in 2021:



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Level of importance	Priority	Name of Issue	Aspect
Very important	1	Product quality management	●
	2	Service quality and customers' satisfaction	●
	3	Response to public crises	●
	4	Rights and care for employees	●
	5	Compliance management and building up of integrity	●
	6	Safe and civilized construction	●
	7	Prohibition of child labor and forced labor	●
	8	Occupational health and safety for employees	●
	9	Employee training and development	●
Important	10	Customers' information security and privacy protection	●
	11	Energy saving, emission reduction and green operation	●
	12	Green construction	●
	13	Intellectual property protection	●
	14	Compliant marketing and promotion	●
	15	Charity and social services	●
	16	Assessment and supervision for suppliers	●
	17	Supplier chain environment and social risk management	●
Less important	18	Community development and communication	●
	19	Waste disposal and recycling	●
	20	Address to climate change	●

- Product responsibility
- Supply chain management
- Construction of integrity
- Employee management
- Community involvement
- Environmental management

The materiality assessment results of ESG issues of the year have little change compared to those of the previous year. Issues such as product quality management, service quality and customers' satisfaction, and response to public crises are still the most concerned by stakeholders. Based on the results of this assessment, the Group will continue to improve the its ESG management strategy and level, and actively promote the fulfillment of ESG responsibilities.

V. SUPREME CRAFTSMANSHIP AND REFINED QUALITY

With the corporate mission of “exploiting new values and enabling more people to live a quality life”, the Group inherits the spirit of craftsmanship, adheres to the mind of sincerity, and strives to provide customers with the ultimate product and service experience. After years of dedication and exploration, we have created a new Chinese-style product series that leads the industry and is full of cultural charm, integrating modern building materials and craftsmanship into the essence of traditional Chinese architectural culture. By building a standardized system and actively exploring new technologies and new skills, we practically safeguard product quality and construction safety. At the same time, we carefully refine every detail along the service process, and are committed to providing customers with a warm “Diamond” quality living homes.

1. Innovation Product Design

1) *Innovative product systems*

The Group has expanded its business to more than 60 cities, including Xiamen, Shanghai, Shenzhen, Guangzhou, Zhuhai, Suzhou, Nanjing, Changsha, Chengdu and Wuhan. Over the years, the Group has always been committed to the study of Chinese architectural techniques, fully combining the needs of human settlements and urban characteristics, and created two “New Chinese-style” product lines, “Emperor Chinese (王府中式)” and “Zen Chinese (禪意中式)”. While promoting standardization and modularization, we systematically sort out various aspects such as architecture, landscape and interior, and endow each project with its own unique features and styles to create a unique living experience for owners.

“Emperor Chinese (王府中式)” has gone through many iterations, which is the Group’s signature mature product, featuring dense and full-bodied, natural imagery, rich and complex, and graceful luxury, providing the city and its owners with high-quality luxury living. “Zen Chinese (禪意中式)”, which is newly launched, incorporates Oriental Zen thoughts into the product design, advocating “an empty but not extremely empty mood, an image but not extremely image flavor, a simple but not as simple aesthetics, and a simple but not extremely simple choice” to provide the city and its owners with a pleasant Chinese life.

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“Zen Chinese (禪意中式)”



Emptiness:
The layout is dominant by emptiness, and through the clean walls and simple texture, the aftertaste of the artistic conception is displayed.



Imagery:
Geometric images, that are rarely found in natural landscapes, is a bold use. The composition of abstract symbols such as spherical plants, angular stones, and curvature of water may not look real, but it does represent the highest level of Zen spirit.



Simplicity:
Traditional decorative details are simplified, retaining the original ratios and sentiments, which is simple, yet full of infinite charm.



Plainness:
Different aesthetic pursuits have different requirements for the use of new materials. Metals are elegantly imitated wood, colors of wooden structures are light and plain, stone materials are rough and primitive, and wall tiles are raw and simple.

During the Year, the Group continued to be highly recognized and widely acclaimed in architectural design. As a result, we won a total of 64 honorable awards in the design category. For details, please refer to “Awards for Architectural Design” in “Appendix 1: Honors of the Year”.

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2) *Focus on product development*

The Group has always focused on product research and development to meet customer needs. Through community visits, questionnaire surveys, market trend analysis, etc., we understand the differentiated demands of different customer groups, and constantly improve product design from various aspects such as selection of apartment types, home decoration design, community support, to selectively create the products that meet the living needs of each customer group.

In the context of the normalization of the COVID-19 pandemic, the relationship between people and houses has become closer, and houses are no longer simply defined as places for leisure and living, and customers have more expectations for diverse scenarios and spaces. Under this background, this year, the Group started to promote design innovation from the particulars of home decoration, and continued to strengthen the construction of the standardization system. In terms of product innovation, we have sourced more than 80 sets of home improvement innovation solutions, and launched a series of latest products based on the effect of floor proofing to meet the differentiated home improvement needs of different customer groups. In terms of standardization, we have launched more than 30 copies of standardized manuals, which proposed more stringent standards and regulations in respect of nine aspects of home decoration design: style and positioning, construction and quality, compliance with relevant regulations, space and movement, function and layout, proportion and scale, supplements and components, and details and craftsmanship. They specify the bottom line requirements and the principles of project replication and application, and steadily improve the overall quality of indoor home decoration.

At the same time, as the “immediate check-in” practice is becoming popular among people nowadays, we have released two standardized manuals featuring “small yet precise and complete” under “immediate check-in” series. We will continue to optimize product development and design, and continue to innovate products and services quality.



“Immediate check-in”: Enriching furniture closure details

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of community support, the Group continued to focus on the community needs of communicating, sharing, interacting, playing and working-out among people from different ages. At the same time, Seedland (themed activity space for children), adult gym, study room and elderly fitness zone have been upgraded to further standardize the site layout, design highlights and grading configuration standards of facilities and equipment, and create a community supporting system that is more suitable for modern living concept. As at 31 December 2021, the project coverage rate of the Group's new projects in the community supporting system reached 43% this year, and will continue to be promoted and implemented in subsequent years.



Illustrative picture of Seedland



Illustrative picture of adult gym



Illustrative picture of study room

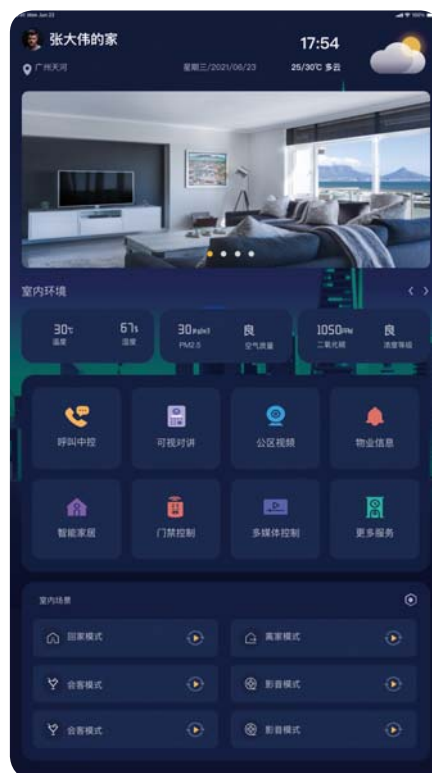


Illustrative picture of elderly fitness zone

3) *Intelligent construction*

During the Year, the Group continued to propel intelligent R&D and promotion. In terms of intelligent technical standards, we have released the “Key Points of Indoor Smart Home Equipment Selection and Appearance Process Requirements (《戶內智能家居設備選型要點及外觀工藝要求》)”, which unify the technical level and quality of various smart home systems, enhance the stability and security of smart homes, and reduce the risk of quality problems. At the same time, in order to reduce the safety risk of articles being thrown at high altitude, we have formulated and implemented the “Video Standards for Articles Being Thrown at High Altitude for C&D Real Estate Group Residential Projects (《建發房地產集團住宅項目公區高空拋物視頻標準》)”, so as to integrate intelligent technology under the traditional monitoring method to efficiently obtain information on articles being thrown at high-altitude and carry out accountability to safeguard customers’ safety.

As for the development and promotion of smart home products, combining the number of system functions, area coverage, product material, design and level of craftsmanship of the Group’s smart home, we have launched three configuration packages of basic, standard and deluxe, to meet the actual needs of different customer groups for home intelligence. At the same time, we innovatively launched the entrance magic mirror APP during the Year. The product incorporates basic functions such as video intercom, smart home control, environmental information, and audio and video playback, as well as value-added service functions such as health services and community services, providing owners with more convenient life choices.



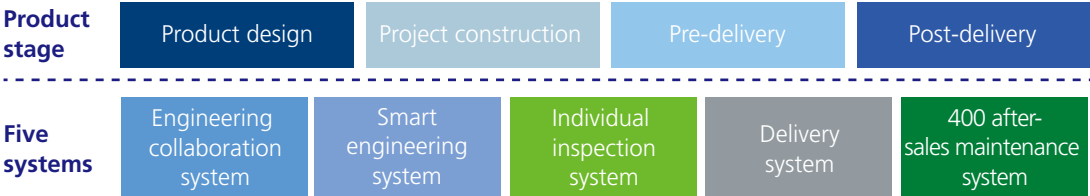
Interface of entrance magic mirror APP

2. Strict Control of Product Quality

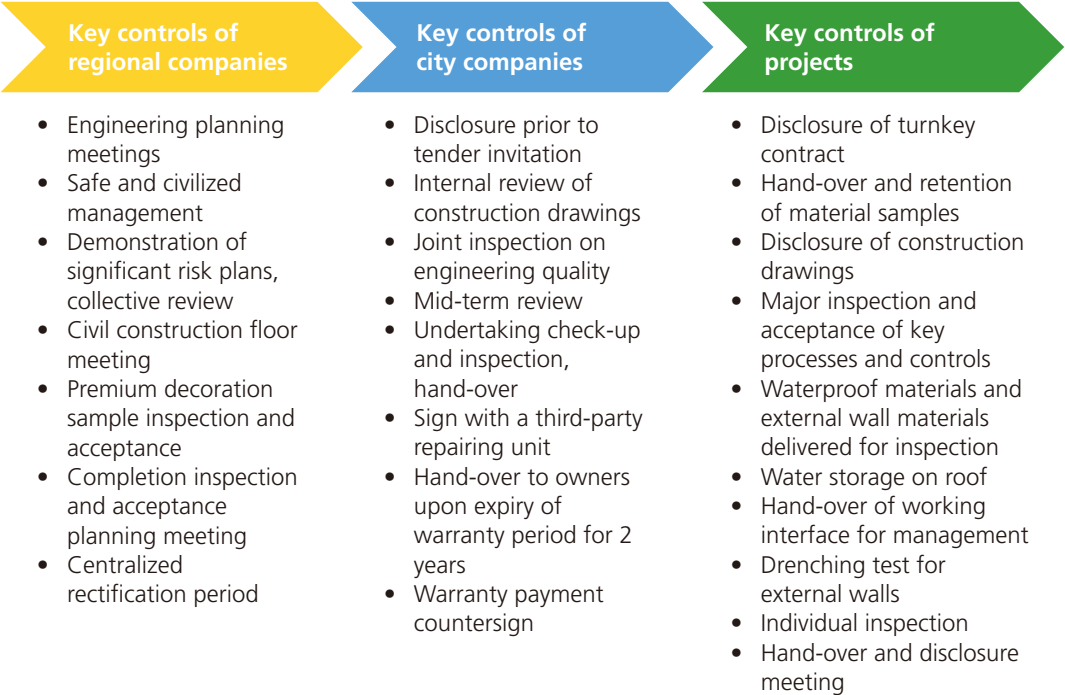
The Group always pursues excellent product quality, and strictly abides by the “Construction Law of the People’s Republic of China”, “Product Quality Law of the People’s Republic of China” and other laws and regulations, to establish and improve a standardized quality management system, and control the quality of projects throughout the process. During the Year, the Group continued to improve its internal management systems including the “Quality Control Management System (《品控管理制度》)” and “Project Quality, Safety Inspection and Evaluation Standards (《《工程質量、安文檢查評價標準》》)”, and strengthened the quality control throughout the life cycle from product design to delivery, to further standardize engineering construction quality and safety production management work standards.

The Group has established a whole-process quality management mechanism comprising five major systems, 25 management actions and two major evaluation systems, to control construction quality and progress from four dimensions of project department, city company, regional company and group, with details as follows:

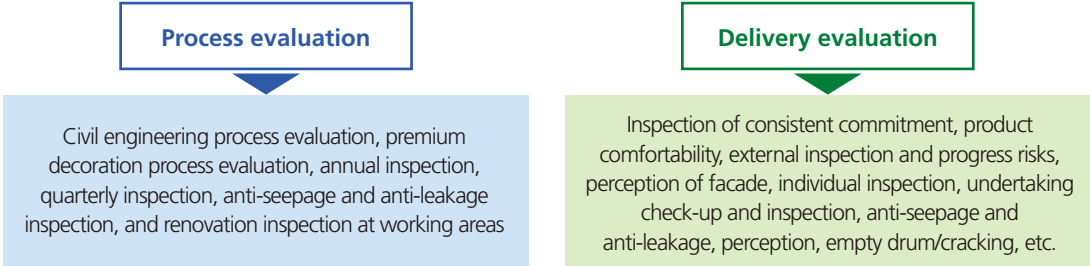
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25 Key management actions



Two evaluation systems



In addition, the Group actively explores innovative construction techniques and tools, and is committed to improving construction quality, efficiency and safety. During the Year, the Group issued the new “Standard Process Book of Residential Engineering (2021 Edition) (住宅工程標準工藝圖集(2021版))” to update and refine the working standards on reducing quality risks in respect of seepage and leakage, empty drum and cracking, and protection of finished products, etc., and

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providing effective reference and guidance on the use of innovative techniques for our projects. Meanwhile, in respect of the quality risks such as water accumulation and leakage caused by extreme weather such as typhoons and rainstorms, the Group has formulated and issued the construction technique standards of “Design and Construction Requirements for Anti-leakage of Residential Buildings (住宅防滲漏設計及施工要求彙編)” and the “Anti-water-accumulation Design Standard (2021) (防積水設計標準(2021))” to specify the requirements on waterproof structure practices, drainage measures, key standards for doors and windows, concrete anti-sill requirements, and safety management and control of high slope projects, so as to improve the waterproof quality of houses from the aspects of prevention and drainage.

In terms of construction technology, we further promote the research and application of the following aspects:

- We encourage the application of new construction systems such as aluminum climbing framework, and make full use of the advantages of aluminum climbing framework system to project progress, quality and safety, so as to help improve product quality. During the reporting period, 55% of the Group’s projects under construction have adopted the aluminum climbing framework system;
- We accelerate the promotion of the research and application of Building Information Model (hereinafter referred to as “BIM”) technology, by applying BIM technology to the general drawing design, basement pipeline design and batches of premium decoration project design of land projects, through which, the degree of design visualization and construction progress can be improved, and the construction error rate can be reduced, thereby improving the quality of projects;
- We further promote the application of the project online collaboration system, and maintain the acceptance records of 136 key processes along the entire process of project construction, to improve the efficiency in respect of the self-inspection of construction unit, acceptance by supervision unit, and group sampling inspection, to comprehensively control the construction quality.
- We have launched an open and transparent visual premium decoration digital system for premium decoration and immediate check-in projects, synchronizing and interoperating design, cost, marketing, and engineering lines to help standardize the quality control of premium decoration.



Aluminum climbing framework system



Premium decoration digital system

3. Safe and civilized Construction

The Group attaches great importance to construction safety, strictly abides by the “Safety Production Law of the People’s Republic of China” and other laws and regulations, formulates and implements internal requirements and systems such as “Safe and Civilized Construction Standards”, “Project Quality, Safe and Civilized Management Guidebook”, and further specifies the Group’s safety production management framework, management objectives, and management measures.

1) *Safety management system*

The Group has established a group-region-city company three-level safety management system, and set up Party A’s on-site safety supervisors in each project department to be responsible for the implementation of project safety production technology disclosure and preventive measures to ensure the realization of project safety production goals. At the same time, we have formulated a comprehensive safety inspection system, in which the project department conducts daily self-inspection according to the safety construction standards, while the group and regional companies invoke third parties to carry out inspections from time to time, and to divide the problems identified in the inspection into veto clauses, key clauses and general clauses according to the degree of danger and importance to actively implement rectification, and to carry out safety performance assessment and reward and punishment based on the inspection results.



Safety Management System

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2) *Safety management goals*
 The Group has always adhered to the principle of “safety first, prevention first, and comprehensive management”, and formulated safety management goals from six aspects:

<p>Road traffic accident indicator 0</p> <p>Major traffic accidents in enterprises, drivers and employees violating traffic rules resulting in fatal accidents</p> <p>100%</p> <p>Education coverage rate for drivers and employees in terms of traffic accidents prevention</p> 	<p>Safety production control indicator 0</p> <p>Mega accidents, major accidents and general accident fatalities, accidents with direct economic losses exceeding 1 million, food safety accidents involving more than 10 injuries or fatalities</p> 
<p>Fire prevention indicator 100%</p> <p>“Three-in-one” rectification rate, timely rectification rate of fire hazards, and fire protection qualification rate in densely populated venues. “Four abilities” inspection to eliminate fire hazards, organize fire-fighting and rescue of initial fires, organize personnel to evacuate and escape, and fire publicity and education training set up are in line with the requirements of government departments</p> <p>0</p> <p>Fatality rate from major fire accidents and fire accidents</p> 	<p>Safety management indicator 100%</p> <p>The signing rate of the responsibility letter for the management of safety production objectives, the annual assessment and reward and punishment, the operation and safety records of the safety production management agencies at all levels, and the timely closure rate of accidents</p> <p>Throughout the Year, the safety work of each unit was mainly responsible for convening safety production meetings, and had solved major problems no less than</p> <p>4 Times</p> 
<p>Environmental protection control indicator</p> <p>0</p> <p>The criticism and rectification of environmental protection incidents as reported and order by superiors, environmental pollution problems caused by the discharge of pollutants, were included in the “blacklist” by the environmental protection authority</p> 	<p>Vocational health and vocational diseases prevention indicator</p> <p>0</p> <p>Occurrence of vocational diseases</p> 

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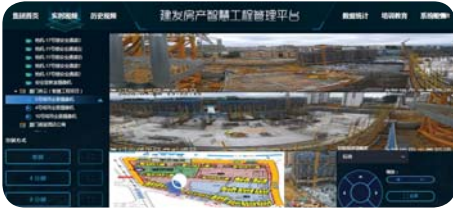
3) *Smart construction at site*

In order to implement the refined management of construction safety and ensure the smooth achievement of safety goals, the Group continues to promote the construction of smart engineering systems.

Safety classroom	Hawkeye camera	Staff management system	Non-compliance identification	Safety hazard snapshot
<p>We enhance the project base-level management staff and operators' awareness of work safety through information registration and training and education for non-compliant staff in safety classroom, to standardize work safety behaviour.</p>	<p>We carry out real-time monitoring of construction site and personnel status by setting hawkeye camera on tower cranes, and track and record occurrence of safety emergencies and relevant rectification to improve handling of safety emergencies.</p>	<p>Before entering the construction site, staff is required to collect face, identity information (screening over-age staff, prohibit employment) and special type of job ID (verification of job qualification card, to ensure the authenticity of the security card) through the certification screening machine (人證一體機), followed by pre-service training organized by the turnkey safety staff. After completing the training, the trained staff will complete the training registration through face recognition equipment and record the video data of the whole process into the staff management system.</p>	<p>The camera set up in the construction site can automatically identify and record the non-compliant staff, and send SMS messages to notify the non-compliant staff to complete compliance education in the safety classroom. The chief contractor safety officer shall complete the education of non-compliant staff by the deadline. Staff who failed to complete by the deadline will be graded and alerted to the project management team to supervise the implementation of non-compliance education in place and enhance the safety awareness of dual-grade staff.</p>	<p>By using the Mobile App, we mobilize all staff to record safety hazards at the construction site in a timely manner, and refer to the general contracting unit for rectification by the deadline. The supervisory officers will carry out the acceptance of the closed loop, and those who failed to complete by the deadline will be alerted to the project management team in a graded manner, so as to urge the implementation of the rectification of hidden dangers and realize the safety management of all staff.</p>

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Since our Group established the Intelligent Engineering System 1.0 in 2018, we have continued to improve business processes and perfect safety management modules in response to safety management pain points. As of 2021, the Intelligent Engineering system has been updated to version 3.0, which has been implemented in 152 projects throughout the nation.



Intelligent Engineering System 3.0



Staff Management System



Safety Classroom



During the reporting period, C&D International Group’s major management performance of safe civilized construction included but not limited to:

-  **Safe civilized construction inspection 178 times**
-  **Resolved rate of safety issues 100%**
-  **Smart construction site implemented to 152 projects with coverage reached over 100%**

-  **Safety training and drill 1,635 times**
Participation of safety training and drill **35,800**
Coverage of safety training and drill **100%**
-  **Certificate possession rate of project construction specialised operators, safety performance inspection coverage for mechanical equipment in construction sites 100%**
-  **Construction safety accidents 0 case**

4. Customer Rights Protection

Our customers' recognition is the driving force for us to move forward. The Group strictly abided by laws and regulations including the Law of the People's Republic of China on Protection of Consumer Rights and Interest, Network Security Law of the People's Republic of China and the Advertising Law of the People's Republic of China and implemented the management requirements of compliant marketing, customer information and privacy protection to protect customers' rights and interests in all aspects and continuously improve customer satisfaction. During the Year, we continued to improve the quality of our sales services by improving our service standards, strengthening quality inspections, and conducting marketing training to better serve our customers' needs.

1) Customer Service Quality Improvement

During the Year, in order to further improve the quality of customer services and enhance customer experience, the Group focused on the following three major areas to carry out optimization work:

Service Standards:

We issued the "Principles of Customer-Centric Business Handling (《關於「以客戶為中心」的業務處理原則》)" to clarify the definition of "customer-centric", the principles and specific requirements for handling customer issues, and to guide each region in formulating specific sales service standards.

Quality Inspection:

- At the group level, the Group formulated sales risk ranking standards, and a third party conducted ranking of seven modules: sand model, promotional materials, sales descriptions, display areas and model houses, adverse factors inside and outside the red line, contracts for the sale and purchase of commercial properties, and data archives, and classified the risk level for the identified problems, compiled and formulated rectification plans, and conducted regular spot checks on the rectification results;
- Daily inspections were conducted, multi-dimensional acceptance feedbacks were given to the project display areas, simultaneous on-site rectification proposals were made, common problems were summarized, and relevant regulations and guidance were issued;
- Regional and city companies carry out sales service inspections or random visits and sales risk checks for projects under their jurisdiction, and supervise rectification.

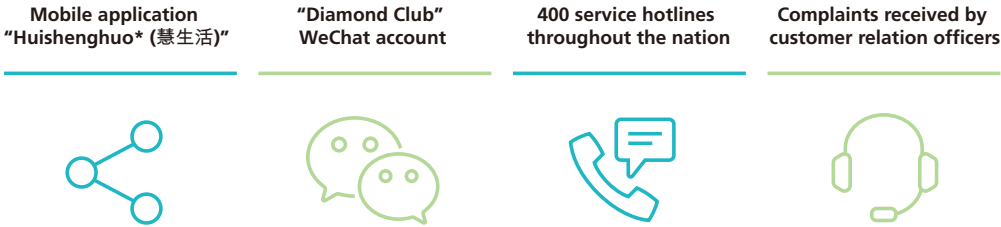
Marketing Training:

- The Group is responsible for the construction of the marketing training course system and the construction of a professional question bank, and for the promotion of the marketing system to the region, with a focus on the training of marketing flag builders and the first responsible person for marketing;
- The Group provides business skills training, group system transfer training and regional system training to personnel responsible for marketing in the region;
- Cities and projects are responsible for conducting business skills training for self-marketing teams and project marketing staff around the project's own business.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

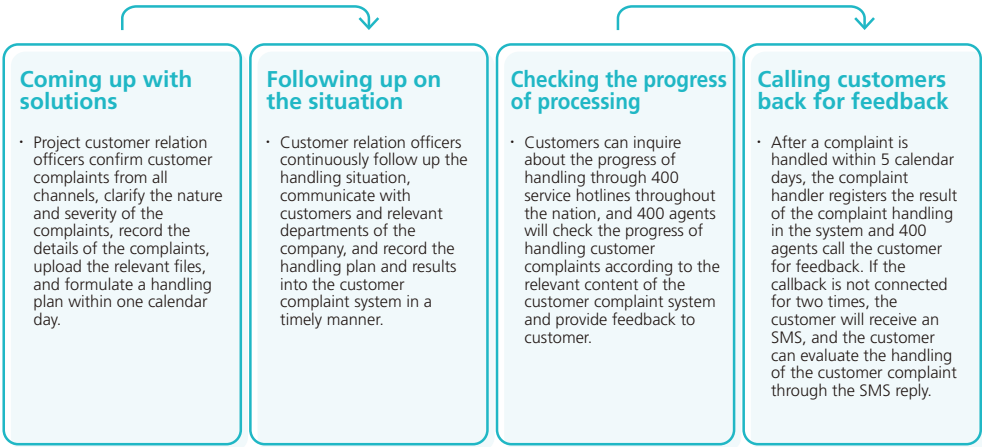
2) Customers' Complaint Handling

The Group attaches great importance to customer feedback and listens to owners' real opinions and suggestions through an open and transparent online and offline complaint channel; formulates and implements internal systems such as the "Manual for Handling Customer Complaints (客戶投訴處理指導手冊)" to standardize complaint resolution and approval requirements, so as to handle customer complaints quickly and accurately; carries out quantitative analysis of complaints on a regular basis, categorises and summarize common problems and formulate response plans, and disseminates through internal training and communication.



Customer Complaint Channels

Upon receipt of a customer complaint, the Group will handle the complaint in a timely manner in accordance with the following procedures:







Customer complaint handling process

During the Year, we received a total of 2,412 customer requests, which were 100% handled and returned by the end of the Year, with a 90.5% customer feedback satisfaction rate. Meanwhile, according to the complaint problems of owners, the Group has set up a three-level early warning system for low, medium and high level, focusing on the complaint problems that require key attention such as owners' repeated access, concentrated complaints, high urgency or involving personal safety, etc. The Group outputs monthly reports for prompting and early warning to the Group leaders, the Group's functional centers and each region, classifies and analyzes key problems, and effectively breaks through the service difficulties. During the Year, customers were mainly concerned about the progress of the application for the property license, the surrounding facilities and the appearance of the project.

3) *Customer Satisfaction Survey*

During the Year, the Group continued to commission third-party organizations to conduct dynamic customer satisfaction surveys throughout the Year to listen to the real needs of the owners and their opinions and suggestions on the Group’s management, and to make continuous improvements based on the survey results.

<p>Method of Survey The research is conducted by a third-party company through telephone interviews on a monthly rolling basis based on when the service occurs.</p> 	<p>Scope of Survey All owners participated in the whole process from signing to post-delivery. The sample frame of owner-occupied households included in the survey is about 200,000, and the sample size of each period meets the statistical confidence requirement, which is roughly 10% of the sample.</p> 
<p>Contents and Dimensions of Survey Overall satisfaction, loyalty, intention to repurchase, intention to recommend, sales service, post-contract communication and service, delivery service, housing quality, rectification and maintenance, housing design, community garden, landscape community, planning and supporting facilities in the park, complaint handling, and more than 100 detailed indicators.</p> 	<p>Results of Survey The evaluation results of each index were outputted monthly based on the actual ratings of the owners and applied to the assessment of the Group and each unit. During the Year, the Group’s overall customer satisfaction score reached 92, which was the highest in the industry.</p> 

4) *Information and Privacy Protection*

The Group attaches great importance to the construction of information security and strictly follows the laws and regulations such as the Law of the People’s Republic of China on Network Security and the Law of the People’s Republic of China on the Protection of Personal Information, formulates and implements internal management requirements such as the “Information Management Regulations”, and clearly defines management regulations in terms of personnel security management, license security management, network security management, computer security management, document security management, information release security management and authorization of information, so as to protect the security of customers’ private information and guard the bridge of trust between enterprises and customers.

The Group requires all employees to sign a company confidentiality agreement when they join the Group, and property consultants are required to sign an additional “Letter of Compliance”, which explicitly requires employees not to disclose the company’s internal management plans, strategies, customer data and pricing information to others. In addition, the Group requires customer files to be managed by dedicated personnel, and if there is a need to view them, they must be approved by the leader with the corresponding authority before they can be checked out; different personnel in different positions have different system privileges, and relevant approval is required to open the system privileges. For violations of the Group’s information security and privacy protection regulations, we will punish the non-compliant units and individuals according to the specific circumstances; in serious cases, we will terminate the labor relations and pursue the financial compensation and legal responsibilities.

5) *Integrity Promotion and Marketing*

The Group strictly abides by the Advertising Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, revises and improves the Group's internal systems such as the Marketing Management System, the Marketing Management Guidance Manual, the Marketing Customer Relationship Brand Management Branch Guidance, the Marketing Evaluation Standards, and the Requirements on Prohibited Words in Promotion and Sales, and clarifies the business red line and responsibility of marketing management. The headquarters of the Group promotes the system to the regions by establishing a database of positive and negative cases and carrying out professional unified examinations. The regions will then transfer training to its cities and projects to promote learning through examinations.

As for advertising, marketing and promotion, the Group strictly implements the Brand Management Measures and other relevant systems, strictly reviews the authenticity and compliance of relevant information and materials, accurately warns customers of potential risks, and avoids releasing false and misleading information to protect customers' right to know, fair trade and other legitimate rights and interests.

In order to implement the principle of responsible marketing, we improved our management in the following aspects during the Year:

Organisational Structure

- The Group's Operation Management Committee was established. Each regional and city company has set up a marketing business decision-making group, which is responsible for approving important marketing matters and special marketing matters within their respective authority; a tender management committee is set up at each level to approve tender matters. Marketing matters such as project pricing, price concessions, deferred payment, contract extension, name change, penalty and interest reduction, etc. are included in the scope of control and are approved at different levels.

Check the evaluation

- All levels of staff carried out the inspection and evaluation of marketing management to strengthen the supervision of the process in accordance with the standards of the system. The marketing department of each region and city company is responsible for the supervision, management and inspection of the marketing business of the projects under its jurisdiction; the Group's marketing center is responsible for conducting spot checks and special inspections on the marketing compliance and sales services of each region and city, and carrying out evaluation of the marketing lines of the operating units.

Platform Optimisation

- Optimising the discount management and marketing business approval functions of EAS sales system to realize the online approval and trace of marketing business; optimising the "Recommend Good House (薦好房)" universal brokerage platform and introduce the face recognition system to strengthen the risk control management of referral business; optimising the commission settlement function to improve the accuracy of commission settlement.

Integrity marketing

- For all marketing contracts over RMB100,000, suppliers are required to sign letter of commitment to integrity and compliance (誠信守法承諾書); homeowner consultants are required to sign the "Integrity and Compliance Pledge" when they join the company, and sign letter of commitment to integrity and compliance (誠信守法承諾書) for each set of properties when they sign the sales and purchase contracts for each set of properties; complaint hotlines, sales prices and discounts are publicly displayed at the sales site in order to sell homes openly and achieve honest marketing.

Third Party Sales Risk Inspection

- The Group standardised the sales risk ranking standards and the third party implements them and conducted sales site risk screening and provides guidance on risk correction, covering a total of 86 projects as of the end of the year.

Compliance Marketing Audit

- During the year, we conducted compliance reviews for seven projects in five regions in terms of sales agents and supplier selection for channel distribution to ensure strict compliance with marketing requirements for each project.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6) *Protecting Customers' Health*

During the COVID-19 pandemic, the Group issued and strictly implemented pandemic prevention related documents such as the Guidelines for Health and Pandemic Prevention of Various Positions in Marketing Centre, standardised the pandemic prevention and control requirements on marketing sites, and effectively protected the health and safety of customers. The preventive measures we adopted include but are not limited to:

- * "Double Without": disinfection without blind corner and service without contact;
- * "Three Ones": one meter distance, one-to-one reception, and one-time supplies are used;
- * Pandemic prevention publicity: Post pandemic prevention formula and reminder signs to enhance customers' protection awareness;
- * Health slogan for on-the-job staff: We set up four modules, namely property consultant, order module, customer service module and cleaning module, in the relevant guidelines and main points of attention in the daily epidemic prevention work, and recommended each project to formulate standards according to the guidelines, conduct inspections and unannounced visits to inspect the implementation of daily epidemic prevention work.



On-site COVID-19 prevention

5. Intellectual Property Rights Protection

The Group attaches great importance to intellectual property management, strictly complies with the Patent Law of the People's Republic of China and other relevant laws and regulations, formulates the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China and internal management regulations such as the Brand Management Guidance Manual and the Legal Affairs Management System, and makes specific provisions on intellectual property management, and clearly defines the responsibilities and processes of application for, and management of intellectual property and infringement handling. The brand centre of the Group is responsible for the registration of trademarks, the administration centre is responsible for the registration of business names, the information process centre is responsible for the registration of information-related patents, proprietary technologies and domain names, the R&D centre is responsible for the application and registration of patents and copyrights related to the products and the legal department is responsible for the legal protection of registered intellectual property rights to jointly safeguard the Group's intellectual property rights.

The Group continuously optimises and improves the intellectual property risk management system, requiring all units to establish intellectual property risk awareness in daily work, and continuously enhances the concept of intellectual property risk prevention. In the course of business and external publicity, the Company will make proper intellectual property risk alert, strictly control the copyright ownership of the materials used (including but not limited to graphics, word contents, fonts, music, videos and brand IP, etc.). The use of materials without copyright or unknown ownership is prohibited and the Group emphasises the use of contracted text with intellectual property liability clauses in order to avoid infringement of rights. All units in the Group set up software licensing fund and formulate a legitimate procurement plan. Software licensing fees have been incorporated in our annual budgets, and the Group's information department monitors the use of software by its subordinate enterprises on a daily basis through technical means.

VI. OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION

The Group has always been committed to creating an open and fair working environment, implementing the basic responsibilities and obligations of integrity, focusing on construction of integrity system, and building a sunshine culture to improve the corporate governance efficiency; building a platform for honest and fair cooperation, building a sustainable supply chain, and striving to achieve mutual benefit and win-win with partners.

1. Anti-corruption

The Group complies with the Supervision Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other laws and regulations, attaches great importance to and solidly promotes anti-corruption work, and strictly implements internal systems such as the Several Provisions on Employees' Integrity and Self-discipline and the Responsibility System for Party Building and Party Integrity Construction to create a clean and positive working atmosphere.

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In order to implement the comprehensive and strict governance of the Party and strengthen the integrity construction, the Group has restricted the power of all parties by signing integrity documents with partners, subordinate units, employees and other parties. In the event that any illegal acts such as fraud and bribery involving money and power are found in the work, the Group will take serious measures in accordance with relevant regulations to ensure healthy and stable internal operations:

- Requiring partners and customers to sign integrity commitment letters or notification letters in various fields, disclosing reporting and feedback channels, and establishing relevant internal supervision and inspection mechanisms;
- Signing the Letter of Responsibility for Integrity Construction with first-level units and directly-managed companies; first-level units and directly-managed companies signed the Responsibility Letter for Integrity Construction with their subordinate units to achieve the supervision over and implementation at all levels;
- Employees at all levels have signed the Integrity and Self-discipline Commitment to further clarify the basic requirements of integrity and self-discipline in daily work and strengthen employees' awareness of integrity.

The Group has set up anonymous reporting mailboxes and other whistleblowing measures. The identity of complainants and contents of complaints are kept in confidence and the informed scope of reported incidents are strictly controlled. Upon receipt of a report, the Group will conduct serious investigation in accordance with the requirements of the relevant internal system and differentiate the nature and severity of the incident. For serious cases, the Group will impose corresponding penalties and reserve the right to pursue relevant legal liabilities. During the Year, there was no legal case regarding corruption brought against the Group or its employees.

In order to strengthen the construction of integrity culture, the Group organised directors and employees to systematically learn theoretical knowledge through various forms such as special training on integrity and self-discipline, watching educational videos on integrity, organising visits to integrity culture exhibitions, and distributed articles on "Integrity Tips" from time to time through public accounts, and printed more books such as "Integrity and Self-discipline Practice Manual" to continuously broaden integrity education channels and further improve employees' awareness of integrity. During the Year, the Group carried out integrity education as follows:

Classification	Number of trainings	Number of participants	Total training hours
Directors	9	6	54
Employees	148	7,800	9,148
Total	157	7,806	9,202

Case Sharing: Integrity and Self-discipline Training

In April 2021, the Discipline Inspection Committee of the Group organized a special training on integrity and self-discipline for new project managers and managers of city companies. With the theme of "mis-zone, bottom line and integrity", the training was specially taught by the deputy secretary of the Party Committee and the secretary of the Discipline Inspection Commission of the Group. The content mainly involves the Company's integrity requirements and external party discipline laws. This training strengthened the Group's bottom line requirements for integrity and self-discipline, and enhanced the cadres' awareness of integrity.

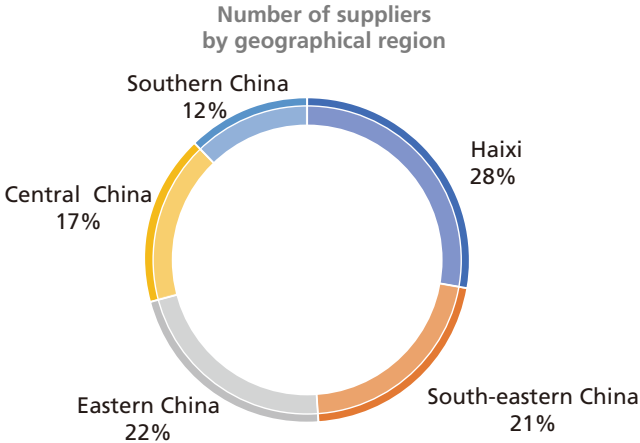


Training site of "Mis-zone, Bottom Line and Integrity"

In addition, the Group continuously strengthens the education and management of employees' ideology, and clarifies the basic requirements of "Ten Requirements" and "Ten No" of employees. For example, employees are required to be clean and honest with integrity, scrupulous in separating public from private interests, and to deal with good business relations; employees are required not to falsify and use their positions for private benefits, so as to further strengthen the integrity and create a good working atmosphere. On the eve of important festivals, the Group's Discipline Inspection Commission reiterated the requirements of "Eight Regulations" and "Ten Prohibitions", requiring all leading cadres and employees to be of integrity during the festivals.

2. Supply Chain Management

The Group strictly abides by the Bidding Law of the People’s Republic of China, the Government Procurement Law of the People’s Republic of China and other relevant laws and regulations, and earnestly implements internal systems such as the Bidding Management System and the Cost Management System to provide suppliers with a platform for fair competition, jointly fulfill social responsibilities and achieve win-win cooperation. In 2021, the Group had a total of 153 suppliers.



Note: Supplier data includes civil engineering general contracting and decoration suppliers.

The Group recruits suppliers through open tender, invitation for tender, price inquiry and direct engagement, and sets up tender management committee at all levels of the Group, regional companies and city companies to ensure the fairness and openness of recruitment. The specific supplier recruitment process is shown in the following diagram:



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

Qualification review

- In order to strictly implement the relevant spirit of “Ten Prohibitions” in the field of bidding and tendering in Xiamen, the Group has not set up a supplier database, and all suppliers who have signed up for bidding are subject to qualification review at the bidding stage;
- The Group specifies the qualification requirements for suppliers in the bidding documents, and publishes the bidding documents containing the basis for such review to the public to strictly review the relevant qualifications of suppliers.

Supplier evaluation and control

- We have established a supplier restraint mechanism and a “blacklist” system. The project general manager evaluates suppliers on a monthly basis. The evaluation dimensions include engineering dimension (engineering quality, safety production, civilized construction, construction progress), warranty dimension (warranty period, rectification completion rate, maintenance satisfaction), cooperation dimension (on-site management, cost cooperation, design cooperation) and other special matters;
- Once a supplier is found to be accompanied by bid rigging, falsification, or major quality accidents and complaints due to its own reasons, the Group will investigate the legal responsibilities of the relevant responsible person and include it in the supplier blacklist.

At the same time, in order to further strengthen the process control over suppliers, the Group continued to adopt the method of unannounced third-party inspection to conduct unannounced inspection on suppliers from multiple dimensions such as construction quality, protective measures for finished products, safe and civilized construction. After the inspection, we ranked the inspection results, and focused on the problems found during the inspection process, then incorporated with inspection report by third parties and required rectification by suppliers in a timely manner.

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In addition to paying attention to the fair and impartial recruitment of suppliers, the Group also pays close attention to the performance of the environmental and social responsibilities of the supply chain in all aspects of supplier selection and assessment, and follows up and evaluates suppliers from the aspects of quality, environmental protection, labour rights protection, and integrity construction, gives priority to high-quality and environmentally friendly suppliers, and eliminates unqualified suppliers with high environmental and social risks. We actively promote the Group's ESG management concept to suppliers to promote the sustainable development of the supply chain. The specific control measures are as follows:

Supply chain with integrity and transparency

- Cooperation with suppliers of value over RMB100,000 must sign a letter of commitment to integrity and compliance, procurement staff shall not receive any rebates and handling fees;
- Adopting a supervisory account for the project to strictly control the flow of each project progress payment, so that workers' wages and material payments are dedicated for exclusive use.

Guarding occupational health and safety

- The construction unit is required to apply for life insurance and all insurance of the project for its own personnel and third party personnel in the construction work and construction site before the commencement of the project.

Protection of labour rights and interests

- Establishing a coordination mechanism to ensure the payment of farmers' wages and a mechanism to prevent wage defaults, urge the main construction contractor to strengthen labour management and properly handle conflicts and disputes related to the payment of farmers' wages.

Strict control of material quality

- For the materials on the construction site, the supervisor and the project department will conduct sampling and inspection on the incoming materials, regulate the various links of material incoming, reporting and acceptance, and correct the problems in the process in time.

Environmental safety and security

- The supplier shall provide solutions for on-site safety, civilization and environmental management, as well as product certification and inspection reports, with priority given to suppliers certified to ISO 9001 quality management system, ISO 14001 environmental management system and ISO 4500 occupational health system;
- The Group has been actively promoting green procurement and continuously improving the environmental standards for material procurement.

VII. NURTURE TALENTS WITH SINCERITY

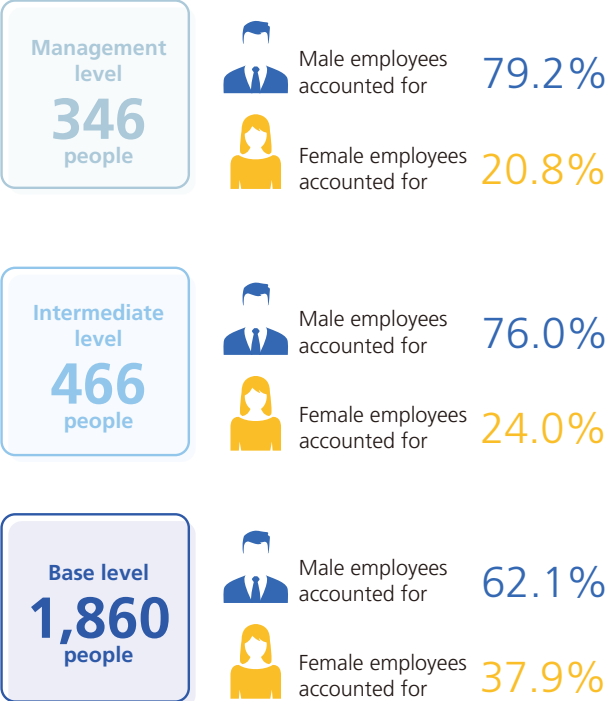
The Group always adheres to the original aspiration of achieving mutual success with employees, continuously improves the construction of human resources management system, establishes and improves the training system and assessment and promotion mechanism, and is committed to creating a fair and inclusive employment atmosphere, a broad career development platform and a safe and healthy working environment for employees, so as to encourage employees to grow independently and realise their value.

As at 31 December 2021, the total number of full-time employees of the Group was 2,672. The gender, employment type, age group and region of employees are as follows:

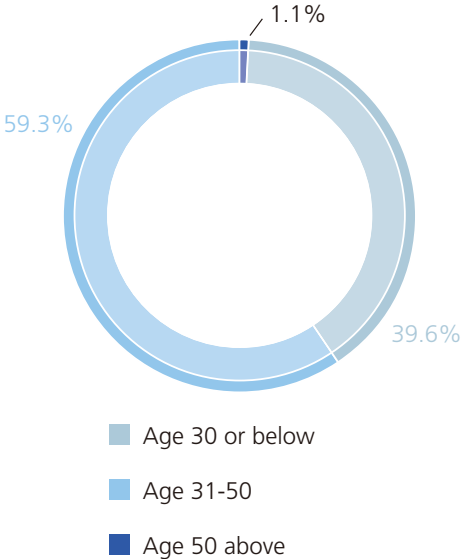
Statistics of employees by gender



Statistics of employees by employee category and gender



Statistics of employees by age



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Statistics of employees by region

Geographical segments	Province	Number of employees (person)
Mainland China	Fujian Province	984
	Shanghai	140
	Jiangsu Province	470
	Zhejiang Province	126
	Hunan Province	259
	Sichuan Province	30
	Hubei Province	48
	Guangdong Province	235
	Guangxi Province	194
	Guizhou Province	36
	Anhui Province	15
	Jiangxi Province	71
	Shandong Province	44
	Beijing	18
Hong Kong, Macau, Taiwan and overseas	Hong Kong	2

1. Employment and Rights Management

The Group strictly abides by the Labour Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, the Provisions on Minimum Wages and other laws and regulations, and has formulated and implemented the Human Resources Management System, the Human Resources Management Guidance Manual and other regulations related to employee recruitment and employment, employee dismissal and resignation management, labour contract management, compensation and benefits management, performance management, overtime management, diversified and equal employment, etc. Through multiple channels, the Group introduces outstanding talents to protect the legitimate rights and interests of employees in employment, promotion and other aspects, and establishes a talent team suitable for corporate strategies.

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The Group always adheres to the employment principle of “suitable positions for qualified employees” and “recruiting talents and avoiding recruitment of persons with specific family relationships, actively carries out team introduction and talent cooperation projects through school-enterprise cooperation, campus recruitment and social recruitment, broadens external talent resources, innovates the talent cooperation mechanism, and explores the construction of the Group’s diversified talent pool.

- School-Enterprise Cooperation**
 - Cooperation with Fuzhou University, Southeast University and other universities to establish internship bases, industry-academic research bases, etc. to promote students’ early contact with enterprises and join the growth of young talents.
- Campus Recruitment**
 - Operating a number of school recruitment brands, including “Banner Student” and “Sales Banner Student” for fresh graduates, and the “Build Student” brand (summer internship) for current students, to meet the diverse needs of young talents for different business segments and positions.
- Social Recruitment**
 - Formulating social recruitment principles such as internal before external, avoidance of relatives, and matching of ability and position, and clarifying the recruitment execution and approval procedures for key positions, and each operating unit and subsidiary company performs normalized recruitment according to these principles to continuously bring in outstanding talents from various industries.

The Group strictly implements the internal system related to recruitment, clearly states the requirements, procedures and specifications of recruitment, and ensures that the recruitment process is fair, open and impartial, so as to protect the legitimate rights and interests of employees in equal employment. We strictly require that no information on gender, ethnicity and physical health for posts shall be disclosed in recruitment advertisement to avoid employment discrimination.

In the recruitment process, the Group strictly reviews the age of candidates through documents such as identity cards and academic certificates. Employees can only be employed after approval by cadres at all levels. The Group prohibits the employment of child labour and other illegal acts. If it is found that the identity of the candidates is not true, the age is not consistent or forced labour is found, the Group will carry out corresponding investigations in a timely manner, implement internal rectification, and hold the relevant personnel accountable. We adhere to the principle of mutual voluntariness to sign employment contracts or agreements with employees, and fully and accurately specify the employment location, time, labour remuneration, overtime-related regulations and other information to avoid forced labour. In 2021, the Group did not identify any employment of child or forced labour.

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With reference to the market remuneration level, the Group provides employees with fair and competitive remuneration packages, and provides multi-level and diversified benefits and protections, including performance bonus, statutory benefits and paid annual leave, rental subsidy, transportation subsidy, heatstroke prevention and cooling fees and other corporate benefits. Performance salary and bonus are distributed based on the actual performance of employees to ensure that employees' remuneration matches their capabilities and performance, so as to motivate employees to take the initiative, promote employees to continuously create value for the Group, and effectively attract and retain outstanding talents.

The Group attaches great importance to team stability, collects monthly employee turnover statistics, and tracks employees' actual needs and thoughts. Department heads and human resources officers shall communicate with employees who have intentions to resign to understand their causes and strive to provide effective solutions, such as retaining key talents through internal transfer and other means, and improving the retention rate of high-performance and high-potential talents. If the employee is confirmed to resign, the Group will assist the employee to complete termination procedures such as job handover and transfer of household register in accordance with the internal Administrative Measures on Human Resources Management. A certificate of release (termination) of labour contract shall be issued, and official released notice, filing and transfer of social security funds shall be completed according to laws when the employee duly resigned.

During the Year, the turnover rate of the Group's male employees was 13.7%, and the turnover rate of female employees was 14.7%. The turnover rate of employees aged 30 or below was 16.2%, the turnover rate of employees aged 31 to 50 was 12.8%, and the turnover rate of employees aged over 50 was 10.0%. The turnover rate of employees in Mainland China was 14.1%, and there was no employee turnover in Hong Kong, Macau, Taiwan and overseas.

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2. Training and Development

The Group attaches great importance to the growth and development of employees, formulates and implements internal systems such as the Training Management Measures, establishes and improves the talent training system, implements various key training projects, explores innovative training tools and platforms, and realises a virtuous cycle of personal growth of employees and development of the enterprise.

In 2021, the Group conducted a total of 87,143.7 hours of internal training, with a total of 2,654 participants. The specific training details are as follows:

Employee category		Percentage of employees trained (%)	Average hours of trainings received per person (hour)
By gender	Male	99.38%	35.68
	Female	99.21%	26.47
By employment type	Base level	99.52%	30.93
	Intermediate level	99.57%	35.63
	Management level	97.98%	37.59

During the Year, the Group continued to implement its internal talent pool chain “3-1-5-2”, which included 3 skills (i.e. leadership, professionalism and general skills), 1 program (i.e. special training project for young reserve echelon), 5 systems (i.e. curriculum system, tutor/mentor system, operation system, qualification and evaluation system and intellectual operation system) and 2 platforms (i.e. online learning and examination platform and training base, hardware infrastructure), to create its talent nurturing system.

Meanwhile, the Group further improved the training assessment mechanism and set up post-training examination procedures to enhance employees' awareness and attention to training and effectively improve the quality of training. At the same time, we have established a training and examination mechanism, and required units with a training pass rate of less than 50% to re-organise learning to strengthen supervision over learning and implementation at work, so as to achieve "promoting learning through examinations and promoting use by learning".

The launch of key training programmes under the Group's internal talent pool chain during the year is set out as below:

Special training for new employees

In order to enhance new employees' understanding and application of the Group's corporate culture and business standards, the Group continued to carry out pre-job training for new employees recruited from the social community in 2021. New employees are required to participate in general courses and professional course training within one week of joining the Group, to complete the study of job requirements, and they can only officially take office after passing the examination. New employees are required to complete professional system operation training and the training organised by the first-level business unit within one month of joining the Group, and can only be retained after passing the examination. In addition, we organised new employees to participate in the open day of the functional centre, including face-to-face communication, corporate culture tour, and a sharing meeting, which effectively strengthened the recruitment and adaptation of new employees.

General Course Training
Corporate culture, products, general system and system operation for all employees, etc.

Professional Course Training
System, standards and red line bottom line requirements for new employees

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Photo of the 2021 training for socially recruited employees

In addition, in order to accelerate the reserve of integrated management cadres and technical backbones of the Company, the Group continued to promote the flagship construction plan for management trainees during the Year. On one hand, the Group focused on the necessary knowledge of the Company's systems, processes, operational requirements and other positions to accelerate the adaptation of trainees to their positions; on the other hand, the Group on common areas such as corporate culture and brand concept, the Company has accelerated the understanding of trainees on overall situation and culture by sharing with senior management and project visits. During the Year, the accumulated training hours of the Qijian Programme reached 3,778 hours.



Photo of the 2021 Qijian Programme

Leadership training

In order to improve the management ability of middle and senior cadres and cultivate a group of cadres who understand operation and management, the Group conducts leadership training for management cadres at all levels and reserve cadres of reserve echelon. In 2021, the Group launched special training for the general manager of new cities and new projects based on the current situation of the Company, focused on the systematic training and improvement of middle and senior cadres, sorted out the pre-job learning content of new cadres, and helped new cadres quickly adapt to their posts. In addition, considering the business development needs and the current situation of the cadre team, in order to broaden the business thinking and management vision of the Group's management cadres, we have organised special trainings for middle and senior cadres such as "Huawei Cross-border Learning (Phase 4)", "Organisation Capability Yang Triangle" and "Building a High Performance Team" to accelerate the improvement of cadres' ability.

Case sharing: Total training for new projects in 2021 to improve overall quality and management capability

In 2021, the Group launched a new project master training in Xiamen. This training class is divided into two phases: March and April. The first phase is in the form of internal lectures, project observation and other forms, focusing on the overall positioning and requirements of the project, the key points of full-cycle operation, as well as the overall balance, engineering and marketing cases; The second phase focuses on corporate culture, integrity and self-discipline, as well as management points such as brand, operation and cost, and improves the overall quality and ability of new projects in various aspects.



Photo of training for new projects

Case sharing: "Huawei Cross-border Learning (Phase 4)"

In May 2021, the Group held a 3-day "Huawei Cross-border Learning (Phase 4)" training at Fuzhou Yongtai. Based on the strategy implementation module in the BLM-business leading model, the lecturer explained in detail about Huawei's management system and best practices in terms of corporate culture, strategy decoding, performance management and business transformation. The training was highly recognized by the trainees, with a satisfaction score of 9.6 out of 10.



Photo of "Huawei Cross-border Learning (Phase 4)" Training

Professional skills training

The Group conducts professional skills training focusing on the cultivation and improvement of key personnel of various business segments and various professional sequences. In 2021, we launched special training courses on marketing, design, engineering, development, finance, human resources and administration, etc., to achieve training goals through professional lectures, seminars and exchanges, and subject tasks.

Case sharing: 2021 Project Improvement Class to accelerate employees' quick job adaptation

In May 2021, in order to help key employees of the engineering line to quickly adapt to their positions, master work standards, and clarify delivery management requirements and standards, the Group focused on the management requirements of corporate culture, engineering quality, civil engineering, fine decoration, smart engineering, customer complaints and other management requirements and on-site cases of projects, and carried out a project improvement class for the project manager, the project general manager and the first person responsible for the new project in 2021 through centralized lectures and symposiums. During the Year, a total of 7,240 hours of training were completed, with an average satisfaction score of 9.8 out of 10.



Group Photo for 2021 Project Improvement Class

Case Sharing: Finance Enhancement Class 2021 to enhance the professional capability of staff

In June 2021, in order to achieve the training target of “professional competence of finance managers”, the Group organized the leaders of finance departments of each unit to attend a finance enhancement class. Through concentrated lectures, project visits and knowledge competitions, we helped trainees deepen their understanding of the company’s culture, work standards and work requirements, and effectively enhanced their professional abilities. The training was well received with an average satisfaction score of 9.8 out of 10.



Group Photo for 2021 Financial Improvement Class

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General skills training

By carrying out general skills training, the Group added corporate culture courses, activities, competitions and other contents to the training programmes, so as to accelerate and deepen employees' understanding and integration of the Company's corporate culture. During the Year, 11 training sessions for general skills were held, covering nearly 1,000 participants, with a total of 1,331 training hours and an average satisfaction score of 9.4 (full score of 10).

In addition, the Group is committed to building a high-quality internal trainer team, encouraging employees to regularly share, learn and communicate internally, and improving the teaching ability of internal trainers through professional skills training of internal trainers, so as to stimulate the vitality and potential of the internal training mechanism.

Case sharing: Training for Trainers in 2021 to Improve Teaching Skills

In order to improve the professional skills of internal trainers and promote the integration and exchange between the internal trainer team, on 10 September 2021, the Group held a themed salon sharing activity for internal trainers. The first part of the event was an exchange session, where internal trainers shared their feelings and gains on specific teaching topics; part II is teaching and sharing, and external teachers are invited to give lectures on standards, systems, problems and tasks. The exchange activity solved the difficulties and confusion of internal trainers, improved the teaching skills and presentation methods of internal trainers, and effectively strengthened the sense of honor of the team of internal trainers.



Group Photo of Training for Trainers in 2021

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As for training forms, in order to improve the training efficiency of employees and better achieve the training objectives, we explored innovative training forms this year, integrated games and animation into the training process, and improved the fun and participation of training. Among them, in the fourth session of the Open Day Training of the Functional Centre, the Group integrated game barriers into all aspects of training and communication:

- Replaced the original corporate culture courses with the game development sessions with cultural themes. Through the introduction of corporate culture clue cards, stage task cards, "Digital Castle" games, team puzzles and other forms in the expansion activities, the soft introduction of corporate culture not only enhanced the fun but also strengthened the cultural identity of new employees;
- Set up a corporate culture tour for team tasks to break through, so that trainees can become "quality experience officers", actively consider the highlights and shortcomings of the project to be visited, and complete the check-in tasks with the team, which not only improves the tour harvest but also promotes team integration;
- In the cultural integration sharing session, the Company set up the form of collision and exchange of "new C&D vs. old C&D", so that trainees can have a more comprehensive understanding of the corporate culture, and the whole training was successfully completed with moving and integration.



Game breakthrough training assessment

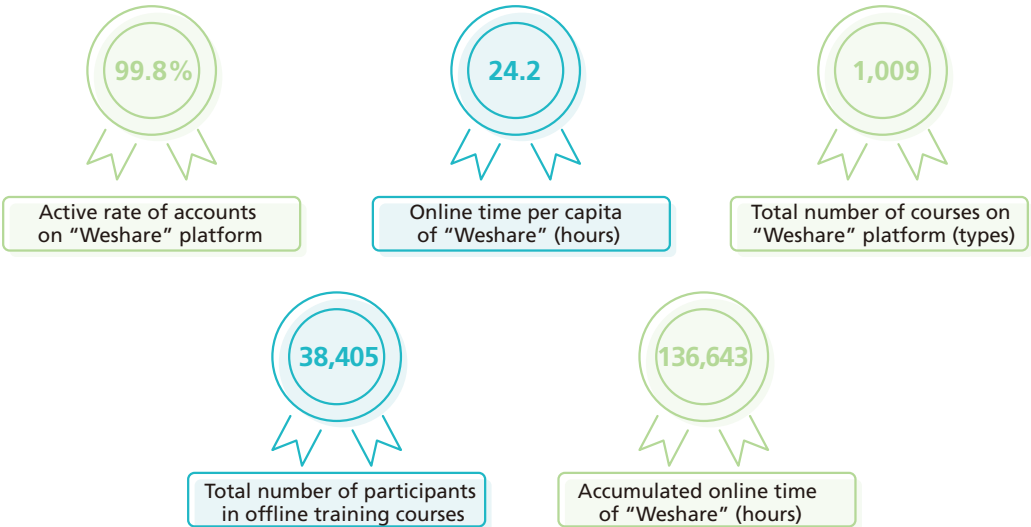
Case sharing: Identification of potential safety hazards and improvement of training quality

In 2021, in order to help employees deepen their understanding and mastery of safety hazards screening standards such as hoisting operations, the Group integrated a large number of positive and negative cases into the system standard manual, and broke through the traditional text or PPT courseware, which was vividly presented in the form of animation, to increase fun while promoting and implementing the Group’s standards. This measure effectively improves the efficiency of employee training and helps employees better understand and clarify the standard requirements.



Animation of Lifting Operation Training

In 2021, the Group continued to improve the construction of the online learning platform of “Zhangjianshi” (掌建識), established and improved the question database, and opened up the practice, feedback and other functions for all employees. At present, various functions of the learning platform of “Zhangjianshi” have been basically improved, including program centre, professional section, question database, practice management, learning map, topic circle, etc. During the Year, the operation of the online learning platform of “Zhangjianshi” was as follows:



3. Appraisals and Promotion

The Group has always been committed to creating a broad career development platform for employees. It selects and promotes outstanding talents based on the principles of openness, fairness and justice to stimulate the potential of talents.

As for performance appraisal, we strictly comply with the relevant requirements in the “Human Resources Management System”, and the results of the performance appraisal served as an important basis for evaluation and appreciation, position appointment, salary adjustment and subsequent training. At the same time, the Group sorted out backup managers with cultivation potential at various levels and in various professional fields through performance appraisal and inventory of orientation personnel, and the Group’s human resources centre and the employing unit will jointly pay attention to their development and evaluate them through various forms such as performance appraisal, training and debate, and internal competition appraisal to fully explore talents and provide them with development opportunities.

In addition, we continued to improve the construction of the online platform for performance appraisal, and realised the online operation of performance indicator database management, target decomposition and plan formulation, assessment rules setting, employee self-evaluation and superior evaluation, performance results and feedback inquiry, effectively promoting the information-based transformation of performance appraisal work.

As for the promotion of employees, the Group has established a value distribution mechanism with more pay for more work, and boldly promotes the employees with strong capabilities and potential to accelerate the growth of outstanding employees. The Group has set up a dual career development system of “management” and “professional” to provide all employees with broader development space. We implemented a post appointment system, which in principle made appointment once a year, and provided promotion opportunities for employees by combining their performance in the previous year and the needs of the Company. At the same time, the Group adopted a self-recommendation mechanism for internal competition and required each unit to support employees to participate in internal competition, and conducted investigation on the candidates according to the principle of “main focus on job suitability and development potential”, so as to provide a fast promotion platform for outstanding talents.

4. Health and Safety

The Group attaches great importance to the safety of employees and strictly complies with laws and regulations such as the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases. Against the backdrop of the normalisation of the COVID-19 pandemic, the Group actively adopts epidemic prevention measures and is committed to creating a healthy, safe and comfortable working environment for employees. In each of the past three years (including the Year), the Group did not have any work-related fatalities. During the Year, the Group’s lost time due to work injury was 0.

1) Normalised epidemic prevention and control

In 2021, against the backdrop of the gradual normalisation of COVID-19 prevention and control, the Group actively cooperated with relevant national and local policies, and implemented various epidemic prevention measures in an orderly manner to ensure the normal operation of business and effectively protect the health and safety of employees.

Protective equipment
We provided all employees with anti-epidemic materials such as disinfection alcohol, disinfection wipes, hand sanitizers, masks, etc., and sent them to their working places to warm and healthy.

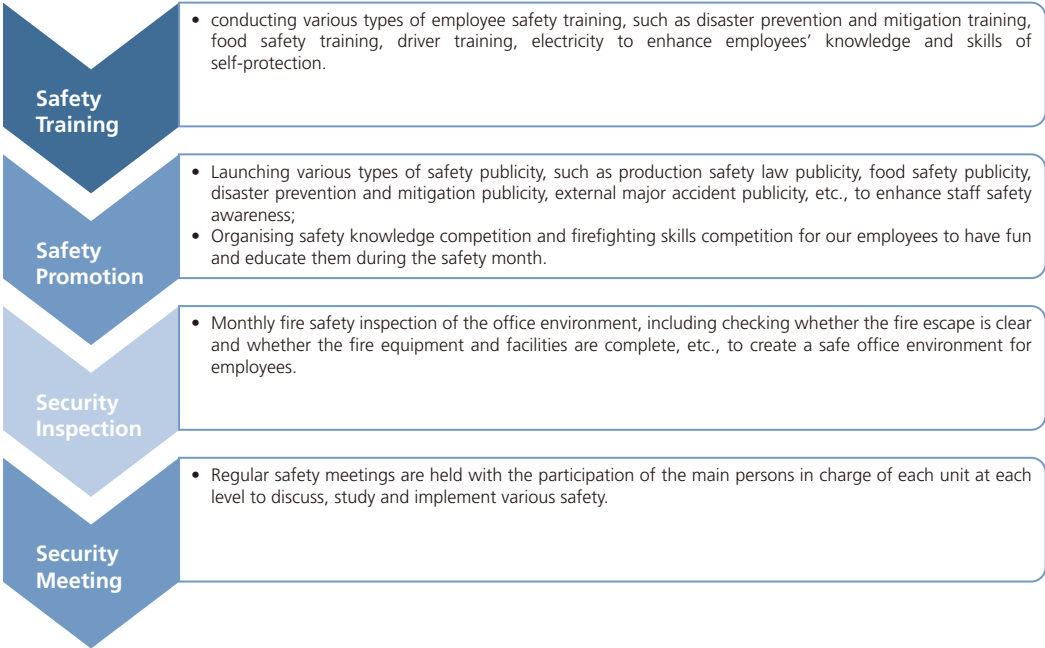
Safe dining
The canteen is equipped with partition boards to avoid gathering and dining through queuing interval reminders.

Pandemic prevention publicity
We actively carried out various anti-epidemic publicity campaigns, such as tips on the prevention of COVID-19 and tips on wearing masks, to strengthen employees’ awareness of epidemic prevention.

Temperature measurement and disinfection
Strict temperature measurement and registration are carried out for all personnel entering and leaving the office, and the cleaning and disinfection work of the office is strictly implemented to completely eliminate hidden dangers.

2) *Protection of occupational health and safety*

The Group attaches great importance to the occupational health and safety of employees, clearly defines the safety management responsibilities and authorities of each unit, actively carries out safety training, safety publicity, safety inspection and safety meetings, strictly prevents the occurrence of safety accidents, and makes every effort to create a safe and healthy working environment for employees.



Case sharing: Safety officer training to improve safety management

In 2021, the Group organized safety training for key safety officers and safety management personnel, covering safety laws and regulations, safety production responsibilities, safety behaviors, safety management and safety system. The training has improved the legal awareness and management level of safety production of the management personnel, which is conducive to improving the safety production awareness and safety operation skills of employees, and effectively preventing and reducing accidents.



Safety management personnel training in 2021

5. Employee Care

The Group actively advocates work-life balance and encourages employees to “work happily and live healthily”. In 2021, we actively responded to the “basic needs” and “potential needs” of employees. Through a good care mechanism, we paid attention to the well-being of employees, effectively strengthened team cohesiveness and ability to work, and enhanced employees’ happiness.

Establishing a double sympathy principle

- For the Group’s employees and their immediate family members in case of major changes, double sympathy will be made by the employee’s level and the higher level simultaneously to increase the care and concern for the Group’s employees.

Consolation for expatriate employees

- Each unit issues Chinese New Year condolences to the families of expatriate employees during the Spring Festival, and visits families in Xiamen one by one to console them.
- Sending birthday celebration messages to expatriate employees employed by the Group on their birthdays.

Consolation for female employees

- In March, the “Women’s Employee Care Month” was held under the theme of “wǒ men” to convey the power of women, combining activities such as welfare payments, greenery and handicrafts to send good wishes to female employees.

Family Caring Activities

- On June 1, we launched a series of family-themed activities, such as organizing family portraits, family autumn trips, writing triplet poems for employees, to express our gratitude to our supportive family members in a variety of ways.

Holiday Caring Activities

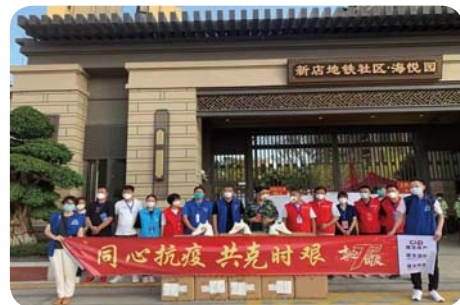
- With the theme of “I want to work together” on May 1 Labour Day, we give thanks to those who work hard and pay tribute to those who stand firm, and do a good job of logistical support for front-line employees during May 1;
- On the occasion of the 100th anniversary of the founding of the Party, we organized red-themed celebration activities, and organized the team to learn the history of the Party and pass on the spirit of struggle together;
- With the theme of “Work hard together” on the National Day, we fully cared for the frontline employees while doing a good job in fighting and preventing the epidemic, and sent heartfelt greetings to our partners who were standing in the frontline of fighting the epidemic and standing in their positions.

Sports and Cultural Activities

- The Group continued to carry out rich sports and cultural activities, such as national fitness activities, to encourage employees to relax after work, to strengthen their bodies and minds, to further enhance team cohesion and combat power, and to enhance their sense of belonging.



Family care activities



National Day — Visiting front-line employees

Case sharing: Carrying out the theme activity of the 100th anniversary of the founding of the Party and extensively learning the history of the Party

In 2021, the Party League at all levels of the Group organized a series of activities for the 100th anniversary of the founding of the Party, such as the online and offline calligraphy and painting work exhibition themed on “Children’s Heart to the Party”, the “Red City Affairs” column themed on “Hearing and Building Electronic Station” and the “One Thousand People’s Movie-watching” activity. Employees from various departments extensively studied the history of the Party, creating a positive and hard-working team atmosphere.



The 100th anniversary of the founding of the Party

Case sharing: Carrying out national fitness activities to enrich employees’ spare time

The Group actively responded to and fully implemented the national strategy of national fitness, and organized the 2021 “National Fitness, Health and Fun” activity. In combination with the national fitness theme, each unit carried out various forms of sports such as parent-child sports games, curling, jogging and games to increase the fun of activities, promote communication among employees, and achieve cross-regional and cross-sector integration. Including:

- A total of 85 events were held in the five competitions of the third sports training, with more than 9,300 participants;
- The fourth “light-badminton” badminton match was held in 11 sessions, covering 18 subordinate units.



National Fitness Activities

6. Communication and exchange

The Group has always advocated a simple and fair corporate culture, and is committed to establishing a humanised and diversified communication platform for employees, encouraging employees to actively put forward opinions and feedback, and promoting the positive progress of internal management. The Group collects and listens to employees' opinions through the following ways:

- Cadre evaluation and Communication Mechanism**
 - Regularly hold 360° appraisal and evaluation of management cadres, collect employees' evaluation and suggestions on their units, teams and cadres, and organize interviews with management cadres and no less than 30% of employees to strengthen the communication between management and employees.
- Communication mechanism for the management of new employees during the probationary period**
 - In addition to setting up mentors for new employees to provide counseling and communication, a "1-3-6" probationary period interview mechanism is established, whereby employees, mentors and supervisors are organized to communicate and give feedback during the first, third and sixth months of employment, focusing on work, mentality, suggestions and other aspects of communication.
- Senior Management Interviews**
 - After 3 months of employment, the staff will have an interview with the general manager to understand the development of front-line work and the adaptation of the staff. Meanwhile, we organize face-to-face communication between cadre staff and management to promote team integration.
- Working Meeting Mechanism**
 - The Group has a mechanism of regular/non-regular working meetings, in which the management and employees are arranged to participate depending on the topics, including on-site face-to-face meetings, video conferences, WeChat group meetings and other interactive communication methods.
- Interviews and Ideas Dynamic Research**
 - The Group conducted interviews and satisfaction surveys with young employees from time to time to understand their thought dynamics and suggestions to the Company.
- Cadre evaluation and Communication Mechanism**
 - The Group has set up a mechanism of seminars and exchanges for different groups and teams, such as the exchange of new and old management trainees, and the exchange and integration activities for new employees.

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During the Year, we continued to conduct surveys on employees' thoughts, satisfaction, etc., and conducted interviews with more than 1,000 cadres and employees at all levels to understand the team atmosphere, work pressure, training channels, etc.; at the same time, we conducted a wide range of logistics support satisfaction surveys to understand employee care, canteen security, vehicle security, etc., and issued more than 3,000 questionnaires in total, with an effective questionnaire recovery rate of more than 80%. According to the survey results, the overall satisfaction of the Group's employees was high. Among them, the overall integration of new employees was good. After joining the Group, they received professional training and guidance from mentors and colleagues, and were able to meet the job requirements within a short period of time. The opinions and suggestions of employees collected in the survey provided an effective reference for the Group to improve the overall logistics support standard in a refined, scientific and humanised manner.

In addition, during the annual workers' congress, 100 staff representatives of the Group's operating units assisted in collecting more than 140 opinions from the majority of employees. After summarizing and sorting, we gave feedback to employees on a total of 48 questions, including employees' training, logistics support, system process, remuneration and benefits. Among them, reasonable suggestions involving information process optimisation and logistics support have been adopted by the Group.

VIII. ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION

The Group strictly abides by the Environmental Protection Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Water Pollution, the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution and other laws and regulations, takes various measures to improve the efficiency of resource use in daily office and business operations, strives to carry out research, promotion and application of green buildings, continuously pays attention to the risks and opportunities brought by climate change to the business, and actively fulfills the environmental responsibility of corporate sustainable development.

In order to implement the green and low-carbon operation concept and strengthen the tracking and control of environmental management benefits, the Group has formulated three major green development goals, namely energy conservation and emission reduction, water conservation and waste reduction, and formulated action plans from three dimensions, namely green office operation, green construction and green building, to promote the achievement of the goals.



Energy Conservation and Emission Reduction Targets

Actively implement energy conservation and consumption reduction measures to improve energy efficiency and reduce carbon emissions.



Water Saving Targets

Actively strengthen the awareness of water conservation among stakeholders and improve the efficiency of water use.



Waste Reduction Targets

Actively implement waste classification and promote waste reduction, recycling and harmlessness.

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1. Green Operation

During the Year, in order to further strengthen the effective management and control of resource and energy consumption in office operations, the Group established an office environment optimisation team, formulated and implemented the “Office Environment Optimisation and Energy Conservation Plan”, conducted daily operation management based on the principles of green office and energy conservation, integrated the concept of environmental protection into daily operations, and promoted the green development of the enterprise. Our resource conservation measures include but are not limited to:

Saving office resources	<ul style="list-style-type: none"> Promote paperless office, control the number of printing, and add recycled paper baskets in the printing area to encourage secondary paper use;
	<ul style="list-style-type: none"> Improve the efficiency of the use of office supplies and purchase on demand to reduce unnecessary waste.
Saving water and electricity	<ul style="list-style-type: none"> Adjust the time of turning on and off the lighting and power sources in public areas, meeting rooms and other offices in a timely manner, and remind employees to turn off the electrical equipment in the office area after work;
	<ul style="list-style-type: none"> Put up signs such as “Saving Electricity” and “Saving Water” to raise employees’ awareness of saving water and electricity.
Waste management	<ul style="list-style-type: none"> Strictly implement the Measures on Further Strengthening Waste Classification issued by the Xiamen Municipal Office, and do a good job in waste classification in the office area;
	<ul style="list-style-type: none"> Scientific allocation of waste classification management stations to form a long-term mechanism and promote the development of habits;
	<ul style="list-style-type: none"> Set up special lunch boxes and waste mask recycling bins.
Green travel	<ul style="list-style-type: none"> Advocate employees to take public transportation;
	<ul style="list-style-type: none"> Advocate online meetings to reduce unnecessary travel;
	<ul style="list-style-type: none"> Standardise the application process of official vehicles and strictly control the frequency of use of official vehicles.
Green Marketing	<ul style="list-style-type: none"> Reduce the use of paper marketing materials and advocate paperless marketing;
	<ul style="list-style-type: none"> Exploring and developing permanent sales office to realise reuse of equipment in order to reduce waste of resources.



Adding recycled paper baskets



Adding waste separation bins and posting promotional signs

Case sharing: Promoting the electronic launch system and responding to green and low-carbon marketing

During the Year, the Group's projects in Sanliyun Lu and Yuyue Long Beach in Xiamen adopted the "Wang Xiaobao" electronic opening system. During the entire sales process, customers and staff were all operated by QR code without the need for paper-based sales and control orders and circulation orders. The whole process was paperless and recorded in the system.



Promote the electronic launch system

The water used in the Group's operations comes mainly from the municipal pipeline. During the Year, the Group did not have any problem in obtaining suitable water sources.

2. Green Construction

The Group strictly abides by the Regulations on the Administration of Construction Project Environmental Protection and other laws and regulations, and implements internal systems such as the Guidelines for Standardisation of Safe and Civilised Construction to further improve the standard of green construction and reduce the possible impact of construction work on the local ecological environment and natural resources.

The construction process of the Group’s projects may generate a small amount of noise, dust, sewage and construction waste, which do not have a significant impact on the environment and natural resources. The Group also continuously explores green construction measures to further reduce the potential impact of the construction process on the environment in the following ways:

Dust Control

The construction site of the project is subject to closed management, the principle of full coverage of bare land is implemented, the dust monitoring system is vigorously promoted, and a sound “combination of dynamic and static” sprinkler system is set up. Multi-height spray dust reduction devices are set up at the outer side of the enclosure, the outer frame and the tower crane. For the dust-prone areas in the area, the fog guns and sprinklers are required to conduct dynamic circulation to strengthen dust reduction.

Waste disposal

The project is required to set up closed garbage rooms in fixed areas, and piloted the application of garbage centralized processing devices to reduce secondary pollution of garbage to the environment.

Reuse of water resources

In terms of water resources, the Company designed rainwater and sewage diversion and drainage system, and promoted the reclaimed water reuse system to recycle the collected rainwater after treatment, which is used for watering green plants, washing vehicles and roads, controlling road dust while reducing water consumption.

Noise reduction treatment

Noise reduction treatment shall be conducted for construction equipment, and a construction site management and supervision system shall be established to strictly control construction at night. Construction noise shall not exceed the environmental noise standards of the local area.

During the Year, the Group actively responded to the national and local policies to promote prefabricated construction, further promoted the application of prefabricated construction, and improved the prefabrication standard of projects under construction. We have formulated and implemented the Guidelines for Prefabricated Process to guide the application of prefabricated technology in the three stages of preliminary design, process standardisation and construction control, so as to maximise the advantages of prefabricated buildings in terms of material conservation and environmental protection. We also continue to promote the research and exploration of innovative prefabricated process. At present, the Group has applied new technologies and materials such as residential steel structure, external wall sandwich insulation panels and ALC internal partition panels in the projects in Jiangsu, Zhejiang and Shanghai. During the Year, a total of 58 projects of the Group have applied prefabricated construction technology. The gross floor area of prefabricated construction technology reached over 3.3 million sq.m., and the prefabricated rate was up to 40%.

Case sharing: Application of prefabricated construction technology in Suzhou Yuanxi Project

The Group's Suzhou Yuanxi project consists of 14 high-rise monomers and adopts shear wall structure, which meets the requirements of prefabricated assembly rate of 30% and the total ratio of 60% on the NEEQ. The application of prefabricated construction technology in this project mainly includes: prefabricated interior partition panels, prefabricated composite floor panels.

Prefabricated interior partition board technology adopts lightweight, fireproof, thermal insulation, high-efficiency and energy-saving materials with high flatness, which effectively reduces the thickness of plastering layer. At the same time, the construction process of the material is mature and the construction speed is fast, which is conducive to interpolation construction and improves the construction progress of the main structure. In addition, component transportation and installation and construction are highly mechanised, reducing on-site staffing and facilitating safe production.

The prefabricated composite floor panel technology is mature and has less impact on structural safety. In the production process, the factory adopts the modularized component split to effectively reduce the use of formwork. The production of components is separated from on-site construction to reduce the consumption of concrete and bamboo wood in on-site operation and reduce waste, while reducing a large amount of steel reinforcement materials and the workload of the processing site layout. In addition, the prefabricated composite floor slab technology has changed the raised pouring works at height to the ground or flat pouring works, making the construction and production safer.

Meanwhile, the Group also actively promotes innovative construction tools and processes, vigorously promotes the application of aluminum mold climbing frame system, and optimises the exterior wall as a full-concrete structure. The recyclable aluminum mould climbing frame can reduce the use of traditional steel scaffolding, effectively reduce material loss and improve resource efficiency. During the Year, 55% of the Group's projects under construction have adopted the aluminum mold climbing frame system.

In addition, the Group encourages regular processing of materials, standardises the size as much as possible, avoids secondary processing and cutting, and reduces material loss and waste while improving the quality of assembly, so as to reduce construction waste.

3. Green Building

The Group actively adopts the national and local green building standards such as the Green Building Evaluation Standard GB/T 50378-2019, the Energy-saving Design Standard for Public Buildings GB50189-2015 and the Green Design Standard for Civil Buildings JGJ/T 229-2010 in project design and operation, and continues to promote the research and implementation of green buildings. As of 31 December 2021, a total of 5 projects of C&D International Group have obtained green building rating certifications.

In order to meet the national and local green building standards and requirements, the Group has put forward the following five design requirements for green building projects:

- Safe and durable**
 - Design and strictly enforce safety technical regulations with specific safety provisions by the Group;
 - Optimize the useful life of materials and equipment.
- Healthy and comfortable**
 - Use green products and green building materials as key target concerns;
 - Conduct tests on indoor pollutants and respirable particulates;
 - Optimize indoor space and outdoor greenery to improve "light comfort".
- Convenience of life**
 - Consider the needs of the elderly, the young and the disabled, and provide convenient barrier-free facilities and equipment;
 - Reasonable allocation of fitness space, children's entertainment space and other community support.
- Livable environment**
 - Develop sponge city, using sponge facilities such as "sunken greenbelt" and "rain garden" to control the rainwater runoff on the site, block the surface source pollution and reduce the intensity of urban heat island;
 - Through the outdoor wind environment simulation calculation, the building layout and landscape design will be fed back to obtain a good feeling of the outdoor environment and enhance the natural ventilation of the interior at the same time.
- Resource conservation**
 - Reasonable use of space, optimization of the general layout, upgrading the quality of the site to improve the comfort of the environment;
 - Priority is given to the selection of good thermal insulation materials, energy-efficient equipment, and the installation of an energy consumption monitoring system to facilitate energy-saving diagnostic optimization during the operation stage;
 - Set up rainwater reuse system to replace tap water for green irrigation, road watering, etc.;
 - Promote the application of sponge cities, promote the harmonization and unification of urban green areas with resources and environmental safety; coordinate the integrated use of rainwater and various water resources;
 - Reasonable selection of industrialized interior parts and adoption of BIM technology to improve construction efficiency and reduce costs.

Case sharing: Ultra-low Energy Consumption Residential Project – Beijing Wangjing Yangyun Project

The Group's Wangjing Cloud Project in Beijing was designed in accordance with the green three-star building standards, with an overall assembly rate of 91%. Combined with the full life-cycle application of BIM technology, it comprehensively assisted in the design, construction, operation and maintenance of the project, and demonstrated a livable, comfortable and low-carbon design concept in the high-standard design process. The project is currently under construction and will apply for the three-star green building operation label after completion. The green building features of the project mainly include:

Adoption of livable technology

- For the use of building materials, materials that have passed the three-star green building materials certification are used;
- In terms of housing quality maintenance, it is committed to maintaining the quality of external wall insulation works and waterproofing works for not less than 15 years, and the quality of roof insulation works and building doors and windows for not less than 8 years;
- On the basis of refined housing design, the design of variable space was added. The separation between the living room and the bedroom adopts a light partition wall, which can be transformed by the owner itself.

Adoption of ultra-low energy consumption building technology

- The fresh air system can filter PM2.5 and other particulate matters in the air, which can ensure good indoor air quality;
- The heat recovery device has a heat recovery efficiency of up to 70%. In winter, the warm air discharged from the room will enter the indoor fresh air as "warm heat";
- High-performance sealing materials and insulation materials are used in doors and windows, pre-buried walls, and pipelines on the exterior walls of the building to insulate heat and ensure the integrity of the heat preservation system and reduce the loss of indoor heat;
- The project adopts a photovoltaic power generation system on the roof to meet the power demand of some buildings, and the building heating energy consumption can be reduced by more than 50% compared with traditional buildings.

Adoption of prefabricated construction technology

- Prefabricated components are used for the floor, interior and exterior walls of residential buildings, and steel structures are used for office work;
- Fully adopting prefabricated decoration for interior decoration, adopting "overhead" method for ground, wall and large quantity, and adopting separation technology for pipelines;
- The separation of indoor pipelines and supporting bodies facilitates the maintenance and update of interior fittings during the entire life cycle of the building to avoid damage to the building by changing lines and removing growers.



Beijing Wangjing Yangyun
Project High Standard
Commodity Housing Project

Case Sharing: Two-star Certificate of Green Building Design Label of Shanghai Jinyuewan Project

In May 2021, the Group's Shanghai Jinyuewan project obtained the two-star certification of Green Building Design Label (GB50378-2014) and applied the prefabricated construction technology. The green building features of the project include but are not limited to:

Energy Conservation and Emission Reduction

- Adopt energy-saving elevators with frequency conversion speed control function;
- Adopt energy-saving control measures such as zoning, timing and sensing in the lighting system, and the lighting power density value meets the target value requirements in the current national standards;
- Set up CO concentration monitoring devices in underground garage and link with exhaust equipment for energy recycling.

Water Conservation

- Adopt water-saving irrigation for greening irrigation and rationally use non-traditional water sources;
- The water efficiency level of household sanitary appliances reached Level 2, achieving the purpose of water conservation;
- Site annual runoff control rate reached 70%.

Environmental-friendly materials

- No large number of decorative components;
- Integrated design of civil engineering and decoration engineering, adopting prefabricated components produced by industrialization;
- Ready-mixed concrete is used for cast-in-situ concrete and ready-mixed mortar is used for construction mortar;
- Reasonable use of high-strength building structure materials.

Healthy and livable





- The wind environment in the site is conducive to outdoor walking and natural ventilation of the building to enhance the comfort of the activity;
- Take shading measures to reduce heat island intensity;
- Select local plants and adopt multi-layer greening;
- Adopt adjustable sunshade measures.



Shanghai Jinyuewan Project

4. Responding to Climate Change

The Group actively responds to the national goal of “3060 Carbon Peak, Carbon Neutrality”, continuously pays attention to and identifies potential climate change risks and opportunities in business operations, and formulates effective climate change risk response measures. During the Year, we integrated the dimensions of climate risk assessment into the stakeholder survey to identify the most important climate change risks for the Group. The assessment results show that the Group is mainly exposed to climate change risks and their potential impacts are as follows:

<p>Physical risks:</p> <p>Extreme heavy rainfall, typhoons, earthquakes, extremely cold and hot weather, climate warming and other disasters caused by extreme weather and changes in climate patterns may lead to an increase in the Group’s operating costs.</p> 	<p>Policy risk of transition risk:</p> <p>Carbon reduction requirements, carbon sink requirements, compliance requirements, etc. may change with national or local policies, which may affect the policies related to land use and other operations.</p> 
<p>Market risk of transition risk:</p> <p>Under climate change, consumers will give priority to products and services that have less negative impact on the climate, and partners will also give priority to climate-responsible partners, which may reduce income or affect the Group’s reputation.</p> 	<p>Technology investment risk for transition risk:</p> <p>In order to mitigate climate change, the Group considers replacing technologies that have a greater impact on the climate with technologies that have a lower impact on the climate, which may have an impact on existing mature technologies.</p> 

In order to effectively prevent and control the above climate change risks, the Group has issued internal regulations such as the Notice on Strengthening the Safety Prevention of Strong Convective Weather and the Notice on Improving the Safety Management and Control of High Slope Projects, requiring all business units to strengthen their emergency response capabilities to extreme weather such as typhoons, droughts and floods, and snowstorms in daily business activities, and improve their awareness of prevention against extreme weather hazards; For high-slope projects that are vulnerable to extreme weather, the Group strengthens safety review and daily drainage maintenance to continuously improve the Group’s ability to cope with the physical risks of climate change.

Meanwhile, we also actively take a number of measures to address the transformation risks caused by climate change, including but not limited to:

- Strengthen the research and promotion of green buildings and new processes: actively explore new green technologies, new techniques and new materials to mitigate the potential impact of climate change transformation risks on new projects;
- Green office and operation: Practice the concept of green office, advocate green travel and resource conservation, and guide employees to participate in energy conservation and emission reduction;
- Carbon data management: strengthen the tracking and collection of carbon emissions data in daily office operations, identify emission sources and emission reduction potential, and lay a data foundation for subsequent refinement of carbon reduction targets and actions.

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5. Environmental Key Performance Indicators (KPI)

The 2021 Environmental Key Performance Indicators calculated by the Group in accordance with the ESG Reporting Guide are shown in table below:

No.	Environmental Key Performance Indicators	Unit	Consumption/ emission
A1.1	Sulfur dioxide	Kilogram	0.32
	Nitrogen oxides	Kilogram	199.56
	Particulate matter	Kilogram	18.65
A1.2	Greenhouse gas emissions (Scope 1)	Tonnes	75.612
	Greenhouse gas removals (Scope 1)	Tonnes	7.590
	Greenhouse gas emissions (Scope 2)	Tonnes	1,875.423
	Total greenhouse gas emissions (Scope 1 + Scope 2)	Tonnes	1,943.445
A1.3	Hazardous wastes	Tonnes	0.23
A1.4	Non-hazardous wastes	Tonnes	5.63
A2.1	Petrol	Litre	21,719.86
	Liquefied petroleum gas	Kilogram	3,649.50
	Piped natural gas	Cubic metre	3,158.10
	Electricity consumption	Megawatt hour	2,363.54
	Direct energy consumption	Megawatt hour	282.33
	Indirect energy consumption	Megawatt hour	2,363.54
	Total energy consumption (Direct energy consumption + Indirect energy consumption)	Megawatt hour	2,645.87
	Energy intensity	Kilowatt hour/revenue of RMB (ten thousand)	1.57
—	Office paper consumption	Kilogram	8,931.33
A2.2	Water consumption	Cubic metre	228,523.50
	Water consumption intensity	Cubic metre/revenue of RMB (ten thousand)	0.14

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Notes to 2021 Environmental Data:

1. Time scope of the data: 1 January 2021 to 31 December 2021.
2. The data shows the energy and resources consumption of the Group's 5 projects of Xiamen Zhaoconglong (Phase II), Suzhou Zhaoyue, Taicang Jiancang, Guangzhou Jiansui and Putian Zhaoxi in terms of office areas, sales offices and non-outsourced staff canteens; compared with 2020, it added the environmental data of 5 projects (Xiamen Zhaoconglong (Phase II), Suzhou Zhaoyue, Taicang Jiancang, Guangzhou Jiansui and Putian Zhaoxi) for the Year and excluded the environmental data of projects of Suzhou Zhaoxiang, Fujian Zhaohe, Zhangjiagang Jianfeng, Zhangjiagang Jianxiang and Xiamen Zhaoconglong (Phase I) as these six projects were substantially completed and delivered in December 2020.
3. Non-hazardous wastes were mainly office wastes. Hazardous wastes were mainly waste electronic products, waste cells, waste ink cartridges and toner cartridges. Emission was the result of the use of vehicles. Greenhouse gas emissions (Scope 1) were mainly due to energy consumption such as fuel from non-outsourced staff canteens and moving vehicles. Greenhouse gas emissions (Scope 2) were generated from purchased electricity.
4. Emission factors of greenhouse gas of purchased electricity are based on the Ministry of Ecology and Environment's "China Regional Power Grid Baseline Emission Factor for Emission Reduction Project for 2019". Other emission factors are based on the "ESG Reporting Guide" of the Hong Kong Stock Exchange.
5. The types of energy consumed by the Group included liquefied petroleum gas used by non-outsourced staff canteens, purchased electricity and petrol used by vehicles; Energy consumption coefficient refers to the national GBT2589-2008 General Principles of Comprehensive Energy Consumption Calculation (GBT2589-2008綜合能耗計算通則).
6. Energy consumption intensity = Total energy consumption/operating revenue; water consumption intensity = water consumption/operating revenue; of which, scope of statistics of operating revenue is in line with the scope of environmental data collection.
7. As the Group's business does not involve packaging materials, the packaging materials covered by KPI A2.5 are not applicable.

IX. KEEPING THE ORIGINAL ASPIRATION AND GIVING BACK TO THE SOCIETY

The Group has always been sincere in practicing social responsibility, helping to build a harmonious society and spreading warmth and goodwill. During the Year, the Group actively launched anti-pandemic actions and continued to promote social welfare, while continuing to integrate the culture and architecture of the project sites to deepen the transmission of traditional Chinese culture.

1. Fight against the pandemic to overcome the difficulties together

In September 2021, when the COVID-19 pandemic broke out in Xiamen, the Group quickly responded to the country's call to set up anti-epidemic teams and organized donations of epidemic prevention materials to alleviate the shortage of local resources; it also strengthened the epidemic prevention walls and guarded the safety of the community, demonstrating the Group's responsibility as a corporate citizen.

Meanwhile, the Group coordinated resources and organized more than 600 employees to undertake daily volunteer services at the epidemic isolation sites in Xiamen, such as Xiang'an Yangtang Phase III, Linqian Complex and Xindian Metro Phase II, in order to successfully complete the work assigned by the Xiamen Municipal Party Committee and Municipal Government, assist in the orderly implementation of nucleic acid monitoring, isolation and other anti-epidemic activities, and guard the health and safety of Xiamen people with practical actions.

In addition, all units of the Group assembled overnight to form a "anti-epidemic vanguard team" to proactively cooperate with Xiamen government departments at all levels to carry out various tasks, and completed the construction and renovation of more than 10,000 sets of isolation rooms at four off-site control points, including Yangtang Phase III, Xindian Metro Phase II, Xinyang Phase II and Gaoqi Express Health Courier Station, to a high standard and high quality, thus building a solid "epidemic" fortress for Xiamen's epidemic prevention work.



C&D International staff actively participated in the epidemic volunteer service



C&D International Participates in the Construction of Express Health Stations

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2. Community Events and Charity

The Group has been actively engaged in social charities and fulfilled its social responsibility by helping students and the poor. This year, we continued to rely on the C&D Real Estate Charity Fund (the "Fund") to launch activities to help students in need and send warmth to help them complete their studies.

In January 2021, the Group participated in the Foundation's "Warm Hearts for the Needy (暖心助困)" donation activity and gave a total of RMB337,000 to 337 needy families in Xiamen to help the needy spend a heart-warming Spring Festival.



"Warm Hearts for the Needy (暖心助困)" donation activity

In January 2021, the Group participated in the Foundation's "Chinese New Year Charity New Year's Eve Dinner (新春慈善年夜饭)" donation activity and invested RMB368,950,000 to provide New Year's Eve meals to 250 households in need and 1,793 migrant workers who were on duty on New Year's Eve in the Xiamen area.



"Chinese New Year Charity New Year's Eve Dinner (新春慈善年夜饭)" donation activity

In June 2021, the Group participated in the "Yurun Qingmiao (雨润青苗)" fund donation activity, investing RMB250,000 to subsidize 100 children in need in Xiamen, sending care and warmth to each target, so that students from difficult families can successfully complete their studies.



"Yurun Qingmiao (雨润青苗)" donation activity

In August 2021, the Group participated in the Foundation's "Let Dreams Go (讓夢前行)" project and invested RMB765,000 to support the "Love Xiamen — Dreams Come True (愛心廈門•圓夢助學)" public welfare project, sponsoring 150 university students in need in Xiamen. The project helped 150 students in need in Xiamen to complete their studies.



"Let Dreams Go (讓夢前行)" donation activity

3. Preservation of traditional crafts and culture

The Group has been continuously exploring the essence of thousands of years of traditional Chinese architectural culture and habitat culture, inheriting its essence, giving it new art and integrating it with innovation. The ways we pass on traditional Chinese architectural culture include but are not limited to:

Book Publishing

"Craftsmanship – A Collection of Works (《匠造 — 作品集》)" is the first technical book published by the Group, which is published by China Construction Industry Press, an authoritative publisher of architectural books. It is divided into three volumes: "New Chinese Style (新中式卷), Entrusted and Public Construction (代建&公建), Modern and European Style (現代&歐式)", which unite the Group's product strength for several decades.

Creating column

Through the enterprise's official Weibo's account, the column of "New Language in Construction (建說新語)" is created, in the form of one article per month and 12 articles throughout the year, to popularize the knowledge of traditional Chinese architecture and culture with an interesting combination of graphics and text.

Video Broadcast

Through the video account, the column of "Knowledge Journal (《識物志》)" is created to popularize the knowledge of ancient architecture and interpret the culture of traditional Chinese architecture by means of high quality video introduction; at the same time, we also start to set the poems of the ancients into songs by means of original music and integrate them into the Group's new Chinese architecture, and the original video filming and production is presented to carry out warm brand promotion.

Meanwhile, the Group injects traditional culture into the garden design and architectural style, incorporates ancient architectural elements, embodies ancient poetry, combines historical stories, and carries a series of beautiful symbolic meanings, crafting and polishing, searching for the roots and protecting the source, and promoting Chinese excellent traditional culture.

Case study: Suqian Wen Han House Sales Office Integrates the Culture of Xiang Wang's Hometown

The Group's Suqian Wen Han House sales office project is located near the hometown of Xiang Yu, the King of Western Chu. In order to integrate this project into the local culture, we incorporated the silhouette of the hometown of Xiang Yu into the wooden carving at the entrance of the sales office, so that local residents can quickly feel our respect for the local culture and enhance their sense of custom and belonging.



Suqian Wen Han House sales office project

Case study: Foshan Santang Passes on Lion Dance Culture

Since ancient times, the lion dance in Guangdong has been considered an auspicious object to ward off evil spirits and evade harm. The group incorporates the traditional lion dance into the children's activity space of the Foshan Santongyuan project to convey the cultural concept of "a strong youth makes a strong nation, and a vibrant youth makes a vibrant nation".



Foshan Santang project

Case sharing: Jinan Jianfa Jiuxifu Project, the integration of spring water culture

Spring water forms the unique urban landscape and historical and cultural scenery of Jinan, the spring city. The Group’s Jinan Jianfa Jiuxifu Project explores the cultural characteristics of Jinan’s spring water, which is “Spring water in every home, weeping poplar in every house (家家泉水·戶戶垂楊)”, and deeply studies the spring form of Houde Spring and its historical and cultural background, and applies it in the triple-entry space to make it an important attraction in the site.



Jinan Jianfa Jiuxifu Project

Case sharing: Yiyang Yangzhu Project, the application of academy culture

The exhibit area of the Group’s Yiyang Yangzhu Project references the “academy culture” of Yiyang, tapping into the local cultural values of Yiyang and combining the characteristics of the Group’s Chinese products to create the first traditional culture exhibition space in Yiyang. The theme of the project’s exhibition area is “Calligraphy and heirlooms carry the world (書禮傳家·院載天下)”, and the “academy spirit” of Yiyang is incorporated into the design of the exhibition area, so that the essence and style of “academy culture” can be experienced in the exhibition area.



Yiyang Yangzhu Project

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APPENDIX 1: HONORS OF THE YEAR

Serial no.	Award-winning project & Award	Awarding unit
1	Chengdu Jianfa•Yangxi (成都建發•央璽): 6th REARD Global Real Estate Design Awards	REARD Global Real Estate Design Awards
2	Chengdu Jianfa•Yangxi (成都建發•央璽): 2020–2021 CREDAWARD Real Estate Design Awards Annual Merit Award (Interior Unit)	CREDAWARD Real Estate & Design Award
3	Yiyang Yangzhu Exhibition Area (益陽央著展示區): Yuanye Awards — Gold Award (園冶杯金獎)	Yuanye Awards
4	Yiyang Yangzhu Exhibition Area (益陽央著展示區): The Architecture Master Prize — Honorable Mention (美國建築大師獎榮譽提名獎)	The Architecture Master Prize
5	Chongqing•Hexi (重慶•和璽): Finalist of Best Pre-sale Property in Kinpan Awards (金盤獎最佳預售樓盤入圍獎)	Kinpan.com
6	Longyan Jianfa Yangzhu Sample Unit (龍岩建發決著樣板房): 16th Kinpan Award for the Best Main Floor Space of the Year in South China	Guangzhou Jinpan Network Technology Co. Ltd.
7	Longyan Jianfa Heming Sample Unit (龍岩建發和鳴樣板房): 16th Kinpan Award for the Best Main Floor Space of the Year in South China	Guangzhou Kinpan Network Technology Co. Ltd.
8	Xiamen Wenlan Hezhu Project Exhibition Area (廈門文瀾和著項目展示區): 7th Property Design Award Landscape Design Excellence Award	DJSER (地建師)
9	Xiamen Jianfa Yangyun Project Exhibition Area (廈門建發養雲項目展示區): 7th Property Design Award Landscape Design Excellence Award	DJSER (地建師)
10	Xiamen Haicang Manyun (廈門海滄縵雲): CRIC Production Evaluation — Top 10 Light Luxury Works in China	CRIC (克而瑞)
11	Xiamen Jianfa Wenlan Hezhu (廈門建發•文瀾和著): Aesthetics Vogue Award 2020–2021 Innovative Experience Space Excellence Award	Aesthetics Vogue Award Committee
12	Suzhou Yueguangnan Exhibition Area (蘇州悅江南展示區): 9th Architectural Creation Award of The Architectural Society Of Shanghai China — Masterpiece Award	The Architectural Society Of Shanghai China
13	Suzhou Yueguangnan Interior (蘇州悅江南室內): Aesthetics Vogue Award — Merit Award for Business in Real Estate Habitat Category	Aesthetics Vogue Award Committee
14	Suzhou Yueguangnan Exhibition Area (蘇州悅江南展示區): Aesthetics Vogue Award — Gold Award for Humanity Luxury House in Real Estate Habitat Category	Aesthetics Vogue Award Committee
15	Suzhou Yueguangnan Exhibition Area (Landscape) (蘇州悅江南展示區 (景觀)): DJSER Merit Award	DJSER (地建師)
16	Suzhou Yueguangnan Exhibition Area (蘇州悅江南展示區): 2021 Brand Real Estate — Classic Habitat Building Award of Competitive Property Awards	www.soujianzhu.cn (搜建築網)
17	Suzhou Yuanxi (蘇州園璽): 2021 MUSE Design Awards — Gold Award	International Awards Associate
18	Wuxi Jinyuewan (無錫金玥灣): 2020-2021 A' Design Award & Competition — Silver Award for Architecture	OMC Design Studios SRL
19	Wuxi Jinyuewan (無錫金玥灣): 2020 MUSE Design Awards — Gold Award for Landscape	International Awards Associate
20	Wuxi Jinyuewan (無錫金玥灣): 2021 Melbourne Design Awards — Silver Award for Architecture	DRIVEN x DESIGN

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Serial no.	Award-winning project & Award	Awarding unit
21	Wuxi Jinyuewan (無錫金玥灣): 2021 Brisbane Design Awards — Silver Award for Architecture	DRIVEN x DESIGN
22	Wuxi Shangyuan (無錫上院): 2020–2021 A' Design Award & Competition — Silver Award for Landscape	OMC Design Studios SRL
23	Wuxi Shangyuan (無錫上院): 2020 MUSE Design Awards — Silver Award for Architecture	International Awards Associate
24	Wuxi Shangyuan (無錫上院): 2021 Melbourne Design Awards — Silver Award for Architecture	DRIVEN x DESIGN
25	Wuxi Shangyuan (無錫上院): 2021 ICONIC AWARDS: INNOVATIVE ARCHITECTURE — Architecture Award	German Design Council
26	Pushangwan (浦上灣): Shanghai Excellent Housing Gold Award Comprehensive Award	Shanghai Real Estate Trade Association
27	Jinyuewan (金玥灣): Shanghai Excellent Residential Green Environment Award Special Award	Shanghai Real Estate Trade Association
28	Jinyuewan (金玥灣): Shanghai Excellent Residential Housing Industrialization Award Special Award	Shanghai Real Estate Trade Association
29	Yunjinwan (雲錦灣): Shanghai Excellent Residential Housing Industrialization Award Special Award	Shanghai Real Estate Trade Association
30	Yunjinwan (雲錦灣): Shanghai Excellent Housing Green and Low Carbon Award Special Award	Shanghai Real Estate Trade Association
31	Jinyuewan (金玥灣): Shanghai Excellent Housing Green and Low Carbon Award Special Award	Shanghai Real Estate Trade Association
32	Nanning Yangxi (南寧央璽): 5th REARD Global Real Estate Design Awards Silver Award in the Residential Interior Category	www.reardatchina.com
33	Nanning Yangxi (南寧央璽): 2020–2021 Mason Awards Real Estate Habitat Category — Ultimate Architectural Aesthetics	Xunmei Technology (尋美科技), Real Estate Line Omni-Media Platform (地產線全媒體平台)
34	Nanning Yangxi (南寧央璽): MUSE Design Awards — Platinum Award for Interior	IAA (美國國際設計獎項協會)
35	Nanning Yangxi (南寧央璽): MUSE Design Awards — Platinum Award for Soft Decoration	IAA (美國國際設計獎項協會)
36	Nanning Yangxi Sales Office (南寧央璽售樓處): Real Estate Design Award in China Interior Category	DJSER (地建師)
37	Nanning Yangxi Sales Office (南寧央璽售樓處): 6th REARD Global Real Estate Design Awards	www.reardatchina.com
38	Nanning Yangxi Basement “Shanyu Gongming” (南寧央璽下疊 “禪語共鳴”): 16th “Golden Bund” Award for Best Sample Unit	Beijing ATV Phoenix (北京亞視鳳凰傳媒)
39	Nanning Yangzhu Sales Office (南寧央著售樓處): 6th Global Property Design Awards	www.reardatchina.com
40	Nanning Yangzhu (南寧央著): 16th Kinpan Award for the Best Sales Space of the Year in South China	Times House Magazine

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Serial no.	Award-winning project & Award	Awarding unit
41	Nanning Yangzhu (南寧央著): 16th Kinpan Award for the Best Pre-sale Property in Qionggui Area	Times House Magazine
42	Nanning Xiyuan (南寧璽院): 16th Kinpan Award for the Best Pre-sale Property in Qionggui Area	Times House Magazine
43	Nanning Wuxiang Yinyue (南寧五象印月): 5th REARD Global Real Estate Design Awards in the Residential Category — Bronze Award for Architecture	www.reardatchina.com
44	Nanning Beida Longting (南寧北大瓏廷): 2019–2020 International Art and Design Competition — Silver Award for Display Art Category	China Building Decoration Association
45	Nanning Beida Longting Sales Office (南寧北大瓏廷售樓處): MUSE Design Awards — Platinum Award for Interior	IAA (美國國際設計獎項協會)
46	Nanning Beida Longting Sales Office (南寧北大瓏廷售樓處): GHDA Global Habitat Design Awards Gold Award for Landscape in Real Estate Exhibition Area	XW Design Media Matrix and World Habitat Association (WHA)
47	Nanning Wuxiang Yinyue (南寧五象印月): 2020–2021 Aesthetics Vogue Award — Humanity Luxury House in Real Estate Habitat Category	Xunmei Technology (尋美科技), Real Estate Line Omni-Media Platform (地產線全媒體平台)
48	Nanning Wuxiang Yinyue (南寧五象印月): 2020–2021 Aesthetics Vogue Award — Aesthetic Design for Life — Landscape Design	Xunmei Technology (尋美科技), Real Estate Line Omni-Media Platform (地產線全媒體平台)
49	Nanning Wuxiang Yinyue (南寧五象印月): London Design Awards 2020, Architecture Category	DRIVEN × DESIGN-design 100
50	Nanning Wuxiang Yinyue (南寧五象印月): IFLA Excellence Award in the category of “Residential Landscape” (Completed)	International Federation of Landscape Architects
51	Nanning Wuxiang Yinyue Sales Office (南寧五象印月售樓處): GHDA Global Habitat Design Awards Gold Award for Landscape in Real Estate Exhibition Area	XW Design Media Matrix and World Habitat Association (WHA)
52	Nanning Wuxiang Yinyue Sales Office (南寧五象印月售樓處): Real Estate Design Award in China Interior Category	DJSER (地建師)
53	Nanning Wuxiang Yinyue Sales Office (南寧五象印月售樓處): 6th REARD Global Real Estate Design Awards	www.reardatchina.com
54	Nanning Wuxiang Yinyue Exhibition Area (南寧五象印月展示區): Real Estate Design Award in China Landscape Category	DJSER (地建師)
55	Nanning Wuxiang Yinyue 286 Sample Unit (南寧五象印月286樣板房): TITAN Property Awards — Gold Award for Interior	IAA (美國國際設計獎項協會)
56	Nanning Wuxiang Yinyue 286 Sample Unit (南寧五象印月286樣板房): 6th REARD Global Real Estate Design Awards	www.reardatchina.com
57	Nanning Wuxiang Yinyue 143 Sample Unit (南寧五象印月143樣板房): 16th “Golden Bund” Award for Best Art of Display	Beijing ATV Phoenix (北京亞視鳳凰傳媒)
58	Nanning Wuxiang Yinyue 286, 143 Sample Unit (南寧五象印月286、143樣板房): 16th Kinpan Award for the Best Luxury Residential Space of the Year in South China	Times House Magazine
59	Nanning Wuxiang Yinyue 23# Villa (南寧五象印月23#疊墅): 16th Kinpan Award for the Best Villa Space in South China	Times House Magazine
60	Nanning Hexi (南寧和壘): 6th REARD Global Real Estate Design Awards	www.reardatchina.com

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Serial no.	Award-winning project & Award	Awarding unit
61	Nanning Heming (南寧和鳴): 16th Kinpan Award for the Best Pre-sale Property in Qionggui Area	Times House Magazine
62	Nanning Heyue (南寧和悅): 16th Kinpan Award for the Best Pre-sale Property in Qionggui Area	Times House Magazine
63	Fuzhou Jianfa Yangyun (福州建發養雲): 2020-2021 Gold Award for Landscape Design in Real Estate Exhibition Area	GHDA Global Habitat Design Awards Organising Committee
64	Lianjiang Fushan Yuyuan (連江富山御苑): 2021 Excellent Engineering Survey and Design Achievement Award of Fujian Province, Third Prize	Fujian Exploration and Design Association
65	Chengdu Jianfa•Yangxi (成都建發•央璽): 16th Kinpan Award for the Best Pre-sale Property Award in Sichuan and Yunnan Region	Kinpan Award

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APPENDIX 2: CONTENT INDEX OF THE ESG REPORTING GUIDE

ESG Indicators		Disclosure	Corresponding Chapters
A1 General Disclosure	Information on the policies, compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.1	The types of emissions and respective emissions data.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Chapters
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	The Group is a non-manufacturing enterprise and does not use packaging materials
A3 General Disclosure	Policies to minimise the issuer's significant impact on the environment and natural resources.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
B1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	NURTURE TALENTS WITH SINCERITY
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	NURTURE TALENTS WITH SINCERITY
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	NURTURE TALENTS WITH SINCERITY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Chapters
B2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	NURTURE TALENTS WITH SINCERITY
B2.1	Number and rate of work-related fatalities occurring in the last 3 years.	Disclosed	NURTURE TALENTS WITH SINCERITY
B2.2	Lost days due to work injury.	Disclosed	NURTURE TALENTS WITH SINCERITY
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	NURTURE TALENTS WITH SINCERITY
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	NURTURE TALENTS WITH SINCERITY
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	NURTURE TALENTS WITH SINCERITY
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	NURTURE TALENTS WITH SINCERITY
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	NURTURE TALENTS WITH SINCERITY
B4.1	Description of measures to review employment practices to avoid child and forced labour	Disclosed	NURTURE TALENTS WITH SINCERITY
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	NURTURE TALENTS WITH SINCERITY
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B5.1	Number of suppliers by geographical region.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B5.4	Description of practices used to promote environmentally-preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Chapters
B6 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	CRAFTSMANSHIP AND QUALITY
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	–
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	CRAFTSMANSHIP AND QUALITY
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	CRAFTSMANSHIP AND QUALITY
B6.4	Description of quality assurance process and recall procedures.	Disclosed	CRAFTSMANSHIP AND QUALITY
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	CRAFTSMANSHIP AND QUALITY
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	KEEPING THE ORIGINAL ASPIRATION AND GIVING BACK TO THE SOCIETY
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	KEEPING THE ORIGINAL ASPIRATION AND GIVING BACK TO THE SOCIETY
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	KEEPING THE ORIGINAL ASPIRATION AND GIVING BACK TO THE SOCIETY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX 3: LIST OF COMPLIANCE WITH MAJOR LAWS, REGULATIONS AND INTERNAL POLICIES

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies followed
A1 Emissions	Information on the policies, compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	<p>"Environmental Protection Law of the People's Republic of China"</p> <p>"Environmental Noise Pollution Prevention and Control Law of the People's Republic of China"</p> <p>"Law of the People's Republic of China on Prevention and Control of Air Pollution"</p> <p>"Water Pollution Prevention and Control Law of the People's Republic of China"</p>	<p>"Notice on the Implementation of Energy-Saving Reconstruction of Jianfa Building"</p> <p>"Administrative Measures on Daily Safety, Energy Saving and Environmental Sanitation of Xiamen Jianfa International Building"</p> <p>"Control Standards of Energy Conservation in Public Area"</p>
A2 Use of resources	Policies on the efficient use of resources, including energy, water and other raw materials.	<p>"Marine Environmental Protection Law of the People's Republic of China"</p> <p>"Regulations of the People's Republic of China on the Prevention and Control of Pollution Damage to the Marine Environment by Land-based Sources of Pollutants"</p>	
A3 Environment and natural resources	Policies to minimise the issuer's significant impact on the environment and natural resources.	<p>"Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste"</p> <p>"National Hazardous Waste List"</p> <p>"Management of Hazardous Waste Transfer Coupons"</p> <p>"The 13th Five-Year Plan to Control Greenhouse Gas Emissions"</p> <p>"Regulations on Environmental Protection Management of Construction Projects (revised in 2017)"</p>	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies followed
B1 Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	<p>"Labor Law of the People's Republic of China"</p> <p>"Labor Contract Law of the People's Republic of China"</p> <p>"Law of the People's Republic of China on Employment Promotion"</p> <p>"Social Insurance Law of the People's Republic of China"</p> <p>"Minimum Wage Regulations"</p> <p>"Law of the People's Republic of China on Prevention and Control of Occupational Diseases"</p>	<p>"Administrative Regulations on Work Safety"</p> <p>"Administrative Measures on Human Resources Management"</p> <p>"Administrative Measures on Training"</p> <p>"Regulations on Employee Political Review and Safety Training"</p> <p>"Safe and Civilized Construction Standards(2020edition)"</p> <p>"Engineering Quality, Safety and Cultural Inspection and Evaluation Standards"</p>
B2 Health and Safety	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	<p>"Law of the People's Republic of China on Work Safety"</p> <p>"Fire Services Law of the People's Republic of China"</p> <p>"Law of the People's Republic of China on Emergency Response"</p> <p>"Regulations on the Safe Management of Hazardous Chemicals"</p>	<p>"Guidance Manual for Marketing Management"</p> <p>"Self-Marketing Team Management Rules"</p> <p>"Guidance Manual for Human Resources Management",</p> <p>"Guidance Manual for Administrative Management"</p>
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	<p>"Regulations on the Reporting and Investigation of Production Safety Accidents"</p> <p>"Interim Regulations on the Investigation and Management of Hidden Dangers in Safety Production"</p>	<p>"Management System on Human Resources Management"</p> <p>("Management System on Administrative Management"</p> <p>"Safe and Civilized Construction Standards (2020 edition)"</p>
B4 Labor Standards	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	<p>"Regulations of the People's Republic of China on Work-Related Injury Insurance"</p> <p>"Workplace Occupational Health Supervision and Management Regulations"</p> <p>"Classification and Catalogue of Occupational Diseases"</p>	<p>"Guidance Manual for Project Quality and Safety Management"</p> <p>"Notice on the Principles of Self-selling/ Self-drainage Team Expense Management"</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies followed
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	<p>"Bidding Law of the People's Republic of China"</p> <p>"Government Procurement Law of the People's Republic of China"</p>	<p>"Administrative Measures on Tenders and Bids"</p> <p>"Administrative Measures on Cost Control"</p> <p>"Guidance Manual for Tender Management"</p> <p>"Guidance Manual for Cost Management"</p> <p>"Supplier Performance Evaluation Methodology (for Trial Implementation)"</p> <p>"Guidebook for Design Bidding"</p> <p>"Guidebook for Marketing Customer Relationship Brand Tender" Of</p> <p>"Guidance Manual for Tender Management"</p>
B6 Product Responsibility	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	<p>"Law of the People's Republic of China on the Protection of Consumer Rights and Interests"</p> <p>"Tort Liability Law of the People's Republic of China"</p> <p>"Network Security Law of the People's Republic of China"</p> <p>"Advertising Law of the People's Republic of China"</p> <p>"Construction Law of the People's Republic of China"</p>	<p>"Management System on Marketing"</p> <p>"Requirements for Prohibited Terms in C&D Property Promotion and Sales Talk"</p> <p>"Guidance Manual for Marketing Management"</p> <p>"Guidance Manual for Customer Relationship Management"</p> <p>"Management System on Quality Control"</p> <p>"Management System on Product Development"</p> <p>"Guidance Manual for Product Development Management"</p> <p>"Requirements on the Ground Material of the First Entrance Building of the Exhibition Area and the First Floor of the Public Area of the Large Property"</p> <p>"Management System on Quality Control"</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies followed
			<p>“Management System on Brand”</p> <p>“Property Quality Inspection Standard”</p> <p>“Standards for Secret Visits by Third-party Mystery Customers”</p> <p>“Guidance Manual for Sales Instruction”</p> <p>“Administrative Measures on Information”</p> <p>“Management System on Market”</p> <p>“Administrative Measures on Tenders and Bids”</p> <p>“Implementation Manual on Marketing Affair and Price”</p> <p>“Administrative Measures on Customer Relations”</p> <p>“Engineering Quality, Safety and Cultural Inspection and Evaluation Standards”</p> <p>“Administrative Measures on Brand”</p> <p>“Administrative Measures on Engineering Equipment Safety Operation Team (for Trial Implementation)”</p>

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies followed
B7 Anti-corruption	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	<p>"Law of the People's Republic of China Against Unfair Competition"</p> <p>"Interim Provisions on the Prohibition of Commercial Bribery"</p> <p>"Anti-Monopoly Law of the People's Republic of China"</p> <p>"Supervision Law of the People's Republic of China"</p> <p>"Regulations on Disciplinary Punishment of the Communist Party of China"</p>	<p>"Provisions on Integrity and Self-discipline of Employees of Xiamen C&D Corporation Limited*"</p> <p>"Responsibility rule for Integrity Construction of Party Building and Party Conduct of Xiamen C&D Corporation Limited*"</p> <p>"Notice on Implementing the Matters Related to the Spirit of the Municipal Government's Work Conference on Integrity of Xiamen C&D Corporation Limited*"</p> <p>"Petition Work Practice Manual of Xiamen C&D Corporation Limited*"</p> <p>"Practice Manual for Party Disciplinary Actions of Xiamen C&D Corporation Limited*"</p>
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	–	<p>"Xiamen Charity Federation Administrative Measure for Relief Funds of C&D Group"</p> <p>"Administrative Measures on External Donation of Xiamen C&D Corporation Limited*"</p>

INDEPENDENT AUDITOR'S REPORT



**To the members of C&D International Investment Group Limited
(incorporated in the Cayman Islands with limited liability)**

OPINION

We have audited the consolidated financial statements of C&D International Investment Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 153 to 281, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of inventories of properties

Refer to notes 2.12, 4.1 and 23 to the consolidated financial statements.

The Key Audit Matter

How the matter was addressed in our audit

As at 31 December 2021, the Group had inventories of properties amounting to approximately RMB229,979,030,000, net of provision for inventories of RMB913,232,000, representing approximately 67% of the total assets of the Group. These properties are carried at the lower of cost and net realisable value. Significant management judgement is required in determining the estimated net realisable values of these properties with reference to the latest selling prices of the properties and the budgeted costs to be incurred until completion and sale.

Accordingly, the valuation of inventories of properties is considered to be a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgement associated with determining the net realisable values.

Our procedures in relation to management's valuation of inventories of properties included:

- assessed the reasonableness of the assumptions basis for impairment assessment and tested the calculation for the impairment assessment performed by management;
- compared the carrying amounts of the properties under development taking into account the estimated amounts to completion with the related net realisable value;
- reconciled the estimated costs to completion to the budgets approved by management and examined, on a sample basis, the signed construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group; and
- compared the estimated selling price to the prevailing market price of the comparable properties with similar size, usage and location.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2021 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

25 March 2022

Lin Ching Yee Daniel

Practising Certificate No.: P02771

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Continuing operations			
Revenue	5	53,441,863	42,744,478
Cost of sales		(44,705,412)	(35,404,210)
Gross profit		8,736,451	7,340,268
Other net gain	6	687,156	414,068
Loss on changes in fair value of investment properties	17	(21,359)	(15,294)
Administrative expenses		(806,540)	(389,149)
Selling expenses		(2,713,442)	(1,783,072)
Provision for expected credit losses allowance	8	(40,180)	(18,557)
Finance costs	7	(611,563)	(655,763)
Share of results of associates	19	435,246	77,084
Share of results of joint ventures	20	11,776	(6,719)
Profit before income tax from continuing operations	8	5,677,545	4,962,866
Income tax expense	9	(1,668,143)	(2,211,702)
Profit for the year from continuing operations		4,009,402	2,751,164
Discontinued operation			
Profit for the year from a discontinued operation		–	16,675
Profit for the year		4,009,402	2,767,839
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		57,779	32,651
Total comprehensive income for the year		4,067,181	2,800,490
Profit for the year attributable to:			
— Equity holders of the Company		3,516,758	2,321,625
— Non-controlling interests		492,644	446,214
		4,009,402	2,767,839
Total comprehensive income for the year attributable to:			
— Equity holders of the Company		3,574,494	2,354,507
— Non-controlling interests		492,687	445,983
		4,067,181	2,800,490

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB	2020 RMB
Earnings per share for profit attributable to the equity holders of the Company			
Basic earnings per share	12		
— For profit for the year		RMB2.54	RMB1.92
— For profit from continuing operations		RMB2.54	RMB1.90
Diluted earnings per share	12		
— For profit for the year		RMB2.54	RMB1.92
— For profit from continuing operations		RMB2.54	RMB1.90

The notes on pages 162 to 281 are an integral part of these consolidated financial statements. Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out on note 11.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	319,838	116,020
Right-of-use assets	16	283,868	227,842
Investment properties	17	1,310,153	1,328,060
Intangible assets	18	651,522	–
Interests in associates	19	13,093,625	5,927,351
Interests in joint ventures	20	660,294	668,417
Other financial assets	21	245,700	377,840
Deposits for land acquisitions	26	64,166	64,166
Deferred tax assets	32	4,390,144	2,591,854
		21,019,310	11,301,550
Current assets			
Inventories of properties, other inventories and other contract costs	23		
— Properties under development		222,920,780	113,191,414
— Properties held for sale		7,058,250	5,690,644
— Other inventories		17,592	–
— Other contract costs		1,234,427	599,440
Contract assets		166,378	–
Trade and other receivables	24	9,076,538	5,475,040
Amounts due from non-controlling interests	29	26,462,676	12,591,609
Other financial assets	21	280,500	25,840
Deposits for land acquisitions	26	7,038,796	5,915,970
Prepaid taxes		2,192,838	639,181
Cash at banks and on hand	27	46,054,130	27,992,866
		322,502,905	172,122,004
Total assets		343,522,215	183,423,554
Current liabilities			
Trade and other payables	28	32,392,098	16,122,619
Contract liabilities	25	148,118,139	66,115,894
Amounts due to related companies	29	7,944,227	3,936,789
Amounts due to non-controlling interests	29	6,388,232	3,011,547
Interest-bearing borrowings	31	4,859,455	3,272,636
Income tax liabilities		3,108,306	3,229,140
Lease liabilities	33	49,598	28,325
Receipts under securitisation arrangements	30	1,998,346	–
		204,858,401	95,716,950
Net current assets		117,644,504	76,405,054
Total assets less current liabilities		138,663,814	87,706,604

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current liabilities			
Loans from intermediate holding company	29	37,637,867	24,421,624
Lease liabilities	33	141,236	138,327
Receipts under securitisation arrangements	30	–	1,993,583
Interest-bearing borrowings	31	36,807,502	23,520,939
Deferred tax liabilities	32	820,389	280,562
		75,406,994	50,355,035
Total liabilities		280,265,395	146,071,985
Net assets		63,256,820	37,351,569
EQUITY			
Share capital	34	117,215	100,636
Reserves	35	11,994,098	8,214,729
Equity attributable to the equity holders of the Company		12,111,313	8,315,365
Equity attributable to the subscriber of the perpetual loans	35	14,500,000	9,500,000
Equity attributable to owners of the parent		26,611,313	17,815,365
Non-controlling interests		36,645,507	19,536,204
Total equity		63,256,820	37,351,569

ZHAO Chengmin
Director

LIN Weiguo
Director

The notes on pages 162 to 281 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Profit before income tax			
From continuing operations		5,677,545	4,962,866
From a discontinued operation		–	49,774
Adjustments for:		5,677,545	5,012,640
Depreciation of property, plant and equipment	15	26,550	27,068
Depreciation of right-of-use assets	16	42,066	44,432
Amortisation of intangible assets	18	58	–
Loss on changes in fair value of investment properties	17	21,359	15,294
Gain on changes in fair value of financial assets measured at FVTPL, net	46.7	(920)	(42,460)
Gain on disposal of investment properties		–	(33,800)
Gain on disposal of an associate		–	(3,010)
(Gain on disposal)/Written off of property, plant and equipment	8	(97)	1,915
Provision/(Reversal of provision) for ECL allowance on loans to associates and a joint venture	8	2,717	(2,222)
Provision for ECL allowance on trade and other receivables	8	23,578	16,868
Provision for ECL allowance on amounts due from non-controlling interests	8	13,885	4,226
Provision for inventories of properties and other contract costs, net	8	614,226	272,706
Share-based payments	13	39,436	–
Interest expense		611,563	725,752
Interest income		(524,766)	(258,303)
Share of results of associates		(435,246)	(75,740)
Share of results of joint ventures	20	(11,776)	6,719
Gain on deemed disposal of a subsidiary		–	(10,960)
Loss on disposal of subsidiaries	42	27,388	–
Operating profit before working capital changes		6,127,566	5,701,125
Increase in inventories of properties, other inventories and other contract costs		(83,642,427)	(35,084,413)
Increase in deposit paid for acquisition of land use rights		(1,122,826)	(2,172,594)
(Increase)/Decrease in trade and other receivables		(2,054,025)	1,044,663
Increase in trade and other payables		14,824,744	8,140,325
Increase in contract liabilities		77,791,744	28,257,918
(Increase)/Decrease in restricted bank deposits		(842,605)	556,555
Cash from operations		11,082,171	6,443,579
Income tax paid		(4,585,603)	(2,170,749)
Net cash from operating activities		6,496,568	4,272,830

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(62,436)	(54,833)
Purchase of intangible assets	18	(101)	–
Subsequent expenditure of investment properties	17	(27,659)	(9,622)
Proceeds from disposal of investment properties		–	55,798
Proceeds from disposal of an associate		–	46,537
Proceeds from disposal of financial assets		25,000	510,000
Investment in associates		(4,204,293)	(1,278,262)
Investment in a joint venture		–	(637,000)
(Increase)/Decrease in loans to associates		(2,713,799)	2,155,828
Decrease in loan to a joint venture		134	296
Increase in amounts due from non-controlling interests		(13,884,952)	(4,121,189)
Dividend received from investment in a joint venture		18,330	4,056
Dividend received from investment in associates		184,351	–
Net cash outflow of deemed disposal of a subsidiary		–	(6,149)
Net cash inflow on disposal of subsidiaries	42	185,406	–
Net cash (outflow)/inflow on acquisitions of subsidiaries	41	(232,872)	39,948
Interest received		524,766	258,303
Investment in financial assets		(143,000)	(296,540)
Payment for additional interest in subsidiaries without change of control		(148,244)	(31,157)
Proceeds from disposal of interests in a subsidiary without change of control		–	10,000
Net cash used in investing activities		(20,479,369)	(3,353,986)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from financing activities			
Proceeds from issuance of share capital, net of transaction costs	34(b)	777,546	–
Proceeds from issuance of shares in respect of restricted share incentive scheme	34(c)	212,008	–
Proceeds from issuance of shares in respect of scrip dividend	34(d)	1,011,490	–
Proceeds from new borrowings	44	30,531,379	21,218,514
Repayments of borrowings	44	(17,096,309)	(11,541,475)
Addition of loans from intermediate holding company	44	29,660,737	144,713,689
Repayments of loans from intermediate holding company	44	(16,444,494)	(143,374,369)
Capital contribution from non-controlling interests		16,769,333	9,444,701
Capital reduction of subsidiaries		(384,000)	–
Return of capital from deregistration of a subsidiary to non-controlling interests		–	(2,195,200)
Increase in amounts due to non-controlling interests	44	16,586,743	386,418
Repayments of amounts due to related companies	44	(17,250,070)	(4,194,782)
Repayments of amounts due to non-controlling interests	44	(13,509,155)	(2,627,116)
Dividends paid to non-controlling interests		(148,990)	(198,175)
Dividends paid		(1,153,395)	(884,835)
Interest paid		(2,959,693)	(1,763,130)
Distributions to holders of perpetual convertible bond		–	(84,038)
Distributions to holders of perpetual loans		(345,216)	–
Issuance of a perpetual loan		5,000,000	9,500,000
Distribution of C&D Property Group		–	(886,159)
Proceed from receipts under securitisation arrangements	44	–	1,993,583
Payment of lease liabilities	44	(58,078)	(32,107)
Repayments of receipts under securitisation arrangements	44	–	(3,400,929)
Net cash from financing activities		31,199,836	16,074,590
Net increase in cash and cash equivalents		17,217,035	16,993,434
Cash and cash equivalents as at 1 January		27,367,880	10,385,864
Effect of foreign exchange rates changes on cash and cash equivalents		1,624	(11,418)
Cash and cash equivalents as at 31 December	27	44,586,539	27,367,880

The notes on pages 162 to 281 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Equity attributable to owners of the parent												
	Equity attributable to the equity holders of the Company					Equity attributable to non-controlling interests							
	Share capital RMB'000 (note 34)	Perpetual convertible bond* RMB'000	Share premium* RMB'000 (note 35)	Statutory reserve* RMB'000 (note 35)	Exchange reserve* RMB'000 (note 35)	Capital reserve* RMB'000 (note 35)	Revaluation reserve* RMB'000 (note 35)	Retained earnings* RMB'000	Total RMB'000	Perpetual loans* RMB'000 (note 35)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020	76,921	1,759,626	1,690,891	493,507	32,843	(144,432)	2,692	3,386,101	7,298,149	-	7,298,149	12,311,793	19,609,942
Total comprehensive income for the year	-	-	-	-	-	-	-	2,321,625	2,321,625	-	2,321,625	446,214	2,767,839
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	(231)	32,651
— Currency translation differences	-	-	-	-	32,882	-	-	-	32,882	-	32,882	-	32,651
Total comprehensive income	-	-	-	-	32,882	-	-	2,321,625	2,354,507	-	2,354,507	445,983	2,800,490
Transactions with owners	-	-	(9,982)	(27,046)	(207)	94,459	-	(434,408)	(377,184)	-	(377,184)	(9,899)	(987,083)
Distributions of C&D Property Group	-	-	(84,038)	-	-	-	-	-	(84,038)	-	(84,038)	-	(84,038)
Distributions to holders of perpetual convertible bonds	-	-	1,735,911	-	-	-	-	-	-	-	-	-	-
Conversion of perpetual convertible bonds	23,715	(1,759,626)	-	-	-	-	-	-	-	9,500,000	9,500,000	-	9,500,000
Issuance of a perpetual loan	-	-	(884,835)	-	-	-	-	-	(884,835)	-	(884,835)	-	(884,835)
2019 final dividend approved and paid	-	-	-	-	-	-	-	-	-	-	-	9,444,706	9,444,706
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(152)	(152)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,141,902)	(2,141,902)
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(286,227)	(286,227)
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(198,175)	(198,175)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in ownership interests in subsidiaries without change of control	-	-	-	-	-	8,766	-	-	8,766	-	8,766	(29,923)	(21,157)
Transfer to statutory reserve	-	-	-	368,113	-	-	-	(368,113)	-	-	-	-	-
Total transactions with owners	23,715	(1,759,626)	757,056	341,067	(207)	103,225	-	(802,521)	(1,337,291)	9,500,000	8,162,709	6,778,428	14,941,137
Balance at 31 December 2020	100,636	-	2,447,947	834,574	65,518	(41,207)	2,692	4,905,205	8,315,365	9,500,000	17,815,365	19,536,204	37,351,569

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Equity attributable to owners of the parent										Total equity RMB'000	
	Equity attributable to the equity holders of the Company					Perpetual loans* RMB'000 (note 35)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000			
	Share capital RMB'000 (note 34)	Share premium* RMB'000 (note 35)	Shares held for restricted share incentive scheme* RMB'000	Statutory reserve* RMB'000 (note 35)	Exchange reserve* RMB'000 (note 35)					Capital reserve* RMB'000 (note 35)		Revaluation reserve* RMB'000 (note 35)
Balance at 1 January 2021	100,636	2,447,947	-	834,574	65,518	(41,207)	2,692	4,905,205	9,500,000	17,815,365	19,536,204	37,351,569
Total comprehensive income for the year	-	-	-	-	-	-	-	3,516,758	-	3,516,758	492,644	4,009,402
Profit for the year	-	-	-	-	-	-	-	3,516,758	-	3,516,758	492,644	4,009,402
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	43	57,779
— Currency translation differences	-	-	-	-	57,736	-	-	-	-	57,736	43	57,779
Total comprehensive income	-	-	-	-	57,736	-	-	3,516,758	-	3,574,494	492,687	4,067,181
Transactions with owners	5,366	772,180	-	-	-	-	-	-	-	777,546	-	777,546
Issuance of shares upon placing, net of transaction costs	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares in respect of restricted share incentive scheme (note 34)	2,936	209,072	(212,008)	-	-	39,436	-	-	-	39,436	-	39,436
Share-based payment expense, net of taxation	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of a perpetual loan (note 35)	-	-	-	-	-	-	5,000,000	-	5,000,000	5,000,000	-	5,000,000
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	16,769,333	16,769,333
Capital reduction of subsidiaries	-	-	-	-	-	-	-	-	-	-	(384,000)	(384,000)
Disposal of subsidiaries (note 42)	-	-	-	-	-	-	-	-	-	-	(283,789)	(283,789)
Distributions to holders of perpetual loans, net of taxation (note 35)	-	-	-	-	-	-	-	(345,216)	-	(345,216)	-	(345,216)
Change in ownership interests in subsidiaries without change of control (note 45)	-	-	-	-	-	(108,407)	-	-	-	(108,407)	(39,837)	(148,244)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(148,990)	(148,990)
Issuance of shares in respect of scrip dividend of 2021 interim dividend (note 34)	8,277	1,003,213	-	-	-	-	-	-	-	1,011,490	-	1,011,490
2021 interim dividend approved and paid (note 11)	-	(1,153,395)	-	-	-	-	-	-	-	(1,153,395)	-	(1,153,395)
Acquisitions of subsidiaries (note 41)	-	-	-	-	-	-	-	-	-	-	703,899	703,899
Transfer to statutory reserve	-	-	-	611,426	-	-	-	(611,426)	-	-	-	-
Total transactions with owners	16,579	831,070	(212,008)	611,426	123,254	(68,971)	-	(956,642)	5,000,000	5,221,454	16,616,616	21,838,070
Balance at 31 December 2021	117,215	3,279,017	(212,008)	1,446,000	123,254	(110,176)	2,692	7,465,321	14,500,000	26,611,313	36,645,507	63,256,820

* These reserve accounts comprise the Group's reserves of RMB1,994,098,000 (2020: RMB8,214,729,000) in the consolidated statement of financial position.

The notes on pages 162 to 281 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

C&D International Investment Group Limited (the “Company”) was incorporated in the Cayman Islands on 18 February 2011 as an exempted company with limited liability under Companies Law (Cap 22 of the Cayman Islands). The address of the Company’s registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business in Hong Kong is Office No. 3517, 35th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 May 2014.

The Company’s functional currency is Hong Kong Dollars (“HK\$”). However, the consolidated financial statements are presented in Renminbi (“RMB”), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the Group’s transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in thousands of RMB (“RMB’000”) unless otherwise stated.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are set out in note 22 to the consolidated financial statements.

Well Land International Limited (“Well Land”) is the Company’s immediate holding company which was incorporated in the British Virgin Islands (“BVI”) with limited liability; C&D Real Estate Corporation Limited* (建發房地產集團有限公司) (“C&D Real Estate”) which was incorporated in the People’s Republic of China (“PRC” or “China”) with limited liability is the Company’s intermediate holding company and Xiamen C&D Corporation Limited* (廈門建發集團有限公司) (“Xiamen C&D”) which was incorporated in the PRC with limited liability is the Company’s ultimate holding company.

The consolidated financial statements for the year ended 31 December 2021 were approved for issue by the Board of Directors on 25 March 2022.

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements on pages 153 to 281 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”), if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis, except that the following assets are stated at fair value as explained in the accounting policies set out below:

- investment properties (see note 2.7)
- financial assets at fair value through profit or loss (“FVTPL”) (note 2.10)

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation *(Continued)*

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation *(Continued)*

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 “Financial Instruments” (“HKFRS 9”) or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company’s statement of financial position, subsidiaries are carried at cost less any impairment loss (see note 2.20) unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee’s pre or post-acquisition profits are recognised in the Company’s profit or loss.

Acquisition of a subsidiary not constituting a business

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

Acquisitions of subsidiaries and businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

2.4 Associates and joint ventures

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and joint ventures *(Continued)*

In the consolidated financial statements, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of associates or joint ventures' profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in associates or joint ventures are carried at cost and adjusted for the post-acquisition changes in the Group's share of associates or joint ventures' net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of associates or joint ventures for the year, including any impairment loss on the investment in associates or joint ventures recognised for the year. The Group's other comprehensive income for the year includes its share of associates or joint ventures' other comprehensive income for the year.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in associates or joint ventures. Where unrealised losses on assets sales between the Group and its associates or joint ventures are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Associates and joint ventures *(Continued)*

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint venture. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

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

2.5 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation *(Continued)*

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are stated at cost less accumulated depreciation and accumulated impairment losses (see note 2.20). The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided to write off the cost of assets (other than construction in progress) over their estimated useful lives, using the straight-line method, at the following rates per annum:

Land and buildings	2.5%
Leasehold improvement	5 years or over the lease term, whichever is shorter
Furniture and fixtures	9 to 33 $\frac{1}{3}$ %
Plant and machinery	9 to 20%
Motor vehicles	12.5 to 20%

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Construction in progress is stated at cost less accumulated impairment losses. Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category. No depreciation is provided in respect of construction in progress until it is completed and available for use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2.16) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

On initial recognition, investment property is measured at cost and subsequently at fair value, unless its fair value cannot be reliably determined at that time.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised at the reporting date reflect the prevailing market conditions at the reporting date.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories of properties, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

2.8 Goodwill

Goodwill arising from a business combination is recognised as an asset at the date that control is acquired (i.e. the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, if any, over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising from a business combination is allocated to each cash-generating unit or groups of cash-generating units, which is expected to benefit from the synergies of the combination and is tested at least annually for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Intangible assets (other than goodwill) and research and development activities

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses (see note 2.20). Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives of 2 to 20 years. Amortisation commences when the intangible assets are available for use (i.e. when it is in the location and condition necessary for it to be capable of operation).

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Research and development costs

Costs associated with research activities are expensed in profit or loss as they occur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Group's ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

The cost capitalised include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”), all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost; or
- FVTPL.

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except provision for expected credit losses (“ECL”) allowance of trade and other receivables which is presented as a separate line item on the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

Subsequent measurement of financial assets

Debt investments

Financial assets at amortised cost

Non-equity investments held by the Group are classified into amortised cost, if the investment is held within a business model whose objective is to hold the investment and collect its contractual cash flows and the contractual terms of the investment give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from the investment is calculated using the effective interest method (note 2.19).

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in "Other net gain" in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's amounts due from non-controlling interests, listed senior tranche security, cash at banks and on hand, trade and other receivables, amounts due from non-controlling interests, loans to associates and a joint venture and debt investment fall into this category of financial assets.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

Equity investments

An investment in equity securities is classified as financial assets measured at FVTPL, unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends from an investment in equity securities are recognised in profit or loss as "Other net gain".

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include lease liabilities, trade and other payables, loans from intermediate holding company, amounts due to related companies and non-controlling interests, interest-bearing borrowings and receipts under securitisation arrangements. They are separately shown on the face of the consolidated statement of financial position.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial instruments (Continued)

Subsequent measurement of financial assets (Continued)

Equity investments (Continued)

Financial liabilities (Continued)

Classification and measurement of financial liabilities (Continued)

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated and effective as hedging instruments and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.22).

Accounting policies of lease liabilities are set out in note 2.16.

Interest-bearing borrowings

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

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

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to related companies and non-controlling interests and loans from intermediate holding company, which are recognised initially at their fair value and subsequently measured at, amortised cost, using the effective interest method.

Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred. Receipts under securitisation arrangements are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method. Transaction costs are included in the carrying amount of the receipts under securitisation arrangements and amortised over the period of the arrangements using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets and contract assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. To measure ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the day past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets and contract assets *(Continued)*

Other financial assets measured at amortised cost

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at each reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets and contract assets *(Continued)*

Other financial assets measured at amortised cost (Continued)

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

Detailed analysis of the ECL assessment of trade receivables and contract assets and other financial assets measured at amortised cost are set out in note 46.5.

Financial guarantee contracts

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

2.12 Inventories of properties, other inventories and other contract costs

(i) *Inventories of properties*

Inventories of properties comprise properties under development and properties held for sale. Properties under development are investments in land and buildings on which construction work has not been completed and which, upon completion, management intends to hold for sale purposes. Inventories of properties are initially recognised at cost, and subsequently at the lower of cost and net realisable value. The costs of inventories of properties consist of acquisition cost of interests in leasehold land, development expenditures including construction costs, borrowing costs and other direct costs attributable to the development of such properties. Net realisable value is determined on the basis of anticipated sales proceeds in the ordinary course of business less estimated cost to completion and estimated selling expenses.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Inventories of properties, other inventories and other contract costs *(Continued)*

(ii) *Other inventories*

Other inventories, comprising consumables and construction materials, are stated at the lower of cost and net realisable value. Costs of other inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(iii) *Other contract costs*

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2.12(i)) or property, plant and equipment (see note 2.6).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained, e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory or property, plant and equipment are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting periods as the date of entering into the contract.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2.19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.11 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2.19).

2.15 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within "Trade and other payables". The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under HKFRS 9 as set out in note 2.11 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases

(i) *Definition of a lease and the Group as a lessee*

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Except for those right-of-use assets meeting the definition of investment properties, the Group depreciates the right-of-use assets, including leasehold lands and leased properties, on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (Continued)

(i) Definition of a lease and the Group as a lessee (Continued)

Measurement and recognition of leases as a lessee (Continued)

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of twelve months or less.

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

Right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2.7.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Leases (Continued)

(ii) *The Group as a lessor*

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of certain portion of its leasehold land and building. Rental income is recognised on a straight-line basis over the term of lease.

2.17 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2.18 Equity instruments

Share capital

Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares (net of any related income tax benefit) are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

Shares held for restricted incentive scheme

Shares held for restricted incentive scheme are determined using the grant price of restricted shares that have been issued, which are held by the Group's trustee.

Perpetual loan

Perpetual loan with no contractual obligation to repay its principal or to pay any distributions are classified as part of equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue and other income

Revenue arises mainly from the sale of properties and the provision of different kinds of services in the ordinary course of the Group's business.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than twelve months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is twelve months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

Continuing operations

(i) Property development

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities (see note 2.14).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue and other income (Continued)

Continuing operations (Continued)

(i) **Property development** (Continued)

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the revenue recognition date. This accrual increases the amount of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed in profit or loss as accrued unless it is eligible to be capitalised under HKAS 23 "Borrowing Costs" ("HKAS 23") in accordance with the policies set out in note 2.22.

Revenue from the provision of property development's related service is recognised at a point in time when the service is completed, being at the point that the customer obtains the control of the outcome from the service and the Group has a present right to payment and collection of the consideration is probable.

(ii) **Services income from entrusted construction services**

For entrusted construction services for which the Group's performance does not create an asset with an alternative use to the customer and the Group has an enforceable right to payment for performance completed to date, the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the reporting date as a percentage of total estimated costs for each contract.

(iii) **Rental income**

Accounting policy for rental income are set out in note 2.16.

(iv) **Dividends**

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) **Interest income**

Interest income is recognised on a time proportion using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2.10).

Discontinued operation

Building management income and property management income

Building management income and property management income are recognised in the accounting period when the respective services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Impairment of non-financial assets (other than contract assets)

Property, plant and equipment, right-of-use assets, intangible assets (including goodwill arising on acquisition of a subsidiary), interests in associates and joint ventures and interests in subsidiaries in the Company's statement of financial position are subject to impairment testing. They are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognised in respect of cash generated unit are allocated first to reduce the carrying amount of any goodwill and then are charged pro-rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The group entities established in the PRC make monthly contributions to a state-sponsored defined contribution scheme for the local staff. The contributions are made at a specific percentage on the standard salary pursuant to laws of the PRC and relevant regulation issued by local social security authorities.

In addition, the group entities incorporated in Hong Kong contribute to a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee for those employees who are eligible to participate in the MPF Scheme. The Group makes contributions based on a percentage of the eligible employees' salaries funded by the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable to these plans.

Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

Share-based payments

For grant of restricted shares, the amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the restricted shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods, with a corresponding credit to a capital reserve under equity.

For grant of restricted shares, during the vesting periods, the Group revises its estimates of the number of restricted shares that are expected to ultimately vest based on the vesting conditions at each reporting date. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to employee share-based payment expenses in the current year, with a corresponding adjustment to the capital reserve.

For grant of restricted shares, shares held by the Group's trustee are disclosed as "Shares held for restricted share incentive scheme" and deducted from equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.23 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Accounting for income taxes *(Continued)*

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if:

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.24 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision-maker, i.e. the executive directors, for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major line of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss and other comprehensive income, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2.26 Distribution of dividend

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

2.27 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group comply with all attach conditions.

Government grant relating to property, plant and equipment are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to income is presented in gross under "Other net gain" in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

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

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

(i) Amended HKFRSs that are effective for annual periods beginning on 1 January 2021

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2021:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

(ii) Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁵
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 April 2021

The directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the new and amended HKFRSs. These new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Key sources of estimation uncertainties

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value measurement of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation reports, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions.

As at 31 December 2021, the fair value of investment properties was RMB1,310,153,000 (2020: RMB1,328,060,000). For more details, please refer to note 17.

Estimated net realisable value of inventories of properties

Management reviews the net realisable value of inventories of properties at each reporting date. The net realisable value is the estimated selling price of the properties less estimated cost to complete and estimated costs to sell. Management determines the net realisable value of inventories of properties by using prevailing market data such as most recent sale transactions, estimated net sales value based on prevailing market conditions and internally available information, as bases for evaluation.

These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs of completion of properties, the legal and regulatory framework and general market conditions.

As at 31 December 2021, the carrying amount of the inventories of properties was RMB229,979,030,000 (2020: RMB118,882,058,000) (note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Key sources of estimation uncertainties (Continued)

Income tax and deferred taxation

As detailed in note 9, the Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the periods in which such estimate is changed. The outcome of their actual utilisation may be different.

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of PRC subsidiaries to be repatriated and distributed by way of dividends as the directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. If those undistributed earnings of the PRC subsidiaries are considered to be repatriated and distributed by way of dividends, deferred tax liabilities of approximately RMB1,068,242,000 (see note 32) would be provided as at 31 December 2021 (2020: RMB616,242,000).

As at 31 December 2021, the carrying amounts of deferred tax assets and deferred tax liabilities were RMB4,390,144,000 (2020: RMB2,591,854,000) and RMB820,389,000 (2020: RMB280,562,000), respectively (note 32).

PRC land appreciation tax

As detailed in note 9, the Group is subject to land appreciation tax ("LAT") in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised certain of its LAT calculation and payments with any local tax authorities in the PRC for most of its property development projects. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expenses and tax provision in periods in which such taxes have been finalised with local tax authorities.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.20, where the recoverable amounts of the CGU is determined based on fair value less costs of disposal. Details of impairment assessment are disclosed in note 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Key sources of estimation uncertainties *(Continued)*

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill)

Property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill) are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2021, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill), are RMB319,838,000 (2020: RMB116,020,000), RMB283,868,000 (2020: RMB227,842,000) and RMB33,406,000 (2020: RMBNil) respectively (notes 15, 16 and 18). No impairment loss have been recognised in respect of property, plant and equipment, right-of-use assets and intangible assets (excluding goodwill) at 31 December 2021 and 2020.

Estimation of impairment of trade and other receivables, contract assets, loans to associates and amounts due from non-controlling interests within the scope of ECL under HKFRS 9

The Group follows the guidance of HKFRS 9 to makes allowances on items subjects to ECL including trade and other receivables, contract assets, loans to associates and amounts due from non-controlling interests, based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at each reporting date as set out in note 2.11. Where the expectation is different from the original estimate, such difference will impact the carrying amounts of trade and other receivables, contract assets, loans to associates and amounts due from non-controlling interests and provision for impairment in the periods in which such estimate has been changed.

As at 31 December 2021, the carrying amounts of trade and other receivables are RMB1,585,846,000 (2020: RMB848,410,000), the carrying amounts of contract assets is 166,378,000 (2020: RMBNil), the carrying amounts of loans to associates are RMB4,584,842,000 (2020: RMB1,873,756,000), and the carrying amounts of amounts due from non-controlling interests are RMB26,462,676,000 (2020: RMB12,591,609,000). Details of the provision for ECL allowance of trade and other receivables, loans to associates and amounts due from non-controlling interests are set out in notes 24, 19 and 29 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Critical judgements in applying the entity's accounting policies

*Business combinations and control over Holsin Engineering Consulting Group Co., Limited** (合誠工程諮詢集團股份有限公司) ("Holsin Group")

As disclosed in note 41.2, the Group, being the largest shareholder of Holsin Group with 24.51% equity interests, has de facto control over Holsin Group on 22 December 2021. The directors of the Company assessed whether the Group has control over Holsin Group based on whether the Group has the practical ability to direct the relevant activities of Holsin Group unilaterally. Key judgements adopted in concluding the Group has obtained control in Holsin Group are: (i) the Group has held a majority of the voting rights exercised at Holsin Group's shareholders' meetings and no other single shareholder directly or indirectly controls more voting rights than the Group; (ii) the shareholding of other non-controlling interests is dispersed and the chance of all other shareholders getting together to vote against the Group is remote; and (iii) the Group has obtained effective control over majority of the board of Holsin Group.

The valuation of the fair value of the net identifiable assets and liabilities was determined by reference to valuation conducted by an independent professional valuer using valuation technique. The valuation included certain key assumptions that involved significant management judgements and estimation. Change in assumptions relating to these factors could result in material adjustments to the carrying amount of goodwill (note 18).

Control over unlisted subsidiaries with equity interests equal to or less than 50%

As at 31 December 2021 and 2020, the Group has control over certain unlisted subsidiaries in which the Group's equity interests are equal to or less than 50%.

The Group considered they have control over these subsidiaries because the Group has the power to appoint and remove the majority members of the respective board of directors of those companies and holds more than half of the voting rights by virtue of an agreement with other investors. The management of the Group concluded that the Group has sufficient dominant voting interests to direct the relevant activities of those companies and therefore has control over those companies. As a result, those companies are classified as subsidiaries of the Company.

* The English translation of the names of the company established in the PRC is for reference only. The official name of this company is in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. REVENUE FROM CONTINUING OPERATIONS AND SEGMENT INFORMATION

The Group determines its operating segment based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

Upon the spin-off and separately listing the shares of its property management services business on 31 December 2020, all of the Group's business operations relate to property development and provision of its related services with similar economic characteristics. Accordingly, the chief operating decision-maker of the Company reviews the performance of the Group as a single business segment. No separate analysis information is presented.

Disaggregation of revenue is as follows:

	2021 RMB'000	2020 RMB'000
Timing of revenue recognition		
— A point in time	52,574,784	42,460,248
— Over time (note)	867,079	284,230
	53,441,863	42,744,478

Note: The balance mainly comprises entrusted construction services income of RMB437,893,000 (2020: RMB78,891,000) and rental income from property leasing of RMB94,066,000 (2020: RMB110,617,000) of which rental income does not fall within the scope of HKFRS 15.

As the chief operating decision-maker of the Company considers most of the Group's revenue and results are attributable to the market in the PRC, the Group's assets are substantially located inside the PRC, no geographical information is presented.

For the year ended 31 December 2021, revenue from transaction with a single external customer amounted to about 12% of the Group's revenue. For the year ended 31 December 2020, none of customers contributed 10% or more of the Group's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. REVENUE FROM CONTINUING OPERATIONS AND SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2020, information of discontinued operation is as follows:

	Discontinued operation Property management services RMB'000
<hr/>	
Disaggregated by timing of revenue recognition:	
— A point in time	—
— Over time	997,861
<hr/>	
Inter-segment revenue	997,861 (211,147)
<hr/>	
Revenue to external customers	786,714
<hr/>	
Reportable segment profit before income tax	28,565
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Other segment information:	
Interest income	408
Interest expense	(51,522)
Depreciation of property, plant and equipment	(2,853)
Depreciation of right-of-use assets	(5,047)
Provision for ECL allowance on trade and other receivables	(169)
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. OTHER NET GAIN FROM CONTINUING OPERATIONS

	2021 RMB'000	2020 RMB'000
Interest income from:		
— Banks	319,255	132,913
— Loans to associates	157,462	113,452
— Financial assets at amortised cost	8,079	3,641
— Others	39,970	7,889
	524,766	257,895
Government subsidy income	65,824	32,913
Compensation income	97,041	26,627
Gain on changes in fair value of financial assets measured at FVTPL	920	26,650
Gain on disposal of investment properties	—	33,800
(Loss)/Gain on disposal of a subsidiaries (note 42)	(27,388)	10,960
Sundry income	25,993	25,223
	687,156	414,068

7. FINANCE COSTS FROM CONTINUING OPERATIONS

	2021 RMB'000	2020 RMB'000
Interest charges on:		
— Bank borrowings	2,449,267	1,483,380
— Loans from intermediate holding company	828,248	1,127,560
— Amounts due to non-controlling interests	299,097	141,806
— Receipts under securitisation arrangements	502,680	502,028
— Significant financing component of contract liabilities	3,595,899	1,612,481
— Finance charges on lease liabilities	7,746	10,505
Total borrowing costs	7,682,937	4,877,760
Less: Interest capitalised	(7,071,374)	(4,221,997)
	611,563	655,763

Borrowing costs have been capitalised at various applicable rates ranging from 3.8% to 11.5% per annum (2020: 2.75% to 11.5% per annum).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS

Profit before income tax from continuing operations is arrived at after charging/(crediting):

	2021 RMB'000	2020 RMB'000
Auditor's remuneration		
— Audit services	1,640	1,260
— Non-audit services	158	2,000
Cost of properties sold	38,489,491	34,913,163
Depreciation:		
— Owned assets (note 15)	26,550	28,726
— Right-of-use assets (note 16)	42,066	39,027
Amortisation of intangible assets (note 18)	58	—
(Gain on disposal of)/Written off of property, plant and equipment	(97)	1,915
Provision for/(Reversal of provision for) ECL allowance on loans to associates and a joint venture	2,717	(2,222)
Provision for ECL allowance on trade and other receivables	23,578	16,553
Provision for ECL allowance on amounts due from non-controlling interests	13,885	4,226
Net foreign exchange loss	6,781	13,063
Lease charges on short-term leases	25,261	6,986
Outgoings in respect of investment properties that generated rental income	4,672	4,195
Provision for inventories of properties and other inventories, net	614,226	272,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

	2021 RMB'000	2020 RMB'000
Current income tax		
PRC corporate income tax ("CIT")		
— Current year	2,794,039	2,242,544
— Under provision in respect of prior years	966	1,699
	2,795,005	2,244,243
PRC LAT	95,120	1,120,572
	2,890,125	3,364,815
Deferred tax (note 32)	(1,221,982)	(1,153,113)
Total income tax expense	1,668,143	2,211,702

The difference between the actual income tax charge in the consolidated statement of profit or loss and other comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2021 RMB'000	2020 RMB'000
Profit before income tax	5,677,545	4,962,866
Tax on profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	1,418,685	1,333,024
Tax effect of non-deductible expenses	30,009	16,367
Tax effect of non-taxable income	(113,130)	(3,566)
Tax effect on LAT charges	(23,780)	(280,143)
LAT charges	95,120	1,120,572
Utilisation of tax loss previously not recognised	—	(1,166)
Under provision in respect of prior years	966	1,699
Others	260,273	24,915
Income tax expense	1,668,143	2,211,702

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

9. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (CONTINUED)

Notes:

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the years ended 31 December 2021 and 2020.

(b) PRC CIT

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC CIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2020: 25%) for the year ended 31 December 2021.

(c) PRC LAT

Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs, business tax and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

(d) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the new CIT Law issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

(e) Cayman Islands corporate tax

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any corporate tax in Cayman Islands for the years ended 31 December 2021 and 2020.

(f) British Virgin Islands profits tax

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI for the years ended 31 December 2021 and 2020.

(g) Australia profits tax

No Australia profits tax has been provided as the Group did not derive any assessable profit arising in Australia during the years ended 31 December 2021 and 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2020, the Company spun-off and separately listed the shares of the property management services business of the Group under C&D Property Management Group Co., Ltd (“C&D Property”, together with its subsidiaries, “C&D Property Group”) on the Main Board of the Stock Exchange (the “Spin-off”).

In December 2020, the Company’s Board of Directors declared a conditional distribution in specie of all the issued share capital of C&D Property to the Company’s qualifying shareholders (the “Distribution”). On 31 December 2020, the shares of C&D Property Group were listed on the Stock Exchange and C&D Property Group ceased to be the subsidiaries of the Company thereafter. The distribution to the Company’s qualifying shareholders of RMB377,184,000 was recognised, which represented the carrying value of net assets of C&D Property Group attributable to the equity holders of the Company as at the distribution date. Accordingly, no gain or loss on disposal was recognised.

11. DIVIDENDS AND THE DISTRIBUTION

(a) Dividends attributable to the year

	Note	2021 RMB'000	2020 RMB'000
Interim dividend of HK\$1.1 per ordinary share declared and paid (2020: HK\$Nil)	(ii)	1,153,395	–
Proposed final dividend after the reporting date of HK\$1.2 per ordinary share (2020: HK\$Nil)	(i)	1,351,809	–
The Distribution	(iii)	–	377,184
		2,505,204	377,184

Notes:

- (i) Subsequent to 31 December 2021, the board of directors recommended the payment of a final dividend of HK\$1.2 per share for the year ended 31 December 2021, totalling HK\$1,653,384,000 (equivalent to RMB1,351,809,000) with the eligible shareholders being given an option to elect to receive the final dividend all in new shares, or partly in new shares and partly in cash, or all in cash. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. The final dividend proposed after the reporting date has not been recognised as a liability as at 31 December 2021.
- (ii) On 27 August 2021, the board of directors declared an interim dividend of HK\$1.1 (equivalent to RMB0.90) per share. The shareholders were provided with an option to receive the interim dividend in form of scrip dividend. The interim dividend totalling RMB1,153,395,000 has been paid partly in new shares of the Company and partly in cash in October 2021. The number of ordinary shares settled and issued as scrip dividends was 100,809,098 and the total amount of dividend paid as scrip dividends was RMB1,011,490,000 while cash dividend amounted to RMB141,905,000.
- (iii) C&D Property Group was spun-off via a distribution in specie completed on 31 December 2020. The net assets of C&D Property Group, subject to the distribution to the Company’s shareholders, amounted to approximately RMB377,184,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. DIVIDENDS AND THE DISTRIBUTION (CONTINUED)

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2021 RMB'000	2020 RMB'000
Final dividend in respect of the previous financial year, of HK\$Nil (2020: HK\$0.82) per ordinary share	–	884,835

12. EARNINGS PER SHARE FROM CONTINUING OPERATIONS

(a) Basic earnings per share

Basic earnings per share is calculated by adjusting the profit for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2021 RMB'000	2020 RMB'000
Earnings		
Profit for the year attributable to the equity holders of the Company	3,516,758	2,305,942
Distributions to the subscriber of perpetual loans, net of taxation	(345,216)	–
Distributions to holders of perpetual convertible bond	–	(84,038)
Profit used to determine basic earnings per share	3,171,542	2,221,904
Weighted average number of ordinary shares in issue (thousands)	1,247,993	1,167,206
Earnings per share (expressed in RMB per share)	RMB2.54	RMB1.90

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

12. EARNINGS PER SHARE FROM CONTINUING OPERATIONS (CONTINUED)

(b) Diluted earnings per share

Diluted earnings per share for the year ended 31 December 2021 equals to the basic earnings per share as there were no dilutive potential ordinary shares in existence during the year.

During the year ended 31 December 2020, the Company has one category of dilutive potential ordinary shares: perpetual convertible bond. The computation of diluted earning per share for the year ended 31 December 2020 did not assume the conversion of perpetual convertible bond because the conversion will have an antidilutive effect. Therefore, diluted earning per share equals to basic earning per share.

13. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 RMB'000	2020 RMB'000
Salaries, wages and other benefits	1,846,910	1,721,091
Contributions to defined contribution retirement plan (note)	97,245	23,762
Share-based payments (note 36)	39,436	–
Less: Employee benefit expenses capitalised in properties under development	(1,035,206)	(469,887)
	948,385	1,274,966

Note: Due to the impact of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to December 2020 expedite resumption of economic activities, which resulted in the relief of certain contributions to defined contribution scheme during the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

14. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Fees RMB'000	Salaries and benefits in kind RMB'000	Retirement scheme contribution RMB'000	Share-based payments RMB'000	Total RMB'000
Year ended 31 December 2021					
Executive directors:					
Mr. Lin Weiguo (Chief executive)	1,163**	650	81	294	2,188
Mr. Zhuang Yuekai	1,163**	–	–	334	1,497
Ms. Zhao Chengmin	1,163**	–	–	334	1,497
	3,489	650	81	962	5,182
Non-executive directors:					
Ms. Ye Yanliu	–	–	–	–	–
Mr. Wang Wenhui	–	–	–	–	–
Mr. Huang Wenzhou	–	–	–	–	–
Independent non-executive directors:					
Mr. Wong Chi Wai	166	–	–	–	166
Mr. Wong Tat Yan, Paul	166	–	–	–	166
Mr. Chan Chun Yee	166	–	–	–	166
	498	–	–	–	498
Total emoluments	3,987	650	81	962	5,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

14. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' and chief executive's emoluments (Continued)

	Fees RMB'000	Salaries and benefits in kind RMB'000	Retirement scheme contribution RMB'000	Share-based payments RMB'000	Total RMB'000
Year ended 31 December 2020					
Executive directors:					
Mr. Lin Weiguo (Chief executive)	1,067**	698	40	–	1,805
Mr. Zhuang Yuekai	1,067**	–	–	–	1,067
Ms. Zhao Chengmin	1,067**	–	–	–	1,067
	3,201	698	40	–	3,939
Non-executive directors:					
Ms. Ye Yanliu	–	–	–	–	–
Mr. Wang Wenhui (appointed on 20 April 2020)	–	–	–	–	–
Ms. Wu Xiaomin (resigned on 30 March 2020)	–	–	–	–	–
Mr. Huang Wenzhou	–	–	–	–	–
Independent non-executive directors:					
Mr. Wong Chi Wai	178	–	–	–	178
Mr. Wong Tat Yan, Paul	178	–	–	–	178
Mr. Chan Chun Yee	178	–	–	–	178
	534	–	–	–	534
Total emoluments	3,735	698	40	–	4,473

** The executive directors have agreed to waive the emoluments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

14. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(b) Five highest paid individuals

The five highest paid individuals in the Group do not include (2020: do not include) any directors of the Company whose emoluments are included in the disclosures in note 14(a) above.

	2021 RMB'000	2020 RMB'000
Salaries and benefits in kind	2,744	3,076
Discretionary bonuses	21,029	20,027
Retirement scheme contributions	665	263
Share-based payments	1,165	–
	25,603	23,366

The above emoluments were within the following bands:

	No. of individuals	
	2021	2020
Emolument bands		
HK\$4,000,001–HK\$4,500,000	1	–
HK\$4,500,001–HK\$5,000,000	–	3
HK\$5,000,001–HK\$5,500,000	–	1
HK\$5,500,001–HK\$6,000,000	2	–
HK\$6,000,001–HK\$6,500,000	1	–
HK\$6,500,001–HK\$7,000,000	–	1
HK\$7,500,001–HK\$8,000,000	1	–
	5	5

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. The three executive directors have agreed to waive the emoluments during the year (2020: three) and none of five highest paid individuals have waived or agreed to waive any emoluments during the years ended 31 December 2021 and 2020.

(c) Senior management personnel

The emoluments paid or payable to members of senior management were within following bands:

	No. of individuals	
	2021	2020
Emolument bands		
Nil to HK\$1,000,000	6	8
HK\$1,000,001–HK\$1,500,000	2	3
HK\$1,500,001–HK\$2,000,000	2	–
HK\$2,000,001–HK\$2,500,000	–	1
HK\$2,500,001–HK\$3,000,000	1	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Leasehold land and buildings RMB'000	Leasehold improvement RMB'000	Furniture and fixtures RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2020							
Cost	37,942	13,408	95,075	45,735	1,735	13,796	207,691
Accumulated depreciation	–	(3,300)	(66,223)	(20,980)	(1,075)	(7,241)	(98,819)
Net book amount	37,942	10,108	28,852	24,755	660	6,555	108,872
Year ended 31 December 2020							
Opening net book amount	37,942	10,108	28,852	24,755	660	6,555	108,872
Additions	18,513	–	13,643	17,664	137	4,876	54,833
The Distribution	–	–	(16,183)	(10,385)	(362)	(310)	(27,240)
Disposals and written off	–	(589)	–	(1,205)	(8)	(113)	(1,915)
Depreciation	–	(371)	(23,909)	(8,043)	(187)	(1,481)	(33,991)
Acquisition of subsidiaries	–	–	14,201	1,300	–	–	15,501
Deemed disposal of a subsidiary	–	–	–	(39)	–	–	(39)
Exchange differences	–	–	(1)	–	–	–	(1)
Closing net book amount	56,455	9,148	16,603	24,047	240	9,527	116,020
At 31 December 2020 and 1 January 2021							
Cost	56,455	12,639	102,165	38,160	913	15,897	226,229
Accumulated depreciation	–	(3,491)	(85,562)	(14,113)	(673)	(6,370)	(110,209)
Net book amount	56,455	9,148	16,603	24,047	240	9,527	116,020
Year ended 31 December 2021							
Opening net book amount	56,455	9,148	16,603	24,047	240	9,527	116,020
Additions	5,131	–	15,501	31,839	21	9,944	62,436
Disposals	–	(278)	(1,732)	(2,783)	(2,238)	(286)	(7,317)
Depreciation	–	(355)	(15,431)	(8,852)	(39)	(1,873)	(26,550)
Acquisitions of subsidiaries (note 41)	–	104,932	15,999	8,894	21,936	25,211	176,972
Disposal of subsidiaries (note 42)	–	–	–	(960)	–	(745)	(1,705)
Exchange differences	–	–	(18)	–	–	–	(18)
Closing net book amount	61,586	113,447	30,922	52,185	19,920	41,778	319,838
At 31 December 2021							
Cost	61,586	116,880	131,457	74,632	20,215	50,021	454,791
Accumulated depreciation	–	(3,433)	(100,535)	(22,447)	(295)	(8,243)	(134,953)
Net book amount	61,586	113,447	30,922	52,185	19,920	41,778	319,838

The bank borrowings are secured by property, plant and equipment with a net book amount of approximately RMB22,046,000 as at 31 December 2021 (2020: RMBNil) (note 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation charges have been included in:

	2021 RMB'000	2020 RMB'000
Consolidated statement of financial position		
— Capitalised in inventories of properties, other inventories and other contract costs	6,847	6,923
Consolidated statement of profit or loss and other comprehensive income		
— Cost of sales	1,260	14,928
— Selling expenses	17,780	8,387
— Administrative expenses	663	3,753
	26,550	33,991
Discontinued operation	—	(5,265)
	26,550	28,726

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
Carrying amounts at 1 January 2020	92,316	118,529	210,845
Additions	—	69,723	69,723
Depreciation	(3,619)	(40,813)	(44,432)
Acquisition of subsidiaries	—	13,121	13,121
The Distribution	—	(21,415)	(21,415)
Carrying amounts at 1 January 2021	88,697	139,145	227,842
Additions	—	80,633	80,633
Depreciation	(3,870)	(38,196)	(42,066)
Acquisitions of subsidiaries (note 41)	10,928	6,531	17,459
Carrying amounts at 31 December 2021	95,755	188,113	283,868

The right-of-use assets represented leases of lands and offices in the PRC. The leases of offices in the PRC typically run for an initial period of 2 to 20 years. None of the leases includes variable lease payments. Certain leases include an option to renew the lease for an additional period after the end of the contract term. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and concluded that it is not reasonably certain to exercise the extension options. Accordingly, the future lease payments during the extension periods are not included in the measurement of the right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

16. RIGHT-OF-USE ASSETS (CONTINUED)

The analysis of the net carrying amounts of right-of-use assets in respect of the leasehold lands according to lease periods are as follows:

	2021 RMB'000	2020 RMB'000
In PRC:		
Leases of between 10 to 50 years	95,755	88,697

The bank borrowings are secured by right-of-use assets with a net book amount of approximately RMB10,928,000 as at 31 December 2021 (2020: RMBNil) (note 31).

17. INVESTMENT PROPERTIES

Movements of the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

	2021 RMB'000	2020 RMB'000
Carrying amount at 1 January	1,328,060	1,255,730
Change in fair value of investment properties	(21,359)	(15,294)
Subsequent expenditures	27,659	9,622
Acquisitions of subsidiaries (note 41)	73,793	–
Addition	–	100,000
Disposal of subsidiaries (note 42)	(98,000)	–
Disposal	–	(21,998)
Carrying amount at 31 December	1,310,153	1,328,060

The bank borrowings are secured by investment properties with a net book amount of approximately RMB684,462,000 as at 31 December 2021 (2020: RMB633,000,000) (note 31).

The analysis of the net carrying amounts of investment properties according to lease periods are as follows:

	2021 RMB'000	2020 RMB'000
In PRC:		
Leases of between 10 to 50 years	1,310,153	1,328,060

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

17. INVESTMENT PROPERTIES (CONTINUED)

Valuation process and methodologies

Investment properties were valued at 31 December 2021 by an independent professional qualified valuer, Cushman & Wakefield International Property Advisers (Guangzhou) Co., Ltd., who has the relevant experience in the location and category of properties being valued. There was no change to the valuation techniques during the year.

Discussions of valuation processes and results are held between management and the valuer on a semi-annual basis, in line with the Group's interim and annual reporting dates.

Fair value hierarchy

Fair value adjustment of investment properties is recognised in the line item "Loss on changes in fair value of investment properties" on the face of the consolidated statement of profit or loss and other comprehensive income.

The following table shows the Group's investment properties measured at fair value in the consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The levels are based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

	Fair value measurements categorised into Level 3 RMB'000
Recurring fair value measurement	
At 31 December 2021	
Investment properties	1,310,153
At 31 December 2020	
Investment properties	1,328,060

There were no transfers into or out of Level 3 during the year (2020: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy in the reporting period in which they occur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

17. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (Continued)

The fair value of investment properties is determined using the direct capitalisation method by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate and factors adjustment, and negatively correlated to capitalisation rate.

	Valuation techniques	Significant unobservable inputs	Range	
			As at 31 December 2021	2020
Investment properties (Nanning District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	30–1,850	35–1,400
		Capitalisation rate of reversionary income	3.5%–7.0%	3.5%–7.25%
Investment properties (Shanghai District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	212–471	197–438
		Capitalisation rate of reversionary income	5.50%–6.00%	5.50%–6.00%
Investment properties (Jianou District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	N/A	69–98
		Capitalisation rate of reversionary income	N/A	5.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

18. INTANGIBLE ASSETS

	Goodwill RMB'000	Intangible assets RMB'000	Total RMB'000
Cost			
As at 31 December 2020 and 1 January 2021	–	–	–
Additions	–	101	101
Acquisitions of subsidiaries (note 41)	618,116	33,363	651,479
As at 31 December 2021	618,116	33,464	651,580
Accumulated amortisation			
As at 31 December 2020 and 1 January 2021	–	–	–
Amortisation	–	(58)	(58)
As at 31 December 2021	–	(58)	(58)
Net book amount			
As at 31 December 2021	618,116	33,406	651,522
As at 31 December 2020	–	–	–

During the year ended 31 December 2021, the Group completed acquisition of the Holsin Group (note 41). Total identifiable net assets of this entity acquired as at the acquisition date amounted to RMB909,557,000. The excess of the consideration transferred and the amount of the non-controlling interests in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Goodwill of RMB618,116,000 has been allocated to the CGU of the Holsin Group acquired during the year for impairment testing. Management performed an impairment assessment on the goodwill at the reporting date. The recoverable amount of the Holsin Group is determined based on fair value less costs of disposal. Based on management's assessment, no impairment provision was considered necessary as at 31 December 2021.

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For the year ended 31 December 2021

19. INTERESTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Unlisted shares, at cost	8,018,500	3,814,207
Unrealised profits in respect of disposal of a subsidiary	(8,482)	(8,482)
Share of post-acquisition results and other comprehensive income, net of dividend received	498,765	247,870
	8,508,783	4,053,595
Loans to associates	4,589,431	1,875,632
Less: Loss allowance	(4,589)	(1,876)
	13,093,625	5,927,351

As at 31 December 2021, the loans to associates are unsecured, interest free and would not be repayable within one year, except for an amount of RMB2,008,745,000 (2020: RMB105,230,190) which is interest-bearing ranging from 4.35% to 10% per annum (2020: 4% per annum).

During the year ended 31 December 2021, the Group entered into cooperation agreements with independent third parties for the formation of thirteen companies with total capital injection of approximately RMB4,204,293,000, which are not individually material, for carrying out the property development and consultancy business. The companies are accounted for as associates as the Group has the right to appoint director(s) for the board of the companies and is able to exercise significant influence over the companies.

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For the year ended 31 December 2021

19. INTERESTS IN ASSOCIATES (CONTINUED)

Set out below are details of associates of the Group as at 31 December 2021 which, in the opinion of the directors, are material to the Group:

Name	Form of business structure	Country/ place of incorporation and operation	Particulars of issued and paid up/registered capital	Proportion of effective interest held	Principal activities
Longyan Lirong Real Estate Development Company Limited* (龍岩利榮房地產開發有限公司) ("Longyan Lirong")	Incorporated	PRC	RMB50,000,000	30% (2020: 30%)	Property development
Changsha Fumao Real Estate Company Limited* (長沙芙茂置業有限公司) ("Changsha Fumao")	Incorporated	PRC	RMB1,700,000,000	49% (2020: 49%)	Property development
Changsha Chumao Enterprise Management Company Limited* (長沙楚茂企業管理有限公司) ("Changsha Chumao")	Incorporated	PRC	RMB500,000,000	49% (2020: 49%)	Property development and consultancy services
Zhongjiao Changsha Real Estate Company Limited* (中交(長沙)置業有限公司) ("Zhongjiao Changsha")	Incorporated	PRC	RMB400,000,000	49% (2020: 49%)	Property development and consultancy services
Changsha Tianhaiyi Enterprise Management Company Limited* (長沙天海易企業管理有限公司) ("Changsha Tianhaiyi")	Incorporated	PRC	RMB1,300,000,000	49% (2020: 49%)	Property development and consultancy services
Xiamen Zhaote Real Estate Company Limited* (廈門兆特置業有限公司) ("Xiamen Zhaote")	Incorporated	PRC	RMB600,000,000	49.5% (2020: 49.5%)	Property development
Wuxi Jiahe Real Estate Co., Ltd* (無錫嘉合置業有限公司) ("Wuxi Jiahe")	Incorporated	PRC	RMB1,000,000,000	49% (2020: 49%)	Property development
Nanjing Dejian Real Estate Co., Ltd* (南京德建置業有限公司) ("Nanjing Dejian")	Incorporated	PRC	RMB550,000,000	49% (2020: 49%)	Property development

* The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

All associates have a reporting date of 31 December.

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19. INTERESTS IN ASSOCIATES (CONTINUED)

Set out below are the summarised financial information of the material associates, including Longyan Lirong, Changsha Fumao, Changsha Chumao and its subsidiary (“Changsha Chumao Group”), Zhongjiao Changsha, Changsha Tianhaiyi and its subsidiary (“Changsha Tianhaiyi Group”), Xiamen Zhaote and its subsidiary (“Xiamen Zhaote Group”), Wuxi Jiahe and Nanjing Dejian, which are accounted for using the equity method:

	Longyan Lirong		Changsha Fumao	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Current assets	579,725	755,035	2,175,502	4,130,894
Non-current assets	1,614	1,331	337	276
Current liabilities	(42,097)	(229,078)	(393,685)	(2,350,295)
Non-current liabilities	(1,906)	(1,906)	–	(140,000)
Net assets	537,336	525,382	1,782,154	1,640,875
Revenue	10,578	643,334	2,415,480	–
Profit/(Loss) for the year	11,954	157,833	209,908	(45,828)
Other comprehensive income for the year	–	–	–	–
Total comprehensive income/(expense) for the year	11,954	157,833	209,908	(45,828)
Dividend received from the associate	–	–	(33,627)	–
Capital injection in interests in associates	–	–	–	800,000

	Changsha Chumao Group		Zhongjiao Changsha	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Current assets	897,707	1,554,007	2,890,171	2,674,252
Non-current assets	216	306	91	178
Current liabilities	(351,901)	(1,078,079)	(2,028,105)	(1,596,887)
Non-current liabilities	(1,000)	–	(485,000)	(700,000)
Net assets	545,022	476,234	377,157	377,543
Revenue	1,108,165	–	–	–
Profit/(Loss) for the year	68,788	(22,363)	(1,656)	(21,188)
Other comprehensive income for the year	–	–	–	–
Total comprehensive income/(expense) for the year	68,788	(22,363)	(1,656)	(21,188)
Dividend received from the associate	–	–	–	–
Capital injection in interests in associates	–	–	–	174,000

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For the year ended 31 December 2021

19. INTERESTS IN ASSOCIATES (CONTINUED)

	Changsha Tianhaiyi Group		Xiamen Zhaote Group	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	8,382,217	5,142,824	3,748,636	2,303,060
Non-current assets	20,534	4,515	112	151
Current liabilities	(5,925,772)	(2,845,282)	(2,436,308)	(1,060,410)
Non-current liabilities	(1,238,500)	(1,040,000)	(749,810)	(685,880)
Net assets	1,238,479	1,262,057	562,630	556,921
Revenue	2,547	707	–	–
Loss for the year	(23,578)	(36,368)	(5,709)	(24,997)
Other comprehensive income for the year	–	–	–	–
Total comprehensive expense for the year	(23,578)	(36,368)	(5,709)	(24,997)
Dividend received from the associate	–	–	–	–
	Wuxi Jiahe		Nanjing Dejian	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	5,041,764	5,295,895	3,879,870	3,059,751
Non-current assets	1,552	1,419	7,610	25
Current liabilities	(3,772,568)	(3,362,618)	(3,081,539)	(1,330,814)
Non-current liabilities	(1,802)	(953,000)	(300,000)	(1,200,000)
Net assets	1,268,946	981,696	505,941	528,962
Revenue	2,866,083	–	721	–
Profit/(loss) for the year	287,250	(17,926)	(23,021)	(20,681)
Other comprehensive income for the year	–	–	–	–
Total comprehensive income/(expense) for the year	287,250	(17,926)	(23,021)	(20,681)
Dividend received from the associate	–	–	–	–
Capital injection in interests in associates	–	980,000	–	548,200

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For the year ended 31 December 2021

19. INTERESTS IN ASSOCIATES (CONTINUED)

A reconciliation of the above summarised financial information to the carrying amount of investment in associates, including Longyan Lirong, Changsha Fumao, Changsha Chumao Group, Zhongjiao Changsha, Changsha Tianhaiyi Group, Xiamen Zhaote Group, Wuxi Jiahe and Nanjing Dejian, are set out below:

	Longyan Lirong		Changsha Fumao	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Total net assets of associates	537,336	525,382	1,782,154	1,640,875
Proportion of ownership interests held by the Group	30%	30%	49%	49%
Carrying amount of the investments in associates in the consolidated financial statements	161,200	157,615	873,255	804,029

	Changsha Chumao Group		Zhongjiao Changsha	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Total net assets of associates	545,022	476,234	377,157	377,543
Proportion of ownership interests held by the Group	49%	49%	49%	49%
Carrying amount of the investments in associates in the consolidated financial statements	267,061	233,355	184,807	184,996

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For the year ended 31 December 2021

19. INTERESTS IN ASSOCIATES (CONTINUED)

	Changsha Tianhaiyi Group		Xiamen Zhaote Group	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Total net assets of associates	1,238,479	1,262,057	562,630	556,921
Proportion of ownership interests held by the Group	49%	49%	49.5%	49.5%
Carrying amount of the investments in associates in the consolidated financial statements	606,855	618,408	278,502	275,676
	Wuxi Jiahe		Nanjing Dejian	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Total net assets of associates	1,268,946	981,696	505,941	528,962
Proportion of ownership interests held by the Group	49%	49%	49%	49%
Carrying amount of the investments in associates in the consolidated financial statements	621,784	481,031	247,911	259,191

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19. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material:

	2021 RMB'000	2020 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	5,267,408	1,039,294

	2021 RMB'000	2020 RMB'000
Aggregate amounts of the Group's share of those associates': Profit and total comprehensive income for the year	180,816	122,642

The Group has not incurred any contingent liabilities or other commitments relating to its interests in associates.

Movements of the Group's loss allowance on loans to associates are as follows:

	2021 RMB'000	2020 RMB'000
Balance at 1 January 2021	1,876	4,098
Provision for/(Reversal of provision) of ECL allowances during the year	2,713	(2,222)
Balance at 31 December 2021	4,589	1,876

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method on loans to associates to provide for ECL prescribed by HKFRS 9. As at 31 December 2021, the Group has made provision of ECL allowances for loans to associates of approximately RMB4,589,000 (2020: RMB1,876,000).

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20. INTERESTS IN JOINT VENTURES

	2021 RMB'000	2020 RMB'000
Cost of investments in joint ventures	682,573	682,573
Share of post-acquisition results and other comprehensive income, net of dividend received	(23,677)	(17,123)
Exchange differences	(3,072)	(1,641)
	655,824	663,809
Loan to a joint venture	4,474	4,608
Less: Loss allowance	(4)	–
	660,294	668,417

The loan to a joint venture is unsecured, interest-free and would not be repayable within one year.

Particulars of the Group's unlisted joint ventures as at 31 December 2021 and 2020 are as follows:

Name	Form of business structure	Country/ place of incorporation and operation	Particulars of registered capital	Proportion of effective interest held	Principal activities
J-Bridge Investment Co., Ltd.	Incorporated	BVI	United States Dollar 25,000	50% (2020: 50%)	Investment holding
Shanghai Huaru Real Estate Development Company Limited* (上海鐳鋤房地產開發有限公司) ("Shanghai Huaru") (note)	Incorporated	PRC	RMB1,300,000,000	49% (2020: 49%)	Property development

Note:

Pursuant to the cooperation agreement dated on 3 March 2020, the board of directors of Shanghai Huaru consists of five directors, for whom two are nominated by the Group, three are nominated by Shanghai Huajin. As specified in the cooperation agreement, unanimous resolution of all directors for certain key corporate matters is required. Accordingly, Shanghai Huaru is a joint venture company of the Group and its financial results were accounted for in the consolidated financial statements of the Group using the equity method.

* The English translation of the names of the company established in the PRC is for reference only. The official name of this company is in Chinese.

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20. INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of the joint ventures that are not individually material:

	2021 RMB'000	2020 RMB'000
Aggregate carrying amount of individually immaterial joint venture in the consolidated financial statements	660,294	668,417
Aggregate amounts of the Group's share of the joint venture's: Profit/(loss) and total comprehensive income/(expense) for the year	11,776	(6,719)

The Group has not incurred any contingent liabilities or other commitments relating to its interests in joint ventures (2020: Nil).

21. OTHER FINANCIAL ASSETS

	2021 RMB'000	2020 RMB'000
Other current financial assets:		
Financial assets measured at fair value through profit or loss		
Subordinated tranche securities (notes (i) & (ii))	280,500	25,840
Other non-current financial assets:		
Financial assets at amortised cost		
Debt investment	21,000	–
Financial assets measured at fair value through profit or loss		
Subordinated tranche securities (notes (i) & (ii))	109,100	256,840
Unlisted equity securities (note (ii))	115,600	121,000
	224,700	377,840
	245,700	377,840

Notes:

(i) As at 31 December 2021, the amount comprises 11 (2020: 5) non-tradable subordinated tranche securities, which have no fixed coupon rate and an entitlement to residual returns upon maturity, with the maturity date on 25 February 2022, 8 March 2022, 28 April 2022, 29 April 2022, 31 May 2022, 5 July 2022, 31 August 2022, 30 September 2022, 27 October 2022, 30 December 2022 and 30 June 2023.

(ii) The fair value of the Group's subordinated tranche securities and unlisted equity securities have been measured as described in note 46.7.

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22. SUBSIDIARIES

Particulars of the principal subsidiaries, each of which is a limited liability company, as at 31 December 2021, were as follows:

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Xiamen Yiyue Real Estate Company Limited* (廈門益悅置業有限公司) ("Xiamen Yiyue")	Limited liability company	PRC 18 May 2015	RMB2,000,000,000	100% (2020: 100%)	Property investment and development business
Xiamen C&D Construction Operations Management Co., Ltd.* (廈門建發建設運營管理有限公司)	Limited liability company	PRC 11 November 2015	RMB20,000,000	100% (2020: 100%)	Project construction and management
Changsha Zhaoyue Real Estate Co., Ltd.* (長沙兆悅房地產有限公司) ("Changsha Zhaoyue")**	Limited liability company	PRC 7 September 2015	RMB50,000,000	– (2020: 100%)	Property development
Shanghai C&D Zhaoyu Asset Management Company Limited* (上海建發兆昱資產管理有限公司)	Limited liability company	PRC 17 December 2015	RMB30,000,000	55% (2020: 55%)	Commercial assets management and operation
Shanghai Zhaoxiang Commercial Operation Management Company Limited* (上海兆祥商業經營管理有限公司)	Limited liability company	PRC 14 October 2014	RMB1,000,000	55% (2020: 55%)	Commercial assets management and operation
Quanzhou Zhaoyue Real Estate Co., Ltd.* (泉州兆悅置業有限公司)	Limited liability company	PRC 4 November 2015	RMB50,000,000	40% (2020: 40%)	Property development
Fujian Zhaojia Real Estate Co., Ltd.* (福建兆嘉房地產有限公司)	Limited liability company	PRC 12 March 2015	RMB400,000,000	60% (2020: 60%)	Property development
Xiamen Zhaochun Real Estate Co., Ltd.* (廈門兆淳置業有限公司)	Limited liability company	PRC 1 March 2018	RMB600,000,000	50% (2020: 50%)	Property investment
Shanghai Zhaoyi Enterprise Management Co., Ltd.* (上海兆屹企業管理有限公司)	Limited liability company	PRC 24 August 2016	RMB1,000,000	46.75% (2020: 46.75%)	Property leasing
Lianjiang Zhaorong Investment Co., Ltd.* (連江兆融投資有限公司) ("Lianjiang Zhaorong")	Limited liability company	PRC 13 June 2018	RMB600,000,000	65% (2020: 65%)	Property investment

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Taicang Yuzhou Yilong Real Estate Development Co., Ltd.* (太倉禹洲益龍房地產開發有限公司)	Limited liability company	PRC 13 November 2017	RMB500,000,000	30% (2020: 30%)	Property development
Ningde Zhaomao Real Estate Co., Ltd.* (寧德兆茂房地產有限公司) ("Ningde Zhaomao")	Limited liability company	PRC 9 November 2020	RMB2,000,000,000	49.98% (2020: 49.98%)	Property development
Lianjiang Zhaohuifeng Real Estate Co., Ltd.* (連江兆匯豐置業有限公司)	Limited liability company	PRC 13 December 2019	RMB700,000,000	40% (2020: 40%)	Property development
Tonglu Yinyue Commercial Development Co., Ltd.* (桐廬銀悅商業發展有限公司)	Limited liability company	PRC 9 June 2020	RMB100,000,000	48% (2020: 48%)	Commercial assets management and operation
Zhangzhou Fanhua Industrial Co., Ltd.* (漳州泛華實業有限公司)	Limited liability company	PRC 11 August 2006	RMB600,000,000	60% (2020: 60%)	Property development
Longyan Hengfu Real Estate Development Co., Ltd.* (龍岩恆富房地產開發有限公司)	Limited liability company	PRC 19 January 2017	RMB146,000,000	40% (2020: 40%)	Property development
Wuxi Jianyue Real Estate Development Co., Ltd.* (無錫建悅房地產開發有限公司) ("Wuxi Jian Yue")	Limited liability company	PRC 11 December 2017	RMB1,600,000,000	100% (2020: 100%)	Property investment and development business
Changsha Yuefa Property Development Company Limited* (長沙悅發房地產有限公司)	Limited liability company	PRC 28 November 2016	RMB466,200,000	100% (2020: 100%)	Property development
Suzhou Zhaoxiang Real Estate Development Company Limited* (蘇州兆祥房地產開發有限公司) ("Suzhou Zhaoxiang")	Limited liability company	PRC 30 October 2015	RMB200,000,000	97.5% (2020: 97.5%)	Property investment and development business
Fujian Zhaohu Property Development Company Limited* (福建兆和房地產有限公司)	Limited liability company	PRC 1 December 2015	RMB50,000,000	100% (2020: 100%)	Property investment and development business

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Lianjiang Zhaorun Real Estate Development Co., Ltd.* (連江兆潤房地產開發有限公司)	Limited liability company	PRC 25 July 2016	RMB100,000,000	78% (2020: 78%)	Property development
Zhangjiagang Jianfeng Real Estate Development Co., Ltd.* (張家港建丰房地產開發有限公司)	Limited liability company	PRC 6 January 2017	RMB50,000,000	70% (2020: 70%)	Property development
Nanjing Meiye Real Estate Development Co., Ltd.* (南京美業房地產發展有限公司)	Limited liability company	PRC 6 November 2017	RMB400,000,000	50% (2020: 50%)	Property development
Changsha Zhaoxi Real Estate Development Company Limited* (長沙兆禧房地產有限公司)	Limited liability company	PRC 13 December 2016	RMB50,000,000	100% (2020: 100%)	Property development
Nanning Dingchi Real Estate Investment Company Limited* (南寧市鼎馳置業投資有限責任公司)	Limited liability company	PRC 27 July 2011	RMB200,000,000	51% (2020: 51%)	Property development
Xiamen Jiafu Investment Company Limited* (廈門嘉富投資有限公司)	Limited liability company	PRC 22 January 2015	RMB10,000,000	100% (2020: 100%)	Property investment
Suzhou Zhaokun Real Estate Development Company Limited* (蘇州兆坤房地產開發有限公司)	Limited liability company	PRC 1 September 2014	RMB50,000,000	100% (2020: 100%)	Property investment and development business
Longyan Lirui Real Estate Development Company Limited* (龍岩利瑞房地產開發有限公司)	Limited liability company	PRC 9 August 2017	RMB50,000,000	100% (2020: 100%)	Property development
Jian'ou Fayun Real Estate Company Limited* (建甌發雲房地產有限公司) ^o	Limited liability company	PRC 22 December 2015	RMB15,000,000	– (2020: 75%)	Property development
Jian'ou Zhongheng Real Estate Company Limited* (建甌中恒房地產有限公司) ^o	Limited liability company	PRC 22 June 2016	RMB5,000,000	– (2020: 75%)	Property development

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Guangzhou Jiansui Real Estate Development Company Limited* (廣州建穗房地產開發有限公司)	Limited liability company	PRC 15 January 2018	RMB2,000,000,000	64% (2020: 64%)	Property development
Suzhou Jianhe Real Estate Development Company Limited* (蘇州建合房地產開發有限公司) ("Suzhou Jianhe")	Limited liability company	PRC 16 March 2018	RMB300,000,000	55% (2020: 55%)	Property development
Shenzhen Shengyi Investment Management Company Limited* (深圳市盛毅投資管理有限公司) ("Shenzhen Shengyi")	Limited liability company	PRC 29 February 2016	RMB2,000,000,000	51.6% (2020: 51.6%)	Property investment
Xiamen Zhaowudi Property Company Limited* (廈門兆武地置業有限公司) ("Xiamen Zhaowudi")	Limited liability company	PRC 10 July 2018	RMB2,300,000,000	51% (2020: 51%)	Property investment
Zhangjiagang Jianxiang Real Estate Development Company Limited* (張家港建祥房地產開發有限公司)	Limited liability company	PRC 13 April 2018	RMB50,000,000	100% (2020: 100%)	Property investment and development business
Fuzhou Pingjin Real Estate Company Limited* (福州平晉房地產有限公司)	Limited liability company	PRC 5 September 2017	RMB2,000,000,000	51.6% (2020: 51.6%)	Property development
Lide Property (Fuzhou) Company Limited* (勵德置業(福州)有限公司) ("Lide Property") ^o	Limited liability company	PRC 19 June 2013	RMB50,000,000	– (2020: 70%)	Property development
Lianjiang Zhaorui Real Estate Development Company Limited* (連江兆瑞房地產開發有限公司)	Limited liability company	PRC 14 March 2018	RMB600,000,000	65% (2020: 65%)	Property development
Xiamen Zhaoqilong Real Estate Development Company Limited* (廈門兆祁隆房地產開發有限公司)	Limited liability company	PRC 27 December 2017	RMB2,500,000,000	51% (2020: 51%)	Property development

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Shaxuan Tianchen Real Estate Development Company Limited* (沙縣天辰房地產開發有限公司)	Limited liability company	PRC 9 November 2017	RMB150,000,000	51% (2020: 51%)	Property development
Nanping Jianyang Zhaosheng Real Estate Company Limited* (南平市建陽區兆盛房地產有限公司)	Limited liability company	PRC 25 April 2018	RMB1,500,000,000	70% (2020: 70%)	Property development
Wuxi Jianhui Real Estate Development Co., Ltd.* (無錫建惠房地產開發有限公司)	Limited liability company	PRC 11 September 2020	RMB100,000,000	52% (2020: 49%)	Property development
Zhuhai Doumen Yifa Property Company Limited* (珠海斗門益發置業有限公司)	Limited liability company	PRC 9 April 2018	RMB10,000,000	100% (2020: 100%)	Property development
Shanghai Putuo Yueda Real Estate Company Limited* (上海普陀悅達置業有限公司)	Limited liability company	PRC 20 May 2004	RMB12,000,000	55% (2020: 55%)	Commercial assets management and operation
Shenzhen Mingju Nanzhuang Real Estate Company Limited* (深圳市名巨南庄房地產有限公司)	Limited liability company	PRC 20 October 2010	RMB10,000,000	51% (2020: 51%)	Property development
Zhuhai Doumen Huiye Real Estate Development Company Limited* (珠海市斗門匯業房產開發有限公司) ("Zhuhai Doumen") ^o	Limited liability company	PRC 16 March 2001	RMB6,510,000	– (2020: 51%)	Property development
Guangzhou Jianrong Real Estate Development Company Limited* (廣州建融房地產開發有限公司)	Limited liability company	PRC 2 August 2018	RMB2,000,000,000	64% (2020: 64%)	Property investment

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For the year ended 31 December 2021

22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Wuhan Zhaoyuermao Real Estate Development Company Limited* (武漢兆悅茂房地產開發有限公司)	Limited liability company	PRC 27 September 2018	RMB1,300,000,000	51% (2020: 51%)	Property development
Xiamen Zhaoyirong Real Estate Development Company Limited* (廈門兆翊蓉房地產開發有限公司) ("Xiamen Zhaoyirong")	Limited liability company	PRC 27 June 2017	RMB1,000,000	100% (2020: 100%)	Property development
Xianyou Zhaoting Real Estate Company Limited* (仙遊兆挺置業有限公司) ("Xianyou Zhaoting") ^o	Limited liability company	PRC 12 February 2019	RMB50,000,000	– (2020: 55%)	Property development
Ningde Zhaoquan Real Estate Company Limited* (寧德兆全房地產有限公司) ("Ningde Zhaoquan")	Limited liability company	PRC 30 October 2020	RMB1,400,000,000	71.4% (2020: 71.4%)	Property development
Fuzhou Zhaojin Real Estate Development Company Limited* (福州兆晉房地產開發有限公司)	Limited liability company	PRC 12 April 2019	RMB50,000,000	100% (2020: 100%)	Property development
Taicang Jiancang Real Estate Development Company Limited* (太倉建倉房地產開發有限公司)	Limited liability company	PRC 10 April 2019	RMB780,000,000	100% (2020: 100%)	Property development
Zhuhai Yuefa Real Estate Company Limited* (珠海悅發置業有限公司)	Limited liability company	PRC 18 April 2019	RMB50,000,000	100% (2020: 100%)	Property development

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Nanping Zhaorong Real Estate Company Limited* (南平市兆榮房地產有限公司)	Limited liability company	PRC 10 May 2019	RMB100,000,000	75% (2020: 75%)	Property development
Xiamen Yichun Real Estate Company Limited* (廈門益春置業有限公司)	Limited liability company	PRC 21 May 2019	RMB2,400,000,000	95% (2020: 95%)	Property investment
Fujian Zhaorui Real Estate Company Limited* (福建兆睿房地產有限公司)	Limited liability company	PRC 21 June 2019	RMB1,000,000,000	70% (2020: 70%)	Property development
Fujian Zhaosheng Real Estate Company Limited* (福建兆盛房地產有限公司)	Limited liability company	PRC 4 June 2019	RMB30,000,000	100% (2020: 100%)	Property development
Ningde Zhaotou Real Estate Company Limited* (寧德兆投房地產有限公司)	Limited liability company	PRC 11 June 2019	RMB600,000,000	55% (2020: 55%)	Property development
Xiamen Zhaoyang Housing Relocation Service Company Limited* (廈門兆陽房屋徵遷服務有限公司)	Limited liability company	PRC 18 June 2019	RMB5,000,000	100% (2020: 100%)	Property expropriation and compensation services
Ningde Zhaoyu Real Estate Co., Ltd.* (寧德兆裕房地產有限公司) ("Ningde Zhaoyu")	Limited liability company	PRC 19 July 2019	RMB2,000,000,000	49.98% (2020: 49.98%)	Property development
Ningde Zhaoxing Real Estate Co., Ltd.* (寧德兆行房地產有限公司)	Limited liability company	PRC 1 July 2019	RMB540,000,000	50% (2020: 50%)	Property investment

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Nanning Zhaoyue Real Estate Development Company Limited* (南寧兆悅房地產開發有限公司)	Limited liability company	PRC 4 July 2019	RMB10,000,000	100% (2020: 100%)	Property development
Xiamen Zhaoxu Construction Development Company Limited* (廈門兆旭建設發展有限公司)	Limited liability company	PRC 9 April 2020	RMB50,000,000	100% (2020: 100%)	Property development
Xiamen Jianfa Guang Yue Commercial Management Company Limited* (廈門建發廣悅商業管理有限公司)	Limited liability company	PRC 19 June 2019	RMB5,000,000	100% (2020: 100%)	Property development
Xiamen Jianfa Yipin Culture Development Company Limited* (廈門建發一品文化發展有限公司)	Limited liability company	PRC 6 February 2018	RMB1,000,000	100% (2020: 100%)	Advertisement planning
Changshu Jianshang Real Estate Development Company Limited* (常熟建尚房地產開發有限公司)	Limited liability company	PRC 7 August 2019	RMB600,000,000	100% (2020: 100%)	Property development
Zhangjiagang Free Trade Zone Xinyue Real Estate Company Limited* (張家港保稅區鑫悅房地產有限公司)	Limited liability company	PRC 19 August 2019	RMB1,500,000,000	100% (2020: 100%)	Property development
Suzhou Zhaoyue Real Estate Development Company Limited* (蘇州兆悅房地產開發有限公司)	Limited liability company	PRC 27 August 2019	RMB600,000,000	100% (2020: 100%)	Property development
Putian Pinyue Decoration Engineering Company Limited* (莆田品悅裝修工程有限公司)	Limited liability company	PRC 16 June 2020	RMB1,000,000	100% (2020: 100%)	Engineering Management

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Xiaman Lihe Engineering Management Company Limited* (廈門利和工程管理有限公司)	Limited liability company	PRC 19 September 2018	RMB5,000,000	100% (2020: 100%)	Engineering Management
Shenzhen Shengji Investment Management Company Limited* (深圳市盛錦投資管理有限公司)	Limited liability company	PRC 20 November 2015	RMB2,300,000,000	51% (2020: 51%)	Property investment
Xiamen Jinshen Real Estate Development Company Limited* (廈門錦深房地產開發有限公司)	Limited liability company	PRC 27 June 2019	RMB2,300,000,000	51% (2020: 51%)	Property development
Nanning Zhaoying Real Estate Development Company Limited* (南寧兆盈房地產開發有限公司)	Limited liability company	PRC 29 June 2017	RMB250,000,000	60% (2020: 60%)	Property development
Xiamen Wanxinlian Commercial Factoring Company Limited* (廈門萬鑫聯商業保理有限公司)	Limited liability company	PRC 6 August 2018	RMB200,000,000	100% (2020: 100%)	Commercial assets management and operation
Guizhou Zhongtian Haoyu Real Estate Development Company Limited* (貴州中天浩宇房地產開發有限公司)	Limited liability company	PRC 12 June 2020	RMB1,500,000,000	90% (2020: 90%)	Property development
Suzhou Zhaorui Real Estate Development Company Limited* (蘇州兆瑞房地產開發有限公司)	Limited liability company	PRC 11 October 2019	RMB50,000,000	100% (2020: 100%)	Property development

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Lianjiang Zhaoyu Real Estate Development Company Limited* (連江兆裕房地產開發有限公司)	Limited liability company	PRC 20 September 2019	RMB50,000,000	100% (2020: 100%)	Property development
Lianjiang Zhaoyue Real Estate Development Company Limited* (連江兆悅房地產開發有限公司)	Limited liability company	PRC 12 October 2019	RMB50,000,000	100% (2020: 100%)	Property development
Lianjiang Zhaochang Investment Co., Ltd.* (連江兆昌投資有限公司) ("Lianjiang Zhaochang")	Limited liability company	PRC 26 April 2018	RMB102,000,000	100% (2020: 100%)	Property investment
Fujian Zhaofa Real Estate Company Limited* (福建兆發房地產有限公司)	Limited liability company	PRC 21 November 2019	RMB800,000,000	70% (2020: 70%)	Property development
Xiamen Yilong Real Estate Development Company Limited* (廈門益瓏房地產開發有限公司)	Limited liability company	PRC 1 July 2019	RMB900,000,000	51% (2020: 51%)	Property development
Xiamen Jianyirong Real Estate Company Limited* (廈門建益融房地產有限公司) ("Xiamen Jianyirong")	Limited liability company	PRC 25 December 2019	RMB6,000,000,000	51% (2020: 51%)	Property investment
Fujian Zhaolian Real Estate Co., Ltd.* (福建兆聯房地產有限公司)	Limited liability company	PRC 14 December 2018	RMB800,000,000	70% (2020: 70%)	Property development

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Xiamen Zhaozonglong Real Estate Development Company Limited* (廈門兆琮隆房地產開發有限公司)	Limited liability company	PRC 16 October 2018	RMB2,400,000,000	95% (2020: 95%)	Property development
Taicang Jianjin Real Estate Development Company Limited* (太倉建晉房地產開發有限公司)	Limited liability company	PRC 24 July 2017	RMB500,000,000	100% (2020: 100%)	Property development
Putian Zhaoxi Real Estate Company Limited* (莆田兆璽置業有限公司)	Limited liability company	PRC 26 October 2018	RMB50,000,000	100% (2020: 100%)	Project development
Jian'ou Jiajing Real Estate Company Limited* (建甌嘉景房地產有限公司)	Limited liability company	PRC 8 March 2018	RMB250,000,000	70% (2020: 70%)	Property development
Taicang Jianyu Enterprise Management Consulting Co. Ltd* (太倉建煜企業管理諮詢有限公司)	Limited liability company	PRC 11 March 2020	RMB900,000,000	51% (2020: 51%)	Property investment
Suzhou Zhaoda Real Estate Development Co., Ltd* (蘇州兆達房地產開發有限公司)	Limited liability company	PRC 16 April 2020	RMB1,200,000,000	60% (2020: 60%)	Property development
Zhangjiagang Jianxi Real Estate Development Co., Ltd* (張家港建禧房地產開發有限公司)	Limited liability company	PRC 17 July 2020	RMB2,000,000,000	60% (2020: 60%)	Property development
Xiamen Zhaoyunlong Real Estate Development Co., Ltd* (廈門兆芸隆房地產開發有限公司)	Limited liability company	PRC 19 January 2020	RMB2,400,000,000	70% (2020: 70%)	Property development

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Xiamen Hengrongchen Real Estate Development Co., Ltd.* (廈門恒融晨房地產開發有限公司)	Limited liability company	PRC 6 December 2019	RMB6,000,000,000	80% (2020: 80%)	Property development
Xiamen Yihuayuan Investment Co., Ltd.* (廈門益華園投資有限公司)	Limited liability company	PRC 29 May 2020	RMB2,400,000,000	70% (2020: 70%)	Property investment
Xiamen Yaoze Investment Company Limited* (廈門堯澤投資有限公司) ("Xiamen Yaoze") #	Limited liability company	PRC 25 August 2021	RMB5,000,000,000	73% (2020: Nil)	Property development
Xiamen Zhaoyue Real Estate Development Company Limited* (廈門兆樾投資有限公司) ("Xiamen Zhaoyue") #	Limited liability company	PRC 27 September 2021	RMB5,000,000,000	85% (2020: Nil)	Property development
Xiamen Zhaohesheng Real Estate Development Company Limited* (廈門兆和盛房地產開發有限公司) #	Limited liability company	PRC 3 March 2021	RMB50,000,000	73% (2020: Nil)	Property development
Shanghai Zhaokai Enterprise Management Company Limited* (上海兆開企業管理有限公司) ("Shanghai Zhaokai") #	Limited liability company	PRC 18 June 2021	RMB4,000,000,000	51% (2020: Nil)	Property development
Xiamen Hengcanchen Real Estate Development Company Limited* (廈門恒璨晨房地產開發有限公司) ("Xiamen Hengcanchen") #	Limited liability company	PRC 15 September 2020	RMB3,600,000,000	80% (2020: Nil)	Property development
Xiamen Tianxu Investment Company Limited* (廈門添旭投資有限公司) ("Xiamen Tianxu") #	Limited liability company	PRC 29 October 2021	RMB3,000,000,000	51% (2020: Nil)	Property development
Huaian Zhaofeng Real Estate Development Company Limited* (淮安兆豐房地產開發有限公司) #	Limited liability company	PRC 10 November 2021	RMB3,010,000,000	100% (2020: Nil)	Property development

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22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Xiamen Yaohui Investment Company Limited* (廈門壺滙投資有限公司)#	Limited liability company	PRC 20 August 2021	RMB2,800,000,000	85% (2020: Nil)	Property development
Huai'an Jianhe Enterprise Management Company Limited* (淮安市建合企業管理有限公司)	Limited liability company	PRC 23 December 2020	RMB2,800,000,000	78.5% (2020: 78.5%)	Property development
Xiamen Zhaobaili Real Estate Development Company Limited* (廈門兆百俐房地產開發有限公司)#	Limited liability company	PRC 29 June 2021	RMB2,800,000,000	85% (2020: Nil)	Property development
Xiamen Zhaohui Xinzhong Investment Company Limited* (廈門兆蒼信鍾投資有限公司)#	Limited liability company	PRC 16 June 2021	RMB2,600,000,000	65% (2020: Nil)	Property development
Xiamen Zhaoyuansheng Real Estate Development Company Limited* (廈門兆元盛房地產開發有限公司)#	Limited liability company	PRC 26 January 2021	RMB2,800,000,000	85% (2020: Nil)	Property development
Ningbo Zhaohui Real Estate Company Limited* (寧波兆滙房地產有限公司) ^A	Limited liability company	PRC 8 January 2021	RMB2,300,000,000	80% (2020: Nil)	Property development
Nantong Zhaokun Enterprise Management Company Limited* (南通兆坤企業管理有限公司)#	Limited liability company	PRC 8 March 2021	RMB1,430,000,000	51% (2020: Nil)	Property development
Ningde Zhaoyue Real Estate Company Limited* (寧德兆悅房地產有限公司) (“Ningde Zhaoyue”) ^A	Limited liability company	PRC 4 August 2020	RMB1,700,000,000	51% (2020: Nil)	Property development
Shaoxing Zhaosheng Real Estate Company Limited* (紹興兆盛房地產有限公司) ^A	Limited liability company	PRC 14 January 2021	RMB1,700,000,000	51% (2020: Nil)	Property development
Nantong Zhaofa Real Estate Development Company Limited* (南通兆發房地產開發有限公司)#	Limited liability company	PRC 9 February 2021	RMB1,430,000,000	51% (2020: Nil)	Property development

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For the year ended 31 December 2021

22. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
Interests held indirectly					
Xiamen Zhaozun Investment Company Limited* (廈門兆尊投資有限公司)	Limited liability company	PRC 11 November 2020	RMB1,600,000,000	80% (2020: 80%)	Property development
Xiamen Zhaoyusheng Real Estate Development Company Limited* (廈門兆裕盛房地產開發有限公司)	Limited liability company	PRC 22 July 2020	RMB1,600,000,000	80% (2020: 80%)	Property development
Nanping Zhaohong Zhaosheng Real Estate Company Limited* (南平兆鴻房地產有限公司)	Limited liability company	PRC 14 September 2018	RMB1,500,000,000	70% (2020: 70%)	Property development
Xiamen Zhaoyiyang Real Estate Development Company Limited* (廈門兆益盈房地產開發有限公司)	Limited liability company	PRC 15 October 2020	RMB1,300,000,000	80% (2020: 80%)	Property development
Ningbo Zhaorui Real Estate Company Limited* (寧波兆瑞房地產有限公司)#	Limited liability company	PRC 2 February 2021	RMB1,300,000,000	80% (2020: Nil)	Property development
Metropolitan Investments Holding Group Pty. Ltd.	Limited liability company	Australia 28 February 2014	Australian Dollar ("AUD") 2	60% (2020: 60%)	Property development
Holsin Group (合誠工程諮詢集團股份有限公司 (簡稱「合誠集團」)) (Notes 4.2 and 41) ^Δ	Limited liability company	PRC 11 October 1995	RMB200,517,800	29.01% (2020: Nil)	Provision of engineering management and consultancy services

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

** During the year ended 31 December 2021, Changsha Zhaoyue was deregistered and in the opinion of the directors, loss on deregistration was insignificant to the consolidated financial statements.

These subsidiaries were newly incorporated during the year ended 31 December 2021.

Δ These subsidiaries were acquired during the year ended 31 December 2021.

○ The subsidiaries were disposed during the year ended 31 December 2021.

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.

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22. SUBSIDIARIES (CONTINUED)

The following table lists out the information related to Xiamen Jianyirong, Shanghai Zhaokai, Xiamen Tianxu, Xiamen Yaoze and Xiamen Zhaoyue, the subsidiaries of the Group which have material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Xiamen Jianyirong	
	2021	2020
	RMB'000	RMB'000
Non-controlling interests percentage	49%	49%
Non-current assets	–	–
Current assets	5,999,252	8,822,003
Current liabilities	(1)	(2,822,001)
Net assets	5,999,251	6,000,002
Carrying amount of non-controlling interests	2,939,633	2,940,001
Revenue	–	–
(Loss)/profit for the year	(751)	2
Total comprehensive (expense)/income for the year	(751)	2
(Loss)/profit and total comprehensive (expense)/income attributable to non-controlling interests	(368)	1
Dividends paid to non-controlling shareholders	–	–
Cash flows used in operating activities	–	(2)
Cash flows (used in)/from investing activities	(751)	5
Cash flows from financing activities	750	–
Net cash inflows	(1)	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

22. SUBSIDIARIES (CONTINUED)

	Shanghai Zhaokai 2021 RMB'000
Non-controlling interests percentage	49%
Non-current assets	–
Current assets	4,000,000
Current liabilities	–
Non-current liabilities	–
Net assets	4,000,000
Carrying amount of non-controlling interests	1,960,000

	From 18 June 2021 to 31 December 2021 RMB'000
Revenue	–
Profit for the period	–
Total comprehensive income for the period	–
Profit and total comprehensive income attributable to non-controlling interests	–
Dividends paid to non-controlling shareholders	–
Cash flows used in operating activities	(4,000,000)
Cash flows from investing activities	–
Cash flows from financing activities	4,000,000
Net cash inflows	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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22. SUBSIDIARIES (CONTINUED)

	Xiamen Tianxu 2021 RMB'000
Non-controlling interests percentage	49%
Non-current assets	–
Current assets	3,000,025
Current liabilities	(375)
Non-current liabilities	–
Net assets	2,999,650
Carrying amount of non-controlling interests	1,469,829
	From 29 October 2021 to 31 December 2021 RMB'000
Revenue	–
Loss for the period	(350)
Total comprehensive expense for the period	(350)
Loss and total comprehensive expense attributable to non-controlling interests	(172)
Dividends paid to non-controlling shareholders	–
Cash flows used in operating activities	(3,000,000)
Cash flows from investing activities	25
Cash flows from financing activities	3,000,000
Net cash inflows	25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

22. SUBSIDIARIES (CONTINUED)

	Xiamen Yaoze 2021 RMB'000
Non-controlling interests percentage	27%
Non-current assets	5
Current assets	5,000,000
Current liabilities	(630)
Non-current liabilities	–
Net assets	4,999,375
Carrying amount of non-controlling interests	1,349,831
	From 25 August 2021 to 31 December 2021 RMB'000
Revenue	–
Loss for the period	(625)
Total comprehensive expense for the period	(625)
Loss and total comprehensive expense attributable to non-controlling interests	(169)
Dividends paid to non-controlling shareholders	–
Cash flows used in operating activities	(2,543,441)
Cash flows from investing activities	1,548
Cash flows from financing activities	3,363,433
Net cash inflows	821,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

22. SUBSIDIARIES (CONTINUED)

	Xiamen Zhaoyue 2021 RMB'000
Non-controlling interests percentage	15%
Non-current assets	–
Current assets	9,199,373
Current liabilities	–
Non-current liabilities	–
Net assets	9,199,373
Carrying amount of non-controlling interests	1,379,906
	From 27 September 2021 to 31 December 2021 RMB'000
Revenue	–
Loss for the period	(627)
Total comprehensive expense for the period	(627)
Loss and total comprehensive expense attributable to non-controlling interests	(94)
Dividends paid to non-controlling shareholders	–
Cash flows used in operating activities	(627)
Cash flows from investing activities	–
Cash flows from financing activities	635
Net cash inflows	8

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For the year ended 31 December 2021

23. INVENTORIES OF PROPERTIES, OTHER INVENTORIES AND OTHER CONTRACT COSTS

	2021 RMB'000	2020 RMB'000
Inventories of properties		
Properties under development (note a)	222,920,780	113,191,414
Properties held for sale (note a)	7,058,250	5,690,644
	229,979,030	118,882,058
Other inventories	17,592	–
Other contract costs (note b)	1,234,427	599,440
	231,231,049	119,481,498
Inventories of properties and other inventories	230,892,262	119,181,064
Less: Provision for inventories	(913,232)	(299,006)
	229,979,030	118,882,058

(a) Inventories of properties and other inventories

The properties under development and properties held for sale are located in the PRC and Australia.

The analysis of carrying value of leasehold land for property development is as follows:

	2021 RMB'000	2020 RMB'000
In PRC, with remaining lease term of:		
Between 40 and 70 years	169,276,566	100,194,602

As at 31 December 2021, the carrying amount of properties under development of RMB47,102,437,000 (2020: RMB28,313,762,000) have been pledged to banks to secure the Group's bank borrowings. Details of the secured bank borrowings are set out in note 31.

As at 31 December 2021, properties under development amounted to approximately RMB137,929,661,000 (2020: RMB82,903,738,000) were expected to be completed and available for sale to the customers more than twelve months from the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

23. INVENTORIES OF PROPERTIES, OTHER INVENTORIES AND OTHER CONTRACT COSTS (CONTINUED)

(a) Inventories of properties and other inventories (Continued)

The properties held for sale and properties under development of the Group are located as follows:

	2021 RMB'000	2020 RMB'000
Properties under development		
— PRC	222,861,439	113,128,793
— Australia	59,341	62,621
	222,920,780	113,191,414
Properties held for sale		
— PRC	7,058,250	5,690,644
	229,979,030	118,882,058

Provision for inventories amounted to RMB614,226,000 (2020: RMB272,706,000) was recognised as an expense during the year ended 31 December 2021 and included in “administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

(b) Other contract costs

Contract costs capitalised relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group’s properties which are still under construction at the reporting date. Contract costs are recognised as part of “selling expenses” in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB574,562,000 (2020: RMB1,058,300,000). There was no impairment in relation to the costs capitalised during the year. The amount of capitalised contract costs that is expected to be recovered after one year is RMB581,071,000 (2020: RMB232,005,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

24. TRADE AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables (note (a))		
From third parties	1,341,876	465,391
Less: Loss allowance	(34,733)	(23,322)
	1,307,143	442,069
Other receivables		
Deposits (note (b))	1,439,624	209,962
Prepayments	38,707	24,182
Other receivables	676,021	425,468
Prepayments for proposed development projects (note (c))	616,616	2,308,372
Value-added-tax receivables	5,029,721	2,084,114
	7,800,689	5,052,098
Less: Loss allowance	(31,294)	(19,127)
	7,769,395	5,032,971
	9,076,538	5,475,040

Notes:

- (a) Trade receivables generally have credit terms of 30 to 60 days. Trade receivables in respect of property development are settled in accordance with the terms stipulated in the sale and purchase agreements. For the trade receivables derived from rental income, building management fee income, entrusted construction services income, design and consultancy services income, the income is paid in accordance with the terms of the respective agreements and the balance is due on presentation.

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For the year ended 31 December 2021

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

Based on the invoice dates, the ageing analysis of the trade receivables, net of loss allowance, is as follows:

	2021 RMB'000	2020 RMB'000
0–30 days	637,436	433,027
31–90 days	63,670	8,555
91–180 days	66,253	–
181–365 days	93,457	16
Over 365 days	446,327	471
	1,307,143	442,069

Movements of the Group's loss allowance on trade receivables are as follows:

	2021 RMB'000	2020 RMB'000
Balance at 1 January	23,322	11,609
ECL allowances recognised during the year	11,411	12,619
The Distribution	–	(906)
Balance at 31 December	34,733	23,322

Movements of the Group's loss allowance on other receivables are as follows:

	2021 RMB'000	2020 RMB'000
Balance at 1 January	19,127	14,287
ECL allowances recognised during the year	12,167	4,840
Balance at 31 December	31,294	19,127

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the simplified approach on trade receivables and 12-month ECL method on other receivables to provide for ECL prescribed by HKFRS 9. During the year ended 31 December 2021, the Group has made provision of ECL allowances for trade receivables and other receivables of approximately RMB11,411,000 and RMB12,167,000 (2020: RMB12,619,000 and RMB4,840,000) respectively.

- (b) Deposit mainly included rental deposits, utilities deposits, receivables of refund of the deposits for land auction, deposits for construction work, miscellaneous project-related deposits.
- (c) The Group has entered into several contractual arrangements with independent third parties in respect of the proposed acquisitions of equity interests in certain PRC entities, which own land use rights or property development projects in the PRC.
- (d) The directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

25. CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Sales of properties	148,063,931	66,115,894
Others	54,208	–
	148,118,139	66,115,894

The Group receives payments from customers based on the terms established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties. Such liabilities increased as a result of the growth of the Group's contracted property sales due to addition of more than 50 property projects under pre-sale phrase.

(a) Revenue recognised in relation to contract liabilities

	2021 RMB'000	2020 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	39,360,415	31,640,731

(b) Unsatisfied sales contracts

	2021 RMB'000	2020 RMB'000
Revenue expected to be recognised within one year	87,739,848	35,598,658
Revenue expected to be recognised after one year	60,378,291	30,517,236
Total transaction price allocated to the unsatisfied contracts	148,118,139	66,115,894

26. DEPOSITS FOR LAND ACQUISITIONS

Deposits for land acquisitions arise from the acquisitions of lands in various regions in the PRC. These deposits would either be converted into right-of-use assets, or properties under development when the rights to use have been obtained. The carrying amounts of the Group's deposits for land acquisitions are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

27. CASH AT BANKS AND ON HAND

	2021 RMB'000	2020 RMB'000
Cash at banks and on hand	44,586,539	27,367,880
Restricted bank deposits	1,467,591	624,986
	46,054,130	27,992,866

Bank balances of RMB46,036,301,000 (2020: RMB27,955,226,000) are denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Restricted bank deposits represented guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated accounts. In accordance with relevant government requirements, certain property development companies of the Group are required to place certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

28. TRADE AND OTHER PAYABLES

	2021 RMB'000	2020 RMB'000
Trade payables (note (a))	21,311,533	11,244,915
Other payables		
Receipts in advances and other payables (note (b))	6,465,227	2,046,237
Interest payable	107,930	375,398
Salaries payable	1,051,759	631,477
Value-added-tax payable	584,666	800,861
Deposits received	1,054,602	352,050
Accrued expenses	1,035,538	443,637
Collection and payment on behalf of others	568,835	228,044
Payable in relation to restricted share incentive scheme (note 36)	212,008	–
	11,080,565	4,877,704
	32,392,098	16,122,619

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

28. TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

- (a) The credit terms of trade payables vary according to the terms agreed with different suppliers. Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates, as of the reporting date:

	2021 RMB'000	2020 RMB'000
0–30 days	12,999,542	9,819,012
31–60 days	1,263,341	456,987
61–90 days	1,194,053	121,939
Over 90 days	5,854,597	846,977
	21,311,533	11,244,915

- (b) As at 31 December 2021, receipts in advance and other payables mainly included sales proceeds from customers received on behalf of special purpose entities set up by a financial institution in the PRC in relation to issuance of receipts under securitisation arrangements amounted to RMB5,179,416,000 (2020: RMBNil).

- (c) The carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

29. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/NON-CONTROLLING INTERESTS/ LOANS FROM INTERMEDIATE HOLDING COMPANY

	2021 RMB'000	2020 RMB'000
Amounts due from non-controlling interests	26,489,165	12,604,213
Less: Loss allowance	(26,489)	(12,604)
	26,462,676	12,591,609

	2021 RMB'000	2020 RMB'000
Amounts due to related companies:		
— associates	7,269,953	3,208,580
— intermediate holding company	674,274	728,209
	7,944,227	3,936,789
Amounts due to non-controlling interests	6,388,232	3,011,547

As at 31 December 2021 and 2020, the amounts due from/(to) non-controlling interests/associates/intermediate holding company are unsecured, interest-free and repayable on demand, except for amounts due to non-controlling interests of RMB3,671,701,000 (2020: RMB2,329,305,000) bear interest ranging from 4.35% to 10.0% (2020: 3.85% to 11.5%) per annum and amounts due to associates of RMB885,848,000 (2020: RMB105,230,000) bear interest ranging from 4.35% to 6.0% (2020: Nil) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

29. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/NON-CONTROLLING INTERESTS/ LOANS FROM INTERMEDIATE HOLDING COMPANY (CONTINUED)

As at 31 December 2021, the loans from intermediate holding company are unsecured, interest-bearing at effective interest rate of 4.81% (2020: 5.5%) per annum and would not be repayable within one year. The carrying amounts of the balances approximate their fair values.

Movements of the Group's loss allowance on amounts due from non-controlling interests are as follows:

	2021 RMB'000	2020 RMB'000
Balance at 1 January	12,604	8,378
ECL allowances recognised during the year	13,885	4,226
Balance at 31 December	26,489	12,604

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method on amounts due from non-controlling interests to provide for ECL prescribed by HKFRS 9. As at 31 December 2021, the Group has made provision of impairment for amounts due from non-controlling interests of approximately RMB26,489,000 (2020: RMB12,604,000).

30. RECEIPTS UNDER SECURITISATION ARRANGEMENTS

These represented proceeds received from issuance of receipts under securitisation arrangements collateralised by certain future trade receivables for the remaining receipts from sales of properties, less amounts repaid. These securities bear an effective interest rate ranging from 6.13% to 6.82% per annum and are repayable in April 2022. The Company holds all subordinated tranche.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

31. INTEREST-BEARING BORROWINGS

	2021 RMB'000	2020 RMB'000
Bank loans		
— Secured	21,278,876	16,214,506
— Unsecured	20,388,081	10,579,069
	41,666,957	26,793,575

At 31 December 2021, the Group's bank loans were repayable as follows:

	2021 RMB'000	2020 RMB'000
Carrying amount repayable		
Within one year or on demand	4,859,455	3,272,636
In the second year	12,738,796	6,248,547
In the third to fifth years	23,461,605	16,975,811
After the fifth years	607,101	296,581
	41,666,957	26,793,575
Less: Amounts shown under current liabilities	(4,859,455)	(3,272,636)
	36,807,502	23,520,939

As at 31 December 2021 and 2020, the Group's bank loans are secured by the legal charges over the Group's right-of-use assets with carrying value of approximately RMB10,928,000 (2020: RMBNil) (note 16), property, plant and equipment with carrying values of approximately RMB22,046,000 (2020: RMBNil) (note 15), properties under development with carrying value of approximately RMB47,102,437,000 (2020: RMB28,313,762,000) (note 23) and investment properties with fair value of approximately RMB684,462,000 (2020: RMB633,000,000) (note 17).

As at 31 December 2021 and 2020, the unsecured borrowings were guaranteed by C&D Real Estate, the intermediate holding company of the Group, except for the unsecured borrowings of RMB771,376,000 (2020: RMB339,020,000) were guaranteed by the subsidiaries of the Company.

As at 31 December 2021 and 2020, the bank loans bear an effective interest rate from 1.95% to 6.5% (2020: from 3.8% to 7%) per annum, except for bank loans of RMB395,280,000 (2020: RMB339,020,000) which bear fixed interest rates ranging from 2.75% to 3.85% (2020: 2.75%) per annum.

As at 31 December 2021 and 2020, the bank loans of approximately RMB621,376,000 (2020: RMB339,020,000) and RMB14,842,000 (2020: RMB16,640,000) were denominated in HK\$ and Australian Dollars ("AUD") respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

32. DEFERRED TAXATION

The net movement of deferred tax (assets)/liabilities are as follows:

	2021 RMB'000	2020 RMB'000
At the beginning of the year	(2,311,292)	(1,161,231)
Recognised in profit or loss	(1,221,982)	(1,153,502)
Acquisitions of subsidiaries (note 41)	(79,982)	(2,954)
Disposal of subsidiaries (note 42)	43,501	6,006
The Distribution	–	389
At the end of the year	(3,569,755)	(2,311,292)

Deferred tax liabilities

	Revaluation of investment properties RMB'000	Withholding tax RMB'000	Others temporary differences RMB'000	Total RMB'000
At 1 January 2020	150,479	14,633	74,152	239,264
Charged/(Credited) to profit or loss	(3,824)	12,820	32,293	41,289
Acquisition of subsidiaries	–	–	2,036	2,036
The Distribution	–	(2,900)	873	(2,027)
At 31 December 2020 and 1 January 2021	146,655	24,553	109,354	280,562
Charged/(Credited) to profit or loss	(5,340)	–	532,587	527,247
Acquisitions of subsidiaries (note 41)	–	–	13,963	13,963
Disposal of subsidiaries (note 42)	500	–	(1,883)	(1,383)
At 31 December 2021	141,815	24,553	654,021	820,389

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32. DEFERRED TAXATION (CONTINUED)

Deferred tax assets

	Impairment of assets RMB'000	Recognition of expenses RMB'000	LAT RMB'000	Prepaid income taxes RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2020	(10,391)	(53,713)	(163,743)	(887,719)	(284,929)	(1,400,495)
Acquisition of subsidiaries	–	–	–	–	(4,990)	(4,990)
Credited to profit or loss	(4,068)	(506,042)	(24,931)	(604,359)	(55,391)	(1,194,791)
Deemed disposal of a subsidiary	–	–	–	–	6,006	6,006
Distribution of the C&D Property Group	227	–	–	–	2,189	2,416
At 31 December 2020 and 1 December 2021	(14,232)	(559,755)	(188,674)	(1,492,078)	(337,115)	(2,591,854)
Acquisitions of subsidiaries (note 41)	(55,115)	(5,587)	–	(2,109)	(31,134)	(93,945)
(Credited)/Charged to profit or loss	(18,467)	364,047	102,796	(2,378,400)	180,795	(1,749,229)
Disposal of subsidiaries (note 42)	2,364	5,736	5,819	30,965	–	44,884
At 31 December 2021	(85,450)	(195,559)	(80,059)	(3,841,622)	(187,454)	(4,390,144)

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021 RMB'000	2020 RMB'000
Deferred tax assets	(4,390,144)	(2,591,854)
Deferred tax liabilities	820,389	280,562
	(3,569,755)	(2,311,292)

As at 31 December 2021, no deferred tax has been recognised for withholding taxes that would be payable on certain unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, the Company controls the dividend policy of these subsidiaries and it is not probable that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised was approximately RMB1,068,242,000 as at 31 December 2021 (2020: RMB616,242,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33. LEASE LIABILITIES

The remaining contractual maturities of the Group's lease liabilities as at 31 December 2021 are as follows:

	2021 RMB'000	2020 RMB'000
Total minimum lease payments:		
Within 1 year	55,706	37,291
After 1 year but within 2 years	42,982	34,249
After 2 year but within 5 years	77,789	80,268
After 5 years	32,905	52,268
	209,382	204,076
Future finance charges on lease liabilities	(18,548)	(37,424)
Present value of lease liabilities	190,834	166,652

	2021 RMB'000	2020 RMB'000
Present value of minimum lease payments:		
Within 1 year	49,598	28,325
After 1 year but within 2 years	38,759	26,807
After 2 year but within 5 years	71,434	66,138
After 5 years	31,043	45,382
	190,834	166,652
Less: Portion due within one year included under current liabilities	(49,598)	(28,325)
Portion due after one year included under non-current liabilities	141,236	138,327

During the year ended 31 December 2021, the total cash outflows for the leases are RMB83,339,000 (2020: RMB50,477,000).

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34. SHARE CAPITAL

	2021		2020	
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000
Authorised:				
Ordinary shares of HK\$0.1 each				
At 31 December	3,000,000,000	254,870	3,000,000,000	254,870
Issued and fully paid:				
At 1 January	1,176,711,106	100,636	909,864,745	76,921
Conversion of perpetual convertible bond (note (a))	–	–	266,846,361	23,715
Issuance of new shares by the way of placing (note (b))	65,000,000	5,366	–	–
Issuance of shares in respect of restricted share incentive scheme (note (c))	35,300,000	2,936	–	–
Issuance of shares in respect of scrip dividend of 2021 interim dividend (note (d))	100,809,098	8,277	–	–
At 31 December 2021	1,377,820,204	117,215	1,176,711,106	100,636

Notes:

- (a) On 14 January 2020, Well Land exercised the conversion rights with conversion of 266,846,361 shares at the conversion price of HK\$7.42 per share, giving rise to an increase in share capital and share premium of approximately HK\$26,685,000 (equivalent to RMB23,715,000) and HK\$1,953,315,000 (equivalent to RMB1,735,911,000) respectively. Distributions to holders of perpetual convertible bond amounting to RMB84,038,000 was treated as a deduction against the share premium account.
- (b) On 15 June 2021, the Company completed the placing of 65,000,000 ordinary shares of HK\$0.1 each at a placing price of HK\$14.50 per share under general mandate with total gross proceed of HK\$942,500,000 (equivalents to RMB777,959,000), giving rise to an increase in share premium of approximately RMB772,593,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB413,000 was treated as a deduction against the share premium account.
- (c) On 29 June 2021, the Company issued 35,300,000 restricted shares at a price of HK\$7.22 per share and recorded an amount of approximately HK\$254,866,000 (equivalent to RMB212,008,000) received from participants, which was included in other payables as payables in relation to restricted share incentive scheme.
- (d) On 27 August 2021, the board of directors declared an interim dividend of HK\$1.1 per share (equivalent to approximately RMB0.90 per share). The shareholders were provided with an option to receive the interim dividend in form of scrip dividend. On 27 October 2021, 100,809,098 shares were issued at an issue price of HK\$12.22 per share to shareholders who elected to receive share in lieu of cash dividends pursuant to a scrip dividend scheme, totalling RMB1,011,490,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

35. RESERVES

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

Share premium

The share premium account of the Group represents the premium arising from the issuance of shares of the Company at premium.

Statutory reserve

According to the relevant PRC laws, the subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer of this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in this account are set out in the consolidated statement of changes in equity.

Capital reserve

Capital reserve mainly arise from (i) the difference between issued share capital of the Company and the aggregate nominal value of the respective share capital/paid-in capital of the companies acquired by the Group; (ii) acquisition of additional interest in a subsidiary which represents the difference between the fair value of the considerations given and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired from non-controlling interests; (iii) the excess of investment cost over the share capital and share premium of the common control entities, and (iv) the fair value of restricted shares granted to employees and is dealt with in accordance with the accounting policy set out in note 2.21.

Revaluation reserve

Revaluation reserve arose from transfer of owner-occupied properties to investment properties in prior years.

Shares held for restricted share incentive scheme

Shares held for restricted share incentive scheme are determined using the grant price of restricted shares that have been issued, which are held by the Group's trustee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. RESERVES (CONTINUED)

Perpetual loans

On 1 December 2020 and 16 June 2021, the Group and C&D Real Estate entered into renewable term loan agreements (the “Renewable Term Loan Agreements”). Pursuant to the terms of the Renewable Term Loan Agreements, C&D Real Estate agreed to grant the loan facilities to the Group with a total principal amount of RMB14,500,000,000 (the “Loans”).

The initial term of the Loans is 10 years. On the date falling 10 years after the date of the Renewable Term Loan Agreements, the Group shall have the option to extend the maturity of the Loan for every additional cycle (i.e., five years) or elect to repay in full. The Group is not limited by the number of times it may exercise its option to renew the term. The initial annual interest rate for the first year of the Loan is the above-five-year Loan Prime Rate (the “LPR”) published by the People’s Bank of China (the “PBC”), which will be adjusted at the end of every six months since the date of the Renewable Term Loan Agreements in accordance with the latest LPR published by the PBC in the previous month. Every time when the Group elects to exercise the option to extend the maturity of the Loans, the annual interest rate shall be increased by 3% until it reaches 10%. Since the date falling three years after the date of the Renewable Term Loan Agreements, the Group has the right to early redeem the Loans with a principal amount plus all accrued interest.

The Loans do not have specific maturities in which the Group has the right to defer the outstanding principal and interest or to redeem the Loans. The Group does not have the contractual obligation to deliver cash or other financial assets to other parties.

Distribution to the subscriber of the Loans amounting to RMB345,216,000 was treated as a deduction against the retained earnings during the year ended 31 December 2021.

36. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTION

Restricted Share Incentive Scheme

The shareholders of the Company approved the Restricted Share Incentive Scheme (“Restricted Share Incentive Scheme”) on 9 June 2021. On 29 June 2021 (the “Grant Date”), total 35,300,000 restricted shares were issued and allotted to a trustee which holds the restricted shares on behalf of the selected participants until the restricted shares are vested. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors of the Company, certain member of senior management and employees of the Group who under the terms of the Restricted Share Incentive Scheme subscribed for the restricted shares at HK\$7.22 per share. Under the terms of the Restricted Share Incentive Scheme, release of the restricted shares are conditional on the performance target of the Company and individual assessments of the recipients on each of the vesting period. If the vesting conditions are fulfilled, the restricted shares shall be vested by 40%, 30% and 30% on each of the vesting period, respectively.

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36. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTION (CONTINUED)

Restricted Share Incentive Scheme (Continued)

For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the Restricted Share Incentive Scheme are to be forfeited.

	Number of restricted shares
Granted during the year	35,300,000
Outstanding as at 31 December 2021	35,300,000

The fair value of the restricted shares issued was assessed based on the market price of the Company's shares at the Grant Date. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the restricted shares. The weighted average fair value of restricted shares granted during the year ended 31 December 2021 was HK\$6.54 per share (equivalent to approximately RMB11.42 per share).

On 29 June 2021, as a result of the issuance of restricted shares, the Company's share capital (note 34) and share premium increased by RMB2,936,000 and RMB209,072,000, respectively. Accordingly, the Company's shares held under restricted share incentive scheme increased by RMB212,008,000. The Group recognised the expense of RMB39,436,000 (2020: RMBNil) for the year ended 31 December 2021 in relation to the Restricted Share Incentive Scheme.

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37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 RMB'000	2020 RMB'000
ASSETS AND LIABILITIES		
Non-current assets		
Interests in subsidiaries	762,799	727,028
Current assets		
Prepayments and other receivables	208	180
Amounts due from subsidiaries	4,868,936	3,862,669
Cash at banks and on hand	15,640	36,264
	4,884,784	3,899,113
Total assets	5,647,583	4,626,141
Current liabilities		
Accruals and other payables	212,605	8,290
Interest-bearing borrowings	771,377	339,020
	983,982	347,310
Net current assets	3,900,802	3,551,803
Total assets less current liabilities	4,663,601	4,278,831
Non-current liabilities		
Loans from intermediate holding company	1,034,686	1,337,590
Total liabilities	2,018,668	1,684,900
Net assets	3,628,915	2,941,241
EQUITY		
Share capital	117,215	100,636
Other reserves (note)	3,511,700	2,840,605
Total equity	3,628,915	2,941,241

Approved and authorised for issue by the board of directors on 25 March 2022.

ZHAO Chengmin
Director

LIN Weiguo
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

The movements of the Company's other reserves are as follows:

	Perpetual convertible bond RMB'000	Share premium RMB'000	Shares held under restricted share incentive scheme RMB'000	Capital reserve (note (a)) RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2020	1,759,626	1,690,891	–	490,259	113,773	(230,626)	3,823,923
Profit and total comprehensive income for the year	–	–	–	–	–	153,618	153,618
Currency translation differences	–	–	–	–	(134,366)	–	(134,366)
Distribution to C&D Property Group	–	(9,982)	–	–	–	–	(9,982)
Distribution to holders of perpetual convertible bond	–	(84,038)	–	–	–	–	(84,038)
Conversion of perpetual convertible bond	(1,759,626)	1,735,911	–	–	–	–	(23,715)
2019 final dividend approved and paid	–	(884,835)	–	–	–	–	(884,835)
At 31 December 2020 and 1 January 2021	–	2,447,947	–	490,259	(20,593)	(77,008)	2,840,605
Profit and total comprehensive income for the year	–	–	–	–	–	93,031	93,031
Restricted share incentive scheme (note 36)							
— Issuance of shares	–	209,072	(212,008)	–	–	–	(2,936)
— Employee share-based payments	–	–	–	35,771	–	–	35,771
Currency translation differences	–	–	–	–	(76,769)	–	(76,769)
Issuance of new shares by the way of placing	–	772,180	–	–	–	–	772,180
Issuance of shares in respect of scrip dividend of 2021 interim dividend	–	1,003,213	–	–	–	–	1,003,213
2021 interim dividend approved and paid (note 11)	–	(1,153,395)	–	–	–	–	(1,153,395)
At 31 December 2021	–	3,279,017	(212,008)	526,030	(97,362)	16,023	3,511,700

Note:

- (a) The capital reserve of the Company represented the difference between the net asset value of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the initial listing and the fair value of restricted shares granted to employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

38. LEASE COMMITMENTS

As lessor

At the reporting date, the future aggregate minimum lease receipts under non-cancellable operating leases in respect of the Group's investment properties are receivables as follows:

	2021 RMB'000	2020 RMB'000
Within 1 year	104,956	142,534
After 1 year but within 2 years	63,260	94,373
After 2 year but within 3 years	52,778	56,416
After 3 year but within 4 years	43,909	42,864
After 4 year but within 5 years	38,755	29,608
After 5 years	85,672	50,943
	389,330	416,738

The Group leases its investment properties (note 17) under operating lease arrangements which run for an initial period of one to ten years (2020: one to eleven years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. Certain leases are negotiated with reference to the level of business. The terms of the leases generally also require the tenants to pay security deposits.

39. CAPITAL COMMITMENTS

At the reporting date, the Group had the following capital commitments:

	2021 RMB'000	2020 RMB'000
Contracted but not provided for		
— proposed development projects	573,288	1,469,300
— leasehold improvements	3,182	15,080
— properties under development	39,664,806	22,036,815
— Others	154,680	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

40. FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group is analysed as below:

	2021 RMB'000	2020 RMB'000
Guarantees given to banks and financial institutions for mortgage facilities granted to purchasers of the Group's properties	64,588,359	52,242,803

The amount represented the guarantees in respect of mortgage facilities granted by certain banks and financial institutions relating to the mortgage loans arranged for certain purchasers of the Group's property units. Such guarantees are provided to secure obligations of those purchasers for repayments, the guarantees period would be started from the date of grant of the mortgage and terminated upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage loan payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and financial institutions and the Group is entitled to take over the legal title and possession of the related properties. In case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the consolidated financial statements. The directors of the Company considered that the fair value of financial guarantee is insignificant due to low applicable default rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

41. ACQUISITIONS OF SUBSIDIARIES

41.1 Acquisition of assets

(a) *Acquisitions of assets from C&D Real Estate and its subsidiaries*

During the year ended 31 December 2021, the Group acquired entities which held property development projects from C&D Real Estate and its subsidiaries. The acquired subsidiaries did not operate any business or have substantial operation prior to the acquisition and major assets are inventories of properties. Therefore, the Group considered this would be acquisition of assets in substance and the difference between the purchase consideration paid, and the net assets acquired would be recognised as adjustments to the carrying value of inventories of properties. The considerations of the transaction was determined by reference to the fair value of the assets acquired. Details of acquired subsidiaries are summarised as follows:

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest after acquisition	Cash consideration RMB'000
January 2021	Chengdu Zhaoxinlin Real Estate Development Company Limited* (成都兆欣麟房地產開發有限公司)	100%	50,000
January 2021	Xiamen Huilong Real Estate Development Company Limited* (廈門匯瓏房地產開發有限公司)	100%	–
January 2021	Xiamen Jingchenglong Real Estate Development Company Limited* (廈門景呈瓏房地產開發有限公司)	100%	–
September 2021	Zhuzhou Yuefa Real Estate Company Limited* (株洲悦發房地產有限公司)	100%	–
December 2021	Xiamen Zhaodinglong Real Estate Development Company Limited* (廈門兆鼎瓏房地產開發有限公司)	100%	–
December 2021	Fujian Zhaofeng Real Estate Company Limited* (福建兆豐房地產有限公司)	100%	20,024

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

41. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

41.1 Acquisition of assets (Continued)

(a) *Acquisitions of assets from C&D Real Estate and its subsidiaries (Continued)*

Details of the aggregate fair values of the identifiable assets and liabilities of these subsidiaries as at the date of respective acquisitions are as follows:

	Recognised assets and liabilities on acquisitions
	RMB'000
Property, plant and equipment	3,389
Deferred tax assets	34,196
Inventories of properties	13,652,919
Cash at banks and on hand	854,764
Other receivables	193,618
Prepaid taxes	46,286
Trade and other payables	(1,582,239)
Contract liabilities	(835,915)
Amounts due to related parties	(11,129,664)
Borrowings	(1,167,250)
Deferred tax liabilities	(80)
Net assets acquired	70,024
Total purchase consideration:	
— settled in cash during the year	70,024
Purchase consideration settled in cash	(70,024)
Cash at banks and on hand in subsidiaries acquired	854,764
Cash inflow on acquisition of subsidiaries	784,740

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

41. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

41.1 Acquisition of assets (Continued)

(b) *Acquisitions of assets from independent third parties*

During the year ended 31 December 2021, the Group acquired controlling interests in certain companies engaged in property development in the PRC from independent third parties. The acquired subsidiaries did not operate any business or have substantial operation prior to the acquisition and major assets are inventories of properties. Therefore, the Group considered this would be acquisition of assets in substance and the difference between the purchase considerations paid, and the net assets acquired would be recognised as adjustments to the carrying value of inventories of properties. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets. The considerations of the transaction was determined by reference to the fair value of the assets acquired. Details of acquired subsidiaries are summarised as follows:

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest after acquisition	Cash consideration RMB'000
April 2021	Longyan Baiyirong Real Estate Development Company Limited* and its subsidiaries (龍岩佰頤融房地產開發有限公司)	100%	–
March 2021	Xiamen Hengcanchen and its subsidiary	80%	–
March 2021	Ningde Zhaoyue and its subsidiary	51%	–
May 2021	Putian Zhaochen Real Estate Company Limited* and its subsidiary (莆田兆宸置業有限公司)	100%	–
June 2021	Nan'an Park Real Estate Development Company Limited* (南安市園區置業發展有限公司)	51%	524,500

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

41. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

41.1 Acquisition of assets (Continued)

(b) Acquisitions of assets from independent third parties (Continued)

The following table summaries the considerations paid for acquisition of these subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition dates.

	Recognised assets and liabilities on acquisitions
	RMB'000
Property, plant and equipment	762
Inventories of properties	8,675,310
Other receivables	1,440,979
Prepaid taxes	3,179
Cash at banks and on hand	43,272
Trade and other payables	(301,941)
Amounts due to related parties	(9,339,945)
Total identifiable net assets	521,616
Less: non-controlling interests	2,884
Net assets acquired	524,500
Purchase considerations settled in cash	(524,500)
Cash at banks and on hand in subsidiaries acquired	43,272
Cash outflow on acquisition of subsidiaries	(481,228)

41.2 Acquisition of business

Acquisition of Holsin Engineering Consulting Group Co., Limited (合誠工程諮詢集團股份有限公司) and its subsidiaries ("Holsin Group")*

In December 2021, the Group completed acquisitions of 24.51% equity interests of Holsin Group from independent third parties, at a total cash consideration of approximately RMB820,890,000. On 22 December 2021, Group obtained the effective control over Holsin Group (refer to note 4.2 for details), and Holsin Group became a subsidiary of the Group. The principal activity of Holsin Group is provision of engineering management and consultancy services.

Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition is not expected to be deductible for tax purpose. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

41. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

41.2 Acquisition of business (Continued)

Acquisition of Holsin Engineering Consulting Group Co., Limited* (合誠工程諮詢集團股份有限公司) and its subsidiaries ("Holsin Group") (Continued)

Details of the aggregate fair values of the identifiable assets and liabilities of Holsin Group as at the date of acquisition are as follows:

	Total recognised assets and liabilities on acquisition
	RMB'000
Property, plant and equipment	172,821
Right-of-use assets (note 16)	17,459
Investment properties (note 17)	73,793
Intangible assets (note 18)	33,363
Deferred tax assets	59,749
Inventories	16,423
Contract assets	166,376
Trade and other receivables	759,322
Other financial assets	3,600
Cash at banks and on hand	284,506
Trade and other payables	(331,519)
Contract liabilities	(54,666)
Borrowings	(259,669)
Income tax liabilities	(16,491)
Lease liabilities	(1,627)
Deferred tax liabilities	(13,883)
Total identifiable net assets	909,557
Less: non-controlling interests	(706,783)
Identifiable net assets acquired	202,774
Goodwill (note 18)	618,116
Total purchase consideration: – settled in cash during the year	820,890
Purchase consideration settled in cash	(820,890)
Cash at banks and on hand in the subsidiary acquired	284,506
Cash outflow on acquisition of the subsidiary	(536,384)

The acquisition-related costs incurred by the Group for the acquisition amounting to RMB2,792,000 have been excluded from the consideration transferred and have been recognised as expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

If the acquisition had occurred on 1 January 2021, the consolidated revenue and consolidated profit of the Group for the year ended 31 December 2021 would be RMB54,283,245,000 and RMB4,054,421,000, respectively. The proforma financial information is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition had been occurred on 1 January 2021 and could not serve as a basis for the forecast of future operation results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

42. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2021, the Group has disposed certain subsidiaries which held property development projects to independent third parties at a total consideration of RMB283,314,000. Subsequent to the disposals, these entities are no longer subsidiaries of the Group.

The Group's assets and liabilities being disposed of are set out below:

	RMB'000
Property, plant and equipment (note 15)	1,705
Investment properties (note 17)	98,000
Deferred tax assets (note 32)	44,884
Inventories of properties	694,487
Trade and other receivables	833,110
Amounts due from related parties	354,919
Prepaid taxes	53,961
Cash at banks and on hand	97,908
Trade and other payables	(911,853)
Contract liabilities	(275,979)
Amounts due to related companies	(395,268)
Deferred tax liabilities (note 32)	(1,383)
Net assets disposed of	594,491
Less:	
Non-controlling interests	(283,789)
Cash consideration	(283,314)
Loss on disposal (note 6)	(27,388)

An analysis on net inflow of cash and cash equivalents in respect of disposal of subsidiaries is as follows:

	RMB'000
Cash considerations	283,314
Less: Cash and cash equivalents disposed of	(97,908)
Net cash inflow	185,406

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

43. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into following transactions with related parties:

Nature of transactions:	2021 RMB'000	2020 RMB'000
Intermediate holding company:		
Interest expenses on loans from intermediate holding company (note (a))	828,248	1,127,560
Associates:		
Interest income on loans to associates (note (b))	(157,462)	(101,957)
Fellow subsidiaries:		
Construction management fee received (note (c))	(52,380)	(26,306)
Property management services fee paid	32,203	–
Community value-added and synergy services fee paid	24,519	–
Value-added services fee paid	376,908	–

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Notes:

- (a) During the year ended 31 December 2021, the Group incurred loan interest expenses of RMB828,248,000 (2020: RMB1,127,560,000) to C&D Real Estate, the intermediate holding company, pursuant to framework loan agreement with C&D Real Estate whereby C&D Real Estate agreed to grant RMB40,000 million loan facilities to certain subsidiaries of the Company for their project development at annual interest rate of 4.81% (2020: 5.5%) per annum (note 29).
- (b) During the year ended 31 December 2021, the Group earned interest income from the associates by granting loans for their operations which is interest-bearing ranging from 4.35% to 10% (2020: 3.43% to 10%) per annum.
- (c) During the year ended 31 December 2021, the Group earned construction management fee income by providing services ranging from design, construction and completion to delivery throughout the project construction process with a fellow subsidiary.

Other than the above, no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

43. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel remuneration

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	2021 RMB'000	2020 RMB'000
Basic salaries and allowances	6,289	4,433
Retirement benefit scheme contributions	244	40
Share-based payments	1,215	–
	7,748	4,473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

44. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest-bearing borrowings RMB'000	Loans from intermediate holding company RMB'000	Amounts due to related companies RMB'000	Amounts due to non-controlling interests RMB'000	Receipts under securitisation arrangements RMB'000	Lease liabilities RMB'000	Total RMB'000
1 January 2021	26,793,575	24,421,624	3,936,789	3,011,547	1,993,583	166,652	60,323,770
Cash-flows:							
— Repayment	(17,096,309)	(16,444,494)	(17,250,070)	(13,509,155)	—	—	(64,300,028)
— Additions	30,531,379	29,660,737	—	16,586,743	—	—	76,778,859
— Capital element of lease payments paid	—	—	—	—	—	(58,078)	(58,078)
— Interest element of lease payments paid	—	—	—	—	—	(7,746)	(7,746)
Non-cash:							
— Acquisitions of subsidiaries (note 41)	1,426,919	—	20,469,609	—	—	1,627	21,898,155
— Disposal of subsidiaries (note 42)	—	—	(40,349)	—	—	—	(40,349)
— Interest payables	—	—	828,248	299,097	—	7,746	1,135,091
— Exchange difference	11,393	—	—	—	—	—	11,393
— Entering into new lease	—	—	—	—	—	80,633	80,633
— Others	—	—	—	—	4,763	—	4,763
31 December 2021	41,666,957	37,637,867	7,944,227	6,388,232	1,998,346	190,834	95,826,463
1 January 2020	17,243,022	23,082,304	2,553,834	2,915,151	3,400,929	138,094	49,333,334
Cash-flows:							
— Repayment	(11,541,475)	(143,374,369)	(4,194,782)	(2,627,116)	(3,400,929)	—	(165,138,671)
— Additions	21,218,514	144,713,689	—	386,418	1,993,583	—	168,312,204
— Capital element of lease payments paid	—	—	—	—	—	(32,107)	(32,107)
— Interest element of lease payments paid	—	—	—	—	—	(11,384)	(11,384)
Non-cash:							
— Acquisition of subsidiaries	—	—	5,428,066	2,195,288	—	5,098	7,628,452
— Deemed disposal of a subsidiary	—	—	(977,889)	—	—	—	(977,889)
— Interest payables	—	—	1,127,560	141,806	—	11,384	1,280,750
— Exchange difference	(126,486)	—	—	—	—	—	(126,486)
— Entering into new lease	—	—	—	—	—	69,723	69,723
— Distribution to C&D Group	—	—	—	—	—	(14,156)	(14,156)
31 December 2020	26,793,575	24,421,624	3,936,789	3,011,547	1,993,583	166,652	60,323,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

45. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

- (a) During the period from 22 December 2021 to 31 December 2021, the Group acquired additional 4.5% equity interests in Holsin Group at a cash consideration of approximately RMB145,044,000, resulting in a decrease in non-controlling interests of approximately RMB37,230,000 and a decrease in the capital reserve of approximately RMB107,814,000. After the acquisition, Holsin Group was held as to 29.01% by the Group.

During the year ended 31 December 2021, the Group also acquired certain equity interests of certain subsidiaries at a total cash consideration of RMB3,200,000, resulting in a decrease in non-controlling interests of approximately RMB2,607,000 and a decrease in the capital reserve of approximately RMB593,000.

- (b) During the year ended 31 December 2020, Xiamen Yiyuexin Management Company Limited* (廈門怡悅新管理諮詢有限公司) (“Xiamen Yiyuexin”), a former indirect wholly owned subsidiary, entered into equity transfer agreements with fellow subsidiaries, for the acquisition of additional 5% equity interests in Chengdu Yijiayuan Property Management Company Limited* (成都怡家園物業管理有限公司) (“Chengdu Yijiayuan”), 10% equity interests in Changsha Yisheng Property Management Company Limited* (長沙怡盛物業管理有限公司) (“Changsha Yisheng”) and 5% equity interests in Shanghai Yixiang Property Management Company Limited* (上海怡祥物業管理有限公司) (“Shanghai Yixiang”) at total cash consideration of approximately RMB984,000, RMB545,000 and RMB48,000, respectively. Xiamen Yiyuexin, Chengdu Yijiayuan, Changsha Yisheng and Shanghai Yixiang were ceased to be the wholly owned subsidiaries of the Group upon the completion of the Spin-off of C&D Property Group.

On 18 November 2020, the Group entered into an equity transfer agreement with a related party of Shanghai Bairen Health Industry Co., Ltd.* (上海佰仁健康產業有限公司) (“Shanghai Bairen”) for the disposal of 20% equity interests in Xiamen Bairui Health Industry Company Limited* (廈門市佰睿健康產業有限公司) (“Xiamen Bairui”) at a cash consideration of RMB10,000,000. Xiamen Bairui ceased to be the subsidiary of the Group upon the completion of the Spin-off of C&D Property Group.

During the year ended 31 December 2020, Xiamen Yiyue entered into an agreement with independent third parties, for the establishment of Ningde Zhaoquan and Ningde Zhaomao. The registered capital of Ningde Zhaoquan and Ningde Zhaomao was RMB1,400,000,000 and RMB2,000,000,000 respectively. Ningde Zhaoquan was held as to 71.4% by Xiamen Yiyue and as to 28.6% by independent third parties. Ningde Zhaomao was held as to 70% by Ningde Zhaoquan and as to 30% by an independent third party. After the incorporation of Ningde Zhaoquan and Ningde Zhaomao, Xiamen Yiyue has disposed 100% equity interests in Ningde Zhaoyu to Ningde Zhaomao at a cash consideration of RMBNil.

During the year ended 31 December 2020, Xiamen Yiyue entered into an agreement with an independent third party, for the acquisition of additional 29% equity interests in Lianjiang Zhaochang at a cash consideration of RMB29,580,000. After the acquisition, Lianjiang Zhaorong and its subsidiary (“Lianjiang Zhaorong Group”) were held as to 65% by Xiamen Yiyue and as to 35% by an independent third party.

As the result of the aforementioned disposals and the acquisition (collectively known as the “Transactions”), there were change in the Group’s ownership interests in Ningde Zhaoyu and Lianjiang Zhaorong Group without change in control. The Transactions were accounted for as equity transactions, whereby adjustments were made to reflect a decrease in non-controlling interests of approximately RMB29,923,000 and an increase in reserve of approximately RMB8,766,000.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the Board of Directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

46.1 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities. See note 2.10 for explanations about how the category of financial instruments affects their subsequent measurement.

	2021 RMB'000	2020 RMB'000
Financial assets		
Financial assets at amortised cost		
— Trade and other receivables	1,585,846	848,410
— Cash at banks and on hand	46,054,130	27,992,866
— Amounts due from non-controlling interests	26,462,676	12,591,609
— Debt investment	21,000	—
— Loans to associates	4,584,842	1,873,756
— Loan to a joint venture	4,470	4,608
	78,712,964	43,311,249
Financial assets at FVTPL		
— Subordinated tranche securities	389,600	282,680
— Unlisted equity securities	115,600	121,000
	505,200	403,680
	79,218,164	43,714,929
Financial liabilities		
Financial liabilities measured at amortised cost		
— Trade and other payables	30,752,830	14,969,708
— Amounts due to related companies	7,944,227	3,936,789
— Amounts due to non-controlling interests	6,388,232	3,011,547
— Loans from intermediate holding company	37,637,867	24,421,624
— Interest-bearing borrowings	41,666,957	26,793,575
— Receipts under securitisation arrangements	1,998,346	1,993,583
— Lease liabilities	190,834	166,653
	126,579,293	75,293,479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

46.2 Foreign currency risk

Currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. As at 31 December 2021 and 2020, the Group did not have significant foreign currency risk from its operations.

46.3 Interest rate risk

The Group has been exposed to interest rate risk due to the fluctuation of the prevailing market interest rate on borrowings which carry prevailing market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing assets and liabilities are mainly cash at banks and on hand, loans to associates, interest-bearing borrowings, loans from intermediate holding company, amounts due to non-controlling interests, amounts due to associates, receipts under securitisation arrangements and lease liabilities. All are at variable rates expose the Group to cash flow interest-rate risk, except for loans to associates, an interest-bearing borrowings, loans from intermediate holding company, amounts due to non-controlling interests, amounts due to associates, receipts under securitisation arrangements and lease liabilities of totally RMB44,871,130,000 (2020: RMB27,279,874,000) which is at fixed rates and it exposes the Group to fair value interest-rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

At 31 December 2021, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and retained earnings by approximately RMB29,131,000 (2020: RMB5,769,000). The 50 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

46.4 Other price risk

The Group has been exposed to the price risk of subordinated tranche securities and unlisted equity securities in connection with the financial assets measured at FVTPL. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

If the price of equity securities had been 5% increased/decreased, post-tax profit for the year ended 31 December 2021 would have been increased/decreased by approximately RMB18,945,000 (31 December 2020: RMB15,138,000).

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained earnings) and other components of consolidated equity that would arise assuming that the changes in the relevant risk variables had occurred at each reporting date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at each reporting date. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant risk variables, and that all other variables remain constant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

46.5 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The Group is also exposed to credit risk arising from the provision of financial guarantees and the amounts of which are disclosed in note 40.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2021 and 2020 is the carrying amount of each financial asset as disclosed in note 46.1.

(i) *Trade receivables and contract assets*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group has no significant concentrations of credit risk with exposure spread over a number of counterparties and customers.

To manage credit risk arising from trade receivables and contract assets the credit quality of the debtors is assessed taking into account of their financial position, historical settlement records, past experience and other factors. The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for all trade receivables and contract assets. The ECLs also incorporate forward looking information.

Trade receivables and contract assets are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make contractual payments and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

As at 31 December 2021, the Group has adopted average expected loss rate of 2.3% (2020: 5%) on the gross carrying amounts of the trade receivables and contract assets amounted to RMB1,508,254,000 (2020: RMB465,391,000). The loss allowance as at 31 December 2021 is RMB34,733,000 (2020: RMB23,322,000).

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

46.5 Credit risk (Continued)

(ii) Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, cash at banks and on hand, loans to associates, loan to a joint venture, amounts due from non-controlling interests and debt investment. In order to minimise the credit risk financial assets at amortised cost, the management of the Group has designated a team responsible for determination of credit limits and credit approvals. The management would make periodic collective and individual assessment on the recoverability of financial assets at amortised cost based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of these other financial assets at amortised cost are considered to be low. In addition, there were no significant increase in credit risk since initial recognition.

Management makes periodic collective assessments for financial assets included in other receivables, loans to associates, loan to a joint venture, amounts due from non-controlling interests as well as their individual assessment on the recoverability based on historical settlement records and past experience. In applying the forward-looking information, the Group has taken into account the possible impacts associated with the overall change in the economic environment arising from COVID-19. The Group considered the credit risk associated with other receivables, loans to associates, loan to a joint venture, amounts due from non-controlling interests to be low. The directors of the Group believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in other receivables, loans to associates, loan to a joint venture, amounts due from non-controlling interests.

As at 31 December 2021, the Group has adopted average expected loss rate of 5.5% (2020: 4.5%), 0.1% (2020: 0.1%), 0.1% (2020: Nil) and 0.1% (2020: 0.1%) on the gross carrying amounts of other receivables, loans to associates, loan to a joint venture and amounts due from non-controlling interests amounted to RMB676,021,000 (2020: RMB425,468,000), RMB4,589,431,000 (2020: RMB1,875,632,000), RMB4,474,000 (2020: RMB4,608,000) and RMB26,489,165,000 (2020: RMB12,604,213,000), respectively. The loss allowance of other receivables, loans to associates, loan to a joint venture and amounts due from non-controlling interests as at 31 December 2021 is RMB31,296,000 (2020: RMB19,127,000), RMB4,589,000 (2020: RMB1,876,000), RMB4,000 (2020: RMBNil) and RMB26,489,000 (2020: RMB12,604,000) respectively, were made against the gross amount of other receivables, loans to associates, loan to a joint venture and amounts due from non-controlling interests respectively.

The credit risks on cash at banks and on hand and debt investment are considered to be insignificant because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

46.5 Credit risk *(Continued)*

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. The Group also continually evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit is extended to customers based on the evaluation of individual customer's financial conditions. In this regard, directors of the Company consider the Group's credit risk is significantly reduced. There is no requirement for collaterals by the Group, except for leases which generally require the tenants to pay security deposits.

The Group has deposited its cash with various banks. The credit risk on cash and bank balances is limited because most of the Group's cash are deposited with major banks located in Hong Kong and the PRC.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

46.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to related companies, amounts due to non-controlling interests, loans from intermediate holding company, receipts under securitisation arrangements, interest-bearing borrowings, lease liabilities and its financing obligation, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30-day projection. Long term liquidity needs for a 180-day and 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period.

The Group maintains cash and short-term bank deposits to meet its liquidity requirements for 30 day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

Analysed below is the Group's remaining contractual maturities for its non-derivative and derivative financial liabilities as at 31 December 2021 and 2020. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

46.6 Liquidity risk (Continued)

The contractual maturity analysis of the Group below is based on the undiscounted cash flows of the financial liabilities:

	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Over 5 years RMB'000	Total undiscounted contractual amount RMB'000	Carrying amount RMB'000
As at 31 December 2021						
Trade and other payables	30,752,830	–	–	–	30,752,830	30,752,830
Amounts due to related companies	7,944,227	–	–	–	7,944,227	7,944,227
Amounts due to non-controlling interests	6,388,232	–	–	–	6,388,232	6,388,232
Loans from intermediate holding company	1,810,381	39,448,248	–	–	41,258,629	37,637,867
Interest-bearing borrowings (note (a))	6,654,865	14,338,085	25,013,790	634,069	46,640,809	41,666,957
Receipts under securitisation arrangements	2,021,568	–	–	–	2,021,568	1,998,346
Lease liabilities	55,706	42,982	77,789	32,905	209,382	190,834
	55,627,809	53,829,315	25,091,579	666,974	135,215,677	126,579,293
Financial guarantees issued (note (b))						
Maximum amount guaranteed (note 40)	64,588,359	–	–	–	64,588,359	64,588,359
As at 31 December 2020						
Trade and other payables	14,969,708	–	–	–	14,969,708	14,969,708
Amounts due to related companies	3,936,789	–	–	–	3,936,789	3,936,789
Amounts due to non-controlling interests	3,011,547	–	–	–	3,011,547	3,011,547
Loans from intermediate holding company	1,343,189	25,764,813	–	–	27,108,002	24,421,624
Interest-bearing borrowings (note (a))	4,243,359	7,253,195	17,712,487	310,742	29,519,783	26,793,575
Receipts under securitisation arrangements	64,704	2,021,568	–	–	2,086,272	1,993,583
Lease liabilities	28,325	26,808	66,138	45,382	166,653	166,653
	27,597,621	35,066,384	17,778,625	356,124	80,798,754	75,293,479
Financial guarantees issued (note (b))						
Maximum amount guaranteed (note 40)	52,242,803	–	–	–	52,242,803	52,242,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

46.6 Liquidity risk (Continued)

Notes:

- (a) Bank loans with a repayment on demand clause are included in the “Within 1 year or on demand” time band in the above maturity analysis. As at 31 December 2021, the aggregate undiscounted principal amounts of these bank loans amounted to RMB773,241,000 (2020: RMB339,020,000). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within one year (2020: one year) after the reporting date in accordance with the scheduled repayment date set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB791,235,000 (2020: RMB346,572,000).
- (b) The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the reporting date, the directors considered that it was not probable that the borrowers of the loans would default the repayment of the loans and therefore no provision for the Group’s obligation under the guarantee has been made.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash. The Group’s existing cash resources and other liquid assets significantly exceed the cash outflow requirements.

46.7 Fair value measurements of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

46.7 Fair value measurements of financial instruments (Continued)

The financial assets and liabilities measured at fair value in the consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Notes	2021 Level 3 RMB'000	2020 Level 3 RMB'000
Financial assets			
Financial assets measured at FVTPL			
— Subordinated tranche securities	(a)	389,600	282,680
— Unlisted equity securities	(b)	115,600	121,000
Total fair value		505,200	403,680

The methods and valuation techniques used for the purpose of measuring fair values categorised in Levels 3 is unchanged compared to the previous reporting periods and are described below.

	Valuation technique	Unobservable input	Range of unobservable input	
			2021	2020
Subordinated tranche securities (note a)	Discounted cash flow	Discount rate	3.57% to 4.15%	4.33% to 6.82%
		Discount factor	0.94 to 0.99	0.87 to 0.99
Unlisted equity securities (note b)	Direct comparison and adjusted net asset approach	Adjusted market price of the market comparables for the underlying property held by the unlisted equity securities	RMB101,000 to RMB116,000 per square meter	RMB58,000 to RMB59,400 per square meter

(a) *Subordinated tranche securities (Level 3)*

Future cash flows are estimated based on applying the expected yields of the instruments and the discount rate that reflects the credit risks of the instrument.

The higher the discount rate, the lower the fair value; the higher the discount factor, the higher the fair value.

(b) *Unlisted equity securities (Level 3)*

The fair value of unlisted equity securities is determined by using adjusted net asset approach. The higher the adjusted market price of the market comparables for the underlying property held by the unlisted equity securities, the higher the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

46.7 Fair value measurements of financial instruments (Continued)

The reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 of the fair value hierarchy is as follows:

	Subordinated tranche securities RMB'000	Unlisted structured deposits RMB'000	Unlisted equity securities RMB'000
At 1 January 2020	158,180	235,000	81,500
Additions	296,540	–	–
Disposal	(175,000)	(235,000)	–
Fair value gain recognised in profit or loss	2,960	–	39,500
At 31 December 2020 and 1 January 2021	282,680	–	121,000
Additions	122,000	–	–
Acquisitions of subsidiaries (note 41)	–	–	3,600
Disposal	(25,000)	–	–
Fair value gain/(loss) recognised in profit or loss	9,920	–	(9,000)
At 31 December 2021	389,600	–	115,600

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data under discounted cash flow in respect of subordinated tranche securities, unlisted structured deposits and unlisted equity securities, as the management considers that the exposure is insignificant to the Group.

Fair value gain or loss on subordinated tranche securities, unlisted structured deposits and unlisted equity securities are recognised in profit or loss and included under "Other net gain" (note 6).

There have been no transfers into or out of Level 3 during the year ended 31 December 2021 (2020: Nil).

47. NON-CASH TRANSACTIONS

During the year ended 31 December 2021, the contract liabilities have incurred significant financing component of RMB3,595,899,000 (2020: RMB1,612,481,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

48. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as borrowings less cash at banks and on hand. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

During the years ended 31 December 2020 and 2021, the Group's strategy in monitoring its capital structure, which was unchanged from prior year, was to maintain a sufficient cash level to meet its liquidity requirements. In order to maintain or adjust the cash level, the Group may issue new shares, raise new debts financing or sell assets to increase the cash level.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

49. EVENT AFTER THE REPORTING DATE

Equity transfer agreements entered into with C&D Real Estate

On 9 September 2021, Xiamen Yi Yue, Xiamen Zhaoyirong and C&D Real Estate entered into equity transfer agreements, pursuant to which C&D Real Estate agreed to sell and Xiamen Yi Yue agreed to acquire 85% equity interests in Changsha Zhaoxiang Real Estate Company Limited* (長沙兆祥房地產有限公司), ("Changsha Zhaoxiang"), C&D Real Estate agreed to sell and Xiamen Zhaoyirong agreed to acquire 5% equity interests in Changsha Zhaoxiang, at a cash consideration of RMBNil (the "Changsha Zhaoxiang Acquisition"). As specified in the equity transfer agreements, Xiamen Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder's loan (principal and interest) in the amount of approximately RMB1,667,211,000 (subject to adjustment) previously advanced by C&D Real Estate to Changsha Zhaoxiang in accordance with the proportion of their respective equity interests in Changsha Zhaoxiang. Please refer to the Company's circular dated 11 November 2021 for further details.

The Changsha Zhaoxiang Acquisition is expected to be completed in the second quarter of 2022.

* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

50. COMPARATIVE FIGURES

The comparative figures has been restated in order to conform to the current year's presentation.

FINANCIAL SUMMARY

FINANCIAL RESULTS

	2021 RMB'000	Year ended 31 December			
		2020 RMB'000	2019 RMB'000 (Restated)	2018 RMB'000	2017 RMB'000 (Restated)
Revenue	53,441,863	42,744,478	17,319,264	12,371,415	4,778,846
Gross profit	8,736,451	7,340,268	4,482,186	4,115,158	1,590,722
Profit before income tax	5,677,545	4,962,866	3,418,979	3,089,761	1,070,477
Profit for the year	4,009,402	2,767,839	1,997,571	1,577,902	603,048
Profit for the year attributable to the equity owners of the Company	3,516,758	2,321,625	1,717,993	1,420,446	527,813

ASSETS, LIABILITIES AND EQUITY

	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017
					RMB'000 (Restated)
Non-current assets	21,019,310	11,301,550	9,646,677	4,516,519	1,606,824
Current assets	322,502,905	172,122,004	105,942,145	58,258,435	32,414,700
Non-current liabilities	75,406,994	50,355,035	38,313,623	26,674,391	12,094,215
Current liabilities	204,858,401	95,716,950	57,665,257	25,496,517	16,642,169
Net current assets	117,644,504	76,405,054	48,276,888	32,761,918	15,772,531
Total equity	63,256,820	37,351,569	19,609,942	10,604,046	5,285,140

PROPERTIES PORTFOLIO

PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2021

Property name	Address and lot no.	Type	Total GFA (sq.m.)	Lease term expiry date (if applicable)
1. Yu Feng Plaza	8 retail units on 1/F, 1 retail unit on 2/F, 1 office unit on 7/F and 100 car parking spaces in the basement, Yu Feng Plaza, No. 1 Xiguan Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail, office and carparks	8,579	31 March 2074
2. Wan Guo Plaza and other properties	Front yard of No. 107, Room No. 1 on 1/F and Room No. 1 on 2/F of No. 107-1 and No. 113 Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	8,048	31 May 2044 and 25 February 2044
3. Other properties	1/F of No. 119, Xingning Road; and Room No. 1 and 2 on 1/F of No. 66, Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	478	31 August 2044
4. Other properties	Room No. 1 to 7 on 1/F and Room No. 1 to 5 on 2/F of No. 61 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	863	16 April 2044
5. Other properties	The whole of 1/F and 2/F of No. 78 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	2,237	25 February 2044
6. Other properties	The whole 1/F of No. 11, 13 Xinmin Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	250	6 September 2044
7. Other properties	No. 99 and 99-1 Huaqiang Road and Room No. 1 on 1/F of No. 1 Huaxi Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	210	22 April 2044

PROPERTIES PORTFOLIO

PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2021 *(Continued)*

Property name	Address and lot no.	Type	Total GFA (sq.m.)	Lease term expiry date (if applicable)
8. Other properties	1/F of Block No. 1 and Block No. 2 and 3 of No. 218-9 Xinyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	381	20 February 2044 and 6 September 2044
9. Other properties	No. 80 Changgang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	210	20 February 2044
10. Other properties	Block No. 1 to 4 of No. 80-1 Changgang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Industrial	1,141	16 November 2054
11. Other properties	No. 128 Daxue Dong Road and Block No. 1 of No. 1 Liyuan Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	510	7 September 2044
12. Other properties	No. 117 Gonghe Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	161	Note
13. Other properties	Retail unit No. 23 and residential unit Nos. 701, 702, 703, 739, 750, 751, 752 and 753 of Xinan Shangdu, No. 29 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail and residential	879	25 May 2049 (retail unit) and 25 May 2079 (residential units)
14. Fanghui Plaza	Shops on 1/F-5/F, No. 1118, Changshou Road, Putuo District, Shanghai City, the PRC	Commercial	17,415	23 March 2043

Note: According to the remark stated in the State-owned Land Use Rights Certificate No. (2010) 518938, the property is situated on a site on which a road is planned to be built and is used temporarily by the Group.

PROPERTIES PORTFOLIO

PROPERTIES CONTRACTED TO BE HELD FOR INVESTMENT AS AT 31 DECEMBER 2021

Property name	Address and lot no.	Type	Total GFA	Lease term expiry date
1. Other properties	Shop No. 106, Lvdu Shangsha, No. 131 Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	Note	Note

Note: As at 31 December 2021, the State-owned Land Use Rights Certificate of the property have not been obtained. According to the Resettlement Agreement entered into between Guangxi Lvzhidu Real Estate Development Ltd.* (廣西綠之都房地產開發有限公司) (Party A) and Nanning Bai Yi Industrial Enterprise Limited* (南寧百益實業有限公司) (Party B) dated 31 October 2002, Party B agreed that 4 retail units with a gross floor area of 127.00 sq.m. on 1/F of Lvdu Shangsha shall be transferred by Party A to Party B after redevelopment of the original buildings. According to the ownership certificate obtained by Party B, the 4 units were unified as 1 unit, with a total gross floor area of 96.25 sq.m.

COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2021

Serial no.	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
1	Fond England* (裕豐英倫)	The unsold carpark units of Fond England, No. 10 Foziling Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous District, the PRC	65,965	Carparks	4,301	93.84
2	Li Yuan* (裕豐荔園)	The unsold portion of Li Yuan Residential Development, No. 128 Daxue East Road, New & Hi-Tech Industrial Development Zone, Nanning, Guangxi Zhuang Autonomous District, the PRC	9,074	Residential, retail and carparks	16,951	87.52
3	Jianfa•Dushuwan* (建發•獨墅灣)	Land Parcel No. 2015-WG-27, east of Dongfang Avenue, south of Shanghu Road, Suzhou Wuzhong Economic Development Zone, Suzhou, Jiangsu Province, the PRC	224,624	Wholesale and retail, urban residential	466,290	97.50

PROPERTIES PORTFOLIO

COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
4	Jianfa•Lingjun* (建發•領郡)	The southwest corner of the intersection of National Highway 104 and Wenpen West Road, northwest of Liyu Harbor, Lianjiang County, Fuzhou City, Fujian Province, the PRC	52,643	Wholesale and retail, other common commodity housing	183,041	78
5	Jianfa•Bihushuangxi* (建發•碧湖雙璽)	West of Hubin Road, north of Xiaguang Road, east of Bizhou Road, Longwen District, Zhangzhou City, Fujian Province, the PRC	44,828	Urban residential, wholesale and retail	191,955	100
6	Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Wanfu Community, Wan'an Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	22,174	Urban residential, wholesale and retail	77,087	40
7	Jianfa•Xiyuan* (建發•璽院)	North-west side of the intersection of Longyan Road and Xingye Road, Xinluo District, Longyan City, Fujian Province, the PRC (Dongxiao Land Parcel No. 3)	95,926	Commercial services, residential, public management and public services	264,711	30
8	Shangyue House* (尚悅居)	Southeast corner of intersection of Longteng Road and Shuangyang Road, southeast side of land parcel C of Tianyu Community, Xinluo District, Longyan City, Fujian Province, the PRC	28,495	Residential, ancillary and basement	142,211	40
9	Jianfa•Shouyuan* (建發•首院)	North of Zhanglong Expressway, east of Longyan Avenue, Xinluo District, Longyan City, Fujian Province, the PRC (Land Parcel B on the south side of Shuanglong Road)	91,037	Commercial services, residential, public management and public services	274,572	100

PROPERTIES PORTFOLIO

COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2021 *(Continued)*

Serial no.	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
10	Guandi* (觀邸)	Land Parcel C, east of Changxing Road, Shaxian, Fujian Province, the PRC	41,936	Commercial services, wholesale and retail, hoteling and catering, business finance, other commercial services, urban residential	116,447	51
11	Jianfa•Yangzhu* (建發•央著)	East of Yingri Road, north of Xuesong Road, Meixi Lake, Changsha City, Hunan Province, the PRC (Land Parcel No. B-39)	80,463	Residential	403,530	100
12	Jianfa•Yangxi* (建發•央璽)	No. 100, Shaoshan Road, Yuhua District, Changsha City, Hunan Province, the PRC	25,043	Residential, commercial	163,522	100
13	Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	South of Xinyan Avenue, west of Yangcheng Road, Weitang Town, Suzhou City, Jiangsu Province, the PRC	22,256	Urban residential, commercial services	63,941	55
14	Jianfa•Yulongwan* (建發•御龍灣)	Chengbei Community, Fanzhuang Community, Yangshe Town, Zhangjiagang City, Jiangsu Province, the PRC	191,347	Urban residential, commercial services	568,812	70
15	Jianfa•Yangzhu* (建發•央著)	North of Luoyang East Road, west of Changsheng Road, Gaoxing District, Taicang City, Jiangsu Province, the PRC	47,984	Urban residential, commercial	150,263	100
16	Jianfa•Jiuliwan* (建發•玖里灣)	East of Shanhe Road, north of Hongye East Road, Xidong New City Business District, Wuxi City, Jiangsu Province, the PRC	196,414	Urban residential	501,752	100

PROPERTIES PORTFOLIO

COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
17	Jianfa•Xiyuan* (建發•壘院)	No. 100, Jinfu Road, Jiangnan District, Nanning City, Guangxi Province, the PRC	22,276	Urban residential, wholesale and retail	105,033	51
18	Jianfa•Yangzhu* (建發•央著)	Intersection of Jianping Avenue and Shuanglong Road, Western District Ecological City, Jianyang District, Nanping City, Fujian Province, the PRC (Land Parcel No. C07 of Western District Ecological City)	70,000	Urban residential	161,967	70
19	Jianfa•Yangzhu* (建發•央著)	Northeast of the intersection of Xingjin Road and Haixiang Avenue, Xincheng Area, Jimei District, Xiamen City, Fujian Province, the PRC (Land Parcel No. 2017JP03)	20,176	Urban residential, wholesale and retail	95,201	49
20	Jianfa•Yangzhu Phase II* (建發•央著二期)	Northeast of the intersection of Chengyi West Road and Chengyi North Road, Mei District, Xiamen City, Fujian Province, the PRC (Land Parcel No. 2018JP01)	30,535	Urban residential, retail commercial	126,366	51
21	Jianfa•Shanwaishan (Land Parcel C)* (建發•山外山(C地塊))	Shili Village, Mayangxi Ecological Tourism Zone, Changtai County, Fujian Province, the PRC	54,903	Urban residential	135,863	94
22	Jianfa•Xiyuan* (建發•壘院)	West of Hubin Road, south of Xiazhou Road, Longwen District, Zhangzhou City, Fujian Province, the PRC	41,973	Wholesale and retail, hoteling and catering, urban residential	166,757	100
23	Jianfa•Xiyuan* (建發•壘院)	Land Parcel No. SN-B-(17-18), South Shui Area, Jian'ou City, Fujian Province, the PRC	52,747	Other common commodity housing, wholesale and retail, hoteling and catering	179,687	70

PROPERTIES PORTFOLIO

COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2021 *(Continued)*

Serial no.	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
24	Jianfa•Yangzhu* (建發•央著)	Shanty Town Rebuilding Land Plot H2, south of the Residential Theme Park, Jin'an District, Fuzhou, Fujian Province, the PRC	55,489	Urban residential, wholesale and retail	184,278	51.6
25	Jianfa•Yangyu* (建發•央譽)	Minfeng Village, Yangshe Town, Zhangjiagang City, Jiangsu Province, the PRC	69,858	Urban residential, commercial services	191,028	100
26	Jianfa•Yangyu* (建發•央譽)	South of Suzhou Road, west of Xingye Road, Gaoxing District, Taicang City, Jiangsu Province, the PRC	37,953	Urban residential, commercial	107,077	100
27	Duhuizhiguang* (都會之光)	East of Loujiang Road, north of Luoyang Road, Guoxing District, Taicang City, Jiangsu Province, the PRC	52,932	Urban residential	146,620	30
28	Jianfa•Yangyu* (建發•央譽)	South of Xinzhuang Road, west of Xueli Road, Yongyang Street, Nanjing City, Jiangsu Province, the PRC	73,277	Urban residential, commercial services	195,131	40
29	Sky of city* (天空之城)	Superstructure of Xindian Vehicle Base of Fuzhou Metro Line 1, located on the south side of Zhanban Road, Jin'an District, Fuzhou, Fujian Province, the PRC	111,444	Residential, commercial	451,279	16.5
30	Xixi Yunlu* (西溪雲廬)	Northwest corner of the intersection of Planned Xilong Road and Planned Zhechuang Road, Xihu District, Hangzhou City, Zhejiang Province, the PRC	42,357	Urban residential	96,140	10.5
31	Yangyun Jingshe* (養雲靜舍)	Hangzheng Chuchu 2017 Land Parcel No. 27, Gongshu District, Hangzhou City, Zhejiang Province, the PRC	15,160	Urban residential	46,120	40.18

PROPERTIES PORTFOLIO

COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
32	Jianfa•Xiyue* (建發•璽樾)	The northeast to the intersection of Chenggong Avenue and Jinshan West Road, 06-07 Fanghu Area, Huli District, Xiamen, Fujian Province, the PRC (Land Plot no. 2018P02)	61,842	Urban residential, retail commercial, other commercial and service, educational	215,801	95
33	Jianfa•Yangzhu* (建發•央著)	Within control scope of Yuhu Area, Licheng District, Putian City, Fujian Province, the PRC	54,977	Residential, service facilities	189,579	100
34	Wuyi & Jianfa• Shanwaishan* (武夷&建發•山外山)	Duba Ecological Tour & Economic Park, Wuyi Town, Wuyishan City, Fujian Province, the PRC	160,000	Catering and hotel, residential	108,647	50
35	Jianfa•Yuefu* (建發•悅府)	East of Lianjiang Middle Road, West of Houpu Road, Jin'an District, Fuzhou	23,256	Urban residential, commercial and finance	86,014	100
36	Jianfa•Jinhuyin* (建發•津湖印)	North-east of the intersection of Jinji Road and Yanlong Road, Longyan	20,907	Urban residential	70,153	55
37	Jianfa•Runjinyuan* (建發•潤錦園)	West of Zhixing Road, north of Pengshan Road, Gaoxinyuan, Jiangning District, Nanjing City, Jiangsu Province, the PRC	34,092	Urban residential, commercial services, business	94,742	50
38	Jianfa•Jingyuexuan* (建發•璟悅軒)	North of Rongxing Road, east of Zhenming Road, Gongming Zhongxin District, Shenzhen City, Guangdong Province, the PRC	8,416	Apartments, commercial	66,920	51
39	Jianfa & Jiulongcang• Yangxi* (建發&九龍倉•央璽)	No. 444, Shitan Road, Shijing Town, Baiyun District, Guangzhou City, Guangdong Province, the PRC	45,559	Urban residential	200,555	64

PROPERTIES PORTFOLIO

COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2021 *(Continued)*

Serial no.	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
40	Jianfa•Yangzhu* (建發•央著)	Land Parcel 06-2 west to the Bihu Biological Park, Longwen District, Zhangzhou City, Fujian Province, the PRC	37,141	Residential, commercial services	127,441	70
41	Jianfa & Jinmao•Xiyue* (建發&金茂•璽悅)	Dahualing Village, Daqiao New District Office, Jiangxia District, Wuhan Municipal, Hubei Province, the PRC	71,606	Residential	259,932	51
42	Jianfa•Xiyuan (Phase I)* (建發•璽院(一期))	West of Shizhai North Road, North of Maishi Street, Sui'an Town, Zhangpu County	66,156	Residential, commercial services	178,622	70
43	Jianfa • Wenchangfu* (建發•文昌府)	North of East Road, Nanchang Road, West of Putougang, Longwen District, Zhangzhou City	29,908	Retail commercial, urban residential	77,761	70
44	Jianfa•Yangyu* (建發•央譽)	Within the control scope of Yuhu District, Licheng District, Putian City	46,882	Residential	157,725	100
45	Jianfa•Panlongfu* (建發•磐龍府)	North of Lihan Avenue and South of Panlong Road, Xitianwei Town, Licheng District, Putian City	182,155	Urban residential, commercial and residential, education	435,715	100
46	Jianfa•Xiyue* (建發•璽悅)	No. 27 Nanfu Road, Yanping District, Nanping City	135,299	Residential, commercial	312,932	75
47	Jianfa•Shuxiangli* (建發•書香里)	Core area of central city of Lianjiang County, Qingtang area	35,134	Retail commercial, urban residential	100,028	100
48	Jianfa•Tianxing Xiyuan* (建發•天行璽院)	North of Tianshan Road, East side of Wangkeng Road, Dongqiao District, Ningde City	85,885	Urban residential, commercial service land	272,048	55

PROPERTIES PORTFOLIO

COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
49	Jianfa•Tianjingwan Yayuan* (建發•天境灣雅園)	East of Dongcang Road, South of Tianru Road, Science and Education New Town, Taicang	83,999	Urban residential, commercial, kindergarten	228,199	100
50	Jianfa•Shangyuyuan* (建發•尚虞院)	East of Yuanhetang, North of China Merchants West Road, Mocheng Street, Changshu City	32,578	Urban residential	120,924	100
51	Jianfa•Chunjiang Boyue* (建發•春江泊月)	East side of Lujin Road and South side of Luxin Road, Qiaokou Town, Wuzhong District, Suzhou City	27,921	Urban residential	67,010	100
52	Jianfa•Yujingwan* (建發•御璟灣)	West of Jinnan Road, Jingang Town, Zhangjiagang City	166,013	Urban residential	437,843	100
53	Jianfa•Yangxi* (建發•央璽)	No. 3 Tanyang Road, Liangqing District, Nanning City	101,673	Retail commercial, urban residential	276,552	100
54	Jianfa•Yangzhu* (建發•泱著)	East of Longyan Traffic and Highway Management Center, north of Jinji Road	32,413	Residential, commercial services	90,756	70
55	Jianfa•Shuxiangfu* (建發•書香府)	East of Liyushan Middle School, Qingtang Area, Lianjiang County, Lianjiang City, the PRC	64,548	Residential, commercial services	142,006	40
56	Jianfa•Longxitai* (建發•瓏璽台)	Shima Town, Longhai City, Zhangzhou City, the PRC	8,426	Commercial and residential	25,278	100
57	Jianfa•Boyuewan* (建發•泊月灣)	Northeast of the intersection of Taishan Road and Xinming Road, Xinwu District, Wuxi, the PRC	89,156	Residential	178,312	100

PROPERTIES PORTFOLIO

COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2021 *(Continued)*

Serial no.	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
58	Jianfa•Nanhuyin* (建發•南湖印)	South of Meixia Avenue, north of Huanhu Road, Yunxiao County, Zhangzhou City, the PRC	66,279	Residential	218,721	80
59	Jianfa•Jinyuewan* (建發•金玥灣)	900 meters straight distance from the north of Wanda, Shanghai Jinshan District, east to Weiling North Road, south to Longyan Road, west to Dongping North Road, north to Longwan Road, Shanghai, the PRC	82,921	Residential	149,257	51
60	Jianfa•Yuejiangnan* (建發•悅江南)	West side of Guiba Road, North side of Sports Road, Taihu New Town (Songling Town)	87,814	Residential	114,158	100
61	Jianfa•Tianxing Yangzhu* (建發•天行泱著)	Donglan Zu Tuan, Ningde Dongqiao Economic and Technological Development Zone, North of Mindong East Road, East of Yufu Road	49,177	Urban residential, commercial service land	139,847	50
62	Jinmao & Jianfa• Guanyue* (金茂&建發•觀悅)	Binhe Road, Furong District, Changsha City	92,638	Residential	255,005	49
63	Beida Longting Phase I (formerly as Jianfa•Yuexi)* (北大龍廷一期 (原建發•悅璽))	South of Shenyang Road and north of Hengyang West Road, Xixiangtang District, Nanning City	29,473	Residential, commercial services	138,378	60
64	Jianfa Yuexi Phase II* (建發璽院二期)	South of Jinfu Road and east of Yide Road, Jiangnan District, Nanning City	11,323	Residential, commercial services	39,631	51

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
1	Jianfa & Rongqiao• Shanghai Daguan 01.03.04 (建發&融橋•山海大觀 01.03.04)	Land Parcels No. C24, C26, C36 in Songwu Village, Pukou Town, Lianjiang County, Fujian Province, the PRC	Urban residential, wholesale and retail	pre-sold	90,802	228,224	By the end of 2022	65
2	Wudi & Jianfa•Xiyuan* (武地&建發•靈院)	East of Huashan Avenue, north of Dachangshan Road, Donghu New Technology Development Zone, Wuhan City, Hubei Province, the PRC	Urban residential	pre-sold	68,315	148,133	By the end of 2022	49
3	Jianfa•Yuexi* (建發•悅壘)	West of Huxin Road, north side of Tengyi Road, Doumen District, Zhuhai City, Guangdong Province, the PRC	Urban residential, retail commercial, public facilities, education	pre-sold	47,364	121,978	Mid-2022	100
4	Jianfa & Rongqiao• Shanghai Daguan 02* (建發&融橋•山海大觀 02)	Songwu Village, Pukou Town, Lianjiang County, Fuzhou, Fujian Province, the PRC (Land Plot no. Lian Di Pai Mai (2018)02)	Urban residential	preliminary	69,982	104,973	Mid-2025	55.58
5	Jianfa•Hexi* (建發•和壘)	North-west side of the intersection of Xin'an North Road and Lehuo Road, Haicang District, Xiamen	Retail commercial, urban residential	pre-sold	41,979	85,205	At the beginning of 2022	51
6	Jianfa•Heming* (建發•和鳴)	North-west side of the intersection of Dongfu East 2nd Road and Lehuo Road, Haicang District, Xiamen	Retail commercial, urban residential	pre-sold	27,230	72,500	By the end of 2022	49.5
7	Jianfa•Hezhu Phase I* (建發•和著一期)	South-west side of the intersection of Dongyao Road and Xiyuan South Road, Majiuwan District, Haicang District, Xiamen City	Residential, commercial services	pre-sold	17,464	48,900	By the end of 2022	100
8	Jianfa•Hezhu Phase II* (建發•和著二期)	East side of the intersection of Dongyao Road and Xiyuan South Road, Majiuwan Area, Haicang District, Xiamen	Residential, commercial services	pre-sold	18,590	52,050	At the beginning of 2023	100
9	Jianfa•Shanhuyuan* (建發•山湖院)	Shili Village, Mayangxi Ecological Tourist Area, Changtai County	Retail commercial, urban residential	pre-sold	67,943	95,120	At the beginning of 2023	60
10	Jianfa•Yangyu* (建發•央譽)	West of Longxiang Road, south of Narcissus Street, Longwen District, Shenzhen	Retail commercial, urban residential,	pre-sold	32,768	128,921	By the end of 2022	100

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
11	Jianfa Yuhuyihao* (建發•玉湖壹號)	Within the control scope of Yuhu District, Putian City	Urban residential	pre-sold	31,876	82,877	Mid-2022	100
12	Jinmao & Jianfa• Boyue* (金茂&建發•泊悅)	Northeast corner of the intersection of Beijincheng Road and Yinshan Road, Yuelu District, Changsha City	Residential, commercial	pre-sold	39,354	83,037	Mid-2022	49
13	Jianfa•Songyayuan* (建發•松雅院)	East of Ninghua Road, North of Wangxian Road, Xingsha Street, Changsha County	Urban residential	pre-sold	130,157	234,283	By the end of 2022	49
14	Jianfa•Jiangshanyue* (建發•江山悅)	East Line of Xiaoxiang Avenue, West of Lianjiang Road, Yuelu District, Changsha City	Residential	pre-sold	185,332	415,972	Mid-2023	49
15	Jianfa•Hexi* (建發•和壘)	North-east of the intersection of Xincheng Road and Hefeng Road, Economic Development Zone, Wuxi	Urban residential	pre-sold	143,853	214,008	BY the end of 2022	49
16	Jianfa•Juli Yingyue* (建發•玖里映月)	North of Dongxiang Road and East of Hongye Road, Xidong New Town Business District, Wuxi	Residential, commercial	pre-sold	55,997	100,952	By the end of 2022	42
17	Jianfa•Jiuxifu* (建發•玖熙府)	Lot East of Nanzhu South Road, South of Gaoping Street, Lishui District, Nanjing	Residential	pre-sold	121,488	182,232	By the end of 2022	49
18	Beida Longting Phase II (formerly as Jianfa•Yuexi)* (北大龍廷二期 (原建發•悅壘))	South of Shenyang Road, North of Hengyang Road, Xixiangtang District, Nanning City	Retail commercial, urban residential, commercial and finance	pre-sold	28,953	157,769	Mid-2023	60
19	Jianfa•Shuangxi* (建發•雙壘)	South of Yudong Avenue, west of Yude Road, Liangqing District, Nanning	Retail commercial, urban residential	pre-sold	86,333	172,667	Mid-2022	100
20	Jianfa•Yangjing* (建發•央璟)	South of Chunfeng Road, Xiangzhou District, Zhuhai	Urban residential	pre-sold	19,703	80,257	Mid-2022	100

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
21	Australia Project	71 Windsor Road, Baulkham Hills, NSW 2153 Australia	Neighbourhood center, medium density residential, infrastructure (classified road)	preliminary	10,710	8,547	Not determined	60
22	Jianfa•Sishui Heming* (建發•泗水和鳴)	East to Donggangjing, south to the Guihua Road, west to Henggang Road, north to the Guihua Daolu, Songjiang District, Shanghai, the PRC	Residential	pre-sold	85,715	128,572	Mid-2022	49
23	Jianfa•Yangyun* (建發•養雲)	Southeast of the intersection of Fanghu North 2 Road and Zongsi Road, Huli District, Xiamen, the PRC	Residential, commercial	pre-sold	50,394	174,500	Mid-2022	80
24	Jianfa & Rongchuang• Changan Hexi* (建發&融創•長安和壘)	East side of Gucheng South Street (Southeast area of Shougang Park), Shijingshan District, Beijing, the PRC	Residential	pre-sold	23,303	65,248	By the end of 2023	51
25	Jianfa•Yuanxi* (建發•園壘)	North of Xingsheng Road and East of Yuyao Road, Yuanhe Street, Xiangcheng District, Suzhou, the PRC	Residential	pre-sold	63,066	157,665	By the end of 2022	60
26	Jianfa•Junhefu* (建發•璟和府)	East to Longwang Street, south to Yuanqian Road, west to Xinting Street, north to Lushan Road, Nanjing, the PRC	Residential	pre-sold	28,196	75,126	By the end of 2022	100
27	Jianfa•Shuxiangyincui* (建發•書香印翠)	East to Guihua Daolu, south to Guihua Daolu, west to the cadre school of the provincial construction department, north to Huayuan Village, Hangzhou, the PRC	Residential	pre-sold	16,996	52,688	By the end of 2022	100
28	Jianfa•Hexi* (建發•和壘)	North side of Linhou Street, Jianyang City, the PRC	Residential	pre-sold	50,539	83,389	By the end of 2022	100
29	Jianfa Hexi* (建發•和壘)	East to Jiangfan Road; south to Zhenxing Road; west to Huachang Road; north to Zhongxing Road, Zhangjiagang City, the PRC	Residential	pre-sold	95,636	191,272	By the end of 2022	60
30	Jianfa•Yangzhu* (建發•央著)	North side of Dongge Road, Qingxiu District, Nanning City, the PRC	Commercial and residential	pre-sold	19,796	69,285	Mid-2022	100

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
31	Guiv Project(貴錫項目)	East side of Luxing Road, south side of Baishaguan Road, west side of Guihuazhong 2 Road and Guihuazhong 3 Road, and north side of Tianyuan Street Extension, Luxing Community, Baiyun District, Guiyang, the PRC	Residential	pre-sold	226,000	527,859	At the beginning of 2023	90
32	Jianfa•Tianyuefu* (建發•天悅府)	Land Parcel at southeast of the intersection of Keji Avenue and Mellin Road, Hangzhou, the PRC	Residential	pre-sold	69,743	153,435	By the end of 2022	80
33	Jianfa•Manyun* (建發•漫雲)	West of the intersection of Binhu Road and Dongyu West Road, Xinshi District, Haicang District 05-11, Xiamen, the PRC	Commercial and residential	pre-sold	18,038	103,986	At the beginning of 2024	100
34	Jianfa•Shuxiang Fudi Phase I* (建發•書香府邸一期)	D19, northeast of the intersection of Hongzhong Avenue and Chengchang Road, Xiang'an South Xincheng Area, Xiang'an District 13-15, Xiamen, the PRC	Commercial and residential	pre-sold	8,839	26,500	At the beginning of 2023	100
35	Jianfa•Shuxiang Fudi Phase II* (建發•書香府邸二期)	D22, northeast of the intersection of Hongzhong Avenue and Chengchang Road, Xiang'an South Xincheng Area, Xiang'an District 13-15, Xiamen, the PRC	Commercial and residential	pre-sold	16,513	52,800	Mid-2023	100
36	Jianfa•Panlongyuan* (建發•盤龍苑)	Bengbu Economic Development Area (蚌埠市經開板塊), Bengbu City, the PRC	Residential	pre-sold	151,300	222,398	By the end of 2022	100
37	Jianfa•Xiyuan Phase III (formerly as Land Parcel No. 202005 (Wenti Zhongxin03) in Zhangzhou Zhangpuxian)* 建發•麗院二期(原漳州漳浦縣202005(文體中心03)地塊)	West of Shizhai North Road and south of Chaoyang East Road, Sui'an Town, Zhangpu County, Zhangzhou City, the PRC	Residential	pre-sold	59,312	148,281	Mid-2024	70
38	Wuxi Shangyuan* (無錫上院)	Southeast of the intersection of Wangzhuang Road and Chengnan Road, Xinwu District, Wuxi, the PRC	Residential	pre-sold	114,036	228,072	By the end of 2022	100
39	Jianfa•Hexi Phase II* (建發•和壘二期)	North of Wangkeng Road, East of Liancheng Road, Ningde City, the PRC	Residential	pre-sold	45,935	105,651	By the end of 2022	49.98
40	Jianfa•Hexi Phase I* (建發•和壘一期)	North of Wangkeng Road, West of Liancheng Road, Ningde City, the PRC	Residential	pre-sold	35,693	78,525	At the beginning of 2023	49.98

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PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
41	Shidai Jingcheng* (時代璟城)	North of Wangkeng Road, East of Liancheng Road, Ningde City, the PRC	Residential,commercial	pre-sold	72,319	166,334	Mid-2024	49.98
42	Jianfa•Wuyuan Yingyue* (建發•五緣映月)	Southeast of the intersection of Wuyuanwan Road and Jinbian Road, Huli District, Xiamen, the PRC	Residential	pre-sold	17,069	53,000	Mid-2023	80
43	Jianfa•Hezhu (formerly as Land Parcel No. 2020P11 (Ruijing02) in Zhangzhou Xiangcheng District* (建發•和著(原漳州薌 城區2020P11(瑞京02) 地塊))	South of Shengli West Road, east of Guihua Jinfang Road and north of Guihua Yuanzhong Road, Zhangzhou Xiangcheng District, Zhangzhou City, the PRC	Residential,commercial	pre-sold	26,665	63,900	By the end of 2022	100
44	Jianfa•Yangyun* (建發•養雲)	North side of Hengyu Road, south of Niugangshan Park, Fuzhou City, the PRC	Residential	pre-sold	50,454	105,449	By the end of 2022	100
45	Jianfa•Heming* (建發•和鳴)	Land parcel at south of Heyue Road and east of Lingnan Avenue, Lecong Town, Shunde District, Foshan City, Shunde City, Foshan, the PRC	Residential	pre-sold	42,461	106,153	By the end of 2022	100
46	Jianfa • Yangzuo (formerly as Land Parcel No. 2019S-31 in Quanzhou Shishi City)* (建發•央座(原泉州石 獅市2019S-31號地塊))	East to Huixing Road, 18metres west to Guihua Road, south to other sites and north to Jiuer East Road, Baogai Town, Shishi City, the PRC	Residential	pre-sold	57,703	161,568	Mid-2023	100
47	Jianfa•Wanjing (formerly as Jianfa•Hexi Phase II)* (建發•灣璟 (原建發•和璽二期))	Southwest of the intersection of Xinyang Avenue and Xinjing Road, Maluanwan Area, Haicang District, Xiamen, the PRC	Residential	pre-sold	25,498	58,640	Mid-2023	80
48	Wuxi Jinyuewan* (無錫金玥灣)	North side of Cuizhu South Road and west side of Huizhou Avenue, Huishan District, Wuxi, the PRC	Residential	pre-sold	86,042	189,292	Mid-2023	52
49	Jianfa • Heming (formerly as Land Parcel No. C32 in Wuyi Jianyang New District)* (建發•和鳴(原武夷建 陽新區C32地塊))	Both sides of Linhou Street and south side of Fuhou Street, Wuyi New District, Nanping City, the PRC	Residential	pre-sold	54,040	91,868	By the end of 2022	100
50	Jianfa•Boyue (formerly as Land Parcel No. 2020-40 in Yongchun)* (建發•泊月(原永春縣 2020-40號地塊))	Taocheng Town, Shigu Town, Yongchun County, Quanzhou City, the PRC	Residential	pre-sold	54,166	135,415	Mid-2023	100

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
51	Jianfa•Tianxiwan Yayuan* (建發•天璽灣雅苑)	South of the Second Kaiming Middle School, Huai'an Ecological New Town Block, Huai'an City, the PRC	Residential	pre-sold	189,035	378,000	By the end of 2025	80
52	Jianfa•Hexi* (建發•和璽)	Yezha Community land grant, south side of Lubin Road and east side of Hongwanzhong Road, Cangshan District, Fuzhou City, the PRC	Residential	pre-sold	24,044	52,897	Mid-2022	100
53	Jianfa•Wangyueli (formerly as Land Parcel No.2020-J-WY-06 in Nanping)* (建發•望玥里 (原南平市 2020-J-WY-06號地塊))	North Area of Eco-city (North of Shuanglong Road), West District, Jianyang District, Nanping City, the PRC	Residential	pre-sold	45,934	82,680	By the end of 2022	70
54	Jianfa•Shuxiangli (formerly as Land Parcel No.2020-J-WY-07 in Nanping)* (建發•書香里 (原南平市 2020-J-WY-07號地塊))	North Area of Eco-city (North of Shuanglong Road), West District, Jianyang District, Nanping City, the PRC	Residential	pre-sold	38,364	61,382	By the end of 2022	70
55	Jiangyue • Junyueli (formerly as Land Parcel No.2020-J-WY-08 in Nanping)* (建悅•君玥里 (原南平市 2020-J-WY-08號地塊))	North Area of Eco-city (North of Shuanglong Road), West District, Jianyang District, Nanping City, the PRC	Residential	preliminary	45,934	82,680	By the end of 2022	70
56	Jianfa•Yuefu* (建發•悅府)	Northwest of the intersection of Fanyang West 3 Road and Fanyan North 2 Road, Li'an District, Xiamen Xiang'an District, Xiamen, the PRC	Residential	pre-sold	12,321	36,900	Mid-2023	100
57	Jianfa•Jingxue Heming (formerly as Land Parcel No. XDG-2020-60 in Wuxi Huishan District)* (建發•靜學和鳴 (原無錫市惠山區 XDG-2020-60號地塊))	East of Longyan Traffic Highway Management Center, north of Jinji Road, Wuxi, the PRC	Residential	pre-sold	89,870	179,741	By the end of 2023	100
58	Jianfa•Yangyunfu* (建發•雲雲府)	Southwest of the intersection of East Ramie Road and East Huancheng Road, Zhujiaji City, Shaoxing, the PRC	Residential	pre-sold	19,466	36,013	By the end of 2022	100
59	Jianfa•Hexi* (建發•和璽)	Liangqing District and Yucheng Road, Nanning City, the PRC	Residential	pre-sold	21,778	65,333	At the beginning of 2023	100
60	Jianfa•Tianxing Manyun* (建發•天行纓雲)	North of Nanchang East Road and west of Putougang, Longwen District, Ningde City, the PRC	Residential	pre-sold	65,767	144,687	Mid-2023	60

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
61	Jianfa•Heming Lanxijun* (建發•和鳴蘭溪郡)	Binhe Road, Furong District, Putian City, the PRC	Residential	pre-sold	40,590	99,016	By the end of 2023	51
62	Jianfa•Yunzhu Phase II (formerly as Land Parcel No. 2020 Lot-21 (Beiguan Community) in Xinluo District)* (建發•雲著二期 (原新羅區2020 拍-21(北關小區)地塊))	West side of Fenghuang Road, south side of Gongye Road, Longyan City, the PRC	Residential	pre-sold	76,571	122,503	Mid-2023	100
63	Jianfa • Wenjing (formerly as Land Parcel No. 2020 Lot-22 (Longteng South No.7) in Xinluo District)* (建發•文璟(原新羅區 2020拍-22 (龍騰南7 號)地塊))	East side of Longteng South Road, north of Gaokan Expressway, Longyan City, the PRC	Residential	pre-sold	41,724	104,310	By the end of 2023	100
64	Jianfa•Yunzhu Phase I (formerly as Land Parcel No. 2020 Lot-22 (Chengbei No.1) in Xinluo District)* (建發•雲著一期 (原新羅區2020 拍-22(城北1號)地塊))	North of Gongye Road and East of Longyan Avenue, Longyan City, the PRC	Residential	pre-sold	33,662	84,155	Mid-2023	100
65	Jianfa•Shuxiangfu* (建發•書香府)	South of Yudong Avenue and west of Yude Road, Liangqing District, Ningde City, the PRC	Residential	pre-sold	69,770	125,586	By the end of 2022	70
66	Jianfa•Xiyuan* (建發•壘園)	Northeast of the intersection of Jinji Road and Yanlong Road(Hudong Huayuan land parcel), Jinan, the PRC	Residential	pre-sold	39,000	77,416	By the end of 2022	100
67	Jianfa•Hexi (formerly as Land Parcel No. 20165 in Chongqing Beibei District)* (建發•和壘 (原重慶市北碚區 20165號地塊))	South of Yudong Avenue and west of Yude Road, Liangqing District, Chongqing, the PRC	Residential	pre-sold	75,295	109,068	Mid-2023	100
68	Jianfa•Hezhufu (formerly as Land Parcel No. New District 2020G24 in Jiangbei New District Getang)* (建發•和著府(原江北 新區葛塘No.新區 2020G24地塊))	East of Longyan Traffic Highway Management Center, North of Jinji Road, Nanjing, the PRC	Residential	pre-sold	49,999	121,966	By the end of 2022	100

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 *(Continued)*

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
69	Jianfa•Yangxi* (建發•央璽)	No. 6, Majiagou Road, Jinjiang District, Chengdu, Sichuan Province, the PRC	Residential	pre-sold	87,262	236,454	By the end of 2022	100
70	Jianfa•Yunjinwan* (建發•雲錦灣)	East to Lu Xiang Road, West to Luo Zhen Road, South to Mei Ai Road, North to Mei Dan Road, Shanghai, the PRC	Residential	pre-sold	57,955	115,909	By the end of 2022	100
71	Jianfa•Pushangwan* (建發•浦上灣)	East to Planning Road 3, west to the red line of the site, south to Yuejin River and north to Planning Road 8, Shanghai, the PRC	Residential	pre-sold	32,381	64,762	By the end of 2022	100
72	Jianfa•Heming* (建發•和鳴)	East of Hehe Road and west of Tangyao Street, Yongning District, Nanning City, Guangxi Province, the PRC	Residential	pre-sold	37,000	110,469	At the beginning of 2024	100
73	Jianfa•Chunjiangyue* (建發•春江悅)	Within the lot of Qiyun Road, Haishu District, east to Liangfeng Street, south to Duantang East Road, west to Huancheng West Road, and north to the green area along the river in Wujia Cao, Ningbo City, Zhejiang Province, the PRC	Residential	pre-sold	52,000	124,238	Mid-2023	80
74	Jianfa•Yunjinwan* (建發•雲錦灣)	South of Qianlong Canal, adjacent to Sunhu West Road, Suzhou, Jiangsu Province, the PRC	Residential	pre-sold	44,000	74,103	Mid-2023	100
75	Jianfa•Wenhanfu* (建發•文瀚府)	East to Henan Huang Road, planned kindergarten, Red Cross Eye Hospital site, south to planned road, west to protective green space, water environment monitoring center, north to Jintian Road, planned kindergarten, water environment monitoring center, Suqian City, Jiangsu Province, the PRC	Residential	pre-sold	91,000	200,739	At the beginning of 2024	100
76	Jianfa•Tangsong Heming* (建發•棠頌和鳴)	East to Ping Hou River, South to Shuipai Road, West to Xiangjiadang, North to the current river, Shaoxing City, Zhejiang Province, the PRC	Residential	pre-sold	100,000	105,485	By the end of 2023	51
77	Jianfa•Yangzhu* (建發•央著)	Huayan Community, Wenjia Street Office, Qingyang District, Chengdu, Sichuan Province, the PRC	Residential	pre-sold	46,000	116,074	At the beginning of 2023	100
78	Jianfa•Heming* (建發•和鳴)	South side of South Ring Road and west side of East Outer Ring Road, Longyan City, Fujian Province, the PRC	Residential	pre-sold	32,000	93,675	At the beginning of 2024	100
79	Jianfa•Yangzhu Phase II* (建發•央著二期)	Hemp Textile Factory West, Yiyang City, Hunan Province, the PRC	Residential	pre-sold	48,000	168,836	Mid-2024	100
80	Jianfa•Yangzhu Phase I* (建發•央著一期)	Hemp Textile Factory West, Yiyang City, Hunan Province, the PRC	Residential	pre-sold	48,000	166,587	By the end of 2023	100

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
81	Jianfa•Yangyun* (建發•養雲)	East to Xijiang Road, south to Wantou Road, northwest to the planned river, Wantou area, Jiangbei District, Ningbo City, Zhejiang Province, the PRC	Residential	pre-sold	34,000	70,132	Mid-2023	80
82	Jianfa•Hezhang* (建發•和章)	South of Yuanxi Road and west of Unity Avenue, Jiangbei New District, Nanjing, Jiangsu Province, the PRC	Residential	pre-sold	27,000	58,869	By the end of 2023	100
83	Jianfa•Yingyue* (建發•映月)	Hailian Venture Park, Shutou Town, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	121,000	255,957	Mid-2023	100
84	Jianfa•Hanlin Jiujiang* (建發•翰林九境)	Land Parcel No. F-01b, South Unit of Ouhai Center, Sanxi District, Wenzhou City, Zhejiang Province, the PRC	Residential	pre-sold	104,000	293,867	At the beginning of 2024	33
85	Jianfa•Yuemingyuan* (建發•悅鳴苑)	East to North Park Road West to Party School Road, South to Long Horn Resettlement Area, and North to Yuying Road, Li Cheng Street, Xiangyou County, Putian City, Fujian Province, the PRC	Residential	pre-sold	24,000	67,299	At the beginning of 2023	51
86	Jianfa•Hezhu* (建發•和著)	Yueyangdao Street, Yinsuan Road and Yinxing Road Southeast corner of intersection, Wangcheng District, Changsha City, Hunan Province, the PRC	Residential	pre-sold	122,000	239,186	By the end of 2023	49
87	Jianfa•Panlongfu* (建發•蟠龍府)	North side of Guiliu Road, where the central city of Liuzhou meets the new Liudong District, Liuzhou City, Guangxi Province, the PRC	Residential	pre-sold	47,000	88,065	At the beginning of 2023	100
88	Jianfa•Hongjingyuan* (建發•鴻景園)	South of Huizheng Road, west of Xuanhua South Road, east of Daxima South Road and north of the planned road, Rucheng Street, Nantong City, Jiangsu Province, the PRC	Comprehensive	pre-sold	61,000	140,038	Mid-2023	51
89	Jianfa•Wenlan Fudi* (建發•文瀾府邸)	Dainan Street, Lucheng District, Wenzhou City, Zhejiang Province, the PRC	Residential	pre-sold	27,000	76,856	By the end of 2023	65
90	Jianfa•Jingyun Gongguan* (建發•璟雲公館)	South side of Hengyu Road, west side of Qianhengbei Road and East side of Niu Gang Shan Park, Jin'an District, Fuzhou City, Fujian Province, the PRC	Residential	pre-sold	47,000	104,625	Mid-2023	100

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PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 *(Continued)*

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
91	Jianfa•Suhewang* (建發•蘇河望)	East to Xunyang Road, South to Shiquan Road, West to Langao Road, North to Lane 300 of Langao Road, Shanghai, the PRC	Residential	pre-sold	38,000	76,495	Mid-2023	51
92	Jianfa•Yulongwan* (建發•御龍灣)	Jinsha Street Jinxiangang Village, Nantong City, Jiangsu Province, the PRC	Residential	pre-sold	62,000	105,638	Mid-2023	100
93	Jianfa•Yangzhu* (建發•央著)	North of Hexi New Town, east of Shennong Avenue, north of Zhuzhou Avenue Sports Park, south of Huanghe North Road, near the core of Shennong City, Zhuzhou City, Hunan Province, the PRC	Residential	pre-sold	318,848	854,382	By the end of 2023	100
94	Jianfa•Jingcui* (建發•璟萃)	North side of Huayuan East Road and west side of Jinfeng Road, Muzhen Town West side of Jinfeng Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC	Residential	pre-sold	60,000	133,074	By the end of 2023	40
95	Jianfa•Jiuxifu* (建發•玖熙府)	Land Parcel at south of Hao Gang Road and east of Yong Hua Road, Jinan District, Lu'an, Hefei City, Anhui Province, the PRC	Residential	pre-sold	103,000	164,256	Mid-2023	65
96	Jianfa•Hexi* (建發•和璽)	Zhou Chu Village, Guan Qiao Town, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	81,000	189,870	Mid-2024	51
97	Jianfa•Heyue* (建發•和悅)	South of Huawei Road, East of Haide Road, Nanning City Comprehensive Protection Zone, Guangxi Province, the PRC	Residential	pre-sold	19,000	56,961	At the beginning of 2024	100
98	Jianfa•Xiyuan* (建發•璽院)	Yanling Community, Jiangnan New District, Licheng District, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	30,000	80,352	Mid-2023	100
99	Jianfa•Dayuecheng* (建發•大悅城)	Central Park Site, Chaoyang New Town, Nanchang City, Jiangxi Province, the PRC	Comprehensive	pre-sold	136,000	520,473	Mid-2024	49
100	Jianfa•Shinaxifu* (建發•樞溪府)	East side of North Zhenqingxi Road and South side of Zhenqingji Road, Shangrao Downtown Area, Jiangxi Province, the PRC	Residential	pre-sold	40,000	92,223	Mid-2023	37

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
101	Jianfa•Junlanhezhu* (建發•君蘭和著)	Adjacent to Butterfly Square in the west and Yueqing City Hall in the southwest, Downtown area of Yueqing, Wenzhou City, Zhejiang Province, the PRC	Residential	pre-sold	41,000	90,953	Mid-2023	33
102	Jianfa•Wenzhu* (建發•文著)	Xinhan Industrial Park, Hanjiang District, Putian City, Fujian Province, the PRC	Residential	pre-sold	68,000	140,642	Mid-2023	80
103	Jianfa•Sandangyuan* (建發•三堂院)	South of Zhongbian Section of Guangfo New Trunk Road, Dali Town, Nanhai District, Foshan City, Guangdong Province, the PRC	Residential	pre-sold	69,000	148,802	Mid-2024	34
104	Jianfa•Mingzhu Wenxi* (建發•明珠灣璽)	Land parcel at the west of Yisha Yong of Henglei Island, Nansha District, Guangzhou City, Guangdong Province, the PRC	Residential	pre-sold	20,000	89,087	By the end of 2024	100
105	Jianfa•Junhefu* (建發•琿和府)	North side of Dahua Road, east side of Sanfang Lane, south side of Health East Road, Fenghua Street, Yancheng City, Jiangsu Province, the PRC	Residential	pre-sold	72,000	144,844	Mid-2023	49
106	Jianfa•Hezhu* (建發•和著)	South side of Cuizhu South Road, Luoshe Town West side of the present river, Huishan District, Wuxi City, Jiangsu Province, the PRC	Residential	pre-sold	23,000	50,262	Mid-2023	33
107	Commercial Land Parcel No. 2020P04 in Changtai District* (長泰區2020P04商業地塊)	Shili Village, Mayangxi, Changtai County, Zhangzhou City, Fujian Province, the PRC	Commercial	preliminary	5,025	4,523	Not determined	60
108	Jianfa•Manyun* (建發•縵雲)	East to Hangzhou General Administration Hall Joint Stock Economic Cooperative Land, South to Xiangyuan Road, West to Xiangying Road, North to Xiangyun Road, Hangzhou, Zhejiang Province, the PRC	Residential	pre-sold	42,000	91,573	By the end of 2023	100
109	Jianfa•Yangzhu Phase II* (建發•央著二期)	South side of Shiquan Road, Sanjiang Area 16 meters east of the planned road, Xinzhou District, Shangrao City, Jiangxi Province, the PRC	Residential	preliminary	20,000	39,570	Mid-2024	100
110	Jianfa•Yangzhu Phase I* (建發•央著一期)	South side of Shiquan Road, Sanjiang Area 16 meters east of the planned road, Xinzhou District, Shangrao City, Jiangxi Province, the PRC	Residential	pre-sold	54,000	118,842	Mid-2024	100

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PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 *(Continued)*

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
111	Jianfa•Wenlanfu* (建發•文瀾府)	Integrated Farm, Shuangang Avenue, Wuyishan Suburb, Nanping City, Fujian Province, the PRC	Residential	pre-sold	67,000	113,647	Mid-2023	75
112	Jianfa•Junlan Heming* (建發•君蘭和鳴)	Old Reform Lot II in and around Hongguang Village, Jinan, Fuzhou, Fujian, the PRC	Residential	pre-sold	39,000	84,396	By the end of 2023	49
113	Jianfa•Hexi* (建發•和璽)	East Spring City, Meilin, Yixing City, Jiangsu Province, the PRC	Residential	pre-sold	57,000	91,814	By the end of 2023	60
114	Jianfa•Wuyuan Wenxi* (建發•五緣灣璽)	Genting North Road and Zhongzhi West 3rd Road Southeast side of the intersection, Wuyuanwan Area, Xiamen City, Fujian Province, the PRC	Residential	pre-sold	19,000	55,500	Mid-2024	65
115	Jianfa•Jiangyingyue* (建發•江映月)	West side of Fotang Avenue, Fotang Town, Jinhua City, Zhejiang Province, the PRC	Residential	pre-sold	131,000	133,311	Mid-2024	33
116	Jianfa•Tianyue Yunlu* (建發•天悅雲廬)	No.9, northeast of the intersection of Shi Zhu Road and Sang Yuan Road, Fuchun Future City, Tonglu County, Hangzhou, Zhejiang Province, the PRC	Residential	pre-sold	29,000	55,452	Mid-2023	100
117	Jianfa•Xiwu Guanlan* (建發•西湖觀瀾)	East of Shengli West Road, west of Jianfeng Road and south of Jinling Road, Xiangcheng District, Zhangzhou City, Fujian Province, the PRC	Residential	pre-sold	28,000	83,793	Mid-2023	50
118	Jianfa•Hexi* (建發•和璽)	East of Lucun Road and south of Yunfeng Road, Yundonghai Street, Sanshui District, Foshan City, Guangdong Province, the PRC	Residential	pre-sold	56,000	140,710	Mid-2024	34
119	Jianfa•Yujingwan* (建發•譽璟灣)	East to Shaoxing Road and Planning Nursery, west to Century Avenue, south to Shantou Road and Planning Nursery, north to Shaoxing Road, Economic and Technological Development Zone, Suqian City, Jiangsu Province, the PRC	Residential	pre-sold	109,000	273,368	Mid-2024	100
120	Jianfa•Balifu* (建發•八里府)	South of Jiurui Avenue, north of Wujihe Road, west of West of Xinhengtong Guantiandi District, Jiujiang Economic Development Zone, Jiujiang City, Jiangxi Province, the PRC	Residential	pre-sold	60,000	108,242	By the end of 2023	70.6

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
121	Jianfa•Jiulong Hexi Phase II* (建發•玖龍和壘二期)	Jian Yang Village, Chengxi Street, Taizhou City, Zhejiang Province, the PRC	Residential	pre-sold	52,000	124,330	By the end of 2023	35
122	Jianfa•Jiulong Hexi Phase I* (建發•玖龍和壘一期)	Jian Yang Village, Chengxi Street, Taizhou City, Zhejiang Province, the PRC	Residential	pre-sold	16,000	39,141	Mid-2023	51
123	Jianfa•Tianxi* (建發•天璽)	Dongwang Community, Wenchang Street Office, Changqing District, Jinan City, Shandong Province, the PRC	Residential	pre-sold	74,000	148,716	Mid-2024	100
124	Jianfa•Jiuxifu* (建發•玖熙府)	West to Jinpu Railway, East to West Ring Road, South to Liu Changshan Road, Wangfu Area, Huaiyun District, Jinan City, Shandong Province, the PRC	Residential	pre-sold	44,000	124,205	By the end of 2023	100
125	Jianfa•Wangjing Yangyun* (建發•望京養雲)	Outside the East Fifth Ring Road, north of the Airport Expressway, Beijing, Beijing Province, the PRC	Residential	pre-sold	23,000	70,415	Mid-2024	100
126	Jianfa•Yangzuo* (建發•央座)	Tang Hou Village, Baogai Town, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	18,000	45,891	By the end of 2023	100
127	Jianfa•Heming* (建發•和鳴)	Gazengzhai, Lingxiu Town, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	32,000	79,898	Mid-2023	49
128	Jianfa•Yangyun* (建發•養雲)	Honglu Street, Yinxi Street: North side of Rongqiao City, southeast of Keston Hotel, Fuzhou City, Fujian Province, the PRC	Residential	pre-sold	26,000	67,670	Mid-2024	60
129	New Land Parcel in Hangzhou East* (杭州東新地塊)	East to the reserve land, south to Shenjia Road, west to Changbin Road, north to Planning 5 Road Branch Road, Hangzhou, Zhejiang Province, the PRC	Commercial	pre-sold	15,000	40,824	By the end of 2023	17
130	Jianfa•Hecui* (建發•和萃)	West of the green land of Provincial Road 230 and south of the green land of Taihu Avenue in Science and Technology City, Suzhou High-tech Zone, Jiangsu Province, the PRC	Residential	preliminary	67,000	121,454	By the end of 2024	33.3

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 *(Continued)*

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
131	Jianfa•Junhefu* (建發•瑞和府)	North side of Beyoncé Garden Zhongtang and China Merchants Yong Hua House, Hefei City, Anhui Province, the PRC	Residential	pre-sold	68,000	169,100	By the end of 2023	60
132	Jianfa•Hexi* (建發•和壘)	Land south of Kwai Cheng Yi Road and east of Wen Hua Road, Xinhui District, Jiangmen City, Guangdong Province, the PRC	Residential	pre-sold	46,000	115,984	By the end of 2022	100
133	Jianfa•Guanlan Yunzhu* (建發•觀瀾雲著)	Putian Gutou Area, Putian City, Fujian Province, the PRC	Residential	pre-sold	21,000	90,138	Mid-2024	40
134	Jianfa•Wuyuan Tangyue* (建發•五緣棠月)	Northwest of the intersection of Zhongzhi West 3rd Road and Zhongzhai Middle Road, Wuyuanwan Area, Huli District, Xiamen City, Fujian Province, the PRC	Residential	pre-sold	34,000	111,610	At the beginning of 2024	73
135	Jianfa•Manyun Changtan* (建發•瓊瑤長灘)	West of the intersection of Xinyang Avenue and Gengxi Road, Maluanwan Area, Haicang District, Xiamen City, Fujian Province, the PRC	Residential	pre-sold	106,000	278,540	Mid-2024	85
136	Jianfa•Sanli Yunlu* (建發•三里雲廬)	Southeast of the intersection of Xiang'an Avenue and Xiyuan Road, Xiamen, Fujian, the PRC	Residential	pre-sold	45,000	126,000	Mid-2024	85
137	Jianfa•Junhefu* (建發•瑞和府)	No.2021-C-1, Chengdi, Hi-tech Zone, Jiangyin, Jiangsu, the PRC	Residential	pre-sold	182,000	218,316	Mid-2023	38
138	Jianfa•Luxi Yingyue* (建發•鹿溪映月)	North side of Luxi North Road and east side of Dexian Road, Suian Town, Zhangpu County, Fujian Province, the PRC	Residential	pre-sold	23,000	63,074	By the end of 2023	36
139	Jianfa•Hexi* (建發•和壘)	North of Emei Road and West of Tangsheng Road, Xuzhou City, Jiangsu Province, the PRC	Residential	pre-sold	35,000	98,149	Mid-2024	100
140	Jianfa•Hexi* (建發•和壘)	Huang cotton living area and Tanjiaqiao plot, A03 management unit, Huangshi City, Hubei Province, the PRC	Comprehensive	pre-sold	150,000	423,102	Mid-2024	100

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 (Continued)

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
141	Jianfa•Wenzhu* (建發•文著)	East of Heping North Road, Chengbei New District, Zhangping City, Longyan City, Fujian Province, the PRC	Residential	pre-sold	55,000	136,690	By the end of 2023	50
142	Jianfa•Jiuyunfu* (建發•玖雲府)	North side of Wuyi Fairview Mansion, Uptown Platinum East side of the lot (Pxianghuan, Xinchang Village, Tangxia), Pengjiang District, Jiangmen City, Guangdong Province, the PRC	Residential	pre-sold	62,000	170,517	Mid-2024	51
143	Jianfa•Nanhuyin* (建發•南湖印)	South of Nanhu Road and west of Sanli Street, Jujiang City, the PRC	Residential	preliminary	23,000	37,217	Mid-2023	49
144	Jianfa•Yangyun Phase II* (建發•養雲二期)	Honglu Street, Fuzhou, Fujian, the PRC	Residential	pre-sold	13,849	34,622	Mid-2024	49.9
145	Jianfa•Shuxiang Fudi* (建發•書香府邸) 建發•書香府邸	South of Jinzhang Road, West of Zhaoxian Road, Ningde City, Fujian Province, the PRC	Residential	preliminary	79,830	183,609	Mid-2024	100
146	Land Parcel No. PS Lot-2021-21 in Putian* (莆田PS拍-2021-21號 地塊)	The southwest and southeast side of the intersection of Eighty-two One Street and Yanshou North Street, Gongchen Street, Licheng District, Putian City, Fujian Province, the PRC	Residential	preliminary	71,210	312,905	By the end of 2024	51
147	Land Parcel No. 02 in Gu Village, Baoshan District, Shanghai* (上海寶山區顧村 0302-02地塊)	East to Lian Yang Road, South to Yan Guan Road, West to Shang Bei Road, North to Ruilijiang Road, Gucun Town, Baoshan District, Shanghai, the PRC	Residential	preliminary	41,077	82,154	By the end of 2024	100
148	Land Parcel No. PS Lot-2021-22 in Putian* (莆田PS拍-2021-22號 地塊)	Within the control area of Chengdong Sub-district Unit, Licheng District, Putian City, Fujian Province, the PRC	Residential	preliminary	65,155	280,168	Mid-2025	49
149	Jianfa•Hexi* (建發•和璽)	East to Zhuque Road, South to Zhuque River (Bi Lu River), West to Liulan Road, North to Cuijiao Road, Chongming, Shanghai, the PRC	Residential	pre-sold	43,000	43,439	Mid-2023	100
150	Jianfa•Heyue* (建發•和悅)	East to Zhuque Road, South to Zhuque River (Bi Lu River), West to Liulan Road, North to Cuijiao Road, Chongming, Shanghai, the PRC	Residential	pre-sold	37,000	95,654	By the end of 2023	80

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 *(Continued)*

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
151	Land Parcel to the west side of the Olympic Sports Complex in Cang Shan District, Fuzhou*	Southwest corner of the intersection of Jianxin South Road and Hengyu Road, west of Olympic Sports Center, Cangshan District, Fuzhou City, Fujian Province, the PRC	Residential	preliminary	21,512	38,165	By the end of 2024	100
	(福州市倉山區奧體西側地塊)							
152	Jianfa•Yangyun*	North of Dongge Road and east of Maoqiao Road, Qingxiu District, Nanning City, Guangxi Province, the PRC	Residential	preliminary	25,787	77,360	Mid-2024	100
	(建發•養雲)							
153	Land Parcel No. S2020-21 in Quanzhou Taishang*	Qunqing Village, Dongyuan Township and Houhai Village, Baizaki Hui Township, Quanzhou City, Fujian Province, the PRC	Residential	preliminary	100,471	264,239	By the end of 2024	89.92
	(泉州台商S2020-21號地塊)							
154	Land Parcel No. 2021P06 in Dongshan*	East of Experimental Kindergarten, Dongshan County, Zhangzhou City, Fujian Province, the PRC	Residential	preliminary	55,937	134,249	Mid-2024	85
	(東山2021P06地塊)							
155	Land Parcel No. TF(07):2021-21 in Tianfu New District*	Group 3, 5, 7 and 8, Hailin Village, Huayang Street, Tianfu New District, Chengdu, Sichuan Province, the PRC	Residential	preliminary	51,964	114,300	Mid-2024	49
	(天府新區TF(07):2021-21號地塊)							
156	Land Parcel No. JJ13(251-21)2021-067 in Jinjiang District*	Group 4 and 5, Panjiagou Village, Liujiang Street, Jinjiang District, Chengdu, Sichuan Province, the PRC	Comprehensive	preliminary	54,763	82,145	At the beginning of 2024	100
	(錦江區JJ13(251-21)2021-067號地塊)							
157	Land Parcel No. TF(07):2021-28 in Tianfu New District*	Group 3 and 4, Xiangshan Village, Huayang Street, Tianfu New District, Chengdu, Sichuan Province, the PRC	Residential	preliminary	104,001	207,900	Mid-2024	100
	(天府新區TF(07):2021-28地塊)							
158	Land Parcel No. X2021P02 in Xiang'an District*	Southwest of the intersection of Xiang'an East Road and Xindian Road, Xiang'an District, Xiamen City, Fujian Province, the PRC	Residential	preliminary	21,673	53,325	By the end of 2024	90
	(翔安區X2021P02地塊)							
159	Land Parcel No. 2021TP08 in Tong'an District*	Southwest of the intersection of Binhai East Avenue and Min'an Avenue, Tong'an District, Xiamen City, Fujian Province, the PRC	Residential	preliminary	35,858	91,170	Mid-2024	100
	(同安區2021TP08地塊)							
160	Land Parcel No. 144 City Lot 06 in Yuhua District*	High-speed railway new city area, west of Beijing-Hong Kong-Macao Expressway, east of Lituo Road, north of Changto Road, Yuhua District, Changsha City, Hunan Province, the PRC	Comprehensive	preliminary	64,999	210,998	Mid-2025	100
	(雨花區144號城投06號)							

PROPERTIES PORTFOLIO

PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2021 *(Continued)*

Serial no.	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
161	Land Parcel at 150 Happy Bridge, Kaifu District*	The area bounded by the planned Ma Yuan Ling Road, the planned Qing He Li Road, the planned Hua Xia Road and Pan Jia Ping Road in Changsha City, Hunan Province, the PRC (開福區150號幸福橋地塊)	Comprehensive	preliminary	40,622	179,239	Mid-2025	95
162	Jianfa•Xiyuan Phase II*	West of Shizhai North Road and north of Macheng Street, Suian Town, Zhangpu County (建發•靈院二期)	Residential, commercial services	pre-sold	57,119	154,221	By the end of 2022	70

* Denotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only