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LEADING HOLDINGS GROUP LIMITED
領 地 控 股 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 6999

2021
ANNUAL REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Yuhui *(Chairman)*
Mr. Luo Changlin
Ms. Zeng Xurong
Ms. Hou Xiaoping

Independent non-executive Directors

Ms. Jin Xu
Ms. Liang Yunxing
Mr. Fang Min

JOINT COMPANY SECRETARIES

Mr. Luo Changlin
Ms. Tang King Yin *(appointed on 24 January 2022)*
Ms. Mak Po Man Cherie *(resigned on 24 January 2022)*

AUTHORIZED REPRESENTATIVES

Mr. Liu Yuhui
Ms. Tang King Yin *(appointed on 24 January 2022)*
Ms. Mak Po Man Cherie *(resigned on 24 January 2022)*

AUDIT COMMITTEE

Ms. Liang Yunxing *(Chairperson)*
Ms. Jin Xu
Mr. Fang Ming

REMUNERATION COMMITTEE

Ms. Jin Xu *(Chairperson)*
Ms. Liang Yunxing
Mr. Liu Yuhui

NOMINATION COMMITTEE

Mr. Liu Yuhui *(Chairperson)*
Ms. Jin Xu
Ms. Liang Yunxing

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

46/F, Tower A
Leading International Finance Center
No. 151, 2nd Tianfu Street
Gaoxin District
Chengdu, Sichuan Province
PRC

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

COMPLIANCE ADVISOR

Giraffe Capital Limited

LEGAL ADVISOR AS TO HONG KONG LAW

Sidley Austin

PRINCIPAL BANKS

Agricultural Bank of China
Chengdu Tongzilin Branch

Agricultural Bank of China
Chengdu Zijin Branch

STOCK CODE

06999

COMPANY'S WEBSITE

www.leading-group.com

Glossary and Definition

In this report, unless the context otherwise requires, the following words and expressions have the following meanings.

"Acting in Concert Deed"	the acting in concert deed dated 18 February 2020 and executed by the Ultimate Controlling Shareholders, details of which are set out in the section headed "Relationship with Controlling Shareholders — Acting in Concert Deed" in the Prospectus
"AGM"	the annual general meeting of the Company to be convened and held on 22 June 2022
"Articles of Association" or "Articles"	the articles of association of the Company (as amended from time to time)
"ASP"	average selling price
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Board Committees"	the Audit Committee, Remuneration Committee and Nomination Committee of the Company
"BVI"	the British Virgin Islands
"Cayman Companies Act"	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"China" or "PRC"	the People's Republic of China
"Company"	Leading Holdings Group Limited (領地控股集團有限公司) (formerly known as Leading China Holdings Limited (領地中國控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 15 July 2019, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6999)
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, refers to Yuan Di, Fan Tai, Yue Lai, Jin Sha Jiang, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng, Shan Yuan, Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli, and a Controlling Shareholder shall mean each or any one of them
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules

"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus
"Deed of Non-Competition"	the deed of non-competition dated 16 November 2020 and executed by the Ultimate Controlling Shareholders in favor of the Company, details of which are set out in the section headed "Relationship with Controlling Shareholders — Deed of Non-competition" in the Prospectus
"Director(s)"	the director(s) of the Company
"Fan Tai"	Fan Tai Investment Holding Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Ce and is one of the Controlling Shareholders
"Fu Sheng"	Fu Sheng Capital Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly-owned by Ms. Long Yiqin and is one of the Controlling Shareholders
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Guangdong Leading Real Estate"	Guangdong Leading Real Estate Development Co., Ltd.* (廣東領地房地產開發有限公司), a company established in the PRC with limited liability on 14 November 2006 and an indirect wholly-owned subsidiary of the Company
"HK$" or "Hong Kong dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
"independent third party"	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules)
"Jin Sha Jiang"	Jin Sha Jiang Holding Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Mr. Liu Yuhui and is one of the Controlling Shareholders
"Leading Group"	Leading Group Co., Ltd.* (領地集團有限公司) (formerly known as Meishan Baoma Real Estate Development Co., Ltd.* (眉山地區寶馬房地產開發有限公司) upon its incorporation), a company established in the PRC with limited liability on 19 April 1999 and an indirect wholly-owned subsidiary of the Company

"Lian Rong"	Lian Rong Capital Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Haowei and is one of the Controlling Shareholders
"Liang Yuan Asset Management"	Liang Yuan Asset Management Co., Ltd.* (量源資產管理有限公司), a company established in the PRC with limited liability on 12 August 2011 which is owned as to 33.34% by Mr. Liu Yuhui, 33.33% by Mr. Liu Ce and 33.33% by Mr. Liu Haowei
"Ling Yue"	Ling Yue Capital Holding Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Haowei and is one of the Controlling Shareholders
"Listing Date"	10 December 2020, the date on which dealings in the Shares on the Main Board first commence
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Listing"	the listing of the Shares on the Main Board
"Meishan Leading Real Estate"	Meishan Leading Real Estate Development Co., Ltd.* (眉山領地房地產開發有限公司), a company established in the PRC with limited liability on 15 November 2002 and an indirect wholly-owned subsidiary of the Company
"Memorandum"	the amended and restated memorandum of association of the Company, conditionally adopted on 16 November 2020 and came into effect upon Listing
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Liu Ce"	Mr. Liu Ce (劉策) (formerly known as Liu Huan (劉歡)), one of the Ultimate Controlling Shareholders. He is the son of Ms. Hou Sanli
"Mr. Liu Haowei"	Mr. Liu Haowei (劉浩威), the vice president of the Group and one of the Ultimate Controlling Shareholders. He is the son of Ms. Wang Tao
"Mr. Liu Shan"	Mr. Liu Shan (劉山) (formerly known as Liu Yuxian (劉玉賢)), the spouse of Ms. Wang Tao
"Mr. Liu Yuhui"	Mr. Liu Yuhui (劉玉輝), the chairman of the Board, executive Director, chief executive officer of the Company and one of the Ultimate Controlling Shareholders. He is the spouse of Ms. Long Yiqin

"Mr. Liu Yuqi"	Mr. Liu Yuqi (劉玉奇), the spouse of Ms. Hou Sanli
"Ms. Hou Sanli"	Ms. Hou Sanli (侯三利), one of the Ultimate Controlling Shareholders. She is the mother of Mr. Liu Ce
"Ms. Long Yiqin"	Ms. Long Yiqin (龍一勤), one of the Ultimate Controlling Shareholders. She is the spouse of Mr. Liu Yuhui
"Ms. Wang Tao"	Ms. Wang Tao (王濤), one of the Ultimate Controlling Shareholders. She is the mother of Mr. Liu Haowei
"Nomination Committee"	the nomination committee of the Board
"Over-allotment Option"	the option granted by the Company to allot and issue up to 37,500,000 additional Shares in connection with the global offering of the Company as disclosed in the Prospectus
"Prospectus"	the prospectus of the Company dated 26 November 2020
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	the lawful currency of the PRC
"Rong Liang Group"	Rong Liang Group Co., Ltd.* (融量集團有限公司) (formerly known as Chengdu Shouxin Investment Co., Ltd.* (成都首信投資有限公司)), a company established in the PRC with limited liability on 10 May 2006, which is owned as to approximately 33.17% by Mr. Liu Haowei, 33.16% by Mr. Liu Yuhui, 33.16% by Mr. Liu Ce, 0.17% by Ms. Wang Tao, 0.17% by Ms. Long Yiqin and 0.17% by Ms. Hou Sanli
"San Jiang Yuan"	San Jiang Yuan Investment Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Ms. Wang Tao and is one of the Controlling Shareholders
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shan Yuan"	Shan Yuan Holdings Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Ms. Hou Sanli and is one of the Controlling Shareholders

"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 16 November 2020, a summary of the principal terms and conditions of which is set forth in the section headed "Statutory and General Information — D. Other Information — 1. Share Option Scheme" in Appendix V to the Prospectus
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company, which are to be traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Ultimate Controlling Shareholders"	Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli
"Xinjiang Leading Real Estate"	Xinjiang Leading Real Estate Development Co., Ltd.* (新疆領地房地產開發有限公司), a company established in the PRC with limited liability on 2 February 2010 and an indirect non-wholly owned subsidiary of the Company, which is owned as to 85% by Leading Group and 15% by Sichuan Chuanyi Investment Co., Ltd.* (四川省川億投資有限公司), an independent third party (other than being a substantial shareholder of Xinjiang Leading Real Estate)
"Yuan Di"	Yuan Di Capital Limited, a company incorporated in the BVI with limited liability on 29 August 2019, which is wholly owned by Mr. Liu Ce and is one of the Controlling Shareholders
"Yue Lai"	Yue Lai Investment Limited, a company incorporated in the BVI with limited liability on 5 June 2019, which is wholly owned by Mr. Liu Yuhui and is one of the Controlling Shareholders
"%"	per cent

2021 REVIEW

In the past 2021, the international political and economic environment has been complicated, and the pandemic has repeated from time to time. In this context, China's real estate has also achieved a sales scale of more than RMB18 trillion, hit a new record high.

Behind the new highs were the ups and downs of the industry. In the first half of the year, the "off-season is not short" in January, and after a slight decline in February, it ushered in the highlight moment of "prosperous March and April", and the market heat continued to May; in the second half of the year, with the further tightening of capital supervision, the downgrade of individual corporate credit, and the decline in industry confidence, the market suddenly cooled down; by the end of the year, the market ended smoothly amid environmental turbulence and corporate breakthroughs.

In the first half of the year, high-frequency administrative control and policy continued to tighten and reached a historical peak in August. In the fourth quarter of 2021, the policy turned, and the central government made it clear that "support the commercial housing market to better meet the reasonable housing needs of buyers and promote the healthy development of the real estate industry", related promotion policies were also introduced. At the beginning of 2022, we have also seen more macro-to-micro "one city, one strategy" measures to actively adjust market trends.

The goal of the 2021 policy was to guide the industry to a new environment of regulated, stable and benign development, under which, the enterprise maintained the original intention, ability and scale matching; products met the real needs of customers, quality and innovation coexisted; the market trend was stable and controllable, avoiding the old state of ups and downs; healthy and orderly enterprise competition and inclusive industry development. In the end, it was necessary to push the real estate industry into a newer and better era.

2021 CORPORATE DEVELOPMENT REVIEW

The year 2021 was the 22nd anniversary of the establishment of Leading Group and the first year of the listing of the real estate business of Leading Group. As a whole, the Group has maintained a good development trend of "making progress while ensuring stability, ensuring quality while making progress": in the first half of the year, the Group has established layout in core and deep-cultivation cities, with sufficient saleable resources constituting the foundation for sustainable development; in the capital market, the Group has also been awarded B2 and B ratings by two international authoritative rating agencies, Moody's and Fitch, respectively, with a stable positive outcome. The Group has always adhered to a long-term strategy, and the overall response in recent years has been positive, which has further strengthened investor confidence.

STEADY GROWTH OF CONTRACTED SALES

In terms of contracted sales, despite many market fluctuations in 2021, the Group successfully achieved contracted sales of RMB23,014.9 million, with a year-on-year growth of 4%, and cumulative contracted GFA sales of 2.7 million square metres.

In 2022, the Group will truly return to its entrepreneurial spirit, return to the essence of operation, and adhere to "pragmatic, professional and long-term".

I. Pragmatic — Avoid the distractions of unsubstantial ideas and superficial fame

"Everything must be done down-to-earth, we have to avoid the distractions of unsubstantial ideas and superficial fame, approach our work with a firm footing. If you study with this attitude, the truth will be clear; if you do things with this attitude, you will achieve success."

II. Professional

1. Professional products. As a real estate enterprise carrying more social responsibilities, the main battlefield of healthy competition will eventually return to products and services. Our divisions must be guided by "user thinking" and "user needs", strengthen the spirit of product research.

2. Professional cooperation. When the market is good, it is win-win cooperation. When the industry is under pressure, every cent must fight. Only by establishing a professional image of foreign cooperation can the legitimate rights and interests of the enterprise be protected. To maintain the cooperative relationship, it is necessary to be good at learning, be good at transforming beneficial opinions, and jointly promote the normal development of the project work, which is the core and most critical thing.

3. Professional employment. Employment is a choice and a guide, but educating people is long-term and fundamental. The only way to break through the upper limit of personal growth is to constantly learn and constantly check and fill in the gaps in one's own professional ability. The organization can maintain long-term vitality by strengthening professional training in a planned and targeted manner and strengthening the training and improvement of new forces and endogenous talents.

III. Long-term — Looking at the opportunities in the near future and the strength in the long-term

1. Project development should be in line with long-termism. Project operators must implement overall thinking and long-term thinking.

2. The business philosophy should be in line with long-termism. Controlling costs, reducing expenses, and increasing profits are the underlying logic of a company's profitability. It is implemented from a financial perspective in business management. Only by controlling rates and improving efficiency can the company maintain its evergreen advantage.

3. Organisers should conform to long-termism. Focus on internal training, supplemented by external recruitment, and use positive energy culture to gather people's hearts to realize the long-termism of human resources.

Leading Holdings Group Limited
Mr. Liu Yuhui
Chairman

Hong Kong, 30 March 2022

PROPERTY DEVELOPMENT

Contracted Sales

For the year ended 31 December 2021, the Group recorded contracted sales of RMB23,014.9 million, representing a 4.0% year-over-year increase from 2020.

For the year ended 31 December 2021, total contracted GFA sold amounted to approximately 2.7 million sq.m., remaining stable as compared with 2.7 million sq.m. for the year ended 31 December 2020. Contracted ASP for the year ended 31 December 2021 was approximately RMB8,446.7 per sq.m., compared with RMB8,318.0 per sq.m. for the year ended 31 December 2020.

Contracted sales from Beijing-Tianjin-Hebei Region, Central China, Chengdu-Chongqing Economic Zone and Sichuan province, Guangdong-Hong Kong-Macau Greater Bay Area contributed to approximately 0.8%, 5.9%, 76.6% and 7.5%, respectively, of the Group's total contracted sales in 2021.

The following table sets out the geographic breakdown of the Group's contracted sales in 2021.

	Contracted GFA Sold *(sq.m.)*	**Contracted Sales** *(RMB'000)*	**Contracted ASP** *(RMB/sq.m.)*	**% of Contracted Sales** *(%)*
Beijing-Tianjin-Hebei Region	25,786.7	177,187.3	6,871.3	0.8%
Central China	214,897.7	1,348,939.8	6,277.1	5.9%
Chengdu-Chongqing Economic Zone and Sichuan province	2,055,021.8	17,632,208.5	8,580.1	76.6%
Guangdong-Hong Kong-Macau Greater Bay Area	132,811.9	1,733,925.8	13,055.5	7.5%
Other Regions(1)	296,218.6	2,122,661.6	7,165.9	9.2%
Total	2,724,736.7	23,014,922.9	8,446.7	100%

Note:

(1) Other Regions include Changchun of Jilin province, Urumqi and Korla of Xinjiang Uyghur Autonomous Region, Zunyi and Kaili of Guizhou province and Xuzhou of Jiangsu province, which are not in the Group's key regions.

Revenue Recognized from Sales of Properties

Revenue from sale of properties of the Group increased by 14.4% from approximately RMB13,027.9 million for the year ended 31 December 2020 to approximately RMB14,897.0 million for the year ended 31 December 2021, accounting for 99.0% of the Group's total revenue. The average sales price was approximately RMB7,685 per sq.m. for the year ended 31 December 2021 and approximately RMB8,123 per sq.m. for the year ended 31 December 2020. The slight decrease in average selling price was mainly due to an increase in the proportion of revenue from projects located in the Jingzhou, Zhumadian, Xinjiang and Shanwei regions, where sales prices were relatively low, among the items carried forward this year.

The increase in revenue recognized from sales of properties was primarily due to the increase in GFA recognized due to the increase in the number of completed and delivered property projects of the Group, particularly the increase in the Central China, Guangdong-Hong Kong-Macau Greater Bay Area and other regions.

The following table sets forth the details of the revenue recognized from the sales of properties of the Group by geographical location for the years indicated.

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
	(RMB'000)	*(RMB'000)*	*%*	*%*	*Sq.m.*	*Sq.m.*	*RMB/sq.m.*	*RMB/sq.m.*
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Beijing-Tianjin-Hebei Region	**45,778**	516,259	**0.3%**	4.0%	**5,193**	61,807	**8,815**	8,353
Central China	**1,818,366**	152,518	**12.2%**	1.2%	**273,934**	21,110	**6,638**	7,225
Chengdu-Chongqing Economic Zone and Sichuan province	**10,029,128**	11,252,160	**67.3%**	86.4%	**1,217,099**	1,365,548	**8,240**	8,240
Guangdong-Hong Kong-Macau Greater Bay Area	**1,608,296**	181,723	**10.8%**	1.4%	**208,884**	21,446	**7,699**	8,474
Other Regions	**1,395,380**	925,285	**9.4%**	7.1%	**233,371**	133,873	**5,979**	6,912
Total	**14,896,948**	13,027,945	**100.0%**	100.0%	**1,938,482**	1,603,784	**7,685**	8,123

The following table sets forth the revenue from sale of properties and ASP by type of properties for the years indicated.

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
	(RMB'000)	*(RMB'000)*	*%*	*%*	*Sq.m.*	*Sq.m.*	*RMB/sq.m.*	*RMB/sq.m.*
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Residential	**12,860,469**	11,952,483	**86.3%**	91.7%	**1,672,428**	1,467,021	**7,690**	8,147
Commercial	**1,671,720**	723,018	**11.2%**	5.5%	**205,606**	72,805	**8,131**	9,931
Car Parks	**364,759**	352,444	**2.4%**	2.7%	**60,448**	63,958	**6,034**	5,511
Total	**14,896,948**	13,027,945	**100.0%**	100.0%	**1,938,482**	1,603,784	**7,685**	8,123

Completed Properties Held for Sale

Properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties.

As at 31 December 2021, the Group had completed properties held for sale of RMB3,792.9 million, representing a 30.8% increase from RMB2,900.2 million as at 31 December 2020. The increase was primarily due to the increase in GFA completed. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties Under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2021, the Group had properties under development of RMB39,768.6 million, representing an 2.9% increase from RMB38,657.3 million as at 31 December 2020. The increase was primarily due to an increase in the number of projects developed by the Group in 2021.

PROPERTY INVESTMENT

Commercial Property Operations

The Group's revenue from commercial property operations of the Group increased by 23.8% from approximately RMB84.4 million for the year ended 31 December 2020 to approximately RMB104.5 million for the year ended 31 December 2021, primarily due to an increase in occupancy rates of the Group's investment properties during the year.

Investment Properties

As at 31 December 2021, the Group had 7 investment properties with a total leasable GFA of approximately 293,372 sq.m. Out of such investment properties portfolio of the Group, 7 investment properties with a total GFA of approximately 209,772 sq.m. had commenced leasing.

LAND BANK

As at 31 December 2021, the total GFA of land reserves of the Group was approximately 15,846,829 sq.m.. The following table sets forth a summary of the Group's property interests as of 31 December 2021:

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank[1] (sq.m.)	Address
Properties developed by the Group and its subsidiaries								
1	Chengdu Yipin Center	Chengdu	100%	Commercial/Carpark/ Others	20,534	June-2025	141,509	Within the planned red line of Chadianzi Yipintianxia Street, Jinniu District, Chengdu City, Sichuan
2	Chengdu Global Financial Center	Chengdu	100%	Office/Commercial/ Carpark/Ancillary	18,514	July-2017	1,037	No. 151, Tianfu Second Street, No. 750, Jitai Road, High-tech Zone, Chengdu, Sichuan
3	Chengdu Xishan Lantai	Chengdu	100%	Residential/Carpark/ Ancillary/Others	34,756	May-2021	25,804	No. 988, Huaxin Avenue, Baihe Town, Longquanyi District, Chengdu City, Sichuan
4	Chengdu Yue Center	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	27,400	December-2021	75,044	No. 521, East Section of Industrial Avenue, Xindu District, Chengdu City, Sichuan Province
5	Chongqing Leading Guanyun House	Chongqing	100%	Residential/Carpark/ Ancillary/Others	40,372	November-2021	25,692	No. N23/03, N District, Jieshizutuan, Banan,Chongqing
6	Chengdu Jinxiang Lantai Mansion	Chengdu	55%	Residential/Office/ Commercial/Carpark/ Ancillary/Others	46,473	May-2019	23,814	No. 1-1, Jinxi Garden, Middle Section of Hengshan Avenue, Xipu Town, Pi County, Chengdu City, Sichuan Province
7	Chengdu Tianfu Lantai Mansion (Xinlong)	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	159,963	March-2022	147,824	Group 2, 5, 6, Yangliu Village and Group 2, Liuhe Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
8	Chengdu Tianfu Lantai Mansion (Jingyang)	Chengdu	100%	Residential/Carpark/ Ancillary/Others	38,967	June-2021	25,095	Group 2, 3, Yangliu Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
9	Chengdu Haina Shidai	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	41,822	February-2017	16,285	Zhili Road and Zhixinger Road, Chengdu City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank[1] (sq.m.)	Address
10	Chengdu Lantai House	Chengdu	70%	Residential/Carpark/Others	40,897	October-2020	17,858	No. 1555, Guoning West Road, Hongguang Town, Pidu District, Chengdu City, Sichuan Province
11	Chengdu Leading Tianyu	Meishan	100%	Residential/Commercial/Carpark/Ancillary/Others	57,523	March-2022	186,878	Diagonally opposite to Volkswagen 4S Store, Renshou Avenue, Renshou County, Chengdu City, Sichuan Province
12	Pengshan Guanjiang Mansion	Meishan	80%	Residential/Commercial/Carpark/Ancillary/Others	71,770	March-2023	181,180	Binjiang Avenue, Pengshan District, Meishan City, Sichuan Province
13	Panzhihua Leading Yangguang Flower City	Panzhihua	100%	Residential/Commercial/Carpark/Ancillary/Others	—	December-2022	386,524	Ganbatang Area, Huacheng New District, Panzhihua City, Sichuan Province
14	Xichang Leading Lantai House	Xichang	51%	Residential/Commercial/Carpark/Ancillary/Others	99,752	May-2019	25,653	Xijiao Yaoshan Village, North of Nanshan Avenue, South of Haihe Road, Xichang City, Sichuan Province
15	Xichang Leading Haiyueli	Xichang	52%	Commercial/Carpark/Ancillary/Others	41,652	March-2021	1,874	Lianhe Village, Wangjia Village and Zhanglin Village, Gaojian Township, Xichang City, Sichuan Province
16	Xichang Leading Triumph International Mansion	Xichang	83%	Residential/Commercial/Carpark/Ancillary/Others	33,287	January-2017	2,724	No. 599, Section 5, East Extension Line of Hangtai Road, Xichang City, Sichuan Province
17	Xichang Leading Jinxiu Lantai Mansion	Xichang	80%	Residential/Commercial/Carpark/Ancillary/Others	62,578	May-2024	145,981	Near Zhonghang East Road, West New City, Xichang City, Sichuan Province
18	Urumchi Leading Lantai House	Urumchi	95%	Residential/Commercial/Carpark/Ancillary/Others	103,928	June-2022	139,595	No. 616, Junggar Street, East of Suzhou Road, Urumqi City, Xinjiang Uygur Autonomous Region
19	Urumchi LeadingTianyu	Urumchi	100%	Residential/Commercial/Carpark/Ancillary/Others	115,428	June-2022	260,338	South of Hongguangshan Road, Shuimogou District, Urumqi City, Xinjiang Uygur Autonomous Region

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank[1] (sq.m.)	Address
20	Korla Leading Lantai House	Korla	100%	Residential/Commercial/Carpark/Ancillary/Others	63,624	October-2020	19,036	Leading Triumph Mansion, near southwest No. 6 Shihua Avenue, No. 5 Community, Construction Area, Korla City, Bazhou, Xinjiang Uygur Autonomous Region
21	Korla Leading Triumph Mansion	Korla	85%	Residential/Commercial/Carpark/Ancillary/Others	87,933	October-2021	100,036	(Next to Peacock Park) No. 6 Shihua Avenue, Korla, Xinjiang Uygur Autonomous Region
22	Chengteh Lantai House	Chengteh	40%	Residential/Commercial/Carpark/Ancillary/Others	53,279	July-2020	4,822	Yuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
23	Chengteh Lantai House Yunshang	Chengteh	51%	Residential/Commercial/Ancillary/Others	62,969	December-2022	119,952	Sicaigou B, Dayuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
24	Chengteh Lantai House Yueshan	Chengteh	51%	Residential/Commercial/Carpark/Ancillary/Others	34,981	July-2022	52,466	Yuanbao Mountain, Shuangluan District, Chengde City, Hebei Province
25	Jilin Triumph Mansion	Changchun	55%	Residential/Commercial/Carpark/Ancillary/Others	132,188	May-2020	6,765	Xincheng West Street, Jingyue Development Zone, Changchun City, Jilin Province
26	Xingyang Leading Tianyu	Xingyang	70%	Residential/Commercial/Carpark/Ancillary/Others	29,396	December-2021	80,193	Northwest of the intersection of Jingcheng Road and Gongye East Road, Xingyang City, Zhengzhou City, Henan Province
27	Shangqiu Leading Lantai House	Shangqiu	51%	Residential/Commercial/Carpark/Ancillary/Others	59,698	December-2025	193,849	North of Xiwang Road, south of Nanjing Road, west of Shangqiu City Road(Planning), East of Zhenxing Road, Henan Province
28	Zhumadian Royal Lantai Mansion Phase I	Zhumadian	70%	Residential/Commercial/Carpark/Ancillary/Others	182,936	April-2022	333,816	Northwest of the intersection of Tianzhongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank[(1)] (sq.m.)	Address
29	Zhumadian Royal Lantai Mansion Phase II	Zhumadian	70%	Residential/Carpark/Ancillary/Others	70,590	August-2024	200,882	Northeast of the intersection of Zhangtai Avenue and Jianshe Avenue, Zhumadian City, Henan Province
30	Zhumadian Royal Lantai Mansion Phase III	Zhumadian	70%	Residential/Carpark/Ancillary/Others	75,863	September-2025	50,811	Southwest of the intersection of Lizhuang Road and Chunliu Road, Zhumadian City, Henan Province
31	Zhumadian Royal Lantai Mansion Phase IV	Zhumadian	70%	Residential/Carpark/Ancillary/Others	168,489	September-2024	253,479	Northeast corner of the intersection of Tongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province
32	Zhumadian Royal Lantai Mansion Phase V	Zhumadian	70%	Residential/Commercial/Carpark/Ancillary/Others	156,270	September-2023	181,271	The southeast side of the intersection of Lizhuang Road and Chunliu Road, and the northwest side of the intersection of Zhangtai Road and Jianshe, Zhumadian City, Henan Province
33	Jingzhou Leading Lantai House	Jingzhou	100%	Residential/Commercial/Carpark/Ancillary/Others	54,070	December-2021	33,324	Northwest of the intersection of Chutian Road and Dongqiao Road, Jingbei New District, Jingzhou District, Jingzhou City, Hubei Province
34	Jingzhou Leading Fengming Lantai Mansion	Jingzhou	100%	Residential/Commercial/Carpark/Ancillary/Others	48,399	August-2022	119,603	No. 66, Fengming Avenue, Jingzhou District, Jingzhou City, Hubei Province
35	Leshan Amazon	Leshan	100%	Residential/Commercial/Carpark/Ancillary	91,900	October-2014	2,482	No. 418 and No. 424, North Section of Longyou Road, Shizhong District, Leshan City, Sichuan Province
36	Leshan Haina Mansion	Leshan	51%	Residential/Commercial/Carpark/Ancillary/Others	36,200	January-2016	2,157	No. 1589 Muyuan Road, Muchuan County, Leshan City, Sichuan Province
37	Leshan Lantai House	Leshan	60%	Residential/Commercial/Carpark/Ancillary/Others	88,108	December-2021	38,683	East of the intersection of Sansu Road and Ruixiang Road, Qingjiang New District, Shizhong District, Leshan City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank[1] (sq.m.)	Address
38	Leshan Tianyu	Leshan	51%	Residential/Commercial/ Carpark/Ancillary	29,796	March-2020	9,485	Intersection of Hanlin Road and Fenghuang Road, Tongjiang District, Leshan City, Sichuan Province
39	Leshan Lanshan	Leshan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	89,630	October-2021	8,324	No. 881, Section 1, Ruixiang Road, Leshan City, Sichuan Province
40	Leshan International Mansion	Leshan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	127,204	May-2019	2,574	Taoyuan New Village, Mouzi Town, Shizhong District, Leshan City, Sichuan Province
41	Zunyi Lantai House	Zunyi	55%	Residential/Commercial/ Carpark/Ancillary/ Others	39,759	November-2022	130,977	Intersection of Shanghai Road and Ningbo Road, Huichuan District, Zunyi City, Guizhou Province
42	Meishan Triumph International Mansion	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	256,303	November-2020	29,951	Southwest corner of the intersection of Hubin Road and Meizhou Avenue, Meishan City, Sichuan Province
43	Meishan Triumph Square	Meishan	79%	Residential/Commercial/ Carpark/Ancillary	73,976	May-2015	3,554	Northeast of the intersection of Suyuan Road and Dongpo Avenue, Dongpo District, Meishan City, Sichuan Province
44	Meishan Huayu Phase II	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	9,102	June-2020	2,985	Southeast corner of the intersection of Suyuan Road and Chongguang Street, Meishan City, Sichuan Province
45	Meishan Triumph International Mansion Phase II	Meishan	57%	Residential/Commercial/ Carpark/Ancillary/ Others	39,838	July-2019	6,413	Northeast of the intersection of Jiangxiang Road and Qingyihang, Dongpo District, Meishan City, Sichuan Province
46	Meishan Lantai House	Meishan	55%	Residential/Commercial/ Carpark/Ancillary/ Others	109,814	December-2022	183,630	Northwest corner of the intersection of Fucheng Road and Shuangfeng Street, Dongpo District, Meishan City, Sichuan Province
47	Meishan Guanjiang Mansion	Meishan	55%	Residential/Commercial/ Carpark/Ancillary/ Others	65,695	March-2022	170,221	Southwest corner of the intersection of Binjiang Avenue and Qitong Road, Meishan City, Sichuan Province

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48	Haifeng Tianyu	Shanwei	100%	Residential/Commercial/Carpark/Ancillary/Others	35,774	August-2023	48,933	Plot KJC-B07, Ecological Technology City, Haifeng County, Shanwei City, Guangdong Province
49	Huizhou Lantai House	Huizhou	100%	Residential/Commercial/Carpark/Ancillary/Others	83,840	March-2023	169,408	West of Jinquan Road, Xincheng, North Railway Station, Huicheng District, Huizhou City, Guangdong Province
50	Foshan Haina Longting	Foshan	51%	Residential/Commercial/Carpark/Others	36,943	August-2017	2,882	the north side of Qinggong Road and the east side of Dayong, North and South, Chancheng District, Foshan Guangdong Province
51	Foshan Haina Junting	Foshan	51%	Residential/Commercial/Carpark/Ancillary/Others	20,536	April-2017	656	West Guangyun Chantan Cross Road, Zhenli, Dali, Nanhai District, Guangdong Province
52	Foshan Haina Mansion	Foshan	51%	Residential/Commercial/Carpark/Others	46,812	December-2014	1,362	No. 5, Lishui Avenue Middle, Nanhai District, Foshan City, Guangdong Province
53	Foshan Haina Haoting	Foshan	51%	Residential/Commercial/Carpark/Ancillary/Others	37,276	January-2016	3,641	No. 139, Lishui Avenue Middle, Lishui Town, Nanhai District, Foshan City, Guangdong Province
54	Foshan Haina Haoyuan	Foshan	51%	Residential/Commercial/Carpark/Others	21,192	March-2017	49	Jianxing Villagers Group Section, Ganjiao Village, Lishui Town, Nanhai District, Foshan City, Guangdong Province
55	Mianyang Tianyu	Mianyang	65%	Residential/Commercial/Carpark/Ancillary/Others	26,140	March-2020	7,923	No. 2, Hongqiao Road, Chengnan New District, Mianyang City, Sichuan Province
56	Mianyang Lantai House	Mianyang	62%	Residential/Commercial/Carpark/Ancillary/Others	56,060	August-2020	17,843	No. 94, Sanxing Road, Youxian District, Mianyang City, Sichuan Province
57	Nanchong Lantai House	Nanchong	82%	Residential/Carpark/Ancillary/Others	59,774	April-2022	247,245	No. 118, Maoyuan South Road, Shunqing District, Nanchong City, Sichuan Province

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58	Nanchong Tianyu	Nanchong	51%	Residential/Commercial/ Carpark/Ancillary/ Others	25,053	November-2020	2,145	No. 561, Jinyuling Road, Shunqing District, Nanchong City, Sichuan Province
59	Ya'an Yunjing	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary	30,184	November-2020	16,026	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
60	Ya'an Guanjiang Mansion	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary	39,149	November-2020	21,447	Qianjin Village, Daxing Town, Yucheng District, Ya'an City, Sichuan Province
61	Ya'an Tianyu	Ya'an	53%	Residential/Commercial/ Carpark/Ancillary	18,253	September-2019	9,599	Yazhou Avenue, Yucheng District, Ya'an City, Sichuan Province
62	Ya'an Lantai House	Ya'an	51%	Residential/Commercial/ Carpark/Ancillary	43,790	February-2021	32,138	No. 6, Ankang Road, Yucheng District, Ya'an City, Sichuan Province
63	Ya'an Lantai House Phase III	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary/ Others	53,520	September-2021	48,389	Plot 2–12, Daxing District, Yucheng District, Ya'an City, Sichuan Province
64	Mianyang Guanjiang Mansion	Mianyang	100%	Residential/Commercial/ Carpark/Others	144,705	November-2023	554,138	Putisi Village, Ningxiang Temple Neighborhood Committee, High-tech Zone, Mianyang City, Sichuan Province
65	Mianyang Leading Dongyuan Yue Town	Mianyang	50%	Residential/Commercial/ Carpark/Ancillary/ Others	116,755	June-2023	472,291	C, Dengta Community, Qingyi Town, Fucheng District, Mianyang City, Sichuan Province
66	Ya'an Yuejiangting	Ya'an	51%	Residential/Commercial/ Carpark/Ancillary/ Others	16,674	October-2021	43,561	Daxing Area, Yucheng District, Ya'an
67	Xichang Tianyu	Xichang	100%	Residential/Commercial/ Carpark/Ancillary/ Others	26,935	August-2022	112,331	Near Section 1 of Linhuanhai Road, Chengdongchuanxing, Xichang City, Sichuan Province
68	Kaili Leading Tianyu	Kaili	100%	Residential/Commercial/ Carpark/Ancillary/ Others	251,148	May-2025	942,162	Daxing Area, Yucheng District, Ya'an City, Sichuan Province

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69	Chengdu Xindu Yue House	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	310,866	November-2024	582,496	No. 600, East Section of Xueyuan Road, Xindu District, Chengdu City, Sichuan Province
70	Luzhou Lantai House	Luzhou	54%	Residential/Commercial/ Carpark/Ancillary/ Others	52,767	November-2022	180,443	East side of Changjiang Primary School, Shawan District, Luzhou City, Sichuan Province
71	Chengdu Tianfu Kangcheng (Duneng)	Chengdu	91%	Residential/Commercial/ Carpark/Ancillary	132,479	March-2025	378,432	East of Huanhu East Road, Shigao Town, Renshou County
72	Chengdu Tianfu Kangcheng (Shengyu)	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	60,638	June-2028	271,425	East of Huanhu East Road, Shigao Town, Renshou County
73	Chengdu Tianfu Kangcheng (Yuandi)	Chengdu	91%	Residential/Commercial/ Carpark/Ancillary	85,773	September-2022	356,594	East of Huanhu East Road, Shigao Town, Renshou County
74	Urumqi Jinshang Lantai Mansion	Urumchi	60%	Residential/Commercial/ Carpark/Ancillary/ Others	25,371	October-2022	69,961	East of Liyushan Road, High-tech Zone, Urumqi City
75	Urumchi Tianjing Yunzhu	Urumchi	100%	Residential/Commercial/ Carpark/Ancillary/ Others	30,178	December-2023	108,083	Main Road, Changchun Middle Road, Urumqi City
76	Yibin Guanjiang House	Yibin	55%	Residential/Commercial/ Carpark/Ancillary	132,479	December-2024	336,980	Yibin Lingang Economic and Technological Development Zone
77	Nanchong Jinwei Leading Yue Town	Nanchong	45%	Residential/Commercial/ Carpark/Ancillary/ Others	90,142	August-2024	289,099	Plot 2 on the east side of Financial Avenue, North New City, Shunqing District, Nanchong City
78	Guangyuan Leading City	Guangyuan	100%	Residential/Commercial/ Carpark/Ancillary	290,480	December-2024	600,536	Located on the east side of Kangyang Avenue in Heishipo Forest Park and the north side of Qiaoge Road in Xuefeng Office, Lizhou District, Guangyuan City
79	Panzhihua Ruxiang Flower City	Panzhihua	51%	Commercial/Carpark/ Ancillary	10,562	October-2022	39,173	Ganbatang Area, Huacheng New District, Panzhihua City

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank[1] (sq.m.)	Address
80	Chengdu Leading Guanjiang House	Dujiangyan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	78,475	November-2022	238,073	North of Baishui East Road, East of Shangshan East Road, Dujiangyan City, Sichuan Province
81	Suining Taoli County	Suining	34%	Residential/Commercial/ Carpark/Ancillary/ Others	30,808	March-2023	124,436	East of Suizhou North Road, North of Hongqiao East Street, Suining Economic Development Zone, Sichuan Province
82	Xichang Leading Guanyuan	Xichang	70%	Residential/Commercial/ Carpark/Ancillary/ Others	90,531	February-2023	122,385	The southeast area of the downtown, Xichang City, Sichuan Province
83	Luohe Lishang Lantai	Luohe	51%	Residential/Commercial/ Carpark/Ancillary/ Others	106,858	July-2024	336,507	West of High-speed Railway Bridge, on the north side of Shali Industry Cluster, South of Lihe, Luohe City, Henan Province
84	Huili Xuefu No. 1	Huili	32%	Residential/Commercial/ Carpark/Ancillary/ Others	33,459	November-2022	131,083	Yingding Community of Huili No. 1 Middle School, Sichuan Province
85	Zhangjiajie Xinsong Leading Robot Happy Town	Zhangjiajie	35%	Residential/Commercial/ Carpark/Ancillary	77,783	December-2024	278,740	On the east side of Huatian Phase I, on the south side of Binhe Road, on the north side of Indigo Plaza, on the west side of Yingbin Road, Guanliping Office, Yongding District, Zhangjiajie City
86	Chengdu Tianfu Leading Town	Chengdu	50%	Residential/Commercial/ Carpark/Ancillary/ Others	271,501	September-2023	766,198	(No. 18, Section 2, Shengwu Cheng Middle Road, Shuangliu District) Tianfu International Biological City, Chengdu City, Sichuan Province
87	Chengdu Leading Hexing Lifu Lantai Mansion	Pengzhou	51%	Residential/Commercial/ Carpark/Ancillary/ Others	64,309	May-2023	167,988	Qingyang Village, Zhihe Town, Pengzhou City, Sichuan Province
88	Chengdu Huguang Heyue	Pengzhou	51%	Residential/Commercial/ Carpark/Ancillary	41,343	September-2023	140,955	South side of Section 1, Huanhu Road, West side of Kaixuan Avenue, Zhihe Street, Pengzhou City, Sichuan Province

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89	Leshan Biguiyuan Leading Tangyue Lantai	Leshan	50%	Residential/Commercial/ Carpark/Ancillary	56,197	July-2023	187,354	South side of Tanmu South Street, Central District, Leshan City, Sichuan Province
90	Ya'an Feicui Garden	Ya'an	50%	Residential/Commercial/ Carpark/Ancillary/ Others	35,652	March-2023	168,229	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
91	Mianyang Leading City	Mianyang	51%	Residential/Commercial/ Carpark/Ancillary/ Others	532,682	January-2030	1,236,887	Longmen Town, Fucheng District, Mianyang City, Sichuan Province
92	Leshan Lanshan Yue	Leshan	100%	Residential/Commercial/ Carpark/Ancillary	25,560	September-2023	76,077	North side of Changqing Road, west side of Ruixiang Road, Qingjiang Area, Leshan, Sichuan Province
93	Meishan Leading Jiangyue Lantai	Meishan	55%	Residential/Office/ Commercial/Carpark/ Ancillary/Others	60,201	September-2024	190,180	East of Dongpo No. 5 Kindergarten and Wen'an East Road; south of Qitong Road; west of reserved land; north of Kegongyuan 2nd Road, Meishan City, Sichuan Province
94	Meishan Leading Yueyuan	Meishan	55%	Residential/Office/ Commercial/Carpark/ Ancillary/Others	54,667	September-2024	129,814	North New Town Plate, near Suti Park, Sichuan Province
95	Wuhan Leading Yinbao City	Wuhan	51%	Residential/Commercial/ Carpark/Ancillary	22,131	April-2024	110,233	Fangcao Road, Wuhan City
96	Mianyang Yue Garden	Mianyang	100%	Residential/Commercial/ Carpark/Ancillary	36,411	December-2025	108,921	Science and Innovation Park, Mianyang City, Sichuan Province
97	Pengzhou Jinxiu Tianchen	Chengdu	51%	Residential/Commercial/ Carpark/Ancillary	23,217	September-2024	64,877	East of Binhe North Road, Tianpeng Street, north of North Section of Mudan Avenue, Pengzhou City
98	Chengdu Yueyintai	Chengdu	51%	Residential/Commercial/ Carpark/Ancillary/ Others	35,238	September-2024	158,474	Xiaolin Village, Xindu Town
	Subtotal						14,877,252	

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank[1] (sq.m.)	Address
Properties developed by the Associates and Joint Ventures								
1	Chengdu Bocuiling Lake	Chengdu	49%	Residential/Carpark/Others	29,995	December-2019	1,891	Group 6, Garden Community, Dongsheng Street, Shuangliu District, Chengdu City, Sichuan Province
2	Leshan Emei the Grand Sight	Leshan	61%	Commercial/Ancillary	50,302	January-2021	19,641	North of Exiu Lake, Emeishan City, Sichuan Province
3	Xuzhou Dongchen Hua House	Xuzhou	47%	Residential/Commercial/ Carpark/Ancillary/ Others	31,251	January-2022	33,686	Rongchuangchen Mansion, North of Laohu Mountain, Yangguang Road, Dahuangshan Town, Economic Development Zone, Xuzhou City, Jiangsu Province
4	Xuzhou Fengming Taoyuan Fengyasong	Xuzhou	47%	Residential/Commercial/ Carpark/Ancillary	141,979	June-2022	76,741	The southern plot of Xuzhou City, Jiangsu Province is located on: Taihe South Road, west of Fengming Road, and north of Shanshui Avenue, Jiawang District The northern plot is located on: The north side of Taihe Road, south of Fuhong Road, and west of Fengming Road, Jiawang District
5	Xuzhou Fengming Taoyuan	Xuzhou	47%	Residential/Commercial/ Carpark/Ancillary/ Others	234,196	December-2019	4,403	Fengming East Road, West of Paihonggou, Yancun, South of Jiabian Road, Jiawang District, Xuzhou City, Jiangsu Province
6	Zhangjiakou Yuanjun Manting Fangyuan	Zhangjiakou	34%	Residential/Commercial/ Carpark/Ancillary/ Others	170,592	December-2026	98,535	Shalingzi Town, Xuanhua District, Zhangjiakou City, Hebei Province
7	Leshan Qingjiang Lantai Mansion	Leshan	40%	Residential/Commercial/ Carpark/Ancillary/ Others	50,000	December-2020	6,031	No. 533 Ruihan Road, Shizhong District, No. 1065 Taibai Road, Shizhong District, Leshan City, Sichuan Province
8	Ya'an Tianrun	Ya'an	51%	Residential/Commercial/ Carpark/Ancillary	15,530	May-2020	6,081	Chenghou Road, Yucheng District, Ya'an City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank[(1)] (sq.m.)	Address
9	Ya'an Tianlu Bay	Ya'an	34%	Residential/Commercial/ Carpark/Ancillary/ Others	70,140	September-2023	76,758	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
10	Shenzhen Tianyu Garden	Shenzhen	50%	Residential/Commercial/ Carpark/Ancillary	20,652	September-2023	66,746	Northwest of the intersection of Pingan Road and Zhanggui Road, Guanlan Street, Longhua District, Shenzhen City
11	Leshan Hengbang Shuanglin Global Center	Leshan	48%	Residential/Office/ Commercial/Carpark/ Ancillary	31,632	June-2021	26,987	The junction of Fenghuang Road and Boyang Road, Central District, Leshan City, Sichuan Province
12	Leshan Qingjiang House	Leshan	35%	Residential/Commercial/ Carpark/Ancillary	113,204	October-2023	160,350	Intersection of Fengzhou Road and Zhile Road, Qingjiang District, Leshan City, Sichuan Province
13	Jiangyou Shidaizhiguang	Jiangyou	35%	Residential/Commercial/ Carpark/Ancillary/ Others	94,359	November-2022	116,475	Libai Avenue, Jiangyou City, Mianyang City, Sichuan Province
14	Xichang Nanshan House	Xichang	2%	Residential/Commercial/ Carpark/Ancillary/ Others	66,322	December-2022	4,156	Zhangjiatun Village, Xijiao Township, Xichang City, Sichuan Province
15	Emei Lotus Lake	Leshan	40%	Residential/Commercial/ Carpark/Ancillary/ Others	247,377	November-2025	167,830	Shili Village, Shengli Town, Emeishan City; Penggui Village, Guihuaqiao Town, Emeishan City, Sichuan Province
16	Nantong Longteng Hua House	Nantong	3%	Residential/Commercial/ Carpark/Ancillary/ Others	125,950	November-2024	8,268	North of Dongxinghu Avenue, Longteng Road, Nantong City, Jiangsu Province
17	Nanchong Tianjing No. 1 District	Nanchong	33%	Residential/Carpark/ Ancillary	51,155	October-2023	48,703	Yan'er's Nest Area, Shunqing District, Nanchong City, Sichuan Province
18	Nanchong Tianjing No. 2 District	Nanchong	33%	Residential/Commercial/ Carpark/Ancillary/ Others	45,567	February-2024	35,730	No. 2021-b-9 Yan'er's Nest Area, Shunqing District, Nanchong City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/Estimated Completion Date	Land Bank[1] (sq.m.)	Address
19	Xichang Yueqionghai	Xichang	6%	Residential/Commercial/ Carpark/Ancillary/ Others	65,968	June-2022	10,464	Beside Jianchang Water Town, East Extension Line of Hangtai Road, Xichang City, Sichuan Province
20	Xichang Lantai House Qingyun	Xichang	6%	Residential/Commercial/ Carpark/Ancillary	16,896	October-2019	101	Chensuo Village, Gaojian Township, Xichang City, Sichuan Province
	Subtotal						969,577	
	Total						15,846,829	

Notes:

(1) Total GFA of the Group's land bank includes (i) GFA available for sale and total leasable GFA for completed properties, (ii) GFA for properties under development and (iii) GFA for properties held for future development. For non wholly-owned properties, the total GFA will be adjusted by our equity interest in the respective project.

INVESTMENT PROPERTIES

The following table sets forth a summary of the Group's investment properties as at 31 December 2021:

No.	Province	City	Project Names	Address	Property Types	Total GFA (sq.m.)	Tenure
1	Sichuan	Chengdu	Chengdu International Finance Center	No. 151, 2nd Tianfu Street and No. 750, Jitai Road, Gaoxin District, Chengdu, Sichuan Province	Shopping Mall	30,200	Medium term lease
					Office	3,963	
					Carpark	24,810	
					Ancillary	3,088	
					Sub-total:	**62,060**	
2	Sichuan	Leshan	Leshan Amazon	No. 418 and No. 424, North Section of Longyou Road, Shizhong District, Leshan City, Sichuan Province	Supporting Commercial Facility for Residential Area	3,191	Medium term lease
					Sub-total:	**3,191**	
3	Sichuan	Leshan	Leshan Times Square	No. 336, Baiyun Street, Shizhong District, Leshan, Sichuan Province	Shopping Mall	29,830	Medium term lease
					Carpark	4,504	
					Warehouse	961	
					Sub-total:	**35,295**	
4	Sichuan	Leshan	Leshan Amazon and Part of Times Square	No. 418 and No. 424, North Section of Longyou Road, and No. 336, Baiyun Street, Shizhong District, Leshan City, Sichuan Province	Supporting Commercial Facility for Residential Area	9,815	Medium term lease
					Carpark and Supporting Facilities	2,362	
					Sub-total:	**12,177**	
5	Jilin	Jilin	Jilin International Commerce Center	East of Caiyu Street, Jingyue Development Zone, Changchun City, Jilin Province	Shopping Mall	76,322	Medium term lease
					Sub-total:	**76,322**	

No.	Province	City	Project Names	Address	Property Types	Total GFA (sq.m.)	Tenure
6	Sichuan	Chengdu	Chengdu Leading Center	No. 3 and No. 5, Xiyu Street, Qingyang District, Chengdu, Sichuan Province	First-floor Commercial Area in Office	9,954	Medium term lease
					East and West Towers of Office	103,042	
					Carpark	25,611	
					Ancillary	8,658	
					Sub-total:	**147,264**	
7	Sichuan	Xindu	Gangji Hanxiangfu Preschool Gangji Famer's Market in Diexiang Manor	No. 600, East Section of Xueyuan, Xindu District, Chengdu City, Sichuan Province	Preschool	1,799	Medium term lease
					Farmer's Market	3,438	
					Sub-total:	**5,237**	
					Total:	**341,547**	

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2021, the Group derived its revenue from four business lines, namely (i) sale of properties; (ii) commercial property operations; (iii) hotel operations; and (iv) project management.

Revenue of the Group increased by 14.4% from approximately RMB13,158.1 million for the year ended 31 December 2020 to approximately RMB15,054.7 million for the year ended 31 December 2021, primarily due to the increase in the revenue from sale of properties. The following table sets forth the details of the Group's total revenue by business line for the years indicated:

	For the year ended 31 December			
	2021		2020	
	(RMB'000)	**%**	*(RMB'000)*	%
Sale of properties	**14,896,948**	**99.0**	13,027,945	99.0
Commercial property operations	**104,446**	**0.6**	84,396	0.6
Hotel operations	**49,202**	**0.3**	41,194	0.3
Project management	**4,097**	**0.1**	4,548	0.1
Total	**15,054,693**	**100.0**	13,158,083	100.0

Sale of Properties

Revenue from sale of properties of the Group increased by 14.4% from approximately RMB13,027.9 million for the year ended 31 December 2020 to approximately RMB14,896.9 million for the year ended 31 December 2021, primarily due to the increase in the aggregate GFA recognized from 1,603,784 sq.m. for the year ended 31 December 2020 to 1,938,482 sq.m. for the year ended 31 December 2021. The increase of the Group's GFA recognized was primarily contributed by increase in the number of completed and delivered property projects of the Group, particularly the increase in the Central China, Guangdong-Hong Kong-Macau Greater Bay Area and other regions.

ASP of recognized GFA slightly decreased to approximately RMB7,685 per sq.m. for the year ended 31 December 2021 as compared with approximately RMB8,123 per sq.m. for the year ended 31 December 2020. The slight decrease in average selling price was mainly due to an increase in the proportion of revenue from projects located in the Jingzhou, Zhumadian, Xinjiang and Shanwei regions, where sales prices were relatively low, among the items carried forward this year.

Commercial Property Operations

Revenue from commercial property operations of the Group increased by 23.8% from approximately RMB84.4 million for the year ended 31 December 2020 to approximately RMB104.5 million for the year ended 31 December 2021, primarily due to an increase in occupancy rates of the Group's investment properties during the year.

Hotel Operations

Revenue from hotel operations of the Group increased by 19.4% from approximately RMB41.2 million for the year ended 31 December 2020 to approximately RMB49.2 million for the year ended 31 December 2021, primarily due to an increase in the occupancy rates of the hotels managed by the Group.

Project Management

Revenue from project management of the Group were relatively stable at approximately RMB4.1 million and RMB4.5 million for the year ended 31 December 2021 and 2020, respectively.

COST OF SALES

The Group's cost of sales primarily represents the costs it incurs directly for the property development activities as well as its commercial property, hotel and project management operations. The principal components of cost of sales for property development include cost of properties sold, which represents direct construction costs, land acquisition costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The cost of sales of the Group increased by 26.5% from approximately RMB9,601.9 million for the year ended 31 December 2020 to approximately RMB12,146.6 million for the year ended 31 December 2021. The increase in the cost of sales is higher than the increase in the revenue from sales, mainly due to the higher land acquisition costs of certain projects delivered during the year ended 31 December 2021.

GROSS PROFIT AND GROSS PROFIT MARGIN

As the result of the foregoing, gross profit of the Group decreased by 18.2% from approximately RMB3,556.2 million for the year ended 31 December 2020 to approximately RMB2,908.1 million for the year ended 31 December 2021.

Gross profit margin of the Group decreased from approximately 27.0% for the year ended 31 December 2020 to approximately 19.3% for the year ended 31 December 2021. The decrease in the gross profit margin was mainly due to the increase in cost of sales as mentioned above.

OTHER INCOME

The Group's other income and gains primarily consist of interest income, management consulting service fees, commercial compensation and others. Interest income primarily consists of interest income on bank deposits. Commercial compensation primarily represents (i) liquidated damages the Group received from property purchasers who defaulted on the payments due pursuant to their purchase agreements with the Group; and (ii) liquidated damages the Group received from the Group's property-developer business partners who breached their contracts with the Group.

Other income of the Group increased by 111.5% from approximately RMB74.6 million for the year ended 31 December 2020 to approximately RMB157.8 million for the year ended 31 December 2021, primarily due to the increase in bank interest income, exchange gain, commercial compensation and gain arising on disposal of investment properties. The increase in bank interest income and commercial compensation, which primarily included the liquidated damages paid by defaulting customers for the Group's property purchases, was in line with the business expansion of the Group.

SELLING AND MARKETING EXPENSES

The Group's selling and marketing expenses mainly include advertising and marketing fees that the Group incurs in connection with the Group's pre-sales of properties, including the commission fees paid to third-party sales agents, as well as advertising and marketing fees incurred in relation to the leasing of the commercial properties the Group operates and manages.

Selling and marketing expenses of the Group increased by 43.7% from approximately RMB649.7 million for the year ended 31 December 2020 to approximately RMB933.4 million for the year ended 31 December 2021, which was primarily due to the increase in the commission fees arising from the increase in the revenue attributable to third-party sales agents.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses primarily include costs for management and administrative staff.

Administrative expenses of the Group increase by 13.6% from approximately RMB573.3 million for the year ended 31 December 2020 to approximately RMB651.4 million for the year ended 31 December 2021, primarily attributable to the increase in service fees for the engagement of professional institutions for legal and consulting services.

FAIR VALUE GAINS/LOSSES ON INVESTMENT PROPERTIES

The Group develops and holds certain commercial areas in our properties on a long-term basis for rental, operating income or capital appreciation.

The Group recorded fair value gains on investment properties in the amount of approximately RMB2.0 million for the year ended 31 December 2021, as compared to fair value losses on investment properties in the amount of approximately RMB49.3 million for the year ended 31 December 2020. The change is primarily due to the relief of negative impact of COVID-19 on the valuation of investment properties during the year ended 31 December 2021.

FINANCE COSTS

The Group's finance costs mainly represents the Group's interest expenses on bank and other borrowing as well as interest from a significant financing component of contract liabilities, which is related to the pre-sale deposits the Group received from its customers, less capitalized interest relating to properties under development.

Finance costs of the Group decreased by 3.7% from approximately RMB306.5 million for the year ended 31 December 2020 to approximately RMB295.2 million for the year ended 31 December 2021, primarily due to the decrease in the interest on bank and other borrowings.

SHARE OF PROFITS AND LOSSES OF JOINT VENTURES AND ASSOCIATES

The Group recorded share of profits of joint ventures in the amount of approximately RMB104.9 million for the year ended 31 December 2021, as compared to share of losses of joint ventures in the amount of approximately RMB29.8 million for the year ended 31 December 2020. The change is primarily due to the increase in the number of properties delivered for joint ventures.

The Group recorded share of profits of associates in the amount of approximately RMB5.6 million for the year ended 31 December 2021, as compared to share of profits of associates in the amount of approximately RMB17.2 million for the year ended 31 December 2020. The change is primarily due to the decrease in the number of properties delivered for associates.

INCOME TAX EXPENSE

Income tax expenses represent corporate income tax and land appreciation tax ("**LAT**") payable by the Group's subsidiaries in China (the "**PRC**").

Income tax expenses of the Group decreased by 37.3% from approximately RMB955.8 million for the year ended 31 December 2020 to approximately RMB599.4 million for the year ended 31 December 2021, primarily due to the decrease in land value increment tax resulted from the decrease in increment amount on land value of the Group's properties delivered this year and the decrease in PRC corporate income tax of the Group resulted from the decrease in profit before taxation during the year ended 31 December 2021.

PROFIT FOR THE YEAR

As a result of the foregoing, the Group recorded a profit for the year of approximately RMB636.7 million for the year ended 31 December 2021, as compared to a profit of approximately RMB1,060.6 million for the year ended 31 December 2020.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Property development require substantial capital investment for land acquisition and construction, and it may take many months or years before positive cash flow can be generated. To date, the Group has funded its growth principally from cash generated from operations of the Group and borrowings from banks, and trust and other financings.

Following the continuous expansion of property portfolio of the Group, it is expected the saleable GFA of the Group will continue to increase from which the Group expects to generate additional operating cash. The Group intends to continue to monitor its development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing and planned external financing opportunities, including but not limited to the issuance of corporate bonds or other debt offerings and property sales proceeds.

CASH POSITION

As at 31 December 2021, the Group had cash and bank balances of approximately RMB5,223.8 million (31 December 2020: RMB5,925.1 million), pledged deposits of approximately RMB147.2 million (31 December 2020: RMB144.9 million) and restricted cash of approximately RMB778.6 million (31 December 2020: RMB1,603.0 million).

INDEBTEDNESS

As at 31 December 2021, the Group had total indebtedness, including interest-bearing bank and other borrowings and lease liabilities, amounted to approximately RMB11,974.9 million (31 December 2020: approximately RMB14,268.4 million), of which RMB7,826.2 million was carried at fixed rates.

The following table sets forth the components of the Group's indebtedness as at the dates indicated:

	As at 31 December	
	2021	2020
	(RMB'000)	*(RMB'000)*
Non-current		
Bank loans — secured	**5,454,927**	6,530,220
Bank loans — unsecured	**—**	800,803
Other loans — secured	**2,120,255**	2,836,268
Other loans — unsecured	**209,990**	—
Non-current portion of lease liabilities	**3,517**	4,824
Current		
Bank loans — secured	**—**	91,200
Other loans (securities) — unsecured	**950,991**	—
Current portion of lease liabilities	**2,703**	6,220
Current portion of long term bank loans — secured	**2,083,953**	764,477
Current portion of long term other loans — secured	**1,148,529**	3,234,389
Total indebtedness	**11,974,865**	14,268,401

Note:

(1) Other loans include financing arrangement with trust companies, asset management companies, other financial institutions and other third-party companies.

The following table sets forth the maturity profiles of the Group's bank and other borrowings as at the dates indicated:

	As at 31 December	
	2021	2020
	(RMB'000)	*(RMB'000)*
Repayable within one year	**3,232,482**	4,090,066
Repayable in the second year	**3,924,755**	7,328,913
Repayable within two to five years	**2,173,379**	1,248,501
Repayable over five years	**1,687,038**	1,589,877
Total	**11,017,654**	14,257,357

GEARING RATIO

The net gearing ratio (as calculated by total borrowings, including interest-bearing bank and other borrowings, less cash and bank balances divided by total equity as at the end of the respective period) was approximately 0.6 times as at 31 December 2021 (31 December 2020: approximately 0.9 times). The decrease in the net gearing ratio as at 31 December 2021 was mainly due to effective measures implemented to enhance the capital structure of the Group.

CREDIT RISK

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits with banks. The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. To manage this risk, deposits are mainly placed with licensed banks which are all high-credit-quality financial institutions.

The Group has no significant concentrations of credit risk in view of its large number of customers. The credit risk of the Group's other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Directors do not expect any significant losses from non-performance of these counterparties.

LIQUIDITY RISK

The Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects. The objective of the Group is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The Group reviews its liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of its borrowings and the progress of the planned property development projects in order to monitor its liquidity requirements in the short and long terms.

The Group has established a set of liquidity risk management measures, including budgeting, prudent land acquisition decisions, stringent cost control and alternative financing channels. Through these liquidity risk management measures, the Group aims to maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet the Group's liquidity requirements in the short and long term.

FOREIGN EXCHANGE RISKS

The Group mainly operates its business in the PRC, and substantial all of its revenue and expenses are denominated in Renminbi, while the net proceeds from the listing of the issued shares (the "**Listing**") of the Company (the "**Shares**") is payable in Hong Kong dollars. As at 31 December 2021, among the Group's cash at bank and on hand, RMB3.5 million and RMB25.2 million was denominated in Hong Kong dollars and US dollars, respectively, such amount was subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

INTEREST RATE RISK

The Group's exposure to changes in market interest rate relates primarily to the Group's interest-bearing bank and other borrowings. The Group does not use financial derivatives to hedge interest rate risk, and use variable rate bank borrowings and other borrowings to manage its interest cost.

PLEDGE OF ASSETS

As at 31 December 2021, certain of the Group's bank and other borrowings are secured by the pledges of the Group's assets with carrying values of approximately RMB20,564.7 million (31 December 2020: approximately RMB14,729.3 million) which include (i) property, plant and equipment; (ii) land use right; (iii) investment properties; (iv) properties under development; and (v) completed properties held for sale.

CONTINGENT LIABILITIES

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If the Group fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, the Group does not conduct independent credit checks on its customers but rely on the credit checks conducted by the mortgagee banks.

The following table sets forth the Group's total guarantees as at the dates indicated:

	As at 31 December	
	2021	2020
	(RMB'000)	*(RMB'000)*
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	**17,686,613**	11,594,320
Guarantees given to banks and other institutions in connection with facilities granted to related parties and third parties[1]	**978,468**	1,497,640
Total	**18,665,081**	13,091,960

Note:

(1) All guarantees provided by or to the Controlling Shareholders and their respective close associates on the borrowings of the Group or the Controlling Shareholders and their respective close associates had been fully released immediately before the Listing.

COMMITMENT

As at 31 December 2021, the Group's capital commitment it had contracted but yet provided for was RMB15,305.0 million, compared with RMB24,213.4 million as at 31 December 2020.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2021, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 16 June 2021, Mianyang Hengliang Real Estate Development Co., Ltd.* (綿陽恒量房地產開發有限公司) ("**Mianyang Hengliang**"), an indirect wholly owned subsidiary of the Company, entered into agreements to inject capital into Sichuan Jiuyuan New Energy Technology Co., Ltd.* (四川久遠新能源技術有限公司), Sichuan Hetian Agricultural Integrated Development Co., Ltd.* (四川禾田農業綜合開發有限公司) and Mianyang Ruichun Enterprise Co., Ltd.* (綿陽市瑞春實業有限公司) (collectively the "**Target Companies**") to acquire 51% equity interests in each of the Target Companies in the aggregate amount of RMB226.8 million. For details, please refer to announcements of the Company dated 16 June 2021 and 13 July 2021, respectively. As at the date of this report, such capital injections have been completed and each of the Target Companies has become a non wholly-owned subsidiary of the Company.

Save as disclosed in this report, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorized by the Board for other material investments or additions of capital assets as at 31 December 2021.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2021, the Group had 1,249 employees (31 December 2020: 1,368 employees). For the year ended 31 December 2021, the staff cost recognised as expenses of the Group amounted to RMB627.9 million (31 December 2020: RMB537.7 million).

The Group enters into individual employment contracts with its employees to cover matters such as wages, salaries, benefits and terms for termination. The Group generally formulates its employees' remuneration package to include a salary, bonus and various allowances. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodic review system to assess the performance of its employees, which forms the basis of its determination on salary raise, bonus and promotion.

As required by PRC regulations, the Group make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds. The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. When there are employees who leave the scheme prior to becoming fully vested in the contribution, the amount of the forfeited contribution will be used to reduce future contribution payable by the Group.

The Directors and members of the senior management receive compensation from the Group in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans. The Board will review and determine the remuneration and compensation packages of the Directors and senior management, and will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

EXECUTIVE DIRECTORS

Mr. Liu Yuhui (劉玉輝), aged 48, was appointed as a Director on 15 July 2019. He was appointed as the chairman of the Board and chief executive officer of the Company and re-designated as an executive Director on 16 December 2019. He is responsible for overseeing the business development and business strategies of the Group. Mr. Liu Yuhui is an entrepreneur with over 21 years of experience in the PRC real estate industry. Mr. Liu Yuhui co-founded the Group together with his two brothers, Mr. Liu Shan and Mr. Liu Yuqi in April 1999 through the establishment of Leading Group. Capitalizing on his experience in the PRC real estate industry, Mr. Liu Yuhui has guided the Group's sustained and steady business development for the past two decades. Mr. Liu Yuhui has held various directorships in the Group's subsidiaries, including Leading Group since June 2008 and Guangdong Leading Real Estate since November 2008.

Mr. Liu Yuhui obtained a master's degree in business administration from the University of Wales in the United Kingdom in December 2013. He also completed an academic program related to real estate investment in Massachusetts Institute of Technology in the United States in October 2015. Mr. Liu Yuhui has been the deputy chairman of The General Association of Sichuan Entrepreneurs (四川省川商總會) since June 2016.

Mr. Liu Yuhui is the uncle of Mr. Liu Ce, one of the Controlling Shareholders, and Mr. Liu Haowei, vice president and senior management member of the Group. Please refer to the section headed "Senior Management" below for further information of Mr. Liu Haowei.

Mr. Liu was a director of Sichuan Leibo Tianli Electric Power Development Co., Ltd. (四川雷波天利電力開發有限責任公司), a company established in the PRC with limited liability, whose license was revoked on 10 March 2009 as the company failed to commence its business for more than six months from the date of its establishment without justifiable reason or ceased business operations for more than six consecutive months. Mr. Liu confirmed that as of the date of this annual report, no claims have been made against him and he was not aware of any threatened or potential claims made against him and there are no outstanding claims and/or liabilities as a result of the revocation of business license of the above company.

Mr. Luo Changlin (羅昌林), aged 49, was appointed as an executive Director and chief financial officer of the Company on 16 December 2019. He is responsible for managing the financial operations and cost control of the Group. Mr. Luo joined the Group in January 2011 as the cost manager of the financial management center of the Group. He was later promoted as the general manager of the financial management center of the Group in March 2016 and as the assistant president of the Group in July 2018.

Mr. Luo has over 21 years of experience in financial management. Prior to joining the Group, from July 1996 to October 2004, Mr. Luo served as the project finance manager in the first branch of China No. 5 Metallurgical Construction Company (中國第五冶金建設有限公司一分公司) (now known as the first engineering branch of China MCC 5 Group Corp. Ltd. (中國五冶集團有限公司第一工程分公司)), a company which is principally engaged in engineering contracting and property development business wholly owned by Metallurgical Corporation of China Ltd. (中國冶金科工股份有限公司) which is listed on the Main Board of the Stock Exchange (stock code: 1618) and the Shanghai Stock Exchange (stock code: 601618). From December 2004 to December 2010, Mr. Luo worked at Sichuan Jianye Construction Engineering Co., Ltd. (四川建業建築工程有限公司) (now known as Central Asia Construction Engineering Co., Ltd. (中亞建業建設工程有限公司)), a company which is principally engaged in construction engineering, with his last position as the general manager of finance department.

Mr. Luo obtained a diploma in finance and accounting from Mianyang College of Economy and Technology (綿陽經濟技術高等專科學校) in the PRC in July 1996. He also obtained a bachelor's degree in accounting from China Central Radio and Television University (中央廣播電視大學) (now known as the Open University of China (國家開放大學)) in the PRC in July 2014. In December 2019, Mr. Luo obtained a master's degree in business administration from the University of Electronic Science and Technology of China (電子科技大學) in the PRC.

Ms. Zeng Xurong (曾旭蓉), aged 49, was appointed as an executive Director on 16 December 2019 and is responsible for the overall administrative functions, risk management and procurement of the Group. Ms. Zeng has over 18 years of experience in management and general administration in the real estate industry. She joined the Group in July 2002 as an accountant-in-charge and was later promoted as the audit manager of the Group in July 2007. She was later appointed as the general manager of the audit and supervision department of the Group in January 2010 and was mainly responsible for supervising the internal audit of the Group.

Ms. Zeng obtained a diploma in finance and accounting from Leshan Finance and Trade School (樂山財貿學校) (now merged into Leshan Vocational and Technical College (樂山職業技術學院)) in the PRC in July 1993. She also obtained a college degree in accounting from Southwestern University of Finance and Economics (西南財經大學) in the PRC in December 1997.

Ms. Hou Xiaoping (侯小萍), aged 45, was appointed as an executive Director on 16 December 2019 and is responsible for financing and fund raising for the projects of the Group. Ms. Hou joined the Group in June 2014 as the general manager of the financing center of the Group and was later promoted as the assistant to the president of the Group in May 2018.

Ms. Hou has over 21 years of experience in financing and accounting field. Prior to joining the Group, from July 1996 to August 2008, Ms. Hou worked at Tibet Trust Corporation Limited (西藏信託有限公司), an asset management company with her last position being the general manager of the finance department. From August 2008 to February 2013, Ms. Hou served as a manager of the finance department of Tibet Autonomous Region Investment Co., Ltd. (西藏自治區投資有限公司). She was subsequently appointed as the director and the financial controller of the same company from March 2013 to May 2014.

Ms. Hou completed secondary vocational school education in finance and accounting in Tibet Autonomous Region Finance and Economics School (西藏自治區財經學校) (now merged with School of Finance and Economics, Tibet University (西藏大學財經學院)) in the PRC in July 1996. She also obtained a diploma in law from China Central Radio and Television University (中央廣播電視大學) (now known as the Open University of China (國家開放大學)) in the PRC in July 2006.

Ms. Hou is the aunt of Mr. Liu Ce, one of the Controlling Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Jin Xu (金旭), aged 52, was appointed as an independent non-executive Director on 16 November 2020 and is responsible for providing independent advice on the operations and management of the Group.

Ms. Jin has over 27 years of experience in fund management. From July 1993 to November 2001, Ms. Jin worked in the China Securities Regulatory Committee with her last position as the head of the general office of fund supervision department. From November 2001 to June 2004, Ms. Jin worked in China Asset Management Co., Ltd. (華夏基金管理有限公司), a company which is principally engaged in asset management, with her last position being the deputy general manager. From July 2004 to April 2006, she was the general manager of Baoying Fund Management Co., Ltd. (寶盈基金管理有限公司), a company which is engaged in fund establishment and management as well as asset management. In 2006, Ms. Jin worked as the chief representative in the Beijing Representative Office of Mellon Global Investment Co., Ltd. (梅隆全球投資有限公司), a company which is principally engaged in asset management. From May 2007 to December 2014, Ms. Jin was the general manager of Guotai Asset Management Co., Ltd. (國泰基金管理有限公司), a company which is principally engaged in fund establishment and management. Ms. Jin joined China Merchants Fund Management Co., Ltd. (招商基金管理有限公司), a company which is principally engaged in fund establishment and management, in January 2015 where she held the position of general manager, then from July 2018 to December 2021 the position of vice chairperson. In November 2021, Ms. Jin was appointed as an independent non-executive director of GUSHENGTANG HOLDINGS LIMITED, a company listed on the Stock Exchange (stock code: 2273).

Since February 2017, she has been the chairman of the Public Fund Professional Committee of the China Securities Investment Fund Industrial Association (中國證券投資基金業協會公募基金專業委員會). Since July 2017, Ms. Jin has been the vice president of the Shenzhen Investment Fund Industrial Association (深圳市投資基金同業公會). She is the receiver of the “Leading Character of Funds Industry” (基金行業領軍人物獎) award from Sina Finance (新浪財經).

Ms. Jin obtained a bachelor's degree and a master's degree in economic law from Peking University in the PRC in July 1990 and July 1993, respectively. In May 1996, she obtained a master of law degree in comparative law from New York University in the United States.

Ms. Liang Yunxing (梁運星), aged 48, was appointed as an independent non-executive Director on 16 November 2020 and is responsible for providing independent advice on the operations and management of the Group.

Ms. Liang has over 22 years of experience in accounting and financial management. Ms. Liang worked for over 14 years with China National Travel Service (HK) Group Corporation (中國旅遊集團有限公司) ("**CTSG**"), one of the major multinational state-owned enterprises in the PRC with headquarter in Hong Kong, and its subsidiaries from July 1998 to October 2012. During that period, from October 2006 to April 2009, Ms. Liang was the general manager of the finance department of China Travel International Investment Hong Kong Limited (香港中旅國際投資有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 308) and the flagship company of CTSG in the travel industry. From May 2009 to October 2012, Ms. Liang was a director and the chief financial officer of HKCTS (China) Investment Limited (港中旅(中國)投資有限公司), one of the largest tourism property developers in mainland China focusing on developing large-scaled scenic spots, hotels, resorts, commercial properties and residential units. Ms. Liang then became an executive director and chief financial officer of Chinalco Mining Corporation International (中鋁礦業國際) from November 2012 to March 2015, which is a resource development company subsequently delisted from the Stock Exchange in March 2017 (previous stock code: 3668). Since May 2015, Ms. Liang has been the chief risk management officer of Shanghai Dajian Assets Management Company Limited (上海大見資產管理有限公司), an asset management company.

Ms. Liang obtained a bachelor's degree in international accounting and a master's degree in accounting from Renmin University of China (中國人民大學) in the PRC in July 1995 and July 1998, respectively. Ms. Liang was accredited as a Chinese certified public accountant by Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in June 2006.

Ms. Liang was a supervisor of Anshan Hejia Beverage Co., Ltd. (鞍山合佳飲料有限公司), a company established in the PRC with limited liability, whose license was revoked on 23 August 2018, as the company failed to commence its business for more than six months from the date of its establishment without justifiable reason or ceased business operations for more than six consecutive months. Ms. Liang confirmed that as of the date of this annual report, no claims have been made against her and she was not aware of any threatened or potential claims made against her and there are no outstanding claims and/or liabilities as a result of the revocation of business license of the above company.

Mr. Fang Min (方敏), aged 49, was appointed as an independent non-executive Director on 16 November 2020 and is responsible for providing independent advice on the operations and management of the Group.

Mr. Fang has been teaching in the School of Economics of Peking University in the PRC since July 1999 and is now a professor in the School of Economics of Peking University. In September 2005, he was awarded the Second Prize of National Teaching Achievement Award (國家級教學成果獎二等獎) by Ministry of Education of the PRC (中華人民共和國教育部). In May 2009, he received the First Prize of Teaching Achievement Award of Beijing (Higher Education) (北京市教育教學成果(高等教育)一等獎) from the People's Government of Beijing (北京市人民政府). In May 2017, he received the Excellence Award in Finance Teaching of Cao Fengqi Finance Development Foundation (曹鳳岐金融發展基金金融教學優秀獎) from Cao Fengqi Finance Development Foundation of Peking University (北京大學曹鳳岐金融發展基金).

Mr. Fang obtained his bachelor's degree and master's degree in economics from Sichuan University (四川大學) in the PRC in July 1993 and July 1996, respectively. In July 1999, he obtained his doctor's degree in economics from Renmin University of China (中國人民大學) in the PRC. Mr. Fang obtained the Teacher's Qualification Certificate of PRC (中華人民共和國教師資格證書) from the Education Committee of Beijing (北京市教育委員會) in December 2002.

Save as disclosed above, none of the Directors have held any other directorships in listed companies during the three years immediately preceding the date of this annual report.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there was no information relating to the Directors that is required to be disclosed pursuant to paragraphs (b) to (v) or Rule 13.51(2) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of the Shareholders as of the date of this annual report.

SENIOR MANAGEMENT

Mr. Xu Chuanhai (徐川海), aged 49, first joined the Group in March 2011 as the general manager of marketing development center of Leading Group where he was responsible for sales management of the Group until March 2012. He rejoined the Group in August 2017 as the vice president of the Group and since then he has been responsible for marketing and sales management of the Group.

Mr. Xu has more than 16 years of experience in business management. Prior to joining the Group, from 2003 to 2007, Mr. Xu served as a manager in the sales and marketing department of Chengdu Grand Real Estate Development Co., Ltd. (成都遠大房地產開發有限責任公司), a company which is principally engaged in property development, pharmaceuticals and healthcare, where he was responsible for the sales and marketing activities of the company. From 2007 to 2008, Mr. Xu worked at Chengdu Gongying Investment Co., Ltd (成都共贏投資有限公司) (now known as Xinjiang Mutual Benefit Equity Investment Co., Ltd. (新疆互利股權投資有限公司)), a company which is principally engaged in private equity investment business. From March 2012 to February 2017, Mr. Xu worked in Wanda Commercial Management Co., Ltd. (萬達商業管理有限公司), a commercial operational service provider, with his last position as the deputy manager of marketing. From February to August 2017, Mr. Xu served as a regional general manager of Guangdong Aoyuan Commercial Real Estate Group Co., Ltd. (廣東奧園商業地產集團有限公司), a commercial properties development company wholly owned by China Aoyuan Group Limited (中國奧園集團股份有限公司), which is a company listed on the Main Board of the Stock Exchange (stock code: 3883).

Mr. Xu obtained a diploma in science and technology records management from Chongqing Institute of Industrial Management (重慶工業管理學院) in the PRC in June 1993. He also obtained a bachelor's degree in industrial engineer from the University of Electronic Science and Technology of China (電子科技大學) in Chengdu, the PRC in December 2000.

Mr. Liu Haowei (劉浩威), aged 29, was appointed as the vice president of the Group in January 2019 and is primarily responsible for the execution of the Group's business strategies and the management of the Group's real estate projects in Chongqing.

Mr. Liu Haowei joined the Group in May 2015 as a general manager of Guangdong Leading Real Estate. Since May 2015, Mr. Liu Haowei has been responsible for the daily operation and the overall management and operation of the Group's real estate projects, including those in Zhumadian and Chongqing, playing a key role in the Group's business expansion in those areas. Mr. Liu Haowei currently holds various directorships in the Group's subsidiaries, including the centralized management platform of the Group, Leading Group, Guangdong Leading Real Estate and Xinjiang Leading Real Estate.

Mr. Liu Haowei obtained a bachelor's degree in business administration from the University of California, Irvine in the United States in June 2014. He also completed a private equity program in Antai College of Economics and Management of Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in the PRC in December 2015 and a capital investment and financing program in Peking University in the PRC in June 2017.

Mr. Liu Haowei is the nephew of Mr. Liu Yuhui, the chairman of the Board, an executive Director and chief executive officer of the Company, and the cousin of Mr. Liu Ce, one of the Controlling Shareholders.

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

CORPORATE GOVERNANCE PRACTICES

Compliance with the model code for securities transactions

The Company has adopted the Model Code as its own code of conduct for securities transactions conducted by Directors and relevant employees of the Company. After making specific enquires to all the Directors and relevant employees of the Company, each of them has confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2021.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors, or relevant employees for the year ended 31 December 2021.

Compliance with the corporate governance code

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the principles and code provisions stated in the CG Code as contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2021. Except for the deviation from the then applicable code provision A.2.1 of the CG Code, the Company has complied with the code provisions as set out in the CG Code. Pursuant to the then applicable code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu Yuhui is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Liu Yuhui is the founder of the Group and has been operating and managing the Group since 1999, the Board believes that it is in the best interest of the Group to have Mr. Liu Yuhui taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the then applicable code provision A.2.1 of the CG Code is appropriate in such circumstance.

The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Save for the deviation from the then applicable code provision A.2.1 of the CG Code, the Board is of the view that the Company has adopted, applied and complied with all the then applicable code provisions as set out in the CG Code for the year ended 31 December 2021.

Trainings of the directors

Each of the Directors have been given a comprehensive training session covering a wide range of topics including but not limited to directors' duties and responsibilities, corporate governance and continuing obligations of a listed company.

To ensure that each Director's better understanding in respect of the Company's conduct and business activities to perform their responsibilities as a Director, the Company will arrange appropriate training, including arranging and funding suitable training and professional development programme for the Directors. For newly appointed Directors, the Company shall also arrange for suitable induction training, so as to ensure that they have an appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements upon commencement of their directorship in the Company. During the year ended 31 December 2021, all the Directors, together with the relevant senior management of the Company, have attended suitable induction and/ or trainings arranged by the Company. During the year ended 31 December 2021, the summary of training received by the Directors is as follows:

Directors	**Type of Training** *(Note 1)*
Executive Directors	
Mr. Liu Yuhui *(Chairman)*	A, B
Mr. Luo Changlin	A, B
Ms. Zeng Xurong	A, B
Ms. Hou Xiaoping	A, B
Independent Non-executive Directors	
Ms. Jin Xu	A, B
Ms. Liang Yunxing	A, B
Mr. Fang Min	A, B

Note 1: A. corporate governance
B. regulatory

THE BOARD

The Board currently consists of seven Directors, comprising four executive Directors and three independent non-executive Directors. The powers and duties of the Board include convening general meetings and reporting the Board's work at the Shareholders' meetings, determining the Group's business and investment plans, preparing annual financial budgets and final reports of the Group, formulating proposals for profit distributions and exercising other powers, functions and duties as conferred by the Articles of Association. The Board assumes the responsibility of leadership and control of the Company, supervises and approves strategic development objectives, significant decisions of operations and financial 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.

Senior management of the Company is responsible for the day-to-day operations and management of the Group's business. Executive Directors and senior management of the Company meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

The Board has established various Board Committees and has delegated various duties to the Board Committees. All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

BOARD COMPOSITION

Executive directors

Mr. Liu Yuhui *(Chairman and Chief Executive Officer)*
Mr. Luo Changlin
Ms. Zeng Xurong
Ms. Hou Xiaoping

Independent non-executive directors

Ms. Jin Xu
Ms. Liang Yunxing
Mr. Fang Min

The Company has entered into service agreements with each of the executive Director, and letters of appointment with each of the independent non-executive Directors. Further details of the term of appointment of the Directors are set out in the section headed "Report of the Directors — Directors' Service Agreements and Letters of Appointment" on pages 60 and 61 of this annual report.

The Directors' respective biographical information is set out on pages 40 to 45 of this annual report. Save as disclosed, there is no relationship (including financial, business, family or other material relationship) between members of the Board.

For the year ended 31 December 2021, the Board had complied with Rule 3.10 and Rule 3.10A of the Listing Rules relating to the appointment of (i) at least three independent non-executive Directors; (ii) independent non-executive directors representing one-third of the Board; and (iii) at least one independent non-executive Director possessing appropriate qualification, or accounting or related financial management expertise.

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules. The Company considers each of the independent non-executive Directors to be independent.

Chairman and chief executive officer

The roles of chairman and chief executive officer of the Company are performed by Mr. Liu Yuhui. Further details are set out in the section headed "Corporate Governance Practices — Compliance with the corporate governance code" above.

Board meetings and annual general meeting

The Board meets regularly to discuss and formulate the overall strategy, operations and financial performance of the Group. Board meetings are held at least four times a year and notices of Board meetings are given to the Directors 14 days before the convening of the meeting, in order to give all Directors the opportunity to attend.

During the year ended 31 December 2021, the Board held four Board meetings and one general meeting and the Directors made positive contributions to the affairs of the Group. The attendance record of each Director is set out below:

Name of Director	Number of Board meetings attended/ number of Board meetings held during the year ended 31 December 2021	Number of Audit Committee meetings attended/ number of Audit Committee meetings held during the year ended 31 December 2021	Number of Remuneration Committee meetings attended/ number of Remuneration Committee meetings held during the year ended 31 December 2021	Number of Nomination Committee meetings attended/ number of Nomination Committee meetings held during the year ended 31 December 2021	Number of general meetings attended/ number of general meetings held during the year ended 31 December 2021
Executive Directors					
Mr. Liu Yuhui *(Chairman and Chief Executive Officer)*	4/4	N/A	2/2	2/2	1/1
Mr. Luo Changlin	4/4	N/A	N/A	N/A	0/1
Ms. Zeng Xurong	4/4	N/A	N/A	N/A	0/1
Ms. Hou Xiaoping	4/4	N/A	N/A	N/A	0/1
Independent non-executive Directors					
Ms. Jin Xu	4/4	2/2	2/2	2/2	0/1
Ms. Liang Yunxing	4/4	2/2	2/2	2/2	0/1
Mr. Fang Min	4/4	2/2	N/A	N/A	0/1

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist the Board in discharging its duties and overseeing particular aspects of the Group's activities. Each of the Board Committees has specific written terms of reference which clearly specify their authority and duties. The chairpersons of the Board Committees will report their findings and recommendations to the Board after each meeting of the Board Committees.

AUDIT COMMITTEE

The Group has established the Audit Committee on 16 November 2020 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the then applicable code provision C.3 of the CG Code. The Audit Committee consists of three members, namely, Ms. Liang Yunxing, Ms. Jin Xu and Mr. Fang Min, all of whom are independent non-executive Directors. Ms. Liang Yunxing is the chairperson of the Audit Committee and is the independent non-executive Director with the appropriate professional qualifications.

The primary duties of the Audit Committee include, but not limited to (i) reviewing and supervising the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) providing advice and comments to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

As at 31 December 2021, two meetings of the Audit Committee were held. The work performed by Audit Committee during the year ended 31 December 2021 includes but not limited to (i) reviewing annual results of 2020 and annual report of 2020, interim results of 2021 and interim report of 2021; (ii) reviewing audit and review reports of the auditors; (iii) reviewing the effectiveness of the risk management and internal control systems of the Group; (iv) reviewing the continuing connected transactions; (v) considering the re-appointment of external auditor of the Company; (vi) reviewing the resources of accounting and financial reporting functions of the Group; and (vii) reviewing the effectiveness of the Company's internal audit function.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the audited annual consolidated financial statements of the Company for the year ended 31 December 2021. The Audit Committee is of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

REMUNERATION COMMITTEE

The Group has established the Remuneration Committee on 16 November 2020 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the then applicable code provision B.1 of the CG Code. The Remuneration Committee consists of one executive Director and two independent non-executive Directors, namely, Mr. Liu Yuhui, Ms. Jin Xu and Ms. Liang Yunxing. Ms. Jin Xu is the chairperson of the Remuneration Committee.

The primary duties of the Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advices to the Board on the Company's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management member; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

As at 31 December 2021, two meetings of the Remuneration Committee were held. The work performed by the Remuneration Committee during the year ended 31 December 2021 includes but not limited to (i) confirming the remuneration of executive Directors and independent non-executive Directors for 2020; and (ii) to discuss and determine the remuneration adjustments of executive Directors and independent non-executive Directors for 2021.

NOMINATION COMMITTEE

The Group has established the Nomination Committee on 16 November 2020 with written terms of reference in compliance with the then applicable code provision A.5 of the CG Code. The Nomination Committee consists of one executive Director and two independent non-executive Directors, namely Mr. Liu Yuhui, Ms. Jin Xu and Ms. Liang Yunxing. Mr. Liu Yuhui is the chairperson of the Nomination Committee.

The primary duties of the Nomination Committee include, but not limited to (i) review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of the Board; (ii) identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board members; (iii) assess the independence of the independent non-executive Directors; and (iv) make recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of the Directors and succession planning for the 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 policy on nomination of Directors (the "**Nomination Policy**") that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

As at 31 December 2021, two meetings of the Nomination Committee were held. The work performed by Nomination Committee during the year ended 31 December 2021 includes but not limited to (i) reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board; (ii) assessing the independence of independent non-executive Directors; (iii) reviewing and adopting the Nomination Policy; and (iv) reviewing the re-appointment of Directors who are subject to retire by rotation at the forthcoming AGM.

The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Nomination policy

The Company has adopted the Nomination Policy which sets out the selection criteria and procedures to nominate Board candidates. When making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, the Nomination Committee would consider a number of factors in assessing the suitability of the proposed candidate, including but not limited to:

(i) reputation for integrity;

(ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(iii) diversity in all aspects, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge;

(iv) the ability to assist and support management and make significant contributions to the Group;

(v) commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board Committees;

(vi) compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment or re-appointment of an independent non-executive Directors; and

(vii) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

Appointment of any proposed candidates to the Board or re-appointment of any existing members of the Board shall be made in accordance with the Articles of Association and other applicable rules and regulations. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at a general meeting.

Board diversity policy

The Company recognises the benefits of having a diversified Board. The Company has adopted the Board Diversity Policy with the aim of achieving an appropriate level of diversity among Board members according to the circumstances of the Group from time to time. In summary, the Board Diversity Policy sets out that when considering the nomination and appointment of a Director, with the assistance of the Nomination Committee, the Board would consider a range of diversity of perspectives, including but not limited to the skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender and the potential contributions that the candidate is expected to bring to the Board, in order to better serve the needs and development of the Company. All Board appointments will be based on merits and candidates will be considered against objective criteria, having due regard to the benefits of diversity to the Board.

The Nomination Committee will review the Nomination Policy and the Board Diversity Policy from time to time to ensure its continued effectiveness.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the CG Code.

During the year ended 31 December 2021, 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 the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 December 2021 is as follows:

Remuneration bands (RMB)	Number of individuals
Nil – 1,000,000	2
1,000,001 – 1,500,000	nil

AUDITOR'S REMUNERATION

During the year ended 31 December 2021, the remunerations paid or payable to Ernst & Young in respect of its audit services and non-audit services are RMB3,800,000 and nil respectively. The non-audit services mainly includes tax consultancy.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2021, which give a true and fair view of the state of affairs of the Group and of the operating results and cash flow for the year. The Directors consider that the financial statements have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates, reasonable information and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 73 to 80 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for overseeing the Company's risk management and internal control systems on an ongoing basis. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems. The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management structure of the company

The Group believes that risk management is crucial to the success of any property developer in the PRC. Key operational risks facing the Group include changes in PRC political and economic conditions, changes in the PRC regulatory environment, availability of suitable land sites for developments at reasonable prices, availability of financing to support the Group's developments, ability to complete development projects on time and competition from other property developers.

The Group has established the following structures and measures to manage risks:

- The Board and senior management team are responsible for determining the Group's business and investment plans, preparing the Group's annual financial budgets and final reports and formulating proposals for profit distributions, and is in charge of the overall risk control of the Group. Any significant business decisions involving material risks are revised by the Board.

- The Group's management team at headquarters level is in charge of the daily business operations and risk monitoring of local projects, and is responsible for the supervision of different aspects of local operations on a daily basis as well as the supervision and approval of any material business decisions of respective project companies. The Group has formulated clear reporting lines between the management at the Group's city company level and group level.

- The Group's final site selection decisions are made by site selection committee. This committee was specifically formed to review and approve such business development and consists of Directors, managers of sales and market department and other managers of relevant department at the headquarters level.

- The Group's internal audit and risk control department is responsible for monitoring the implementation of the Group's internal control measures.

- The Group's legal department is responsible for legal matters at the Group's headquarter level and for its local subsidiaries. The legal department supervises the legal compliance of production, operation, employment, financing, material transactions and acquisitions.

Risk management and internal control procedure

The Company has established internal control measures led by the Board whereby the management is responsible for assisting the Board of Directors in completing the identification and evaluation of risk factors of the business systems, implementing the Company's policies and procedures and participating in the design and operation of such measures that meet the Company's management requirements, which provides reliable assurance for the Company to carry out its business to prevent the occurrence of significant operational risks and losses. The Group also has an internal audit and risk control function which primarily carries out analysis and independent appraisal of the adequacy and effectiveness of its risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis.

Risk management and internal control review

A review of the effectiveness of the Group's risk management and internal control systems, including financial, operation and compliance controls, will be conducted by the Board at least annually. The Board reviews each year the effectiveness of the Group's risk management and internal control systems for the previous financial year, and makes evaluations and suggestions on the Group's risk management and internal control systems and process through internal and external professionals and institutions.

The annual review in respect of the year ended 31 December 2021 has considered, among others (i) adequacy of resources; (ii) staff qualifications and experience; (iii) training programmes for the staff; and (iv) budget of the Group's accounting, internal audit and financial reporting functions. The Board also conducted a comprehensive evaluation on the timeliness, effectiveness and normativity of the procedures for handling and releasing inside information of the Company, as well as the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.

For the year ended 31 December 2021, the Board considers that the risk management and internal control systems of the Company are effective and adequate.

Dissemination of inside information

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the SFC. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

SHAREHOLDERS' RIGHT

Procedures for Shareholders to Convene an Extraordinary General Meeting

In accordance with article 58 of the Articles of Association, any one or more Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for putting forward proposals at general meetings

There are no provisions in the Articles of Association or the Cayman Companies Act for Shareholders to put forward new resolutions at the general meetings. Shareholders who wish to put forward a new resolution may follow article 58 of the Articles for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures are set out above.

Procedures for directing shareholders' enquiries to the board

Shareholders may at any time make enquiries to the Board in writing through the contact details as follows:

Leading Holdings Group Limited
46/F, Tower A
Leading International Finance Center
No. 151, 2nd Tianfu Street
Gaoxin District
Chengdu, Sichuan Province
PRC

JOINT COMPANY SECRETARIES

The Company has appointed Mr. Luo Changlin and Ms. Tang King Yin as the joint company secretaries of the Company. Ms. Tang King Yin is a manager of Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Tang King Yin has over 10 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Tang King Yin is a Chartered Secretary. Mr. Luo Changlin is an executive Director and chief financial officer of the Company.

Ms. Tang King Yin assists Mr. Luo Changlin in discharging his duties as the company secretary of the Company. Mr. Luo Changlin is the principal contact person of Ms. Tang King Yin in the Company. Each of Mr. Luo Changlin and Ms. Tang King Yin has confirmed that for the year ended 31 December 2021, they have taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

The Company's Articles of Association has been amended and restated with effect from the Listing Date, and are available on the respective website of the Stock Exchange and the Company. During the year ended 31 December 2021, no material change has been made on the Articles of Association.

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the development and sales of residential and commercial properties. In addition, the Group holds a portion of commercial properties developed by the Group for further investment purpose and is engaged in hotel management business.

RESULTS

The results of the Group for the year ended 31 December 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 81 to 82 of this annual report.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the past five financial years is set out on page 186 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2021 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

The Company allotted and issued 26,945,000 Shares at HK$5.69 per Share pursuant to the partial exercise of the Over-allotment Option.

Details of movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 33 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 December 2021, and reserves available for distribution to Shareholders by the Company as at 31 December 2021 are set out on pages 85 and 184 of this report.

USE OF NET PROCEEDS FROM THE LISTING

As stated in the Prospectus and the announcement of the Company dated 4 January 2021, the Group intended to use the net proceeds as follows: (i) approximately 60%, or approximately HK$881.64 million for financing the Group's existing projects, including construction costs of property development projects; (ii) approximately 20%, or approximately HK$293.88 million for financing the Group's future projects, including land acquisition costs; (iii) approximately 10%, or approximately HK$146.94 million for repayment of the Group's existing interest-bearing borrowings for the Group's project development; and (iv) approximately 10%, or approximately HK$146.94 million for the Group's general business operations and working capital.

As at 31 December 2021, all of the net proceeds raised from the Global Offering and the partial exercise of the Over-allotment Option have been fully used by the Company according to the purposes and allocations set out in the Prospectus and the announcement of the Company dated 4 January 2021.

The following table sets forth details of the net proceeds as at 31 December 2021:

	Planned use of net proceeds as stated in the Prospectus and taking into account the net proceeds received from the partial exercise of the Over-allotment Option		**Actual use of net proceeds for the year ended 31 December 2021**	**Unutilised net proceeds as at 31 December 2021**
	HK$' million	*Approximate percentage*	*HK$' million*	*HK$' million*
Financing the Group's existing projects, including construction costs of property development projects	881.64	60%	881.64	—
Financing the Group's future projects, including land acquisition costs	293.88	20%	293.88	—
Repayment of the Group's existing interest-bearing borrowings for the Group's project development	146.94	10%	146.94	—
General business operations and working capital	146.94	10%	146.94	—
Total	1,469.4	100%	1,469.4	—

BORROWINGS

Details of borrowings of the Group during the year ended 31 December 2021 are set out in note 31 to the consolidated financial statements.

SENIOR NOTES

On 28 June 2021, the Company issued US$150 million 12% senior notes due 2022 (the "**2022 Notes**") (debt code: 40739). The 2022 Notes were listed and traded on the Stock Exchange. As at 31 December 2021, the outstanding principal amount of the 2022 Notes was US$150,000,000. For details, please refer to the announcement of the Company dated 24 June 2021.

DEBENTURES

During the year ended 31 December 2021, the Company did not issued any debentures.

DIVIDEND POLICY AND FINAL DIVIDEND

Dividend policy

The then applicable code provision E.1.5 stipulates that the Company should have a policy on payment of dividends. The Group has neither fixed policy nor pre-determined rate and, subject to compliance with the relevant laws of the Cayman Islands and the Articles of Association, the Company has the right to declare dividends in any currency, but no dividend may be declared in excess of the amount recommended by the Board. The Articles of Association provide that dividends may be declared and paid out of the Group's profit, realized or unrealized, or from any reserve set aside from profit which the Directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of the Company's share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Act and the Articles of Association. The Company considers it more appropriate to determine a dividend payment after taking into account those factors including the Company's then financial performance, operating and capital requirements and market conditions, to enable the Company to be in a better position to cope with its future development, which is to the best interest of the Company and its shareholders as a whole.

The Company will declare dividends, if any, in Hong Kong dollars with respect to the Shares on a per-Share basis and will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to the Shareholders will depend upon the Group's earnings and financial condition, operating requirements, capital requirements and any other conditions that the Directors may deem relevant and will be subject to the approval of the Shareholders save that interim dividend may be paid by the Board if the Board is satisfied that such payment is justified by the Group's profits.

Final dividend

The Board did not recommend the payment of a final dividend for the year ended 31 December 2021.

As at 31 December 2021, there was no arrangement under which a Shareholder had waived or agreed to waive any dividends.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM will be convened and held on Wednesday, 22 June 2022. A notice convening the AGM will be published on the Company's website and the website of Hong Kong Exchange and Clearing Limited and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purpose of determination of eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 17 June 2022 to Wednesday, 22 June 2022 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the forthcoming AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Thursday, 16 June 2022.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, revenue attributable to the largest customer of the Group amounted to approximately 0.2% of the total revenue in the year and the five largest customers of the Group accounted for 0.5% of the Group's total revenue in the year.

For the year ended 31 December 2021, purchases attributable to the largest supplier of the Group amounted to approximately 25.1% of the total purchases in the year and the five largest suppliers of the Group accounted for 35.3% of the Group's total purchases in the year.

So far as the Board is aware, neither the Directors and their respective close associates nor any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

EQUITY LINKED AGREEMENTS

Save for the Share Option Scheme as disclosed under the section headed "Share Option Scheme" below, during the year ended 31 December 2021, no equity-linked agreements were entered into by the Company or subsisted at the end of the year.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the additional 26,945,000 Shares allotted and issued on 6 January 2021 as a result of the partial exercise of the Over-allotment Option in connection with the Listing, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2021.

BOARD OF DIRECTORS

The Directors up to the date of this annual report are set out below:

Executive directors

Mr. Liu Yuhui
Mr. Luo Changlin
Ms. Zeng Xurong
Ms. Hou Xiaoping

Independent non-executive directors

Ms. Jin Xu
Ms. Liang Yunxing
Mr. Fang Min

DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the date of appointment, which may be terminated by not less than three months' notice in writing served by either party on the other.

All the Directors, including the independent non-executive Directors, are subject to retirement by rotation at the annual general meetings of the Company pursuant to the Articles of Association.

None of the Directors has entered into specific service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each independent non-executive Director an annual written confirmation of his/her independence in accordance with Rule 3.13 of the Listing Rules for the year ended 31 December 2021. The Company considers each of the independent non-executive Directors to be independent.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2021 are set out in note 8 and note 9 to the consolidated financial statements.

None of the Directors waived his/her emoluments or has agreed to waive his/her emoluments for the year ended 31 December 2021.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" below and the related party transactions as set out in note 39 to the consolidated financial statements, there was no transaction, arrangement or contract of significance subsisting during or at the end of the year ended 31 December 2021, to which the Company, its holding company or subsidiary was a party, and in which the Directors or their respective connected entities were materially interested, either directly or indirectly.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2021, none of the Directors were interested in any business apart from the Group's businesses, which competes or likely to compete, either directly or indirectly, with the businesses of the Group.

MANAGEMENT CONTRACTS

During the year ended 31 December 2021, no contract concerning the management of the whole or substantial part of any business of the Company was entered into, or subsisted at the end of the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save for the Share Option Scheme as disclosed under the section headed "Share Option Scheme" below, none of the Company, its holding company, or any of its subsidiaries was a party to any arrangement enabling the Directors to acquire benefits by means of the acquisition of equity or debt securities, including the debentures of the Company or any other body corporate during the year ended 31 December 2021.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Continuing Connected Transactions" below and the related party transactions as set out in note 39 to the consolidated financial statements, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 December 2021.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Each of the Ultimate Controlling Shareholders has entered into the Deed of Non-Competition in favour of the Company, details of which are set out in the section headed "Relationship with Controlling Shareholders — Deed of Non-Competition" in the Prospectus.

Each of the Ultimate Controlling Shareholders has confirmed to the Company that, as at 31 December 2021, he/she has complied with the Deed of Non-Competition as disclosed in the Prospectus (the "**Undertakings**").

The independent non-executive Directors have reviewed the compliance with the Deed of Non-Competition by each of the Ultimate Controlling Shareholders. On the basis that: (i) the Company has received the confirmation from each of the Ultimate Controlling Shareholders regarding the Undertakings; (ii) there was no competing business reported by each of the Ultimate Controlling Shareholders; and (iii) there was no particular situation rendering the full compliance of the Undertakings being questionable, the independent non-executive Directors are of the view that the Deed of Non-Competition has been complied with and enforced by the Company for the year ended 31 December 2021.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Company conducted the following transactions which constitute non-exempt continuing connected transactions (as defined in the Listing Rules) of the Company, details of these transactions are set out below:

1 Procurement and installation services

On 16 November 2020, the Company entered into a procurement framework agreement (the "**Procurement Framework Agreement**") with Meishan Mingdian Doors and Windows Co., Ltd. (眉山市明典門窗有限公司) ("**Meishan Mingdian**") and Bazhou Hongdian Architectural Decoration Engineering Co., Ltd. (巴州宏典建築裝飾工程有限公司) ("**Bazhou Hongdian**"), pursuant to which the Group agreed to purchase aluminum alloy doors and windows and related materials from Meishan Mingdian and Bazhou Hongdian and engage each of them for the provision of related installation services (the "**Procurement and Installation Services**") to properties to be delivered by the Group. The Procurement Framework Agreement has a term commencing from the Listing Date to 31 December 2022.

The Directors estimated that the maximum transaction amounts under the Procurement Framework Agreement for the two years ended 31 December 2021 and the year ending 31 December 2022 will not exceed RMB24.3 million, RMB12.4 million and RMB2.2 million, respectively. For the year ended 31 December 2021, the amount paid by the Group to Meishan Mingdian and Bazhou Hongdian for the Installation Services in aggregate amounted to approximately RMB4.6 million and RMB0.19 million, respectively.

Meishan Mingdian is owned as to 99% by Mr. Liu Mengkai (劉檬愷), the nephew of Mr. Liu Yuhui, an executive Director and Controlling Shareholder. Bazhou Hongdian is wholly owned by Ms. Liu Yuhui (劉玉惠), the elder sister of Mr. Liu Yuhui. As such, each of Meishan Mingdian and Bazhou Hongdian is a connected person of the Company for the purpose of the Listing Rules.

2 Commercial management services

On 16 November 2020, the Company entered into a commercial management services framework agreement (the "**Commercial Management Services Framework Agreement**") with Chengdu Baorui Commercial Management Co., Ltd. (成都寶瑞商業管理有限公司) ("**Chengdu Baorui**"), pursuant to which the Group agreed to engage Chengdu Baorui and its subsidiaries ("**Chengdu Baorui Group**") to provide commercial management services, including but not limited to (i) tenant sourcing; (ii) consultancy and promotion services for marketing and event planning; and (iii) commercial operational services including tenant management and rent collection, to commercial properties owned by the Group (the "**Commercial Management Services**") for a term commencing from the Listing Date to 31 December 2022.

The Directors estimated that the maximum service fees under the Commercial Management Services Framework Agreement for the two years ended 31 December 2021 and year ending 31 December 2021 will not exceed RMB56.5 million, RMB33.9 million and RMB25.5 million, respectively. For the year ended 31 December 2021, the service fees paid by the Group to Chengdu Baorui Group for the Commercial Management Services in aggregate amounted to approximately RMB27.1 million.

Chengdu Baorui is wholly owned by Rong Liang Group. Rong Liang Group is owned as to approximately 33.17% by Mr. Liu Haowei, 33.16% by Mr. Liu Yuhui, 33.16% by Mr. Liu Ce, 0.17% by Ms. Wang Tao, 0.17% by Ms. Long Yiqin and 0.17% by Ms. Hou Sanli. As such, Chengdu Baorui and its subsidiaries are connected persons of the Company for the purpose of the Listing Rules.

3 Property management services

On 16 November 2020, the Company entered into a property management services framework agreement (the "**Property Management Services Framework Agreement**") with Lingyue Property Services Group Co., Ltd. (領悦物業服務集團有限公司) ("**Lingyue Property**"), pursuant to which the Group agreed to engage Lingyue Property and its subsidiaries (the "**Lingyue Property Group**") to provide on-site management services for construction sites, display units and on-site sales offices (the "**On-site Management Services**") and other property management services, including but not limited to, consultancy services prior to delivery of properties and property management services for properties and carparks owned by the Group (collectively, the "**Property Management Services**"). The Property Management Services Framework Agreement has a term commencing from the Listing Date to 31 December 2022.

The Directors estimated that the maximum transaction amounts under the Property Management Services Framework Agreement for the two years ended 31 December 2021 and year ending 31 December 2022 will not exceed RMB95.7 million, RMB128.0 million and RMB151.9 million, respectively. For the year ended 31 December 2021, the service fees paid by the Group to Lingyue Property Group for the Property Management Services in aggregate amounted to approximately RMB127.3 million.

Lingyue Property is 30%-controlled company (as defined in the Listing Rules) of our Ultimate Controlling Shareholders. As such, Lingyue Property and its subsidiaries are connected persons of the Company for the purpose of the Listing Rules.

Confirmation from the independent non-executive directors

Pursuant to Rule 14A.55 of the Listing Rules, all the independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that they have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the respective agreement governing the above continuing connected transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation from the auditors

In accordance with Rule 14A.56 of the Listing Rules, the Group has engaged its auditors to report on the Group's continuing connected transactions. The auditors of the Group have issued a letter to the Board confirming that nothing has come to their attention that causes them to believe that the above continuing connected transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded their respective annual cap.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2021 are disclosed in note 39 to the consolidated financial statements.

The related party transactions as set out in note 39 to the consolidated financial statements also constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The Company has complied with, or otherwise has obtained waivers from the Stock Exchange exempting from, the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transactions or continuing connected transactions entered into by the Group during the year ended 31 December 2021.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of the Shareholders passed on 16 November 2020.

Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined hereinbelow) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Participants

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

(i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;

(ii) any directors (including independent non-executive Directors) of the Company or any of its subsidiaries; and

(iii) any advisors, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

Maximum number of shares available for issue

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, being 100,000,000 Shares, representing approximately 9.74% of the total number of Shares in issue 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 exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to approval of the Shareholders.

Acceptance and exercise of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favor of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The Share Option Scheme does not specify any minimum holding period but the Board has the authority to determine for which a share option must be held before it can be exercised. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

Subscription price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be determined by the Board in its absolute discretion, but in any event must be at least the higher of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date on which such option is offered in writing to the Eligible Participant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which such option is offered in writing to the Eligible Participant; and

(iii) the nominal value of a Share.

Duration of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date up to 9 December 2030. The remaining life of the Share Option Scheme is approximately 8 years and 8 months.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — D. Other Information — 1. Share Option Scheme" in Appendix V to the Prospectus.

As at 31 December 2021, no option had been granted or agreed to be granted under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 31 December 2021, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

(I) interests in shares or underlying shares of the company

Name of Director	Nature of interest	Number of Shares held(1)	Approximate percentage of interest in the Company(2)
Liu Yuhui(3)(4)	Interest in controlled corporation	763,433,000 (L)	74.34%

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The letter "S" denotes the person's short position in the Shares.

(2) Calculated on the basis of 1,026,945,000 Shares in issue as at 31 December 2021.

(3) 230,021,000 and 37,125,000 Shares are held by Yue Lai and Jin Sha Jiang, respectively. Yue Lai and Jin Sha Jiang are wholly owned by Mr. Liu Yuhui. By virtue of SFO, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yue Lai and Jin Sha Jiang.

(4) Pursuant to the Acting in Concert Deed, the Ultimate Controlling Shareholders have agreed and confirmed, among other things, from the date when they became the registered owners and/or beneficial owners of the equity interests in Rong Liang Group and/or Liang Yuan Asset Management until after Listing and to the date when any one of them cease to be the Controlling Shareholders: (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of the Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of the Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of the Group. By virtue of the SFO, each of the Ultimate Controlling Shareholders together with their respective investment holding companies (being Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan) are all deemed to be interested in the total Shares directly held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan. Therefore, Mr. Liu Yuhui is deemed to be interested in the Shares held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan for the purpose of Part XV of the SFO.

(II) interests in shares or underlying shares of the company

Name of Director	Name of associated corporation	Nature of interest	Number of shares held	Approximate percentage of interest(Note)
Mr. Liu Yuhui	Jin Sha Jiang	Beneficial owner	1	100%
	Yue Lai	Beneficial owner	1	100%

Save as disclosed above, as at 31 December 2021, none of the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF PERSONS OTHER THAN THE DIRECTORS AND CHIEF EXECUTIVES

As at 31 December 2021, the following persons, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest/Capacity	Number of Shares held(1)	Approximate percentage of interest in the Company(2)
Mr. Liu Ce (3)(4)	Interest in controlled corporation	763,433,000 (L)	74.34%
Yuan Di(3)(4)	Beneficial owner	209,088,000 (L)	20.36%
Mr. Liu Haowei (3)(5)	Interest in controlled corporation	763,433,000 (L)	74.34%
Ling Yue(3)(5)	Beneficial owner	209,162,250 (L)	20.37%
Ms. Wang Tao(3)(6)	Interest in controlled corporation	763,433,000 (L)	74.34%
Ms. Long Yiqin(3)(7)	Interest in controlled corporation	763,433,000 (L)	74.34%
Ms. Hou Sanli(3)(8)	Interest in controlled corporation	763,433,000 (L)	74.34%
Ms. Lan Tian(9)	Interest of spouse	763,433,000 (L)	74.34%

Name of Shareholder	Nature of interest/Capacity	Number of Shares held[(1)]	Approximate percentage of interest in the Company[(2)]
Mr. Liu Yuqi[(10)]	Interest of spouse	763,433,000 (L)	74.34%
Mr. Liu Shan[(11)]	Interest of spouse	763,433,000 (L)	74.34%
Ms. Chen Ao Ao[(12)]	Interest of spouse	763,433,000 (L)	74.34%
Yue Lai[(3)]	Beneficial owner	230,021,000 (L)	22.40%

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The letter "S" denotes the person's short position in the Shares.

(2) Calculated on the basis of 1,026,945,000 Shares in issue as at 31 December 2021.

(3) Pursuant to the Acting in Concert Deed, the Ultimate Controlling Shareholders have agreed and confirmed, among other things, from the date when they became the registered owners and/or beneficial owners of the equity interests in Rong Liang Group and/or Liang Yuan Asset Management until after Listing and to the date when any one of them cease to be the Controlling Shareholders; (a) they had been and would continue to be parties acting in concert and they have agreed to consult with each other and reach an unanimous consensus among themselves before the decision, implementation and agreement on all material management affairs, votings and/or commercial decisions, including but not limited to financial and operational matters, of any member of the Group; (b) they had casted and would continue to cast their votes as directors and/or shareholders (as appropriate) unanimously for or against all resolutions in all board and shareholders' meetings and discussions of any member of the Group; and (c) they had cooperated and would continue to cooperate with one another to acquire, maintain and consolidate the control and management of the Group. By virtue of the SFO, each of the Ultimate Controlling Shareholders together with their respective investment holding companies (being Yuan Di, Fan Tai, Yue Lai, Jin Sha Jiang, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan) are all deemed to be interested in the total Shares directly held by Yuan Di, Fan Tai, Jin Sha Jiang, Yue Lai, Ling Yue, Lian Rong, San Jiang Yuan, Fu Sheng and Shan Yuan.

(4) 209,088,000 and 37,125,000 Shares are held by Yuan Di and Fan Tai, respectively. Yuan Di and Fan Tai are wholly owned by Mr. Liu Ce. By virtue of SFO, Mr. Liu Ce is deemed to be interested in the Shares held by Yuan Di and Fan Tai.

(5) 209,162,250 and 37,125,000 Shares are held by Ling Yue and Lian Rong, respectively. Ling Yue and Lian Rong are wholly owned by Mr. Liu Haowei. By virtue of SFO, Mr. Liu Haowei is deemed to be interested in the Shares held by Ling Yue and Lian Rong.

(6) 1,262,250 Shares are held by San Jiang Yuan, which is in turn wholly owned by Ms. Wang Tao. By virtue of SFO, Ms. Wang Tao is deemed to be interested in the Shares held by San Jiang Yuan.

(7) 1,262,250 Shares are held by Fu Sheng, which is in turn wholly owned by Ms. Long Yiqin. By virtue of SFO, Ms. Long Yiqin is deemed to be interested in the Shares held by Fu Sheng.

(8) 1,262,250 Shares are held by Shan Yuan, which is in turn wholly owned by Ms. Hou Sanli. By virtue of SFO, Ms. Hou Sanli is deemed to be interested in the Shares held by Shan Yuan.

(9) Ms. Lan Tian, the spouse of Mr. Liu Ce, is deemed to be interested in all the Shares that Mr. Liu Ce is interested in by virtue of the SFO.

(10) Mr. Liu Yuqi, the spouse of Ms. Hou Sanli, is deemed to be interested in all the Shares that Ms. Hou Sanli is interested in by virtue of the SFO.

(11) Mr. Liu Shan, the spouse of Ms. Wang Tao, is deemed to be interested in all the Shares that Ms. Wang Tao is interested in by virtue of the SFO.

(12) Ms. Chen Ao Ao, the spouse of Mr. Liu Haowei, is deemed to be interested in all the Shares that Mr. Liu Haowei is interested in by virtue of the SFO.

Save as disclosed above, as at 31 December 2021, no other person, other than a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-EMPTIVE RIGHTS AND TAX RELIEF OR EXEMPTION

There are no provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands (being the jurisdiction in which the Company was incorporated) which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

The Board is not aware of any tax relief or exemption available to any existing Shareholder by reason of his/her holding of the securities of the Company.

BUSINESS REVIEW

The Group's business review and its future business development are set out in the Chairman's statement on pages 9 to 11 of this annual report. An analysis of the Group's business using financial key performance indicators, and description of the principal risks and uncertainties facing the Group are set out in the Management Discussion and Analysis on pages 12 to 39 of this annual report. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2021 are set out in note 46 to the consolidated financial statements.

A discussion on the Group's environmental policies and performance, its compliance with relevant laws and regulations that have a significant impact on the Group will be set out in the Environmental, Social and Governance Report to be published separately. The Group's relationship with employees, customers and suppliers is set out in the section headed "Relationship with Stakeholders" below.

ENVIRONMENTAL PROTECTION

The Group is subject to a number of environmental and safety laws and regulations in the PRC including the PRC Environmental Protection Law《(中華人民共和國環境保護法》), the PRC Prevention and Control of Noise Pollution Law《(中華人民共和國環境噪聲污染防治法》), the PRC Environmental Impact Assessment Law《(中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects《(建設項目環境保護管理條例》). Pursuant to these laws and regulations, the Group has engaged licensed independent third-party environmental consultants to conduct environmental impact assessments at all of its construction projects, and such environmental impact assessments will be submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, the constructor shall make an acceptance check of the matching environmental protection facilities and prepare an acceptance report according to the standards and procedures stipulated by the competent administrative department of environmental protection under the State Council.

Under typical construction contracts, the Group requires its contractors to strictly comply with relevant environmental laws and regulations. The Group inspects the construction sites regularly and require its contractors to immediately rectify any breach or non-compliance identified.

During the year ended 31 December 2021, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. In addition, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for its projects under development. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2021 to be published in due course in accordance with the Listing Rules.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2021, the Group had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group had obtained all licenses, permits and certificates for the purpose of operating its business.

LITIGATION

During the year ended 31 December 2021, the Company was not involved in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development.

The Group believes that the successful implementation of its growth and business strategies relies on a team of experienced, motivated and well-trained managers and employees at all levels. The Group recruits employees from well-known universities, top property developer companies and large corporations in the PRC. The Group continues to provide professional training to its employees, and has founded "Leading College (領地學院)" to provide various training sessions nurturing core skill sets including but not limited to operation management skills, customized for our employees with different professional experience. The Group engages experts in the industry from China and abroad to offer classes in its Leading College. Through training and education, the Group continues to optimize its workforce. The Group uses commissions, bonuses and to motivate its employees. The Group believes that such measures can effectively attract and retain talents and enhance the performance of its employees.

The Group understands that it is important to maintain good relationship with customers by ensuring its product quality to enhance customer loyalty. To better understand its customers' needs, the Group has conducted customer surveys regularly since 2014. The Group also works with third parties to conduct customer surveys on a yearly basis. Through the surveys, the Group collects its customers' comments and concerns.

The Group's major suppliers are construction material suppliers and construction contractors. During the year ended 31 December 2021, the Group selected suppliers through open tendering/bidding process conducted either by its project companies, or by its headquarters periodically pursuant to a partially-centralized approach adopted by the Group starting from 2019.

CHARITABLE DONATIONS

The donations made by the Group during the year ended 31 December 2021 amounted to RMB7,839,488 (2020: RMB2,751,800).

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, all Directors or other key officers of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all of the Company losses or liabilities which they may sustain or incur arising from or incidental to the execution of their duties.

SUBSEQUENT EVENTS

No material events were undertaken by the Group subsequent to 31 December 2021 and up to this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules provides that there must be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities. This normally means that at least 25% of the issuer's total issued shares must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors, as at the date of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by Ernst & Young, the auditor of the Company. The Company has not changed its auditor since the listing date and up to the date of this report. A resolution for the re-appointment of Ernst & Young as the Company's auditor will be proposed at the forthcoming AGM of the Company.

Leading Holdings Group Limited
Liu Yuhui
Chairman of the Board

Hong Kong, 30 March 2022

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of Leading Holdings Group Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Leading Holdings Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 81 to 184, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Recognition of revenue from sales of properties over time</td></tr>
<tr><td>Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the buyer obtains control of the completed property. For the year ended 31 December 2021, revenue of the Group arising from sales of properties amounted to RMB14,896,948,000, of which RMB1,751,102,000 was recognised over time.

The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer, and thus, the property unit does not have an alternative use to the Group. During the year, significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of a sales contract and the interpretation of the applicable laws that apply to the contract. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management used judgements in interpreting the applicable laws, based on legal counsel opinion, to identify sales contracts with right to payment and those without the right.</td><td>In assessing management's judgements on revenue recognition, we have:

(i) understood and evaluated management's process and procedures in identifying sales contracts with or without right to payment.

(ii) reviewed the key terms of a sample sales contracts to assess the presence of the right to payment based on the contract terms;

(iii) obtained and evaluated the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment; and

(iv) assessed the competence, experience and objectivity of the legal counsel engaged by management.</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time (Continued)	
In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at each year end. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the development costs incurred up to the end of the year as a percentage of total estimated development costs for each property unit in the sale contract. The Group allocates common costs based on types of properties and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end. Given the involvement of significant judgements and estimations, the recognition of revenue from sales of properties over time is considered as a key audit matter. The disclosures of the Revenue from sales of properties are included in notes 2.4, 3 and 5 to the consolidated financial statements.	In respect of the estimation of total development costs and the progress towards complete satisfaction of the performance obligation, we have performed the following procedures: (i) obtained an understanding of the internal controls over the cost budgeting and the estimation of completion process, the internal controls over the generation of cost data of the projects and property units, and evaluated and tested the design and operating effectiveness. (ii) compared the actual development costs of completed projects to management's prior estimations of total development costs to assess the accuracy of management's historical cost estimation and reliability and appropriateness of the cost estimation methodology on a sample basis; (iii) assessed the basis for the allocation of common costs among project units on a sample basis; (iv) compared the cost budgets for the project and property unit under development by to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas on a sample basis; (v) compared the estimated total development costs of the projects and property units under development to the budget approved by management on a sample basis; (vi) tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers, where applicable, on a sample basis; and (vii) checked the mathematical accuracy of the cost allocation and the measurement of progress of the property unit on a sample basis.

Key audit matter	How our audit addressed the key audit matter
Provision for land appreciation tax	
The Group is a property developer in the Mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in the Mainland China is one of the main components of the Group's taxation charge. LAT is levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of reporting period, the management of the Group estimated the provision for LAT based on its understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. When the LAT is subsequently determined, the actual payments may be different from the estimates. Provision for LAT in the Mainland China was significant to the consolidated financial statements during the year and the determination of such provision involved significant management's judgement and interpretation of the relevant tax laws and regulations and practices. Accordingly, provision for LAT is identified as a key audit matter. The disclosures of the provision for land appreciation tax are included in notes 3 and 10 to the consolidated financial statements.	We have performed the following procedures to assess the provision for LAT: i) evaluated and tested the design and operating effectiveness of the key controls of management in the calculation of the provision for land appreciation tax; ii) involved internal tax specialists to assist us in performing a review on the LAT position, including the review of the estimates and assumptions used by the Group and the evaluation of tax exposure based on communications received from the relevant tax authorities; We recalculated the tax provision and compared our results with the amounts recorded by the Group; and iii) assessed the disclosures related to the provision for land appreciation tax in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of investment properties</td></tr>
<tr><td>The Group owns investment properties in the Mainland China which are measured at fair value and their aggregate carrying amount was approximately RMB4,337,400,000 as at 31 December 2021, which represented approximately 6.7% of the Group's total assets. The Group engaged an external valuer to perform the valuation of these properties as at 31 December 2021.

Significant judgement is required to determine the fair values of the investment properties, which reflected market conditions as at the end of the year. The use of different valuation techniques and assumptions could produce significantly different estimates of fair values. Accordingly, the valuation of investment properties is identified as a key audit matter.

The accounting policies and disclosures for the investment properties are included in notes 2.4, 3 and 16 to the consolidated financial statements.</td><td>We have performed the following procedures to address the valuation of investment properties:

(i) evaluated the competency, independence and objectivity of the external valuer, and assessed the valuation approach used by the external valuer;

(ii) with the assistance of our internal valuation experts, assessed the reasonableness of the assumptions such as the capitalisation rate, vacancy rate and sale prices used in the valuations by comparing them to available industry data, taking into consideration comparability and market factors;

(iii) tested the accuracy of the property related data used as inputs for the valuations; and

(iv) evaluated the adequacy of disclosures on the valuation of the investment properties.</td></tr>
</table>

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lawrence K.W. Lau.

Ernst & Young
Certified Public Accountants

Hong Kong
30 March 2022

	Notes	2021 RMB'000	2020 RMB'000
REVENUE	5	**15,054,693**	13,158,083
Cost of sales		**(12,146,556)**	(9,601,853)
Gross profit		**2,908,137**	3,556,230
Other income and gains	5	**157,831**	74,585
Selling and distribution expenses		**(933,430)**	(649,740)
Administrative expenses		**(651,426)**	(573,296)
Fair value gains/(losses) on investment properties		**2,000**	(49,276)
Other expenses		**(62,315)**	(22,975)
Finance costs	7	**(295,189)**	(306,540)
Share of profits and losses of:			
Joint ventures		**104,945**	(29,824)
Associates		**5,597**	17,196
PROFIT BEFORE TAX	6	**1,236,150**	2,016,360
Income tax expense	10	**(599,401)**	(955,792)
PROFIT FOR THE YEAR		**636,749**	1,060,568
Attributable to:			
Owners of the parent		**488,449**	860,311
Non-controlling interests		**148,300**	200,257
		636,749	1,060,568
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted			
— For profit for the year		**RMB0.48**	RMB1.12

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

	2021 *RMB'000*	2020 *RMB'000*
PROFIT FOR THE YEAR	**636,749**	1,060,568
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**636,749**	1,060,568
Attributable to:		
Owners of the parent	**488,449**	860,311
Non-controlling interests	**148,300**	200,257
	636,749	1,060,568

	Notes	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**198,947**	221,873
Investment properties	16	**4,337,400**	4,551,600
Right-of-use assets	15	**45,576**	51,794
Other intangible assets	14	**23,210**	18,268
Investments in joint ventures	17	**718,626**	577,807
Investments in associates	18	**126,962**	561,101
Deferred tax assets	19	**1,191,999**	983,633
Other non-current assets	26	**223,106**	223,382
Total non-current assets		**6,865,826**	7,189,458
CURRENT ASSETS			
Properties under development	21	**39,768,610**	38,657,280
Completed properties held for sale	22	**3,792,932**	2,900,193
Trade receivables	23	**81,089**	72,860
Prepayments, deposits and other receivables	24	**5,475,248**	3,001,028
Due from related companies	39	**1,650,730**	1,149,913
Financial assets at fair value through profit or loss	20	**5,864**	11,026
Other current assets	25	**851,406**	598,232
Tax recoverable		**719,130**	568,088
Restricted cash	27	**778,618**	1,602,975
Pledged deposits	27	**147,168**	144,855
Cash and cash equivalents	27	**4,297,980**	4,177,262
Total current assets		**57,568,775**	52,883,712
CURRENT LIABILITIES			
Trade and bills payables	28	**8,206,233**	6,800,412
Other payables and accruals	29	**4,844,210**	5,789,398
Interest-bearing bank and other borrowings	31	**3,232,482**	4,090,066
Senior notes	32	**950,991**	—
Contract liabilities	30	**25,557,106**	21,592,955
Lease liabilities	15	**2,703**	6,220
Due to related companies	39	**525,868**	225,595
Tax payable	10	**1,649,122**	1,358,474
Total current liabilities		**44,968,715**	39,863,120

	Notes	2021 RMB'000	2020 RMB'000
NET CURRENT ASSETS		**12,600,060**	13,020,592
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,465,886**	20,210,050
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*31*	**7,785,172**	10,167,291
Lease liabilities	*15*	**3,517**	4,824
Deferred tax liabilities	*19*	**845,169**	767,863
Total non-current liabilities		**8,633,858**	10,939,978
Net assets		**10,832,028**	9,270,072
EQUITY			
Equity attributable to owners of the parent			
Share capital	*33*	**8,670**	8,446
Reserves	*34*	**7,872,142**	7,241,954
		7,880,812	7,250,400
Non-controlling interests		**2,951,216**	2,019,672
Total equity		**10,832,028**	9,270,072

Mr. Liu Yuhui
Director

Mr. Luo Changlin
Director

	Attributable to owners of the parent									
	Share capital *RMB'000* *note 33*	Share premium *RMB'000* *note 34(a)*	Merger reserve *RMB'000* *note 34(b)*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000* *note 34(c)*	Retained profits *RMB'000*	Other reserve *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As at 31 December 2020 and 1 January 2021	8,446	1,154,424	3,527,224	35,511	570,472	1,954,323	–	7,250,400	2,019,672	9,270,072
Total comprehensive income for the year	–	–	–	–	–	488,449	–	488,449	148,300	636,749
Issue of new shares	224	127,534	–	–	–	–	–	127,758	–	127,758
Share issue expenses	–	(2,566)	–	–	–	–	–	(2,566)	–	(2,566)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	(141,212)	(141,212)
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	16,771	16,771	(48,771)	(32,000)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	872,757	872,757
Acquisition of subsidiaries that are not businesses	–	–	–	–	–	–	–	–	145,826	145,826
Appropriations to statutory surplus reserve	–	–	–	–	192,508	(192,508)	–	–	–	–
Distribution declared to non-controlling shareholders	–	–	–	–	–	–	–	–	(45,356)	(45,356)
As at 31 December 2021	8,670	1,279,392*	3,527,224*	35,511*	762,980*	2,250,264*	16,771*	7,880,812	2,951,216	10,832,028

	Attributable to owners of the parent								
	Share capital RMB'000 Note 34	Share premium RMB'000 Note 35(a)	Merger reserve RMB'000 Note 35(b)	Capital reserve RMB'000	Statutory surplus reserve RMB'000 Note 35(c)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2019 and 1 January 2020	1	—	3,527,224	35,511	413,744	1,250,740	5,227,220	832,527	6,059,747
Total comprehensive income for the year	—	—	—	—	—	860,311	860,311	200,257	1,060,568
Issue of new shares	2,112	1,200,024	—	—	—	—	1,202,136	—	1,202,136
Issue of ordinary shares upon capitalisation	6,333	(6,333)	—	—	—	—	—	—	—
Share issue expenses	—	(39,267)	—	—	—	—	(39,267)	—	(39,267)
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	1,129,066	1,129,066
Acquisition of subsidiaries that are not businesses	—	—	—	—	—	—	—	13,471	13,471
Appropriations to statutory surplus reserve	—	—	—	—	156,728	(156,728)	—	—	—
Distribution declared to non-controlling shareholders	—	—	—	—	—	—	—	(155,649)	(155,649)
As at 31 December 2020	8,446	1,154,424*	3,527,224*	35,511*	570,472*	1,954,323*	7,250,400	2,019,672	9,270,072

* These reserve accounts comprise the consolidated reserves of RMB7,872,142,000 (2020: RMB7,241,954,000) in the consolidated statement of financial position.

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		**1,236,150**	2,016,360
Adjustments for:			
Depreciation of items of property, plant and equipment	*6,13*	**34,250**	31,956
Depreciation of right-of-use assets	*6,15*	**6,218**	6,511
Amortisation of other intangible assets	*6,14*	**4,318**	2,253
Finance costs	*7*	**295,189**	306,540
Gains on disposal of items of property, plant and equipment	*5,6*	**(1,255)**	—
Gain on disposal of investment properties	*5*	**(29,337)**	—
Share of profits and losses of joint ventures and associates		**(110,542)**	12,628
Gain on disposal of a subsidiary	*5*	**(8,688)**	—
Impairment losses recognised		**24,139**	—
Impairment losses written off for completed properties held for sale	*6,22*	**(1,699)**	(18,441)
Changes in fair value of investment properties	*16*	**(2,000)**	49,276
Interest income	*6*	**(55,470)**	(21,472)
Increase in properties under development and completed properties held for sale		**(1,125,449)**	(5,919,472)
Increase in other current assets		**(253,173)**	(487,681)
Decrease/(increase) in amounts due from related companies		**16,259**	(20,427)
Decrease in restricted cash		**824,357**	34,467
(Increase)/decrease in pledged deposits	*27*	**(2,313)**	13,618
Increase in trade receivables		**(8,229)**	(12,072)
(Increase)/decrease in prepayments and other receivables		**(522,738)**	122,383
Increase in trade and bills payables		**1,602,603**	2,493,451
Decrease in other payables and accruals		**(208,122)**	(1,261,619)
Increase in contract liabilities		**4,656,287**	5,366,788
Increase/(decrease) in amounts due to related companies		**48,275**	(18,792)
Cash generated from operations		**6,419,031**	2,696,255
Interest received		**55,470**	21,472
Tax paid		**(952,106)**	(988,666)
Net cash flows generate from operating activities		**5,522,395**	1,729,061

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS USED IN INVESTING ACTIVITIES			
Disposal of subsidiaries		**51,962**	—
Proceeds from disposal of items of property, plant and equipment	*13*	**2,067**	3
Proceeds from disposal of investment properties	*16*	**245,537**	—
Purchases of items of property, plant and equipment	*13*	**(10,071)**	(15,610)
Purchases of intangible assets	*14*	**(9,260)**	(7,833)
Acquisition of subsidiaries that are not businesses		**(525,619)**	(1,433,100)
Acquisition of joint ventures and associates	*17,18*	**(153,708)**	(472,918)
Dividend received from an associate		**11,270**	—
Recovery of capital injection from associates		**553,700**	—
Purchases of financial assets at fair value through profit or loss		**(2,700)**	(11,026)
Disposals of financial assets at fair value through profit or loss		**7,862**	2,000
Advances to related companies		**—**	(2,935,386)
Repayment of advances to related companies		**—**	2,935,386
Increase in loans to joint ventures and associates		**(265,076)**	(429,153)
Advances to third parties		**(5,087,712)**	(3,084,650)
Repayment of advances to third parties		**2,840,870**	2,286,530
Net cash flows used in investing activities		**(2,340,878)**	(3,165,757)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**127,758**	1,202,136
Share issue expenses		**(2,566)**	(39,267)
Payments of lease liabilities		**(5,251)**	(5,561)
Capital contribution by the non-controlling shareholders		**872,757**	1,129,066
Acquisition of additional interests in subsidiaries		**(32,000)**	—
Advances from related companies		**—**	28,383
Repayment of advances from related companies		**—**	(481,322)
Advances from third parties		**2,247,031**	3,679,397
Repayment of advances from third parties		**(3,237,227)**	(1,083,006)
Proceeds from issue of senior notes		**953,329**	—
New interest-bearing bank and other borrowings raised		**4,697,000**	9,316,177
Repayment of interest-bearing bank and other borrowings		**(7,319,501)**	(7,997,878)
Interest paid		**(1,316,773)**	(1,360,160)
Distribution paid to non-controlling shareholders		**(45,356)**	(155,649)
Net cash flows(used in)/from financing activities		**(3,060,799)**	4,232,316

	Notes	2021 RMB'000	2020 RMB'000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**120,718**	2,795,620
Cash and cash equivalents at beginning of year		**4,177,262**	1,381,642
CASH AND CASH EQUIVALENTS AT END OF YEAR		**4,297,980**	4,177,262
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*27*	**5,223,766**	5,925,092
Less: Restricted cash	*27*	**778,618**	1,602,975
Pledged deposits	*27*	**147,168**	144,855
Cash and cash equivalents as stated in the statement of cash flows		**4,297,980**	4,177,262

1. CORPORATE AND GROUP INFORMATION

Leading Holdings Group limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- Property development
- Commercial property investment and operations
- Hotel operations

The ultimate controlling shareholders of the Company are Mr. Liu Yuhui, Mr. Liu Ce, Mr. Liu Haowei, Ms. Wang Tao, Ms. Long Yiqin and Ms. Hou Sanli (the "Controlling Shareholders").

In the opinion of the directors, the investment holding companies of the Company are Yuan Di Capital Limited, Fan Tai Investment Holding Limited, Yue Lai Investment Limited, Jin Sha Jiang Holding Limited, Ling Yue Capital Holding Limited, Lian Rong Capital Limited, San Jiang Yuan Investment Limited, Fu Sheng Capital Limited and Shan Yuan Holdings Limited, which are incorporated in the British Virgin Islands with limited liability, and controlled by the Controlling Shareholders.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Subsidiaries	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held:				
Leading Group Investment Limited	British Virgin Islands	USD50,000	100%	Investment holding
Du Neng Investment Limited	British Virgin Islands	USD50,000	100%	Investment holding
Indirectly held:				
領地香港有限公司 Leading Hong Kong Holdings Ltd.	Hong Kong	HKD10,000	100%	Investment holding
Du Neng Capital Limited	Hong Kong	HKD10,000	100%	Investment holding

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Subsidiaries	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
成都璽達企業管理有限公司 Chengdu Xida Enterprise Management Co., Ltd. ("Chengdu Xida")	People's Republic of China ("PRC")/Mainland China	USD200,000,000	100%	Investment holding
成都恒禧企業管理諮詢有限公司 Chengdu Hengxi Business Management Co., Ltd. ("Chengdu Hengxi")	PRC/Mainland China	RMB1,500,000,000	100%	Investment holding
領地集團有限公司 Leading Real Estate Group Co., Ltd.	PRC/Mainland China	RMB3,390,000,000	100%	Property development
成都漢景實業有限公司 Chengdu Hanjing Industrial Co., Ltd.	PRC/Mainland China	RMB535,000,000	100%	Property development
成都領跑房地產開發有限公司 Chengdu Lingpao Real Estate Development Co., Ltd.	PRC/Mainland China	RMB50,000,000	70%	Property development
成都新隆置業有限公司 Chengdu Xinlong Real Estate Co., Ltd.	PRC/Mainland China	RMB440,000,000	99.4%	Property development
惠州領地房地產開發有限公司 Huizhou Leading Real Estate Development Co., Ltd.	PRC/Mainland China	RMB100,000,000	100%	Property development
汕尾市領地房地產開發有限公司 Shanwei City Leading Real Estate Development Co., Ltd.	PRC/Mainland China	RMB20,408,200	100%	Property development
吉林省領地房地產開發有限公司 Jilin Province Leading Real Estate Development Co., Ltd. ("Jilin Leading")	PRC/Mainland China	RMB200,000,000	55%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Subsidiaries	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
綿陽市宇航數碼科技有限公司 Mianyang Yuhang Shuma Technology Co., Ltd.	PRC/Mainland China	RMB68,880,000	100%	Technology development
雅安新領域房地產開發有限公司 Yaan Xinlingyu Real Estate Development Co., Ltd.	PRC/Mainland China	RMB50,000,000	100%	Property development
樂山領悦房地產開發有限公司 Leshan Lingyue Real Estate Co., Ltd.	PRC/Mainland China	RMB8,000,000	60%	Property development
樂山華瑞房地產開發有限公司 Leshan Huarui Real Estate Development Co., Ltd.	PRC/Mainland China	RMB80,000,000	70%	Property development
西昌恒量房地產開發有限公司 Xichang Hengliang Leading Real Estate Development Co., Ltd.	PRC/Mainland China	RMB25,000,000	80%	Property development
駐馬店盛世匯通房地產開發有限公司 Zhumadian Shengshihuitong Real Estate Development Co., Ltd.	PRC/Mainland China	RMB40,000,000	70%	Property development
西藏陸地實業有限公司 Xizang Ludi Real Estate Development Co., Ltd.	PRC/Mainland China	RMB10,000,000	100%	Property development
雅安金宏房地產開發有限公司 Yaan Jinhong Real Estate Development Co., Ltd.	PRC/Mainland China	RMB41,000,000	51%	Property development
重慶泛太房地產開發有限公司 Chongqing Fantai Real Estate Development Co., Ltd.	PRC/Mainland China	RMB50,000,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Subsidiaries	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
眉山華瑞宏大置業有限公司 Meishan Huarui Honda Real Estate Development Co., Ltd.	PRC/Mainland China	RMB50,000,000	55%	Property development
攀枝花領悦房地產開發有限公司 Panzhihua Lingyue Real Estate Development Co., Ltd.	PRC/Mainland China	RMB250,000,000	100%	Property development
荊州領悦房地產開發有限公司 Jingzhou Lingyue Real Estate	PRC/Mainland China	RMB50,000,000	100%	Property development
西昌市海誠旅遊開發有限公司 Xichang Haicheng Tourism Development Co., Ltd.	PRC/Mainland China	RMB20,000,000	52.25%	Property development
新疆領地房地產開發有限公司 Xinjiang Leading Real Estate Development Co., Ltd.	PRC/Mainland China	RMB60,000,000	85%	Property development
新疆兆龍誠祥房地產開發有限公司 Xinjiang Zhaolong Chengxiang Real Estate Development Co., Ltd.	PRC/Mainland China	RMB50,000,000	95.25%	Property development
成都悦航房地產開發有限公司 Chengdu Yuehang Real Estate Development Co., Ltd.	PRC/Mainland China	RMB192,469,300	100%	Property development
荊州領創房地產開發有限公司 Jingzhou Lingchuang Real Estate Development Co., Ltd.	PRC/Mainland China	RMB50,000,000	100%	Property development
綿陽鴻遠領悦房地產開發有限公司 Mianyang Hongyuan Lingyue Real Estate Development Co., Ltd. (“Mianyang Hongyuan”)	PRC/Mainland China	RMB20,000,000	50%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Subsidiaries	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
新疆民佰房地產開發有限公司 Xinjiang Minbai Real Estate Development Co., Ltd.	PRC/Mainland China	RMB224,960,000	100%	Property development
庫爾勒領創房地產開發有限公司 Korla Lingchuang Real Estate. Development Co., Ltd.	PRC/Mainland China	RMB60,000,000	100%	Property development
成都港基房地產開發有限公司 Chengdu Gangji Real Estate Development Co., Ltd.	PRC/Mainland China	RMB83,485,321	100%	Property development

Note 1: As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority of voting power and the existing rights of those companies to direct the relevant activities, including but not limited to the budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as they do not have an official English name. The legal form of all the principal subsidiaries disclosed above are limited liability companies.

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.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRS are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the Inter Bank Offered Rate as at 31 December 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met. Additional information about the transition and the associated risks is disclosed in note 45 to the financial statements.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any rent concessions arising as a direct consequence of the COVID-19 pandemic for the period ended 31 December 2021.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) (Continued)

The Group has changed its accounting policy for the classification of the interest paid in the consolidated statement of cash flows. In prior periods, interest paid was classified as cash flows from operating activities, whereas interest paid is now classified as cash flows from financing activities (the "Policy Change"). In the opinion of the directors of the Company, it is more appropriate to classify all cash flows in respect of the Group's borrowings, as cash flows from financing activities in the consolidated statement of cash flows to reflect the nature of the cash flows associated with the Group's borrowings, including the interest paid as a cost of financing, and it will provide more relevant information about the cash flows associated with the borrowings. The directors are also of the opinion that such classification and presentation will provide greater comparability with other industry peers of the Group. The comparative amounts have been restated accordingly.

	2021 (Decrease)/ increase ***RMB'000***	2020 (Decrease)/ increase *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest paid	**1,316,773**	1,360,160
Increase in cash flows related to operating activities	**1,316,773**	1,360,160
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(1,316,773)**	(1,360,160)
Decrease in cash flows related to financing activities	**(1,316,773)**	(1,360,160)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**—**	—

The adoption of the Policy Change has had no impact on the consolidated statements of profit or loss, comprehensive income, financial position and changes in equity.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2,4]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

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 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits issuer to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

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

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

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

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

Business combinations and goodwill

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

Fair value measurement

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

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

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group itself is such a plan) and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

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

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

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

Buildings	4.75%
Hotel properties	4.75%
Motor vehicles	19.00%
Office equipment and electronic devices	19.00%–31.67%
Leasehold improvements	Over the shorter of the lease terms and 31.67%

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

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

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

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

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

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless they will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Intangible assets (other than goodwill)

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

Leases

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

Group as a lessee

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) *Right-of-use assets*

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

Land use right	40 years
Leased properties	1 to 5 years

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

(b) *Lease liabilities*

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

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

The Group applies the short-term lease recognition exemption to its short-term leases of office buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

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

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

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and bills payable, other payables and accruals, financial guarantee contracts, lease liabilities, amounts due to related companies and interest-bearing and other borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial liabilities at fair value through profit or loss (Continued)

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Financial guarantee contracts

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

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the debt component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Senior notes (Continued)

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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

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

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

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

Sale of properties

Revenue from the sale of properties is recognised over time when the Group's performance under the sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue from the sale of properties is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Sale of properties (Continued)

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

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

Project Management

The Group provides management services to its customers at a fixed or variable amount. If the consideration is variable, revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The Group recognises revenue from management services over a period of time where the customer simultaneously receives and consumes the benefits provided by the Group or the Group has an enforceable right to payments for performance completed to date and the performance does not create an asset with an alternative use.

Hotel operation

Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is generally recognised at the point in time when the services are rendered.

Revenue from other sources

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

Other income

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

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

Contract liabilities

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

Pension scheme

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain portion of these payroll costs to the central pension scheme. The only obligation of the Company with respect to the central pension scheme is to make the required contributions. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. The Board has resolved not to declare any dividend for the year ended 31 December 2021.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition

Revenue from the sale of properties is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer, and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of the sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgements.

In assessing whether the Group has an enforceable right to payment for its sales contract, the Group has obtained legal counsel's opinion regarding the enforceability of the right to payment including an assessment on the contractual terms as well as any legislation that could supplement or override those contractual terms, and conducted an evaluation of any existence of circumstances that could restrict the Group to enforce its right to payment for specific performance. Management uses judgements, based on legal counsel's opinion, to classify sales contracts into those with right to payment and those without the right. Management will reassess their judgements on a regular basis to identify and evaluate the existence of any circumstances that could affect the Group's enforceable right to payment and the implication on the accounting for the sales contract.

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation, or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Revenue recognition

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for each property unit in the contract. The Group calculated the cost allocation based on the type of properties, gross and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard monthly cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information, including but not limited to, the cost to achieve the schedule. Changes in cost estimates in future periods can affect the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for properties under development and completed properties held for sale (Continued)

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Advance payments received from customers provides a significant financing benefit to the Group. Although the Group is required to place all deposits and periodic payments received from the pre-completion sales in a stakeholder's account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for the expended construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

PRC corporate income tax ("CIT")

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2021 was RMB4,337,400,000 (2020: RMB4,551,600,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 16 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

(a)	Property development;	Development and sale of properties and project management
(b)	Commercial property investment and operations;	Property leasing
(c)	Hotel operations.	Hotel operations

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

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The Group's operations are mainly conducted in Mainland China. Management considered that there is no reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2021	Property development RMB'000	Commercial property investment and operations RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	**14,901,045**	**104,446**	**49,202**	**15,054,693**
Segment results	**1,673,304**	**73,513**	**18,585**	**1,765,402**
Reconciliation:				
Interest income				**28,621**
Finance costs				**(295,189)**
Corporate and other unallocated expenses				**(262,684)**
Profit before tax from continuing operations				**1,236,150**
Segment assets	**58,257,837**	**5,996,888**	**132,598**	**64,387,323**
Reconciliation:				
Corporate and other unallocated assets				**47,278**
Total assets				**64,434,601**
Segment liabilities	**49,162,351**	**4,235,211**	**182,625**	**53,580,187**
Reconciliation:				
Corporate and other unallocated liabilities				**22,386**
Total liabilities				**53,602,573**

Year ended 31 December 2020	Property development RMB'000	Commercial property investment and operations RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	13,032,493	84,396	41,194	13,158,083
Segment results	2,500,076	254	13,478	2,513,808
Reconciliation:				
Interest income				18,859
Finance costs				(306,540)
Corporate and other unallocated expenses				(209,767)
Profit before tax from continuing operations				2,016,360
Segment assets	53,564,568	6,066,106	256,747	59,887,421
Reconciliation:				
Corporate and other unallocated assets				185,749
Total assets				60,073,170
Segment liabilities	45,941,981	4,544,342	297,906	50,784,229
Reconciliation:				
Corporate and other unallocated liabilities				18,869
Total liabilities				50,803,098

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 RMB'000	2020 RMB'000
Revenue from contracts with customers		
Sale of properties	**14,896,948**	13,027,945
Hotel operations	**49,202**	41,194
Project management	**4,097**	4,548
Revenue from other sources		
Gross rental income from investment property operating leases	**104,446**	84,396
	15,054,693	13,158,083

Revenue from contracts with customers

(a) *Disaggregated revenue information*

For the year ended 31 December 2021

Segments	Property development RMB'000	Project management operations RMB'000	Hotel operations RMB'000	Total RMB'000
Types of goods or services				
Sale of properties	14,896,948	—	—	14,896,948
Hotel operations	—	—	49,202	49,202
Project management services	—	4,097	—	4,097
Total revenue from contracts with customers	14,896,948	4,097	49,202	14,950,247
Timing of revenue recognition				
Sale of properties transferred at a point in time	13,145,846	—	—	13,145,846
Sale of properties transferred over time	1,751,102	—	—	1,751,102
Services transferred over time	—	4,097	49,202	53,299
Total revenue from contracts with customers	14,896,948	4,097	49,202	14,950,247

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2020

Segments	Property development *RMB'000*	Commercial property investment and operations *RMB'000*	Hotel operations *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of properties	13,027,945	—	—	13,027,945
Hotel operations	—	—	41,194	41,194
Project management services	—	4,548	—	4,548
Total revenue from contracts with customers	13,027,945	4,548	41,194	13,073,687
Timing of revenue recognition				
Sale of properties transferred at a point in time	10,928,118	—	—	10,928,118
Sale of properties transferred over time	2,099,827	—	—	2,099,827
Services transferred over time	—	4,548	41,194	45,742
Total revenue from contracts with customers	13,027,945	4,548	41,194	13,073,687

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2021 ***RMB'000***	2020 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**9,445,773**	8,563,407

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

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

Sale of properties

For property sales contracts, the Group receives payments from customers based on billing schedules as established in the contracts. Payments are usually received in advance of the performance under the contracts.

Hotel operations

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the service.

Property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are sometimes required before rendering the service. Property management service contracts are for periods of one year or less, or are billed based on the time incurred.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021 ***RMB'000***	2020 *RMB'000*
Amounts expected to be recognised as revenue		
Within one year	**18,703,556**	15,035,861
After one year	**6,791,963**	7,612,850
	25,495,519	22,648,711

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties that is to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) *Performance obligations* (Continued)

	2021 RMB'000	2020 RMB'000
Other income and gains		
Bank interest income	**28,621**	18,859
Interest income from associates and joint ventures *(note 39)*	**15,512**	2,613
Interest income from third parties	**11,337**	—
Management consulting service fees charged to joint ventures and associates *(note 39)*	**9,117**	29,321
Government grants	**5,232**	13,336
Commercial compensation	**29,963**	6,757
Gain on disposal of items of property, plant and equipment	**1,255**	—
Gain arising on disposal of investment properties	**29,337**	—
Gain arising on disposal of a subsidiary	**8,688**	—
Foreign exchange differences, net	**12,348**	—
Others	**6,421**	3,699
	157,831	74,585

6. PROFIT BEFORE TAX

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

	Notes	2021 RMB'000	2020 RMB'000
Cost of properties sold	22	**12,060,567**	9,555,460
Cost of hotel operations	22	**30,617**	27,716
Impairment losses recognised for completed properties held for sale	22	**24,139**	—
Impairment losses written off for completed properties held for sale	22	**(1,699)**	(18,441)
Depreciation of items of property, plant and equipment	13	**34,250**	31,956
Amortisation of other intangible assets	14	**4,319**	2,253
Amortisation of right-of-use assets	15	**6,218**	6,511
Gain on disposal of items of property, plant and equipment	5	**(1,255)**	—
Lease payments not included in the measurement of lease liabilities	15(b)	**5,735**	6,315
Auditor's remuneration		**3,800**	5,295
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**377,695**	343,131
Pension scheme contributions and social welfare		**33,859**	33,868

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 RMB'000	2020 RMB'000
Interest on bank loans and other loans	**1,308,324**	1,364,258
Interest on pre-sales deposits	**900,683**	828,500
Total interest expense on financial liabilities not at fair value through profit or loss	**2,209,007**	2,192,758
Less: Interest capitalised	**(1,913,818)**	(1,886,218)
	295,189	306,540

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2021 RMB'000	2020 RMB'000
Fees	**90**	114
Other emoluments:		
Salaries, allowances and benefits in kind	**2,233**	2,055
Performance-related bonuses*	**1,155**	1,360
Pension scheme contributions and social welfare	**276**	146
	4,564	3,675

* Certain executive directors of the Company are entitled to bonus payments which are associated with the profit after tax of the Group.

(a) Independent non-executive directors

Mr. Fang Min, Ms. Jin Xu and Ms. Liang Yunxing were appointed as independent non-executive directors of the Company on 16 November 2020.

	2021 RMB'000	2020 RMB'000
Mr. Fang Min	**30**	38
Ms. Jin Xu	**30**	38
Ms. Liang Yunxing	**30**	38
	90	114

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors and the chief executive

2021

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance-related bonuses *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
Executive directors:					
— Mr. Liu Yuhui	**—**	**456**	**—**	**69**	**525**
— Mr. Luo Changlin	**—**	**602**	**576**	**69**	**1,247**
— Ms. Zeng Xurong	**—**	**573**	**281**	**69**	**923**
— Ms. Hou Xiaoping	**—**	**602**	**298**	**69**	**969**
	—	**2,233**	**1,155**	**276**	**3,664**

2020

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance-related bonuses *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
Executive directors:					
— Mr. Liu Yuhui	—	456	—	36	492
— Mr. Luo Changlin	—	565	555	38	1,158
— Ms. Zeng Xurong	—	496	335	36	867
— Ms. Hou Xiaoping	—	538	470	36	1,044
	—	2,055	1,360	146	3,561

Mr. Liu Yuhui is the chief executive officer and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included nil directors (2020: nil directors). Details of directors' remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining five (2020: five) highest paid employee who is neither a director nor chief executive of the Company are as follows:

	2021	2020
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**4,828**	3,634
Performance-related bonuses	**2,261**	4,015
Pension and social welfare	**346**	182
	7,435	7,831

The remuneration of the non-director and non-chief executive highest paid employee fell within the following bands as follows:

	Number of employees	
	2021	2020
Nil to HKD1,000,000	**—**	—
HKD1,000,001 to HKD1,500,000	**—**	—
HKD1,500,001 to HKD2,000,000	**4**	4
HKD2,000,001 to HKD2,500,000	**1**	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.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2021.

Subsidiaries of the Group operating in Mainland China, except for Tibet Ludi Industrial Co., Ltd. ("Tibet Ludi") and Tibet Hengliang Industrial, Co., Ltd. ("Tibet Hengliang"), are subject to PRC corporate income tax at a rate of 25% for the year. Tibet Ludi and Tibet Hengliang enjoyed a preferential CIT rate of 15% during the year ended December 2021.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2021	2020
	RMB'000	*RMB'000*
Current tax:		
PRC corporate income tax	**554,516**	695,307
PRC LAT	**221,277**	493,220
Deferred tax *(note 19)*	**(176,392)**	(232,735)
Total tax charge for the year	**599,401**	955,792

10. INCOME TAX (Continued)

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

	2021 RMB'000	2020 RMB'000
Profit before tax	**1,236,150**	2,016,360
At the statutory income tax rate	**309,038**	504,090
Lower tax rate(s) for specific provinces or enacted by local authority	**4,163**	(223)
Profits and losses attributable to joint ventures and an associate	**(27,636)**	3,157
Expenses and cost not deductible for tax	**80,707**	57,826
Deductible temporary differences utilised from previous years	**(4,785)**	(5,283)
Deductible temporary differences and tax losses not recognised	**71,956**	26,310
Provision for LAT	**221,277**	493,220
Tax effect on LAT	**(55,319)**	(123,305)
Tax charge at the Group's effective rate	**599,401**	955,792

Tax payable in the consolidated statement of financial position represents the following:

	2021 RMB'000	2020 RMB'000
Tax payable		
PRC corporate income tax	**899,007**	658,922
PRC LAT	**750,115**	699,552
Total tax payable	**1,649,122**	1,358,474

11. DIVIDENDS

The Board proposed no final dividend for the year ended 31 December 2021 (2020: Nil).

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,026,575,890 (2020: 765,027,322) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2021 and 2020 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

The calculations of basic and diluted earnings per share are based on:

	2021 ***RMB'000***	2020 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**488,449**	860,311

	Number of shares	
	2021	2020
Shares		
Issue of shares on 15 July 2019	**1**	1
Issue of shares on 25 September 2019	**9,999**	9,999
Issue of shares on 31 December 2019	**50,000**	50,000
Issue of shares on 10 December 2020	**999,940,000**	999,940,000
Issue of shares on 6 January 2021	**26,945,000**	—
Shares issued at year end	**1,026,945,000**	1,000,000,000
Number of ordinary shares used in the basic earnings per share calculation	**1,026,575,890**	765,027,322

13. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles *RMB'000*	Office equipment and electronic devices *RMB'000*	Buildings *RMB'000*	Hotel properties *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
31 December 2021						
At 31 December 2020 and 1 January 2021:						
Cost	53,011	52,304	63,992	111,600	86,978	367,885
Accumulated depreciation	(43,679)	(37,527)	(13,815)	(10,602)	(40,389)	(146,012)
Net carrying amount	9,332	14,777	50,177	100,998	46,589	221,873
At 1 January 2021, net of accumulated depreciation	9,332	14,777	50,177	100,998	46,589	221,873
Additions	2,976	2,541	—	—	4,554	10,071
Disposal of a subsidiary	—	(12)	—	—	—	(12)
Acquisition of subsidiaries that are not businesses	—	81	—	—	1,996	2,077
Disposals	(737)	(75)	—	—	—	(812)
Depreciation provided during the year	(3,523)	(5,318)	(3,502)	(5,301)	(16,606)	(34,250)
At 31 December 2021, net of accumulated depreciation	8,048	11,994	46,675	95,697	36,533	198,947
At 31 December 2021:						
Cost	55,250	54,839	63,992	111,600	93,528	379,209
Accumulated depreciation	(47,202)	(42,845)	(17,317)	(15,903)	(56,995)	(180,262)
Net carrying amount	8,048	11,994	46,675	95,697	36,533	198,947

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Motor vehicles *RMB'000*	Office equipment and electronic devices *RMB'000*	Buildings *RMB'000*	Hotel properties *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2020							
At 31 December 2019 and 1 January 2020:							
Cost	47,971	47,622	61,583	111,600	80,908	435	350,119
Accumulated depreciation	(41,782)	(32,494)	(10,945)	(5,301)	(23,534)	—	(114,056)
Net carrying amount	6,189	15,128	50,638	106,299	57,374	435	236,063
At 1 January 2020, net of accumulated depreciation	6,189	15,128	50,638	106,299	57,374	435	236,063
Additions	4,888	4,652	—	—	6,070	—	15,610
Acquisition of subsidiaries that are not businesses	155	30	1,974	—	—	—	2,159
Disposals	(3)	—	—	—	—	—	(3)
Transfers from construction in progress	—	—	435	—	—	(435)	—
Depreciation provided during the year	(1,897)	(5,033)	(2,870)	(5,301)	(16,855)	—	(31,956)
At 31 December 2020, net of accumulated depreciation	9,332	14,777	50,177	100,998	46,589	—	221,873
At 31 December 2020:							
Cost	53,011	52,304	63,992	111,600	86,978	—	367,885
Accumulated depreciation	(43,679)	(37,527)	(13,815)	(10,602)	(40,389)	—	(146,012)
Net carrying amount	9,332	14,777	50,177	100,998	46,589	—	221,873

As at 31 December 2021, certain of the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB95,697 (2020: 100,998,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

14. INTANGIBLE ASSETS

	2021 RMB'000	2020 RMB'000
At 1 January		
Cost	**28,074**	20,241
Accumulated amortisation	**(9,806)**	(7,553)
Cost at 1 January, net of accumulated amortisation	**18,268**	12,688
Additions	**9,260**	7,833
Amortisation provided during the year	**(4,318)**	(2,253)
At 31 December	**23,210**	18,268
Cost	**37,335**	28,074
Accumulated amortisation	**(14,125)**	(9,806)
Net carrying amount	**23,210**	18,268

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office properties and office equipment used in its operations. Leases of office properties generally have lease terms between one and five years, while office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The recognised right-of-use assets relate to the following types of assets:

	2021 RMB'000	2020 RMB'000
Land use right	**39,727**	41,241
Leased properties	**5,849**	10,553
Total right-of-use assets	**45,576**	51,794

The land use right is held for self-use. The Group has lease contracts for office buildings. The lease term is one to five years. Amortisation expenses have been charged to administrative expenses and cost of sales.

15. LEASES (Continued)

The Group as a lessee (Continued)

(a) ***Right-of-use assets*** (Continued)

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2021 *RMB'000*	2020 *RMB'000*
Land use right		
Carrying amount at the beginning of the year	**41,241**	42,756
Depreciation provided during the year	**(1,514)**	(1,515)
Carrying amount at the end of the year	**39,727**	41,241

Part of the Group's land use right with an aggregate carrying amount of approximately RMB18,320,000 as at 31 December 2021 (2020: 19,021,000) has been pledged to secure bank and other borrowings granted to the Group (note 31).

	2021 *RMB'000*	2020 *RMB'000*
Leased properties		
Carrying amount at the beginning of the year	**10,553**	13,900
Additions	**—**	1,649
Depreciation provided during the year	**(4,704)**	(4,996)
Carrying amount at the end of the year	**5,849**	10,553

15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2021 *RMB'000*	2020 *RMB'000*
Lease liabilities		
Carrying amount at the beginning of the year	**11,044**	14,289
New leases	**—**	1,649
Accretion of interest recognised during the year	**427**	667
Payments	**(5,251)**	(5,561)
Carrying amount at the end of the year	**6,220**	11,044
Analysed into:		
Current portion	**2,703**	6,220
Non-current portion	**3,517**	4,824

The maturity analysis of lease liabilities is disclosed in note 42 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 *RMB'000*	2020 *RMB'000*
Interest on lease liabilities	**427**	667
Depreciation charge of right-of-use assets	**4,704**	6,511
Expense relating to short-term leases	**5,735**	6,315
Total amount recognised in profit or loss	**10,866**	13,493

(d) The total cash outflows for leases are disclosed in note 35(c) to the financial statements.

15. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 16) consisting of three commercial properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. As at the 31 December 2021, rental income recognised by the Group during the year was RMB104,446,000 (31 December 2020: RMB84,396,000), details of which are included in note 5 to the financial statements.

At 31 December 2021, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2021 ***RMB'000***	2020 *RMB'000*
Within one year	**123,994**	95,238
In the second to fifth years, inclusive	**296,741**	302,005
After five years	**98,643**	104,558
	519,378	501,801

16. INVESTMENT PROPERTIES

	Completed ***RMB'000***
Carrying amount at 1 January 2020	4,580,800
Disposal	(14,124)
Acquisition of a subsidiary	34,200
Net loss from a fair value adjustment	(49,276)
Carrying amount at 31 December 2020 and 1 January 2021	4,551,600
Disposal	**(216,200)**
Net gain from a fair value adjustment	**2,000**
Carrying amount at 31 December 2021	**4,337,400**

16. INVESTMENT PROPERTIES (Continued)

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2021 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB4,337,400,000 (2020: RMB4,551,600,000). The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

Certain of the Group's investment properties with an aggregate carrying amounts of approximately RMB1,465,979,000 as at 31 December 2021 (2020: RMB1,380,627,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2020 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Commercial properties				
Completed	—	—	4,551,600	4,551,600

	Fair value measurement as at 31 December 2021 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Recurring fair value measurement for	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Commercial properties				
Completed	**—**	**—**	**4,337,400**	**4,337,400**

16. INVESTMENT PROPERTIES (Continued)

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range or weighted average 2021	2020
Completed investment	Income capitalization method	Estimated rental value (RMB per sq.m. and per month)	**34–460**	48–500
		Capitalisation rate	**5.0%–5.50%**	5.0%–5.50%

The fair value of completed investment properties is determined by the income capitalisation method by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalisation rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of investment properties under construction is determined by using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items:

- Estimated construction cost to be expensed to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated profit margin, the lower is the fair value of the investment properties under construction.

17. INVESTMENTS IN JOINT VENTURES

	2021 RMB'000	2020 RMB'000
Share of net assets	**718,626**	577,807

The Group's trade and other receivable and payable balances with joint ventures are disclosed in note 39 to the financial statements.

(a) Particulars of the Group's joint ventures

Name of company	Place and date of registration	Paid-in capital RMB'000	Percentage of ownership interest attributable to the Group	Principal activities
四川省瑞與祥房地產開發有限公司 Sichuan Ruiyuxiang Real Estate Development Co., Ltd. ("Sichuan Ruiyuxiang")	E'meishan, PRC 14 January 2014	10,000	61.2% *(note i)* *(note (b))*	Property development
樂山恒邦置業發展有限公司 Leshan Hengbang Real Estate Development Co., Ltd. ("Leshan Hengbang")	Leshan, PRC 4 January 2010	50,000	48% *(note ii)* *(note (b))*	Property development

Note i: Sichuan Ruiyuxiang had two shareholders holding 61.2% and 38.8% equity interests, respectively. Pursuant to the articles of association of Sichuan Ruiyuxiang, all shareholders' resolutions of Sichuan Ruiyuxiang shall be resolved by the two shareholders on a unanimous basis. In light of this requirement, Sichuan Ruiyuxiang is accounted for as a joint venture of the Company notwithstanding that the Company held a 61.2% equity interest during the reporting period.

Note ii: Leshan Hengbang had two shareholders holding 52% and 48% equity interests, respectively. Pursuant to the articles of association of Leshan Hengbang, all shareholders' resolutions of Leshan Hengbang shall be resolved by the two shareholders on a unanimous basis. In light of this requirement, Leshan Hengbang is accounted for as a joint venture of the Company notwithstanding that the Company held a 48% equity interest during the reporting period.

17. INVESTMENTS IN JOINT VENTURES (Continued)

(b) Sichuan Ruiyuxiang, which is considered as a material joint venture of the Group for the years ended 31 December 2020 and 2021, co-develops a property development project with another joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Sichuan Ruiyuxiang adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2021	2020
	RMB'000	*RMB'000*
Current assets	**259,475**	367,040
Non-current assets	**—**	4,548
Current liabilities	**(131,683)**	(278,269)
Non-current liabilities	**—**	—
Net assets	**127,792**	93,319
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**61.2%**	61.2%
The Group's share of net assets of the joint venture	**78,209**	57,111
Revenue	**186,160**	246
Expenses	**(133,685)**	(18,438)
Tax	**(18,002)**	4,548
Net profit/(loss) and total comprehensive income/(loss) for the year	**34,473**	(13,644)

17. INVESTMENTS IN JOINT VENTURES (Continued)

(b) (Continued)

Leshan Hengbang, which is considered as a material joint venture of the Group for the years ended 31 December 2020 and 2021, co-develops a property development project with another joint venture partner in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Leshan Hengbang adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2021 *RMB'000*	2020 *RMB'000*
Current assets	**812,100**	1,230,671
Non-current assets	**636**	2,431
Current liabilities	**(444,314)**	(960,196)
Non-current liabilities	**—**	(155,000)
Net assets	**368,422**	117,906
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**48%**	48%
The Group's share of net assets of the joint venture	**176,843**	56,595
Revenue	**935,654**	1,341
Expenses	**(546,293)**	(7,084)
Tax	**(138,844)**	1,689
Net profit/(loss) and total comprehensive income/(loss) for the year	**250,517**	(4,054)

17. INVESTMENTS IN JOINT VENTURES (Continued)

(c) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2021 RMB'000	2020 RMB'000
Share of the joint ventures' loss for the year	**(36,400)**	(19,528)
Share of the joint ventures' total comprehensive loss	**(36,400)**	(19,528)
Aggregate carrying amount of the Group's investments in the joint ventures	**463,574**	464,101

18. INVESTMENTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Share of net assets	**126,962**	561,101

The Group's trade and other receivable and payable balances with associates are disclosed in note 39 to the financial statements.

(a) Particulars of the Group's associates

Name of company	Place and date of registration	Paid-in capital RMB'000	Percentage of ownership interest attributable to the Group	Principal activities
成都金凱盛瑞房地產開發有限公司 Chengdu Jinkaishengrui Real Estate Development Co., Ltd. ("Chengdu Jinkaishengrui") *(note (b))*	Chengdu, PRC 9 January 2018	150,000	49.00% *(note (b))*	Property development

18. INVESTMENTS IN ASSOCIATES (Continued)

(b) Chengdu Jinkaishengrui, which is considered as a material associate of the Group for the years ended 31 December 2020 and 2021, is a strategic partner of the Group engaged in property development and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Chengdu Jinkaishengrui adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2021	2020
	RMB'000	*RMB'000*
Current assets	**31,576**	487,050
Non-current assets	**66**	137
Current liabilities	**(9,825)**	(342,083)
Non-current liabilities	**(1,324)**	—
Net assets	**20,493**	145,104
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**49%**	49%
Group's share of net assets of the associate	**10,042**	71,101
Revenue	**5,324**	910,278
Expenses	**32,774**	(852,149)
Tax	**(9,709)**	(23,035)
Net profit and total comprehensive income for the year	**28,389**	35,094

(c) The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	2021	2020
	RMB'000	*RMB'000*
Share of the associate's loss for the year	**(8,314)**	—
Share of the associate's total comprehensive loss	**(8,314)**	—
Carrying amount of the Group's investment in the associate	**116,920**	490,000

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Impairment of assets RMB'000	Accrued development cost RMB'000	Expenses for offsetting against future taxable profits RMB'000	Unrealised revenue in contract liabilities RMB'000	Financial guarantee contracts RMB'000	Accrued land value-added tax RMB'000	Lease liabilities RMB'000	Total RMB'000
At 31 December 2019 and 1 January 2020	95,653	9,771	61,721	36,672	532,269	294	79,313	509	816,202
Acquisition of subsidiaries	25,331	—	—	—	—	—	—	—	25,331
Deferred tax credited/(charged) to profit or loss during the year	95,298	438	(3,738)	(22,764)	117,359	(273)	95,575	166	282,061
At 31 December 2020 and 1 January 2021	**216,282**	**10,209**	**57,983**	**13,908**	**649,628**	**21**	**174,888**	**675**	**1,123,594**
Acquisition of a subsidiary	**3,250**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**3,250**
Disposal of a subsidiary	**(48,581)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(48,581)**
Deferred tax credited/(charged) to profit or loss during the year	**7,367**	**(2,022)**	**66,088**	**(1,622)**	**153,347**	**(21)**	**18,655**	**108**	**241,900**
At 31 December 2021	**178,318**	**8,187**	**124,071**	**12,286**	**802,975**	**—**	**193,543**	**783**	**1,320,163**

Deferred tax liabilities

	Fair value adjustment arising from investment properties RMB'000	Recognition of revenue over time RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 31 December 2019	601,981	245,548	412	847,941
Acquisition of a subsidiary	10,557	—	—	10,557
Deferred tax charged to profit or loss during the year	14,990	34,195	141	49,326
At 31 December 2020	**627,528**	**279,743**	**553**	**907,824**
Deferred tax charged to profit or loss during the year	**22,720**	**42,651**	**137**	**65,508**
At 31 December 2021	**650,248**	**322,394**	**690**	**973,332**

19. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2021 *RMB'000*	2020 *RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**1,191,999**	983,633
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(845,169)**	(767,863)
	346,830	215,770

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2020 and 2021, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

As at 31 December 2021, the aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB4,781,143,000 (31 December 2020: RMB1,935,644,000).

As at 31 December 2021, the Group had unutilised tax losses arising in the PRC of approximately RMB227,733,000 (31 December 2020: RMB161,125,000), that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets amounting to approximately RMB24,981,000 as at 31 December 2021 (31 December 2020: RMB22,477,000) have not been recognised in respect of the deductible temporary differences, as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RMB'000	2020 RMB'000
Unlisted fund investments, at fair value	**5,864**	11,026

The unlisted investments were wealth management products.

21. PROPERTIES UNDER DEVELOPMENT

	2021 RMB'000	2020 RMB'000
At the beginning of the year	**38,657,280**	27,983,574
Additions	**12,500,927**	17,361,150
Acquisition of subsidiaries that are not businesses	**1,586,149**	4,433,536
Transferred to completed properties held for sale *(note 22)*	**(12,975,746)**	(11,120,980)
At the end of the year	**39,768,610**	38,657,280

The Group's properties under development are situated on leaseholds lands in Mainland China.

As at 31 December 2021, certain of the Group's properties under development with an aggregate carrying amount of approximately RMB18,806,887,000 (31 December 2020: RMB12,733,997,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

22. COMPLETED PROPERTIES HELD FOR SALE

	2021 RMB'000	2020 RMB'000
Carrying amount at the beginning of the year	**2,900,193**	1,296,666
Acquisition of a subsidiary that is not a business	**—**	5,442
Transferred from properties under development *(note 21)*	**12,975,746**	11,120,980
Transferred to cost of sales *(note 6)*	**(12,060,567)**	(9,541,336)
Impairment losses recognition *(note 6)*	**(24,139)**	—
Impairment losses written off *(note 6)*	**1,699**	18,441
Carrying amount at the end of the year	**3,792,932**	2,900,193

Certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB177,780,000 as at 31 December 2021 (2020: RMB494,645,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

22. COMPLETED PROPERTIES HELD FOR SALE (Continued)

The movements in provision for impairment of completed properties held for sale are as follows:

	2021 *RMB'000*	2020 *RMB'000*
At the beginning of the year	**(40,338)**	(58,779)
Impairment losses recognition	**(24,137)**	—
Impairment losses written off *(Note 6)*	**1,699**	18,441
At the end of the year	**(62,776)**	(40,338)

The value of completed properties held for sale is assessed at the end of each of the reporting period. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses.

23. TRADE RECEIVABLES

	2021 *RMB'000*	2020 *RMB'000*
Trade receivables	**81,089**	72,860

Trade receivables mainly represent the receivables from the sale of properties. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Property buyers are generally granted credit terms of 1 month to 1 year. Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date, is as follows:

	2021 *RMB'000*	2020 *RMB'000*
Less than 1 year	**74,775**	33,530
Over 1 year	**6,314**	39,330
	81,089	72,860

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

23. TRADE RECEIVABLES (Continued)

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on the evaluation on the expected loss rate and the gross carrying amount, the directors of the Company are of the opinion that the expected credit losses in respect of these balances are immaterial, and therefore, no provision has been made for a loss allowance.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Prepayments for construction cost	**71,522**	95,849
Other deposits	**318,761**	312,441
Other tax recoverable	**1,581,808**	1,334,734
Advance to staff	**5,341**	4,835
Due from non-controlling shareholders of the subsidiaries	**3,511,981**	1,263,340
Due from third parties	**25**	1,825
Other prepayments	**14,694**	13,705
Other receivables	**50,853**	52,479
Impairment	**(79,737)**	(78,180)
	5,475,248	3,001,028

The movements in the loss allowance for impairment of other receivables are as follows:

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**78,180**	77,427
Impairment losses recognised	**1,557**	753
At the end of the year	**79,737**	78,180

25. OTHER CURRENT ASSETS

	2021	2020
	RMB'000	*RMB'000*
Deferred commission for agents	**851,406**	598,232

26. OTHER NON-CURRENT ASSETS

	2021 RMB'000	2020 RMB'000
Deposits for property developments	**223,106**	223,382

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	2021 RMB'000	2020 RMB'000
Cash and bank balances	**5,223,766**	5,925,092
Less: Restricted cash	**778,618**	1,602,975
Pledged deposits	**147,168**	144,855
Cash and cash equivalents	**4,297,980**	4,177,262
Denominated in RMB	**4,269,226**	4,101,149
Denominated in HK$	**3,507**	72,125
Denominated in US$	**25,243**	3,359
Denominated in AUD$	**4**	629
	4,297,980	4,177,262

In accordance with relevant government requirements, certain property development companies of the Group are required to place in designated bank accounts a certain amount of pre-sale proceeds as guarantee deposits for the constructions of the related properties. The restricted cash can only be used for payments for construction costs of the relevant properties when approval from the related government authority is obtained. Such restricted cash will be released after the completion of construction of the related properties. As at 31 December 2021, such restricted cash amounted to RMB767,055,000 (31 December 2020: RMB1,358,701,000). The restricted cash also included construction loan mortgage amounting to RMB8,295,000 (31 December 2020: RMB236,533,000). As at 31 December 2021, the restricted cash amounting to RMB3,268,000 was frozen by the People's Court due to lawsuits (31 December 2020: RMB7,741,000).

As at 31 December 2021, bank deposits of RMB147,168,000 were pledged as security for purchasers' mortgage loans (31 December 2020: RMB144,855,000).

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS (Continued)

As at 31 December 2021, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on the 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

28. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of each reporting period, based on the invoice date, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Less than 1 year	**7,644,769**	6,381,590
Over 1 year	**561,464**	418,822
	8,206,233	6,800,412

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

29. OTHER PAYABLES AND ACCRUALS

	2021	2020
	RMB'000	*RMB'000*
Deposits related to construction	**461,072**	379,026
Advance from non-controlling shareholders of subsidiaries	**2,574,445**	3,564,642
Maintenance fund	**23,229**	18,768
Advance from third parties	**1,259**	1,259
Payroll and welfare payable	**82,341**	91,640
Tax and surcharges	**93,241**	82,591
Deposits related to the sale of properties	**61,026**	82,541
Interest payable	**32,741**	54,860
Share consideration payable	**847,283**	678,060
Accrued liabilities	**7,368**	7,368
Payable related to land acquisition	**625,667**	770,873
Financial guarantee contracts	**—**	82
Others	**34,538**	57,688
	4,844,210	5,789,398

30. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2021 *RMB'000*	2020 *RMB'000*
Contract liabilities	**25,557,106**	21,592,955

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2021			31 December 2020		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured			**—**	8.00	2021	91,200
Current portion of long term bank loans — secured	**4.78–10.08**	**2022**	**2,083,953**	5.21–9.31	2021	764,477
Current portion of long term other loans — secured	**8.79–14.01**	**2022**	**1,148,529**	8.82–13.31	2021	3,234,389
			3,232,482			4,090,066
Non-current						
Bank loans — secured	**4.78–10.08**	**2023–2035**	**5,454,927**	5.21–10.12	2022–2035	6,530,220
Bank loans — unsecured			**—**	6.17	2023	800,803
Other loans — secured	**8.25–12.61**	**2023–2026**	**2,120,255**	8.82–13.36	2022–2023	2,836,268
Other loans — unsecured	**12.46**	**2023–2026**	**209,990**			—
			7,785,172			10,167,291
			11,017,654			14,257,357

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Bank and other borrowings

	2021 RMB'000	2020 RMB'000
Analysed into:		
Repayable within one year	**3,232,482**	4,090,066
Repayable in the second year	**3,924,755**	7,328,913
Repayable in the third to fifth years, inclusive	**2,173,379**	1,248,501
Repayable beyond five years	**1,687,038**	1,589,877
	11,017,654	14,257,357

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period:

	Notes	2021 RMB'000	2020 RMB'000
Property, plant and equipment	*13*	**95,697**	100,998
Land use right	*15*	**18,320**	19,021
Investment properties	*16*	**1,465,979**	1,380,627
Properties under development	*21*	**18,806,887**	12,733,997
Completed properties held for sale	*22*	**177,780**	494,645

As at the 31 December 2021, certain of the Group's bank and other borrowings with an aggregate amount of RMB6,390,053,000 was secured by share charges in respect of the equity interests of certain subsidiaries of the Group (31 December 2020: RMB7,899,640,000).

32. SENIOR NOTES

	31 December 2021				31 December 2020			
	Principal at original currency	Contractual interest	Maturity	*RMB'000*	Principal at original currency	Contractual interest	Maturity	*RMB'000*
Senior notes due 2022 ("2022 notes I")	**150,000**	**12**	**2022.6.27**	**950,991**				–

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
The Group's senior notes were repayable as follows:		
Repayable within one year	**950,991**	—

On 28 June 2021, the Company issued 2022 notes I at a coupon rate of 12% due on 27 June 2022 with an aggregate principal amount of US$150,000,000, the Company had raised net proceeds of US$147,571,850 (after deduction of the underwriting discount and commissions and other expenses).

At any time and from time to time prior to 27 June 2022, the Company may redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 112.0% of the principal amount of the notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The above senior notes are guaranteed by Leading Group Investment Limited, Du Neng Investment Limited, Du Neng Capital Limited and Leading Hong Kong Holdings Ltd.

33. SHARE CAPITAL

	31 December 2021	31 December 2020
Issued and fully paid:		
Authorised:		
10,000,000,000 (2020: 10,000,000,000) ordinary shares HK$0.01 each (2020: HK$0.01 each)	**10,000,000,000**	10,000,000,000
	RMB'000	*RMB'000*
Issued and fully paid:		
1,026,945,000 (2020: 1,000,000,000) ordinary shares of HK$0.01 each (2020: HK$0.01 each)	**8,670**	8,446

On 6 January 2021, the over-allotment option was fully exercised and the Company allotted and issued 26,945,000 ordinary shares at a subscription price of HKD5.69 per share pursuant to the exercise of the over-allotment option.

34. RESERVES

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2020 and 2021 are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the reorganisation.

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(d) Other reserve

Other reserve represents the change in net assets attributable to the Group in relation to changes in ownership interests in subsidiaries without obtaining or losing of control.

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB Nil (2020: RMB1,649,000) in respect of lease arrangements for leased properties.

(b) Changes in liabilities arising from financing activities:

	Interest-bearing bank and other borrowings RMB'000	Due to related companies RMB'000	Senior notes RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2020	11,755,179	727,263	—	14,289	12,496,731
Cash flows from/(used in) financing activities	1,318,299	(452,939)	—	(5,561)	859,799
Cash flows from non-financing activities	—	(48,729)	—	—	(48,729)
Increase from acquisition of a subsidiary	1,200,902	—	—	—	1,200,902
New lease	—	—	—	1,649	1,649
Non-cash changes — accrual of interest	(17,023)	—	—	667	(16,356)
As at December 2020	**14,257,357**	**225,595**	**—**	**11,044**	**14,493,996**
Cash flows from/(used in) financing activities	**(2,622,501)**	**—**	**950,991**	**(5,251)**	**(1,676,761)**
Cash flows from non-financing activities	**—**	**300,273**	**—**	**—**	**300,273**
Increase from acquisition of a subsidiary	**177,216**	**—**	**—**	**—**	**177,216**
Decrease from disposal of a subsidiary	**(810,000)**	**—**	**—**	**—**	**(810,000)**
Non-cash changes — accrual of interest	**15,582**	**—**	**—**	**427**	**16,009**
As at December 2021	**11,017,654**	**525,868**	**950,991**	**6,220**	**12,500,733**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 RMB'000	2020 RMB'000
Within operating activities	**6,162**	6,982
Within financing activities	**5,251**	5,561
	11,413	12,543

36. ACQUISITION OF SUBSIDIARIES THAT ARE NOT BUSINESSES

During the year ended 31 December 2021, the Group acquired certain assets through acquisition of subsidiaries. The following table summarises the financial information in relation to the acquisition of subsidiaries.

A summary of the acquisitions of subsidiaries that are not a business during the year is as follows:

	2021 RMB'000	2020 RMB'000
Property, plant and equipment	**2,077**	2,159
Properties under development	**1,586,150**	4,433,536
Prepayments, deposits and other receivables	**261,318**	166,753
Investment properties	**—**	34,200
Completed properties held for sale	**—**	5,442
Deferred tax assets	**3,250**	25,331
Cash and cash equivalents	**80,558**	110,814
Trade and bills payables	**(17,926)**	(248,588)
Other payables, deposits received and accruals	**(682,993)**	(1,289,011)
Interest-bearing bank and other borrowings	**(177,216)**	(1,200,902)
Contract liability	**(103,870)**	—
Tax payable	**(10,888)**	—
Deferred tax liabilities	**—**	(10,557)
Non-controlling interests	**(145,826)**	(13,471)
Net assets acquired	**940,460**	2,029,177
Reclassification from pre-existing interests in a joint venture to investment in a subsidiary	**(145,826)**	(13,471)
Satisfied by:		
Cash	**91,893**	1,494,039
Cash consideration payable	**686,915**	508,196
Analysis of cash flows on acquisition:		
Cash and bank balances acquired	**80,558**	110,814
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(11,334)**	(1,383,225)

37. CONTINGENT LIABILITIES

At the end of the reporting period, the financial guarantees not provided for in the consolidated financial statements were as follows:

	Notes	2021 RMB'000	2020 RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(1)	**17,686,613**	11,594,320
Guarantees given to banks and other institutions in connection with facilities granted to related parties	(2)	**978,468**	1,497,640

Notes:

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans. Upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the reporting period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The directors of the Company considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore, no provision has been made in connection with the guarantees.

(2) The Group provided guarantees to banks and other institutions in connection with borrowings made to the related companies. As of 31 December 2021, none allowance (31 December 2020: RMB82,000) was provided for as a result of the guarantees provided to the related companies and third parties.

38. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2021 RMB'000	2020 RMB'000
Contracted, but not provided for:		
Property development activities	**12,991,323**	22,456,963
Capital contributions for the acquisition of subsidiaries	**26,000**	508,195
Capital contributions to subsidiaries	**2,084,360**	1,233,250
Capital contributions to joint ventures	**203,309**	15,000
	15,304,992	24,213,408

39. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

The following operating transactions were carried out with related parties during the reporting period:

	2021 *RMB'000*	2020 *RMB'000*
Advances from related companies:		
Joint ventures	**1,211,653**	539,588
Associate	**528,568**	—
Companies controlled by the then parent company	**—**	22,409
Companies controlled by certain directors and/or their close family members	**—**	5,974
Repayment of advances from related companies:		
Joint ventures	**959,654**	653,158
Associate	**528,568**	—
The then parent company	**—**	442,939
Companies controlled by the then parent company	**—**	22,409
Companies controlled by the director of the Company	**—**	10,000
Companies controlled by certain directors and/or their close family members	**—**	5,974
Advances to related companies:		
Associate	**708,987**	—
Joint ventures	**714,665**	1,475,392
The then parent company	**—**	2,935,386
Repayment of advances to related companies:		
Joint ventures	**906,576**	1,159,809
The then parent company	**—**	2,935,386

39. RELATED PARTY TRANSACTIONS (Continued)

(1) Significant related party transactions (Continued)

The following non-operating transactions were carried out with related parties during the reporting period:

	2021 *RMB'000*	2020 *RMB'000*
Rental income from companies controlled by the then parent company* *(note 1)*	**4,662**	4,156
Property sales from companies controlled by the shareholders *(note 1)*	**—**	2,155
Property management fee to companies controlled by the shareholders* *(note 1)*	**127,326**	95,454
Management consulting service income from joint ventures and associates* *(note 1)*	**9,117**	29,321
Project management fee to companies controlled by the then parent company* *(note 1)*	**27,144**	55,539
Raw materials purchased from companies controlled by certain directors and/or their close family members* *(note 1)*	**4,838**	24,189
Interest income from joint ventures and associates *(note 1)*	**15,512**	2,613

Note 1: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties incurred.

* The related party transactions above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(2) Other transactions with related parties

As at 31 December 2021, the Group has guaranteed certain of the bank and other borrowings made to its joint ventures up to RMB978,468,000 (31 December 2020: RMB1,497,640,000).

39. RELATED PARTY TRANSACTIONS (Continued)

(3) Outstanding balances with related parties

	2021 RMB'000	2020 RMB'000
Balances relating to non-operating activities		
Due from related parties:		
Due from shareholders	**1**	1
Due from joint associates	**708,987**	—
Due from joint ventures	**929,920**	1,121,830
	1,638,908	1,121,831
Due to related parties:		
Due to joint ventures	**373,971**	121,972
Balances relating to operating activities		
Due from related parties:		
Due from joint ventures	**11,655**	25,880
Due from companies controlled by the then parent company	**167**	2,202
	11,822	28,082
Due to related parties:		
Due to companies controlled by the shareholders	**149,319**	98,622
Due to companies controlled by certain directors and/or their close family members	**2,578**	5,001
	151,897	103,623

Balances with the above related parties except for the balances with two joint ventures were unsecured, non-interest-bearing and repayable on demand.

39. RELATED PARTY TRANSACTIONS (Continued)

(4) Compensation of key management personnel of the Group:

	2021 RMB'000	2020 RMB'000
Short-term employee benefits	**11,932**	13,536
Pension scheme contributions	**692**	437
Total compensation paid to key management personnel	**12,624**	13,973

Further details of directors' emoluments are included in note 8 to the financial statements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2021

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
Financial assets included in prepayments, deposits and other receivables	**3,881,620**	**—**	**3,881,620**
Trade receivables	**81,089**	**—**	**81,089**
Due from related companies	**1,650,730**	**—**	**1,650,730**
Financial assets at fair value through profit or loss	**—**	**5,864**	**5,864**
Restricted cash	**778,618**	**—**	**778,618**
Pledged deposits	**147,168**	**—**	**147,168**
Cash and cash equivalents	**4,297,980**	**—**	**4,297,980**
	10,837,205	**5,864**	**10,843,069.00**

40. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2021 (Continued)

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	**8,206,233**
Financial liabilities included in other payables and accruals	**2,631,674**
Interest-bearing bank and other borrowings	**11,017,654**
Lease liabilities	**6,220**
Financial guarantee contracts	**—**
Due to related companies	**525,868**
	22,387,649

31 December 2020

Financial assets

	Financial assets at amortised cost *RMB'000*	Financial assets at FVPL *RMB'000*	Total *RMB'000*
Financial assets included in prepayments, deposits and other receivables	1,630,083	—	1,630,083
Trade receivables	72,860	—	72,860
Due from related companies	1,149,913	—	1,149,913
Financial assets at fair value through profit or loss	—	11,026	11,026
Restricted cash	1,602,975	—	1,602,975
Pledged deposits	144,855	—	144,855
Cash and cash equivalents	4,177,262	—	4,177,262
	8,777,948	11,026	8,788,974

40. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2020 (Continued)

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade and bills payables	6,800,412
Financial liabilities included in other payables and accruals	3,639,529
Interest-bearing bank and other borrowings	14,257,357
Lease liabilities	11,044
Financial guarantee contracts	82
Due to related companies	225,595
	24,934,019

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each reporting period, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*	**31 December 2021** *RMB'000*	31 December 2020 *RMB'000*
Financial liability				
Interest-bearing bank and other borrowings *(note 31)*	**11,017,654**	14,257,357	**11,012,308**	14,538,051
Provision for financial guarantee contracts *(note 37)*	—	82	—	82

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, trade receivables, financial assets included in prepayments and other receivables, trade and bills payables, senior notes, financial liabilities included in other payables and accruals and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

For the fair values of the financial assets at fair value through profit or loss, management has estimated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's corporate finance team headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

The Group invests wealth management products issued by financial institutions in Mainland China. The Group has estimated the fair value by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks and classified them into Level 2 financial instruments.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, restricted cash, pledged deposits, trade and other receivables, trade and bills payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 31. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables are held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB40,816,000 and RMB31,915,000 for the years ended 31 December 2020 and 2021, respectively.

(b) Credit risk

The Group classifies financial instruments on the basis of shared credit risk characteristics, such as the instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally from one to twelve months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The Group applies the 12-month expected loss approach to provide for expected credit losses prescribed by IFRS 9, and the Group accounts for its credit risk by appropriately providing for the expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for other receivables and adjusts for forward-looking macroeconomic data. The Group applies the lifetime expected loss approach to financial assets that are credit-impaired at the reporting date, but that are not purchased or originated credit-impaired. The expected loss rate of these receivables is assessed to be 100%.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	81,089	81,089
Financial assets included in prepayments and other receivables					
— Normal**	3,881,620	—	—	—	3,881,620
— Doubtful**	—	—	73,082	—	73,082
Due from related companies					
— Normal**	1,650,730	—	—	—	1,650,730
Restricted cash					
— Not yet past due	778,618	—	—	—	778,618
Pledged deposits					
— Not yet past due	147,168	—	—	—	147,168
Cash and cash equivalents					
— Not yet past due	4,297,980	—	—	—	4,297,980
Guarantees given to banks and other institutions in connection with facilities granted to related parties					
— Not yet past due	978,468	—	—	—	978,468
	11,734,584	—	73,082	81,089	11,888,755

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	—	—	—	72,860	72,860
Financial assets included in prepayments and other receivables					
— Normal**	1,630,083	—	—	—	1,630,083
— Doubtful**	—	—	75,382	—	75,382
Due from related companies					
— Normal**	1,149,913	—	—	—	1,149,913
Restricted cash					
— Not yet past due	1,602,975	—	—	—	1,602,975
Pledged deposits					
— Not yet past due	144,855	—	—	—	144,855
Cash and cash equivalents					
— Not yet past due	4,177,262	—	—	—	4,177,262
Guarantees given to banks and other institutions in connection with facilities granted to related parties					
— Not yet past due	1,497,640	—	—	—	1,497,640
	10,202,728	—	75,382	72,860	10,350,970

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 23 to the financial statements. There is no significant concentration of credit risk.

** The credit quality of amounts due from related companies and the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of each reporting period, based on contractual undiscounted payments, is as follows:

	On demand *RMB'000*	Less than 3 months *RMB'000*	3 to 12 months *RMB'000*	Over 1 year *RMB'000*	Total *RMB'000*
31 December 2021					
Interest-bearing bank and other borrowings	**—**	**788,899**	**3,298,919**	**9,372,036**	**13,459,854**
Trade and bills payables	**7,287,476**	**508,717**	**410,040**	**—**	**8,206,233**
Financial liabilities included in other payables and accruals	**2,584,550**	**—**	**—**	**—**	**2,584,550**
Guarantees given to banks in connection with facilities granted to related parties	**—**	**16,000**	**360,000**	**602,468**	**978,468**
Lease liabilities	**425**	**802**	**1,604**	**3,708**	**6,539**
Due to related companies	**—**	**525,868**	**—**	**—**	**525,868**
	9,872,451	**1,840,286**	**4,070,563**	**9,978,212**	**25,761,512**

	On demand *RMB'000*	Less than 3 months *RMB'000*	3 to 12 months *RMB'000*	Over 1 year *RMB'000*	Total *RMB'000*
31 December 2020					
Interest-bearing bank and other borrowings	—	793,147	4,906,752	10,652,444	16,352,343
Trade and bills payables	5,844,194	429,211	526,737	—	6,800,142
Financial liabilities included in other payables and accruals	3,639,529	—	—	—	3,639,529
Guarantees given to banks in connection with facilities granted to related parties	—	—	50,000	1,447,640	1,497,640
Lease liabilities	1,157	2,180	3,728	6,310	13,375
Due to related companies	—	225,595	—	—	225,595
	9,484,880	1,450,133	5,487,217	12,106,394	28,528,624

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, senior notes, trade and bills payables, other payables and accruals, amounts due to related companies and lease liabilities, less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of each reporting period were as follows:

	2021 *RMB'000*	2020 *RMB'000*
Trade and bills payables	**8,206,233**	6,800,412
Other payables and accruals	**4,844,210**	5,789,398
Interest-bearing bank and other borrowings	**11,017,654**	14,257,357
Due to related companies	**525,868**	225,595
Senior notes	**950,991**	—
Lease liabilities	**6,220**	11,044
Less: Cash and cash equivalents	**4,297,980**	4,177,262
Net debt	**21,253,196**	22,906,544
Equity attributable to owners of the parent	**7,876,220**	7,250,400
Capital and net debt	**29,129,416**	30,156,944
Gearing ratio	**73%**	76%

43 PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

31 December 2021

	Percentage of equity interest held by non-controlling interests %	Profit/(loss) for the year allocated to non-controlling interests RMB'000	Accumulated balances of non-controlling interests RMB'000
Jilin Leading	45	(9,398)	204,457
Pixian Shengda	45	14,990	225,020
Yaan Lingyue	49	(3,949)	172,599
Yaan Yuandi	47	(7,450)	188,586

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Jilin Leading RMB'000	Pixian Shengda RMB'000	Mianyang Sanhe RMB'000	Sichuan Yuandi RMB'000
Revenue	12,787	1,656	1,411	15,228
Total expenses	(33,931)	13,419	(12,861)	(36,360)
Income tax credit	259	18,236	3,391	5,283
(Loss)/profit and total comprehensive (loss)/ income for the year	(20,885)	33,311	(8,059)	(15,851)
Current assets	117,745	971,608	490,818	573,349
Non-current assets	632,094	65,883	3,316	12,313
Current liabilities	(266,863)	(792,906)	(169,286)	(184,582)
Non-current liabilities	(28,626)	—	—	—
Net cash flows used in operating activities	(29,438)	(48,758)	(154,638)	(124,017)
Net cash flows from investing activities	65,132	48,339	15,290	47,273
Net cash flows (used in)/from financing activities	(26,000)	—	140,582	77,000
Net increase/(decrease) in cash and cash equivalents	9,694	(419)	1,234	256

43 PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

31 December 2020

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*
Jilin Leading	45	(37,386)	225,556
Pixian Shengda	45	76,521	185,073
Mianyang Sanhe	35	48,124	76,659
Sichuan Yuandi	43	1,633	3,671

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Jilin Leading	Pixian Shengda	Mianyang Sanhe	Sichuan Yuandi
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	11,751	333,368	645,499	15,339
Total expenses	(121,776)	(68,028)	(420,291)	(10,469)
Income tax credit/(expense)	26,946	(95,293)	(87,710)	(1,072)
(Loss)/profit and total comprehensive (loss)/ profit for the year	(83,079)	170,047	137,498	3,798
Current assets	133,308	990,057	460,034	83,367
Non-current assets	656,699	77,007	8,767	10,193
Current liabilities	(262,857)	(655,790)	(249,775)	(85,024)
Non-current liabilities	(25,914)	—	—	—
Net cash flows used in operating activities	(95,812)	(71,765)	(62,794)	(120,663)
Net cash flows from investing activities	91,658	159,821	63,098	129,275
Net cash flows used in financing activities	—	(90,000)	—	(1,000)
Net (decrease)/increase in cash and cash equivalents	(4,154)	(1,944)	304	7,612

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 *RMB'000*	2020 *RMB'000*
NON-CURRENT ASSET		
Investment in subsidiaries	**35,512**	35,512
Total non-current asset	**35,512**	35,512
CURRENT ASSETS		
Due from shareholders	**1**	1
Cash and cash equivalents	**28,608**	73,418
Prepayments and other receivables	**623**	—
Due from subsidiaries	**2,168,155**	1,086,543
Total current assets	**2,197,387**	1,159,962
CURRENT LIABILITY		
Senior notes	**950,991**	—
Due to subsidiaries	**58,602**	593
Total current liability	**1,009,593**	593
NET CURRENT ASSETS	**1,187,794**	1,159,369
TOTAL ASSETS LESS CURRENT LIABILITY	**1,223,306**	1,194,881
Net assets	**1,223,306**	1,194,881
EQUITY		
Share capital	**8,670**	8,446
Reserves	**1,214,636**	1,186,435
Total equity	**1,223,306**	1,194,881

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's share capital and reserves is as follows:

	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2021 and 31 December 2020	**8,446**	**1,154,424**	**35,511**	**(3,500)**	**1,194,881**
Loss and total comprehensive loss for the year	**—**	**—**	**—**	**(96,767)**	**(96,767)**
Issue of new shares	**224**	**127,534**	**—**	**—**	**127,758**
Share issue expenses	**—**	**(2,566)**	**—**	**—**	**(2,566)**
Balance at 31 December 2021	**8,670**	**1,279,392**	**35,511**	**(100,267)**	**1,223,306**
Balance at 1 January 2020	1	—	35,511	—	35,512
Loss and total comprehensive loss for the year	—	—	—	(3,500)	(3,500)
Issue of new shares	2,112	1,200,024	—	—	1,202,136
Issue of ordinary shares upon capitalisation	6,333	(6,333)	—	—	—
Share issue expenses	—	(39,267)	—	—	(39,267)
Balance at 31 December 2020	8,446	1,154,424	35,511	(3,500)	1,194,881

45. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the consolidated financial information, due to the Policy Change during the current year, the presentation of certain items in the consolidated statement of cash flows has been revised to comply with the new accounting policy. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current period's presentation.

46. EVENTS AFTER REPORTING PERIOD

As at the date of this report, no significant event has taken place subsequent to 31 December 2021.

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2022.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CONTINUING OPERATIONS REVENUE	**15,054,693**	13,158,083	7,568,164	4,513,903	5,338,629
Cost of sales	**(12,146,556)**	(9,601,853)	(5,465,778)	(2,903,916)	(4,266,146)
GROSS PROFIT	**2,908,137**	3,556,230	2,102,386	1,609,987	1,072,483
Other income and gains	**157,831**	74,585	44,826	59,693	11,397
Selling and marketing expenses	**(933,430)**	(649,740)	(400,004)	(409,132)	(224,001)
Administrative expenses	**(651,426)**	(573,296)	(532,747)	(349,598)	(158,894)
Other expenses	**2,000**	(22,975)	(13,667)	(68,322)	(24,980)
Fair value gains/(loss) on investment properties	**(62,315)**	(49,276)	160,840	295,121	490,798
Finance costs	**(295,189)**	(306,540)	(230,381)	(127,269)	(83,831)
Share of profits and losses of:					
Joint ventures	**104,945**	(29,824)	3,758	(32,696)	(5,185)
Associates	**5,597**	17,196	(7,046)	(12,549)	(5,000)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**1,236,150**	2,016,360	1,127,965	965,235	1,072,787
Income tax expense	**(599,401)**	(955,792)	(469,688)	(464,277)	(399,898)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**636,749**	1,060,568	658,277	500,958	672,889
Profit/(loss) for the year from discontinued operations	**—**	—	14,036	16,733	(23,936)
PROFIT/(LOSS) FOR THE YEAR	**636,749**	1,060,568	672,313	517,691	648,953
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	**—**	—	—	—	—
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	**636,749**	1,060,568	672,313	517,691	648,953
Attributable to:					
Owner of the parent	**488,449**	860,311	544,825	420,886	613,860
Non-controlling interests	**148,300**	200,257	127,488	96,805	35,093
	636,749	1,060,568	672,313	517,691	648,953
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted	**RMB0.48**	RMB1.12	N/A	N/A	N/A

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Year ended 31 December				
	2021	2020	2019	2018	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets	**6,865,826**	7,189,458	6,366,177	6,057,982	5,145,195
Current assets	**57,568,775**	52,883,712	35,683,949	22,430,370	11,220,711
LIABILITIES					
Non-current liabilities	**8,633,858**	10,939,978	6,709,673	5,253,751	3,357,134
Current liabilities	**44,968,715**	39,863,120	29,280,706	17,343,292	8,647,451
NET ASSETS	**10,832,028**	9,270,072	6,059,747	5,891,309	4,361,321
EQUITY					
Equity attributable to owners of the parent					
Share capital	**8,670**	8,446	1	—	—
Reserves	**7,872,142**	7,241,954	5,227,219	5,231,884	3,775,073
	7,880,812	7,250,400	5,227,220	5,231,884	3,775,073
Non-controlling interests	**2,951,216**	2,019,672	832,527	659,425	586,248
TOTAL EQUITY	**10,832,028**	9,270,072	6,059,747	5,891,309	4,361,321