



AGILE GROUP HOLDINGS LIMITED
雅居樂集團控股有限公司
(Incorporated in the Cayman Islands with limited liability) Stock Code: 3383

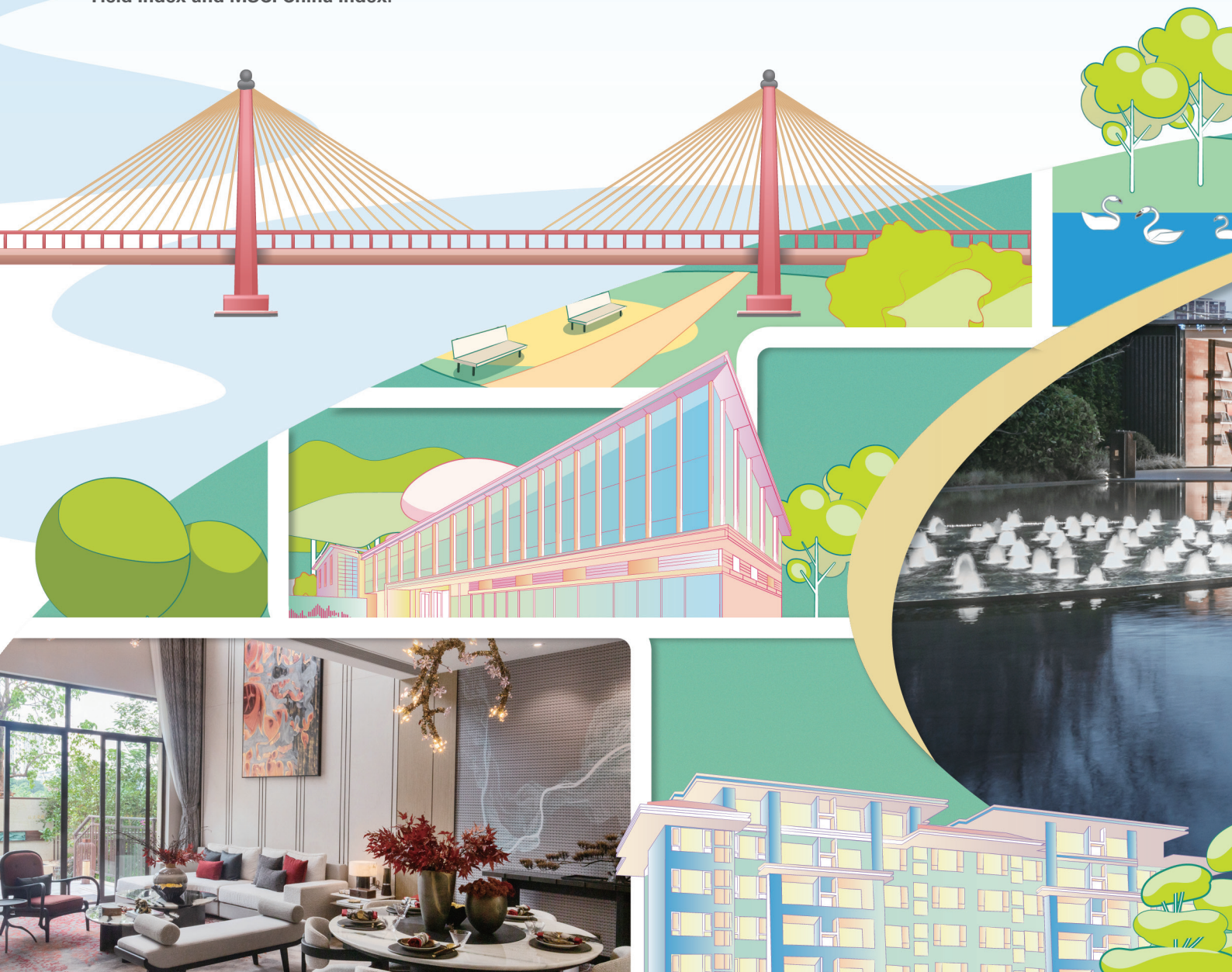
2021 ANNUAL REPORT



CORPORATE PROFILE

Agile Group Holdings Limited (Stock Code: 3383) and its subsidiaries are principally engaged in the development of large-scale mixed-use property projects, with extensive presence in the businesses such as property management, environmental protection and construction. As a renowned brand in China, the Group has established diversified businesses in various cities and districts in China and overseas. As at 31 December 2021, the Group has a land bank with a total planned GFA of 47.37 million sq.m..

Shares of Agile have been listed on the Main Board of Hong Kong Stock Exchange since 2005 and are constituent stocks of Hang Seng Composite Index, Hang Seng Composite MidCap Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng Stock Connect Greater Bay Area Index, Hang Seng Stock Connect China 500 Index, Hang Seng High Dividend Yield Index, Hang Seng China High Dividend Yield Index and MSCI China Index.



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FINANCIAL HIGHLIGHTS

Income Statement Highlights

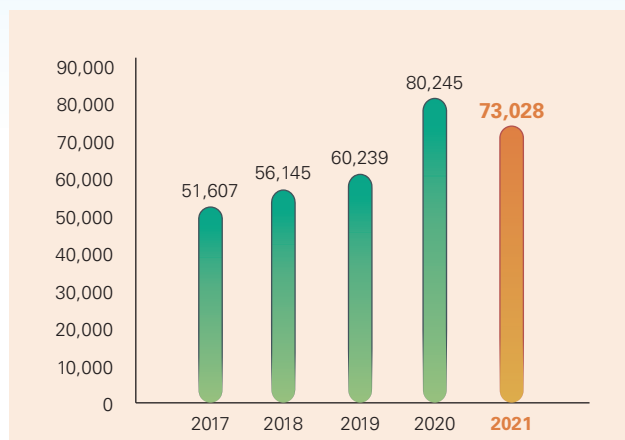
	For the year ended 31 December		Change
	2021	2020	
Revenue (RMB million)	73,028	80,245	–9.0%
Gross profit (RMB million)	19,021	24,102	–21.1%
Gross profit margin	26.0%	30.0%	–4.0 percentage points
Net profit (RMB million)	9,098	12,249	–25.7%
Net profit margin	12.5%	15.3%	–2.8 percentage points
Profit attributable to shareholders of the Company (RMB million)	6,712	9,475	–29.2%
Basic earnings per share (RMB)	1.729	2.440	–29.1%
Distributed interim dividend per ordinary share (HK cents)	50.0	50.0	–
Proposed final dividend per ordinary share (HK cents)	–	60.0	Not applicable
Full year dividend per ordinary share (HK cents)	50.0	110.0	–54.5%

Balance Sheet Highlights

	As at 31 December		Change
	2021	2020	
Total assets (RMB million)	316,560	313,765	+0.9%
Cash and cash equivalents (RMB million)	22,803	41,926	–45.6%
Restricted cash (RMB million)	15,618	8,939	+74.7%
Short-term borrowings (RMB million)	29,580	38,569	–23.3%
Long-term borrowings (RMB million)	54,294	59,244	–8.4%
Shareholders' equity (RMB million)	54,239	50,816	+6.7%
Return on equity ("ROE")	12.4%	18.6%	–6.2 percentage points
Total debt/total assets	26.5%	31.2%	–4.7 percentage points
Net debt/total equity	50.8%	61.0%	–10.2 percentage points

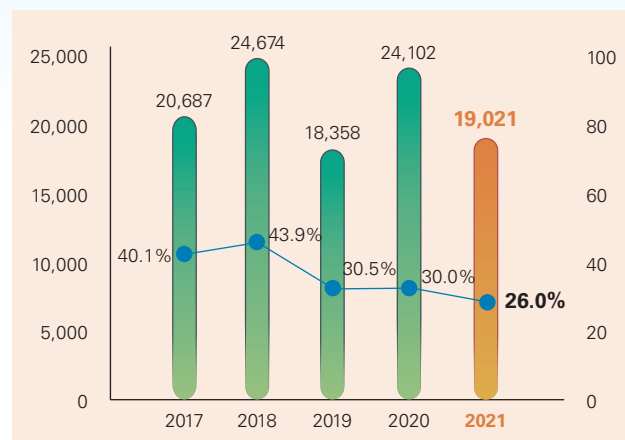
Revenue

(RMB million)



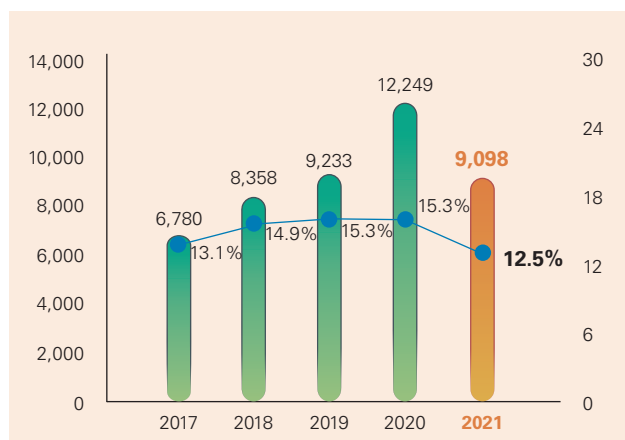
Gross Profit and Gross Profit Margin

(RMB million/%)



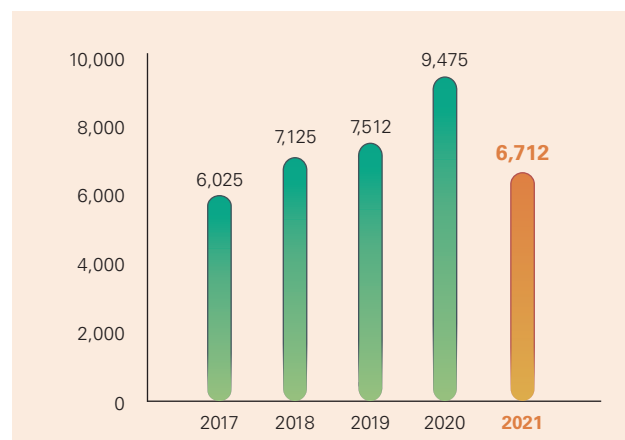
Net Profit and Net Profit Margin

(RMB million/%)



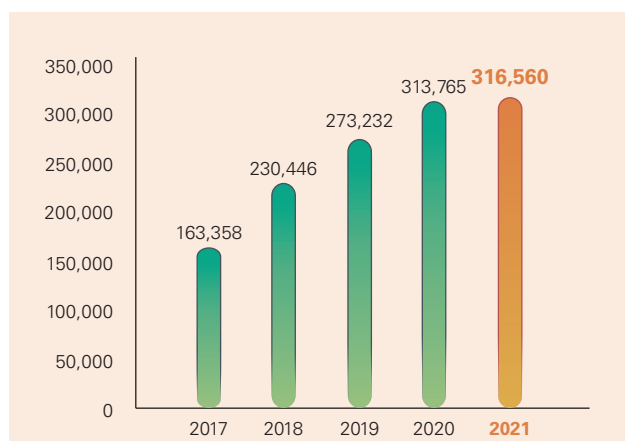
Profit Attributable to Shareholders of the Company

(RMB million)



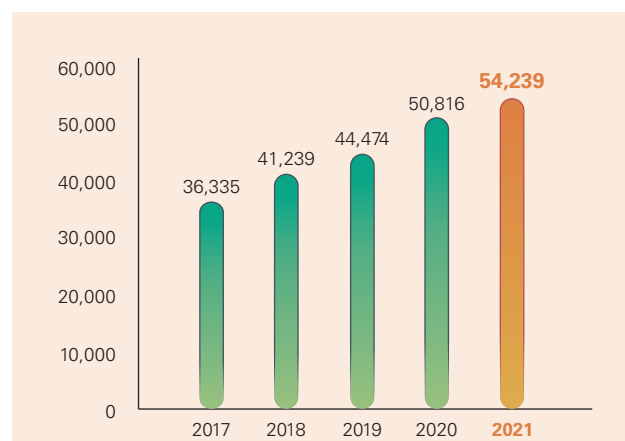
Total Assets

(RMB million)



Shareholders' Equity

(RMB million)



MILESTONES 2021

January

The Group's Hainan Clearwater Bay project was rated as a "Provincial Grade Resort"



March

The Company was honoured with "Enterprises with Special Contribution in the Battle against the Pandemic in 2020"



April

A-Living and the environmental protection segment were awarded with "the 4th of Top 100 Property Management Companies in China" and "2020 Award for Leading Enterprises in Strategic Emerging Environmental Protection Industry of China", respectively, raising brand influence to a new level



June

A-Living completed the acquisition of equity interest in Minrui Property Management (Shanghai) Co., Ltd. to further polish its all-encompassing national presence

August

October

Agile Charity Foundation was awarded with the "Excellent Titled Charity Foundation" honour



The Company donated RMB210 million to support the village revitalization project in Zhongshan City

November

The Company invested in and signed a strategic cooperation agreement with WM Group.



December

The Company was listed for the first time in KPMG China's "China's Leading ProTech 50"

The Company reached a record high of total pre-sale at RMB139 billion



MAJOR HONOURS AND AWARDS

Environmental, Social and Governance

Best Managed Companies

Deloitte

BEC Low Carbon Charter

Business Environment Council

Environmental Social Governance Awards 2021

Capital magazine

Excellent Titled Charity Foundation

Charity Association of Panyu District, Guangzhou City

Enterprises with Special Contribution in the Battle against the Pandemic in 2020

China Real Estate Industry Leadership Summit 2021

Best Human Resources Sharing Service Centre 2021

Flag Awards

Corporate Green Governance Award – Corporate Vision

Green Council

Green Run 2021- Certificate of Appreciation: Bronze Sponsor

Green Council

Hong Kong Green Day 2021 - Certificate of Appreciation: Bronze Sponsor

Green Council

Lai See Reuse and Recycle Program 2021

Greeners Action

China's Leading PropTech 50

KPMG China



MAJOR HONOURS AND AWARDS (CONTINUED)

Environmental, Social and Governance

**Zhongshan City Enterprise (Organisation)
Charity “Golden Daisy” Badge**
People’s Government of Zhongshan City

Green Innovation 2021
Southern Weekly

**The Asset ESG Corporate Award 2021 —
Titanium Award**
The Asset Magazine

Caring Company
The Hong Kong Council of Social Service

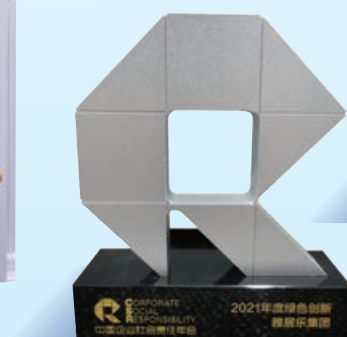
**Green Office Awards Labelling Scheme and
Eco-Healthy Workplace**
World Green Organisation

**Asia-Pacific Top Shared Services Centre
Innovative Application Award 2021**
Yilin Cultural Communication

Investor Relations

Quam IR Awards 2020 — Main Board Category
China Tonghai

**HKIRA 7th IR Awards 2021 — The Most
Progress in IR**
Hong Kong Investor Relations Association



Awards in alphabetical order of the issuing organisations

MAJOR HONOURS AND AWARDS (CONTINUED)

Corporate Brand

Excellent Listed Enterprise Corporate Responsibility Award 2021

21st Century Business Herald

42nd of Top 100 Service Sector Private Enterprises in China 2021

All-China Federation of Industry and Commerce

106th of Top 500 Private Enterprises in China 2021

All-China Federation of Industry and Commerce

Influential Enterprise Award 2021

China Business Journal

17th of Top 100 Real Estate Enterprises in China 2021

China Index Academy (China's Property Segment Top 10 Research Unit)

Cultural and Tourism Industry Outstanding Enterprises in China 2021 — Top 4

China Index Academy (China's Property Segment Top 10 Research Unit)

Hong Kong Listed Mainland Real Estate Enterprises China 2021 — Top 10 in Comprehensive Strength

China Index Academy (China's Property Segment Top 10 Research Unit)

Hong Kong Listed Mainland Real Estate Enterprises China 2021 — Top 10 in Financial Stability

China Index Academy (China's Property Segment Top 10 Research Unit)

Listed Real Estate Enterprises in China 2021 — Top 10 in Corporate Governance

China Index Academy (China's Property Segment Top 10 Research Unit)

Real Estate Enterprises in China 2021 — Top 6 in Product Strength

China Index Academy (China's Property Segment Top 10 Research Unit)

Top 100 Real Estate Enterprises in China 2021 — Top 10 in Profitability

China Index Academy (China's Property Segment Top 10 Research Unit)

Top 100 Real Estate Enterprises in Guangdong Province (comprehensive competitiveness) 2021

Real Estate Industry Association of Guangdong Province, China Index Academy



MAJOR HONOURS AND AWARDS (CONTINUED)

Corporate Brand

Top 100 Real Estate Enterprises in Brand Value 2021

China Real Estate News

Hong Kong Outstanding Listed Enterprise Award 2021 — Outstanding Mainland Property Enterprise

Economic Digest Magazine

Top 100 Listed Real Estate Enterprises in China 2021 — Top 20

EH Consulting

Top 10 Listed Real Estate Enterprises in China (investment value) 2021

EH Consulting

Top 10 Listed Real Estate Enterprises in China (Development and Operation) 2021

EH Consulting

Annual Top ESG Investment Value Enterprise Award

International Financial News

Most Reputable Brand Awards 2021

International Financial News

Top Real Estate Enterprise in Investment Value 2021

Investor China

Annual Value Property Enterprises 2021

National Business Daily

China Property Award of Supreme Excellence 2021

Organising Committee of China Property Award of Supreme Excellence

Best Communication in Capital Markets Award

RoadShow China

Brand Value Benchmark Enterprise 2021

The Economic Observer

Top 10 Enterprises in Blue Chip Annual Profitability 2021

The Economic Observer

Outstanding Cooperation Partner

Xiaomi Corporation

Golden Brand Enterprises — Top Growth Potential List

Xueqiu

Xueqiu Gold List of the Year 2021

Xueqiu



Awards in alphabetical order of the issuing organisations

CHAIRMAN'S STATEMENT



The Group firmly believes in adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses”. Through the efforts of all employees, the overall business will develop steadily, and further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will continue to uphold its promise in corporate social responsibilities by making contribution to society through participating in charitable activities.

CHEN Zhuo Lin
Chairman and President

Dear shareholders,

I am pleased to report the audited consolidated results of Agile Group Holdings Limited ("Agile" or the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2021 as follows:

Results

During the year, the revenue and gross profit of the Group amounted to RMB73,028 million and RMB19,021 million respectively. The Group's overall gross profit margin was 26.0%. The Group's net profit and net profit attributed to shareholders of the Company for the year was RMB9,098 million and RMB6,712 million respectively.

During the year, The Group's revenue from recognised sales of property development and diversified businesses was RMB58,402 million and RMB14,625 million, respectively, accounting for 80.0% and 20.0% of the total revenue. The proportion of revenue from diversified businesses increased by 6.7 percentage points when compared with last year. The rise reflects the sustained effectiveness of the Group's operating model of "focusing on property development, supported by a synergy of diversified businesses". During the year, property management and others (including environmental protection and commercial) recorded yearly revenue growth of 44.3% and 15.8% respectively, continuing to provide solid revenue to the Group.





Market Review

The year 2021 continued to face the challenges of a rampant global pandemic, and various countries accelerated the pace of vaccination, leading to a gradual increase in vaccination rates. In China, effective control of the pandemic speeded up economic recovery, while internal circulation consumption was actively implemented. In addition, sporadic resurgences in the pandemic situation abroad has boosted exports, coupled with an easing monetary policy adopted gradually in the second half of the year, resulting in a deep “V” rebound in domestic economy. During the year, China’s gross domestic product increased by 8.1% when compared with last year.

With 2021 being the opening year of the 14th Five-Year plan, the Central Government continued to adhere to the long-term goal of “houses are for living in, not for speculation” and improve real estate regulation policies, with the focus on solving the housing problem in major cities, setting a keynote for the development of the real estate industry in China for the next five years. During the year, the Central Government introduced the “dual-centralised land supply” policy which aims at “stabilising land prices, housing prices and expectations”. It was also stated clearly that economic work in the coming year should “prioritise stability while pursuing progress”.

The overall real estate market sales was relatively stable in the first half of the year. In the second half of the year, a wait-and-see sentiment prevailed in the market which led to a slowdown in transactions. With the easing of individual housing mortgage loans starting in October, People’s Bank of China (“PBOC”) lowering the reserve requirement ratio for financial institutions in December, and the launching of multiple policies, it is expected to be conducive to the steady development of the real estate market.

The Group capitalised on market opportunities while upholding and implementing the operating model of “focusing on property development, supported by a synergy of diversified businesses”, thereby laying a solid foundation for long-term development in the future with full-fledged synergy among various businesses of the Group.

Record Sales for the Year

During the year, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying "Agile" brand name managed by the Group amounted to RMB139.01 billion, reaching record high, while the corresponding aggregated GFA presold and average selling price were 9.719 million sq.m. and RMB14,303 per sq.m. respectively.

Since the start of the pandemic in 2020, the Group continued to drive regional diversified online and offline sales strategies, while adjusting the saleable resources in each region where appropriate. During the year, the Group achieved satisfactory pre-sale results in Southern China, Eastern China, Hainan, Yunnan and Northern China regions. There were 247 projects for sale during the year, including 40 newly launched projects.



Prudent Land Acquisitions with the Land Bank Focused on the Greater Bay Area and the Yangtze River Delta

During the year, the Group strategically acquired land by means of tender, auction, listing-for-sale, land application and equity acquisitions. During this year, 29 new high-quality projects were added. The total planned GFA of the new projects was 4.240 million sq.m.. The total consideration of the new projects was RMB27.83 billion, with an average land cost of RMB6,565 per sq.m.. The total consideration attributable to the Group was RMB12.45 billion. As at 31 December 2021, the Group had a land bank with total planned GFA of 47.37 million sq.m. in a total of 84 cities, among which Shaoxing City in Zhejiang Province, Yibin City in Sichuan Province and Huai'an City in Jiangsu Province were newly explored markets.

During the year, the Group continued to focus on the two major city clusters, namely the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") and the Yangtze River Delta, and secured 4 new projects in the Greater Bay Area and 13 new projects in the Yangtze River Delta. In addition, the Group obtained new projects in a number of first-tier cities, including the Capital Beijing Mentougou District project and the Shanghai Songjiang District project.

CHAIRMAN'S STATEMENT (CONTINUED)

As at 31 December 2021, the Group held approximately 12.40 million sq.m. of land bank in the Greater Bay Area, which accounted for 26.2% of its total land bank. In the Yangtze River Delta, the Group held 5.66 million sq.m. of land bank, which accounted for 11.9% of its total land bank, with the accumulated number of development projects reached 48. In Hong Kong, the Group has two high-quality property projects, including King's Road & Mount Parker Road Project and Eastbourne Road Kowloon Tong Project, with the accumulated land bank of 20,199 sq.m..

The Group has 4 overseas development projects, including 2 high-quality property projects in Malaysia, namely Agile Bukit Bintang Kuala Lumpur and Agile Embassy Garden Kuala Lumpur, Agile Sky Residence Phnom Penh project in Phnom Penh, Cambodia and the Project 88 in San Francisco, the United States. As at 31 December 2021, the Group held approximately 325,000 sq.m. of overseas land bank, which accounted for 0.7% of its total land bank.

The Group adopts a prudent yet proactive development strategy with China property market as the main development position, with prudent expansion in overseas markets.



Proportion of Revenue from Diversified Businesses Continues Increasing

In respect of diversified businesses, the Group's property management and others (including environmental protection and commercial) continued to generate on synergies. During the year, the Group's property management and others recorded a year-on-year revenue growth of 44.3% and 15.8% respectively, continuing to provide solid revenue to the Group. During the year, revenue from property development business and diversified businesses accounted for 80.0% and 20.0% respectively. The proportion of revenue from diversified businesses increased by 6.7 percentage points when compared with last year, reflecting the sustained effectiveness of the Group's operating model of "focusing on property development, supported by a synergy of diversified businesses".

A-Living Actively Developed Businesses along the Whole Value Chain of the Industry and Demonstrated the Wide Recognition of its Status as an Industry Leader

A-Living Smart City Services CO., Ltd (“A-Living”), playing a key role in the property segment under the Group’s diversified development strategy, has always been undertaking mid-to high-end property projects developed by the Group and continuously providing a full range of high-quality services to the Group. A-Living continues to serve property owners with high-quality services, contribute to community management and help promote urban development. Adhering to a market-oriented development strategy and focusing on the development of core businesses, A-Living continuously extended the scenarios to which its services can be applied, actively developed businesses along the whole value chain of the industry, and innovatively explored the value-added service ecosystem. A-Living scaled new heights in terms of management scale and brand strength and continuously ranked the 4th of the “2021 Top 100 Property Management Companies in China”, demonstrating the wide recognition of its status as an industry leader.

During the Year, A-Living completed the acquisition of the equity interest in Minrui Property Management (Shanghai) Co., Ltd. (“New CMIG PM”), and increased its shareholding in Shandong Hongtai Property Development Company Limited, a quality member company of A-Living, so as to deepen its presence in providing campus services and further shore up the weakness in its businesses.

As at 31 December 2021, the GFA under management and contracted GFA of A-Living were 488.9 million sq.m. and 663.1 million sq.m., respectively. Among which, the accumulated contracted GFA from the Group and Greenland Holdings Group Company Limited (“Greenland Holdings”) was 87.1 million sq.m. and 60.8 million sq.m., respectively. Thanks to the rapid market expansion and consolidation of the industry, the contracted GFA (including those contributed by the acquired companies) from third-party projects reached 515.2 million sq.m., representing a significant increase of 33.0% compared with that as at 31 December 2020, and accounting for 77.7% of the total contracted GFA. The third-party projects have become a major growth driver of A-Living’s management scale.



CHAIRMAN'S STATEMENT (CONTINUED)

Increase of shareholding in A-Living

During the year, the Group acquired a total of 50,000,000 overseas listed shares of A-Living from Greenland Holdings, and thereby increased its shareholding in A-Living to 54.31%.

Environmental Protection Business Receiving Multiple Awards

During the year, business development of the environmental protection segment accelerated. Upstream production lines returned to normal following the control of the pandemic in China, resulting in a continued increase in production for various environmental protection projects. Adhering to the development strategy of "1 Core, 4 Drivers and N Wings", the environmental protection business focused on hazardous waste treatment while engaging in selective projects of energy and power generation, ecological industrial parks, environmental protection water treatment and ecological restoration. A number of projects of the Group had successfully obtained the Hazardous Waste Operation Permits, and thereby enhanced the production capacity during the year.

During the year, the environmental protection business received multiple awards, including the "Top 50 Environmental Enterprises in China", "2020 Emerging Leading Enterprise in Environmental Protection" and "2021 Top 50 Environmental Enterprises in China", demonstrating industry's full acknowledgement of the brand's comprehensive strength. In addition, at the Solid Waste Strategy Forum jointly hosted by E20 Environmental Platform and China Urban Construction Design & Research Institute Co., Ltd, environmental protection business was recognised as a "Leading Enterprise in the Field of Hazardous Waste" for the fourth consecutive year, owing to its stable performance in the field of hazardous waste.

Positioning a Presence in the New Business Segments and Creating Greater Value for Shareholders and Investors

During the year, the Group continued to apply the operating model of "focusing on property development, supported by a synergy of diversified businesses", actively positioning its presence in the new business segments of

new energy vehicles and condiment industry. The Group established strategic cooperative relationships with WM Motor Holdings Limited ("WM Motor") and Pearl River Bridge Biotechnology Co., Ltd ("Pearl River Bridge") respectively and became their shareholders.

With the Group's property development as well as diversified businesses such as property management, it will be able to create synergies with the sales and brand promotion of WM Motor and Pearl River Bridge. It is expected that as the two companies continue to increase their market share and profitability in the said markets, greater value will be created for the Group's shareholders and investors in the long run.

Optimising Financial Structure Proactively

A strong financial position underpins the rapid growth of the Group's business. In the first half of the year, the Group stabilised and optimised the financial structure through multi-channel financing methods, and strengthened management of the cash flow, achieving balance between business development and financial management. In the second half of the year, the Group optimised the financial structure through repayment of debts due.

During the year, the Group issued USD400 million 4.85% senior notes due 2022, USD314 million 5.5% senior notes due 2025, USD450 million 5.5% senior notes due 2026 and HKD2.418 billion 7.00% exchangeable bond due 2026 on the offshore front. The Group was also granted a 36-month term loan facility with the initial amount of HKD5.253 billion and USD28.5 million (with a greenshoe option). Additionally, the Company issued RMB1.45 billion 5.9% onshore corporate bonds due 2024.

During the year, the Company redeemed USD100 million 8.55% senior perpetual capital securities and 8.5% senior notes due 2021 with an aggregate principal amount of USD600 million in full.

The Group is dedicated to controlling its financing costs, further lowering the effective borrowing rate to 5.87%. As at 31 December 2021, the Group's net gearing ratio was further reduced to 50.8%, while total cash and bank balance amounted to RMB38,420 million.

Disposal of Non-core Assets as When Appropriate and Enhancing Asset Utilisation Efficiency

The Group is committed to centralising its resources on the development of property development business by disposing of some of its non-core assets as when appropriate to enhance its asset utilisation efficiency. During the year, the Group disposed of several non-core properties, including hotels, shopping malls, sales offices, residential commercial facilities and apartments.

Good Corporate Governance and Performing Corporate Social Responsibilities

The Group upholds the concept of “mutual communication for a win-win situation”. Subject to the requirements of the Listing Rules and relevant laws, the Group maintains effective mutual communications and builds good relationships with commercial and investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency on an on-going basis.

Adhering to the brand philosophy of “Lifestyle of a Lifetime”, the Group has developed the “5N” product series. At present, the Group has formed five major product series, namely “A-Garden, A-County, A-Home, A-Mansion and Mountain & Sea Series (雅苑、雅郡、雅府、雅宸及山海系)”, which cover the whole range of customer base and living scenes. The Group has also created the innovative “N-Happy Molecule” eco-system, which is widely applied in existing property projects. The Group is also playing its part in environment protection, cares about the well-being of staff, and promotes sustainable development in communities through supporting and participating in charity and community activities across areas such as environmental protection, medical care, education, culture, and sports.

Prospects and Strategy

It is expected that the Central Government will continue to adhere to the principle of “houses are for living in, not for speculation” and “prioritising on stability” in the economy in 2022, and properly implement a long-term mechanism to “stabilise land prices, housing prices and expectations”, formulating policies according to each city’s specific condition with flexible adjustments, so as to facilitate the benign cycle and healthy development of the real estate industry.

In addition, in line with China’s proposal of “Carbon Neutrality by 2060” as its commitment to tackling global climate issues, the Group will actively respond to macro policies, pay attention to the impact of business development on climate change, and carry out energy saving and consumption reduction initiatives to reduce greenhouse gas emissions generated during the course of business development.

The Group firmly believes in adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses”. Through the efforts of all employees, the overall business will develop steadily, and further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will continue to uphold its promise in corporate social responsibilities by making contribution to society through participating in charitable activities.

Acknowledgement

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

CHEN Zhuo Lin

Chairman and President

Hong Kong, 10 May 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the year, the Group's revenue was RMB73,028 million (2020: RMB80,245 million), representing a decrease of 9.0% over 2020. The Group's operating profit was RMB17,517 million (2020: RMB20,927 million), representing a decrease of 16.3% over 2020.

The Group's net profit for the year was RMB9,098 million representing a decrease of 25.7% when compared with RMB12,249 million in 2020.

Profit attributable to shareholders of the Company for the year was RMB6,712 million representing a decrease of 29.2% when compared with RMB9,475 million in 2020.

Basic earnings per share was RMB1.729 for the year ended 31 December 2021 (2020: RMB2.440).

Land bank

The Group continued to adopt a multi-channel land purchase model for land replenishment strategy in response to the market conditions. As at 31 December 2021, the Group had a land bank with a total planned GFA of 47.37 million sq.m. in 84 cities located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan Region, Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and Overseas. The average land cost was RMB3,651 per sq.m., which was competitive.

During the year, the Group was dedicated to expanding its nationwide presence through strategically acquiring 29 new land parcels by means of tender, auction, listing-for-sale, land application and equity acquisitions, in which, Shaoxing, Yibin and Huai'an were the Group's newly explored markets. The total planned GFA of the newly acquired projects was 4.240 million sq.m., of which the Group's total attributable planned GFA was 2.811 million sq.m.. The total consideration attributable to the Group was RMB12.45 billion.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets forth the details of the newly acquired land parcels:

Location (City) of Projects	No. of Projects	Total Planned GFA (sq.m.)	Total Planned GFA (Attributable) (sq.m.)	Total Land Costs (Attributable) (RMB billion)
Southern China Region				
Foshan	2	202,186	107,911	0.480
Guangzhou	1	119,680	23,936	0.290
Heyuan	1	162,015	162,015	0.158
Zhongshan	1	850,211	381,812	1.835
Eastern China Region				
Changzhou	1	80,262	80,262	0.817
Hefei	1	108,437	108,437	0.017
Huai'an	1	97,636	97,636	0.020
Nanjing	1	54,043	54,043	0.107
Qidong	1	137,435	137,435	0.641
Shanghai	1	101,709	101,709	0.648
Shaoxing	1	76,603	76,603	1.044
Suzhou	1	89,843	89,843	0.628
Weihai	1	209,597	135,819	0.109
Wuxi	1	46,766	10,756	0.215
Xuzhou	2	253,843	83,768	0.572
Yangzhou	1	77,017	77,017	0.015
Yiwu	1	92,013	22,083	0.677
Western China Region				
Chengdu	1	158,900	158,900	0.194
Chongqing	3	469,349	419,998	0.783
Xi'an	1	192,223	94,189	0.606
Yibin	1	421,931	168,772	0.170
Central China Region				
Xiangyang	1	69,820	69,820	0.118
Yunnan Region				
Kunming	1	39,344	19,672	0.109
Northern China Region				
Beijing	1	51,938	51,938	1.530
Northeast China Region				
Shenyang	1	76,700	76,700	0.673
Total	29	4,239,501	2,811,076	12.454

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Property development and sales

During the year, revenue from recognised sales of property development of the Group was RMB58,402 million, representing a decrease of 16.0% when compared with RMB69,547 million in 2020. The decrease was mainly attributable to the overall downturn of domestic real estate market during the year, causing the recognised average selling price and recognised GFA sold declined. The recognised average selling price decreased to RMB13,682 per sq.m. in 2021, representing a decrease of 3.0% when compared with RMB14,099 per sq.m. in 2020. The total recognised GFA sold was 4.27 million sq.m., representing a decrease of 13.5% when compared with 2020.

DIVERSIFIED BUSINESS

Property management

During the year, revenue from property management of the Group was RMB11,330 million, representing an increase of 44.3% when compared with RMB7,853 million in 2020. The increase mainly represents: (i) the increase in operating income from the acquisition of New CMIG PM during the year when compared with nil income from such business in last year and (ii) the operating income from CMIG Futurelife Property Management Limited ("**CMIG PM**"), which was acquired in 2020, were recorded in full year operating income, compared to only partially recorded operating income after the acquisition.

During the year, the operating profit from property management of the Group was RMB1,964 million, representing an increase of 6.6% which compared with RMB1,842 million in 2020.

As at 31 December 2021, the total GFA under management increased from approximately 374.8 million sq.m. as at 31 December 2020 to approximately 488.9 million sq.m..

OTHERS

Commercial management

During the year, the Group's commercial revenue (including hotel operation and property investment) amounted to RMB529 million, representing a decrease of 4.9% compared with RMB556 million 2020. The decrease was mainly attributable to the recurring COVID-19 pandemic during the year.

Environmental Protection

During the year, revenue from environmental protection of the Group was RMB2,767 million, representing an increase of 20.9% when compared with RMB2,289 million in 2020. During the year, the Group recorded an operating profit from environmental protection of RMB277 million, representing an increase of 170.3% as compared with the operating loss from environmental protection of RMB394 million in 2020. The increase was mainly due to the impairment of goodwill provided for the environmental protection business of RMB30 million during the year, representing a decrease of RMB694 million compared with RMB724 million in 2020.

Cost of sales

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

During the year, the cost of sales of the Group amounted to RMB54,007 million, representing a decrease of 3.8% compared with RMB56,143 million in 2020. The decrease was mainly due to the decrease of recognised GFA sold and the drop in expenses for property development activities caused by the decline in property development revenue. The total recognised GFA sold decreased by 13.5% to 4.27 million sq.m. in 2021 when compared with 2020.

Gross profit

During the year, gross profit of the Group was RMB19,021 million, representing a decrease of 21.1% when compared with RMB24,102 million in 2020. During the year, gross profit margin of the Group was 26.0%, representing a decrease of 4.0 percentage points when compared with 30.0% in 2020. The decrease in gross profit and gross profit margin was mainly due to the overall downturn of domestic real estate market during the year, the recognised average selling price decreased by 3.0% over last year, whilst the relevant average costs such as land cost and construction cost increased by 3.1% compared to 2020, causing the decline of gross profit and gross profit margin.

Other gains, net

During the year, other gains, net of the Group was RMB4,840 million, representing an increase of 29.4% compared with RMB3,740 million in 2020. The change was mainly attributable to the followings:

- (i) gains on disposal of subsidiaries of RMB4,261 million, representing a significant increase of RMB1,836 million compared with RMB2,426 million in 2020;
- (ii) remeasurement gains arising from the transfer of joint ventures and an associate to subsidiaries of RMB4 million, representing a significant decrease of RMB816 million compared with RMB820 million in 2020;
- (iii) impairment losses on investments accounted for using the equity method of RMB314 million, while there was no such impairment loss in 2020;
- (iv) losses on disposal of joint ventures and associates of RMB66 million, representing a decrease of RMB293 million from the gains on disposal of RMB226 million in 2020; and
- (v) gains on disposal of right-of-use assets, property, plant and equipment and investment properties of RMB701 million, representing an increase of RMB656 million from the gains on disposal of RMB45 million in 2020.

Other income

During the year, the Group's other income amounted to RMB1,542 million, representing a decrease of 7.7% when compared with RMB1,670 million in 2020. The decrease was mainly due to interest income decreased by 9.0% from RMB1,297 million in 2020 to RMB1,181 million in 2021, and government grants decreased by 8.2% from RMB264 million in 2020 to RMB243 million in 2021.

Selling and marketing costs

During the year, the Group's selling and marketing costs amounted to RMB3,102 million, representing an increase of 30.1% compared to RMB2,385 million in 2020. The increase was mainly due to the increase in commission fee of RMB1,763 million, representing an increase of RMB668 million compared to RMB1,094 million in 2020, to strengthen the efforts on sales promotion.

Administrative expenses

During the year, the Group's administrative expenses amounted to RMB4,004 million, representing a decrease of 23.5% compared to RMB5,235 million in 2020, such decrease was mainly due to the following reasons:

- (i) the impairment of goodwill on the Group's environmental protection projects amounted to RMB30 million, representing a significant decrease of RMB694 million or 95.9%, from RMB724 million in 2020; and

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- (ii) the Group's wages and salaries and welfare expenses amounted to RMB1,299 million after the corporate restructuring, representing a decrease of RMB312 million or 19.4%, from RMB1,611 million in 2020.

Administrative expenses as a percentage of revenue decreased to 5.5% (2020: 6.5%), as the Group's expense control was much higher than the decrease of revenue, expense control has achieved meaningful results.

Other expenses

During the year, other expenses of the Group was RMB279 million, representing a decrease of 30.2% when compared with RMB400 million in the 2020, which was mainly attributable to the decrease of compensation expenses and charitable donations by 33.9% to RMB235 million compared to RMB356 million in 2020.

Finance costs, net

The Group's finance costs mainly consist of interest expenses on bank borrowings, syndicated loans, other borrowings, senior notes, exchangeable bonds, PRC corporate bonds, Commercial Mortgage Backed Securities ("CMBS"), Asset-Backed Securities ("ABS") and lease liabilities, less capitalised interests, exchange gains or losses on foreign currency denominated borrowings and changes in fair value of derivative financial instruments. Interest on borrowings relating to project development is capitalised to the extent that directly attributable to a particular project and used to finance the development of that project.

During the year, the Group's net finance costs amounted to RMB1,414 million, representing an increase of 36.0% as compared to RMB1,040 million in 2020 which mainly consisted of the following items:

- (i) Interest expenses decreased by 6.8% from RMB7,376 million in 2020 to RMB6,871 million in 2021;
- (ii) Capitalised interest and exchange losses decreased by 13.8% from RMB5,300 million in 2020 to RMB4,569 million in 2021;
- (iii) Exchange gain on foreign currency borrowings arising from the translation of the Group's foreign currency denominated borrowings decreased by 61.1% from a gain of RMB2,684 million in 2020 to RMB1,044 million in 2021 due to a decrease in the impact of the appreciation of RMB against the US dollar, Hong Kong dollar and Macau Pataca as compared to last year; and
- (iv) Fair value of derivative financial instruments represents the fair value of forward foreign exchange contracts entered into by the Group. Fair value loss of derivative financial instruments amounted to RMB156 million in 2021, representing a decrease of 90.5% when compared with RMB1,649 million in 2020, as a result of effective control of the Group's foreign exchange risk and mitigation of foreign currency exposure.

Share of post-tax profits of investments accounted for using equity method

During the year, the share of post-tax profits of investments accounted for using equity method was RMB794 million, representing a decrease of 49.9% when compared with RMB1,586 million in 2020. The decrease was mainly attributable to the fact that some of the associate and joint venture property development projects are in their development cycle and the results of operations are not yet recognised.

Profit attributable to shareholders

Profit attributable to shareholders of the Company was RMB6,712 million for the year ended 31 December 2021, representing a decrease of 29.2% when compared with RMB9,475 million for the year ended 31 December 2020.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position and fund available

As at 31 December 2021, the total cash and bank balances of the Group were RMB38,420 million (31 December 2020: RMB50,865 million), of which RMB22,803 million (31 December 2020: RMB41,926 million) was cash and cash equivalents and RMB15,617 million (31 December 2020: RMB8,939 million) was restricted cash.

As at 31 December 2021 and 2020, restricted cash is mainly comprised of guarantee deposits for mortgage loans, guarantee deposits for construction of pre-sold properties, deposits for accident compensation and collateral for borrowings.

As at 31 December 2021, the Group's undrawn borrowing facilities were RMB3,848 million (31 December 2020: RMB4,141 million).

Borrowings

As at 31 December 2021, the Group's total borrowings amounted to RMB83,874 million, of which (i) bank borrowings and other borrowings; (ii) senior notes; (iii) PRC Corporate Bonds, CMBS, ABS and exchangeable bonds, were amounted to RMB54,049 million, RMB18,061 million and RMB11,764 million respectively.

Repayment schedule	As at 31 December 2021 (RMB million)	As at 31 December 2020 (RMB million)
Bank borrowings and other borrowings		
Within 1 year	17,145	29,107
Over 1 year and within 2 years	14,415	20,739
Over 2 years and within 5 years	18,690	16,515
Over 5 years	3,799	3,778
Subtotal	54,049	70,139
Senior notes		
Within 1 year	6,998	3,907
Over 1 year and within 2 years	—	4,547
Over 2 years and within 5 years	11,063	6,377
Subtotal	18,061	14,831
PRC Corporate Bonds, CMBS, ABS and exchangeable bonds		
Within 1 year	5,437	5,555
Over 1 year and within 2 years	1,200	3,943
Over 2 years and within 5 years	5,127	3,345
Subtotal	11,764	12,843
Total	83,874	97,813

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 31 December 2021, the Group's bank borrowings (including syndicated loans) of which RMB40,427 million (31 December 2020: RMB42,518 million) and other borrowings of which RMB4,384 million (31 December 2020: RMB11,283 million) were secured by its bank deposits, land use rights, self-used properties, trade receivables, completed properties held for sale, properties under development, investment properties, the shares of certain subsidiaries and equity interest of a joint venture.

The senior notes were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB2,032 million as at 31 December 2021 (31 December 2020: RMB2,957 million).

The ABS and CMBS of RMB949 million (31 December 2020: RMB1,154 million) and RMB4,052 million (31 December 2020: RMB4,095 million) were secured by the Group's trade receivables and land use rights, self-used properties and investment properties.

Exchangeable bonds

On 17 November 2021, Farsail Goldman International Limited (an indirect wholly-owned subsidiary of the Company incorporated in the British Virgin Islands) ("**Farsail**") as issuer, the Company and certain subsidiaries of the Company ("**Subsidiary Guarantors**") entered into a subscription agreement (the "**Subscription Agreement**") with Goldman Sachs (Asia) L.L.C. (the "**Sole Bookrunner**") pursuant to which Farsail has conditionally agreed to issue secured and guaranteed exchangeable bonds (the "**Bonds**") in an aggregate principal amount of HK\$2,418,000,000. Pursuant to the Subscription Agreement, the Bonds will be guaranteed by the Company; and each of the Subsidiary Guarantors shall unconditionally and irrevocably guarantee the due payment of sums expressed to be payable by Farsail and the Company under the Bonds and a trust deed to be entered into between Farsail, the Company, the Subsidiary Guarantors, and China Construction Bank (Asia) Corporation Limited as trustee. For further details, please refer to the Company's announcement dated 18 November 2021.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Based on the initial exchange price of HK\$27.48 per H share of RMB1.00 nominal value each in the capital of A-Living or shares of any class(es) resulting from any consolidation, subdivision or re-classification of those shares in A-Living ("**A-Living Share(s)**") and assuming full exchange of the Bonds at such initial exchange price, the Bonds will be exchanged into 87,991,267 A-Living Shares, representing approximately 6.2% of the existing issued share capital of A-Living as at the date of the Company's announcement dated 18 November 2021 and upon full exchange of the Bonds. The initial exchange price was determined with reference to the prevailing market price of the A-Living Shares and the terms and conditions of the Subscription Agreement and was negotiated on an arm's length basis between Farsail and the Sole Bookrunner who, to the best of the Board's knowledge, information and belief, and having made all reasonable enquiries, is a third party independent of the Company and is not a connected person of the Company. Assuming full exchange of the Bonds at the initial exchange price, A-Living will remain a subsidiary of the Group. No listing of the Bonds has been, or will be, sought in Hong Kong.

The Sole Bookrunner has informed Farsail that it intends to offer and sell the Bonds to not less than six subscribers (who will be independent individual, corporate and/or constitutional investors). To the best of the Board's knowledge, information and belief, having made all reasonable enquiries, each of the subscribers (and their respective ultimate beneficial owners) will be third party independent of the Company and will not become connected persons of the Company as a result of the subscription for the Bonds and upon exchange of the Bonds.

The Board considered that the terms and conditions of the Subscription Agreement are fair and reasonable and believe that the raising of funds by the issuance of the Bonds by Farsail is beneficial to the Company as Farsail could enhance its working capital and strengthen its capital base and financial position which is in the interest of the Company and its shareholders as a whole.

The gross proceeds and net proceeds (after deducting related fees and expenses) to be received by Farsail from the offering of the Bonds are estimated to be approximately HK\$2.42 billion and approximately HK\$2.37 billion respectively. The net price at the initial exchange price is approximately HK\$26.9. The Company and/or Farsail intends to use the net proceeds from the offering of the Bonds for the refinancing of certain existing medium to long term offshore indebtedness which will become due within one year.

The gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2021, the gearing ratio was 50.8% (31 December 2020: 61.0%).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits, financial assets at FVPL, syndicated loans and bank borrowings were denominated in Hong Kong dollars, United States dollars, Macau Pataca and Malaysian Ringgit, and the Group's senior notes were all denominated in United States dollars. Since early 2016, the Group has adopted a hedging policy and entered into forward foreign exchange contracts with certain banks to mitigate certain of its foreign currency exposure in United States dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimise the RMB cost expected to occur in the future to repay foreign currency liabilities. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

As at 31 December 2021, the Group had foreign currency swap contracts of USD783 million. During the year, the Group recorded RMB156 million fair value losses (2020: RMB1,649 million fair value losses) in derivative financial instruments.

Cost of borrowings

In 2021, the total cost of borrowings (not including the interest expense of lease liabilities) of the Group was RMB6,836 million, representing a decrease of 6.8% when compared with RMB7,336 million in 2020. The decrease was mainly attributable to lower average balance of borrowings in 2021. The Group's effective borrowing rate for the year was 5.87% (2020: 6.56%).

Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 31 December 2021, the outstanding guarantees were RMB51,824 million (31 December 2020: RMB51,378 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (ii) the satisfaction of relevant mortgage loans by the purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associates and joint ventures as at 31 December 2021 was RMB1,282 million (2020: RMB2,785 million) and RMB6,410 million (2020: RMB11,853 million) respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

Several subsidiaries of the Group and associates counter parties have provided certain guarantees in proportion of their shareholding in certain associates in respect of loan facilities amounting to RMB3,461 million (2020: RMB2,243 million). As at 31 December 2021, the Group's share of the guarantees amounted to RMB2,190 million (2020: RMB1,109 million).

Several subsidiaries of the Group and joint venture counter parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB12,904 million (2020: RMB10,390 million). As at 31 December 2021, the Group's share of the guarantees amounted to RMB8,271 million (2020: RMB5,111 million).

As at 31 December 2021, the Group provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB7,479 million (2020: RMB1,677 million).

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

- (a) On 11 February 2021, pursuant to further cooperation instruments entered into by an independent third party acquirer (the "**Acquirer**"), the relevant subsidiaries of the Company and the relevant project companies of the Company, pursuant to which the Company disposed of its interest in certain project companies to the Acquirer, the total commitment of the Acquirer in the project companies amounted to RMB6,072 million. For details please refer to the announcements of the Company dated 24 December 2020 and 11 February 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- (b) On 28 May 2021, 雅生活智慧城市服務股份有限公司 (A-Living Smart City Services Co., Ltd.) ("**A-Living**") entered into a placing agreement with a placing agent pursuant to which the placing agent shall procure on a fully underwritten basis, not less than six (6) placees to subscribe for an aggregate of 86,666,800 new H shares in A-Living at the placing price of HK\$37.60 per H share. Upon completion of the placing, the issued number of shares of A-Living increased from 1,333,334,000 shares to 1,420,000,800 shares and the shareholding interest in A-Living owned by the Company decreased from 54.09% to 50.80%. The placing constitutes a deemed disposal of the Company under Chapter 14 of the Listing Rules. Details of the placing of new H shares were set out in the announcement of the Company dated 28 May 2021.
- (c) On 17 November 2021, an indirect wholly-owned subsidiary of Agile Group entered into the Subscription Agreement with the sole bookrunner pursuant to which the indirect wholly-owned subsidiary of Agile Group has conditionally agreed to issue the secured and guaranteed exchangeable bonds (the "**Bonds**") in an aggregate principal amount of HK\$2,418,000,000. Based on the initial Exchange Price of HK\$27.48 per A-Living Share and assuming full exchange of the Bonds at the Exchange Price, the Bonds will be exchanged into 87,991,267 A-Living Shares, representing approximately 6.2% of the existing issued share capital of A-Living as at the date of the joint announcement dated 18 November 2021 and upon full exchange of the Bonds. For details, please refer to the said announcement.
- (d) On 13 November, 2021, the Group entered into the following agreements: the Joinder Agreement to the Series D Preferred Share Purchase Agreement between August State Investments Limited (an indirect wholly-owned subsidiary of the Company, "**August State**"), and WM Motor Holdings Limited (the "**WM Motor**"), pursuant to which August State conditionally agreed to subscribe, and the WM Motor conditionally agreed to issue to August State, 178,668,470 Series D Preferred Shares at a cash consideration of US\$140,000,000; the Deed of Adherence to the WM Shareholders Agreement between the WM Motor and August State. On 18 November, 2021, Great Dawn Investments Limited (an indirect wholly-owned subsidiary of the Company, "**Great Dawn**"), entered into the Option Agreement with the WM Motor, pursuant to which the WM Motor agreed to grant to Great Dawn the Option, the exercise of which is at Great Dawn's discretion, to require the WM Motor to conditionally issue and transfer 86,996,862 Class A WM Ordinary Shares at the consideration of HK\$540,182,480 (equivalent to approximately US\$69,432,195), which shall be satisfied by Great Dawn by transferring to the WM Motor 794,386,000 shares of Apollo Future Mobility Group Limited held by Great Dawn. On 30 November, 2021, Great Dawn exercised the Option to require the WM Motor to issue and transfer all of the WM Exchange Shares to Great Dawn. The transactions had been completed on 15 December 2021. For details, please refer to announcement of the Company dated 30 November 2021 and 15 December 2021.

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

Events after the Balance Sheet Date

- (a) On 10 January 2022, the Company announced that certain agreements entered into by independent third parties for the sale of 14 non-core properties during the period from 1 July to 31 December 2021, including five hotels and relevant land use rights, two shopping malls, three sales offices, three residential commercial facilities and one apartment, at a total consideration of approximately RMB2,800,000,000, of which approximately RMB1,149,000,000 as deposits had been received in 2021. Pursuant to the terms and conditions of the relevant agreements, the Group is expected to have cash collection of approximately RMB1,651,000,000 in 2022. The Group intends to use the net proceeds from the sale of properties as general working capital of the Group, which was recorded in contract liability in the consolidated balance sheet. For details, please refer to announcement dated 10 January 2022.



- (b) Pursuant to several agreements entered into by an independent third party purchaser (the “**Purchaser**”), and relevant subsidiaries of the Company in November 2021, January and March 2022, it was agreed that the Purchaser would purchase the specified equity interests of relevant environmental protection projects, at an aggregate consideration of RMB1,791,250,000 of which RMB446,660,000 from the assignment of the shareholders’ loan. As earnest monies for their respective acquisition of equity interests, the Purchaser had paid a total of RMB1,003,000,000 to the Group that was treated as advanced payment for disposal of equity interests in December 2021, which was recorded in trade and other payables in the consolidated balance sheet. For details, please refer to announcement dated 28 January 2022 and 4 April 2022 respectively.
- (c) Respectively on 13 and 18 January 2022, 28 February 2022 and 2 March 2022, the Company redeemed all the outstanding 2019 Senior Notes at a total redemption price of US\$500,000,000 (equivalent to approximately RMB3,167,550,000).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

- (d) On 21 and 28 January 2022, pursuant to the agreements entered into between an independent third party and the relevant subsidiaries of the Company, it was agreed that the disposal of the equity interests of two joint venture and two associates of the Group will be made at a total consideration of RMB2,843,869,000, of which approximately RMB749,712,000 was from the assignment of the shareholders' loan. For details, please refer to announcements dated 21 and 28 January 2022 respectively.

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

Employees and remuneration policy

As at 31 December 2021, the Group had a total of 98,466 employees, among which 276 were senior management and 2,051 were middle management. By geographical locations, there were 98,362 employees in Mainland China and 104 employees in Hong Kong, Malaysia and Vietnam. For the year ended 31 December 2021, the total remuneration costs, including directors' remuneration, were RMB8,862 million (31 December 2020: RMB7,679 million).

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

The impact of the outbreak of COVID-19

The year 2021 continued to face the challenges of a rampant global pandemic, and various countries accelerated the pace of vaccination, leading to a gradual increase in vaccination rates. In China, effective control of the pandemic speeded up economic recovery, while internal cycle consumption was actively implemented. In addition, sporadic resurgences in the pandemic situation abroad has boosted exports, coupled with an easing monetary policy adopted gradually in the second half of the year, resulting in a deep "V" rebound in domestic economy. During the year, China's gross domestic product increased by 8.1% compared with last year.

Since the start of the pandemic in 2020, the Group has continued to drive regional diversified online and offline sales strategies, while adjusting the saleable resources in each region where appropriate. The Group continues to monitor the situation of the pandemic and is actively addressing its impact on the Group's financial position and results of operations. During the year, COVID-19 did not have any material adverse impact on the financial position and operation results of the Group.

Property development pre-sale

In 2021, real estate sales were still under the impact of the social distancing measures, but the Group continued to adopt online and offline marketing strategies to propel sales in a stable manner. In 2021, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group reached the amount to RMB139.01 billion, reaching record high. The pandemic is not expected to have a significant impact on the Group’s growth and its impact can be reduced through reasonable adjustments to sales plans and work arrangements.

Property management

In 2021, the property management industry was better regulated with higher-quality development and more diversified businesses. The government of the People’s Republic of China (the “**PRC**”) enacted plans and policies to guide and support the industry’s well-regulated and sustainable development. Ten government departments of PRC, including the Ministry of Housing and Urban-Rural Development, jointly issued the Notice on Strengthening and Improving Residential Property Management (《關於加強和改進住宅物業管理工作的通知》) (the “**Notice**”) in the Year. Both the Notice and China’s 14th Five-Year Plan affirmed property management enterprises’ role as the backbone of urban governance and living services. In the future, the PRC government will support property management enterprises to provide residents with more convenient and diverse living services, practically improve the service quality and increase the degree of intelligentisation and standardisation of property management. Throughout the Year, to cope with the recurring COVID-19 pandemic and various natural catastrophes, property management enterprises resolutely shouldered their social responsibilities and did their best to safeguard property owners’ lives and properties, which won them high praises widely from the society.

Outlook

It is expected that the Central Government will continue to adhere to the principle of “houses are for living in, not for speculation” and “prioritising on stability” in the economy in 2022, and properly implement a long-term mechanism to “stabilise land prices, housing prices and expectations” on the basis of respecting market regulations and improving the establishment of relevant systems, as well as to formulate policies according to each city’s specific condition with flexible adjustments, so as to facilitate the benign cycle and healthy development of the real estate industry.

In addition, in line with China’s proposal of “Carbon Neutrality by 2060” as its commitment to tackling global climate issues, the Group will actively respond to macro policies, pay attention to the impact of business development on climate change, and carry out energy saving and consumption reduction initiatives to reduce greenhouse gas emissions generated during the course of business development.

The Group firmly believes in adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses”. Through the efforts of all employees, the overall business will develop steadily, and further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will continue to uphold its promise in corporate social responsibilities by making contribution to society through participating in charitable activities.

PROPERTY DEVELOPMENT

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



- Southern China Region
- Eastern China Region
- Western China Region
- Central China Region
- Hainan Region

- Yunnan Region
- Northeast China Region
- Northern China Region
- Hong Kong
- Overseas



雅居樂

云南

原鄉

The Eden

高黎贡山下的第二人生



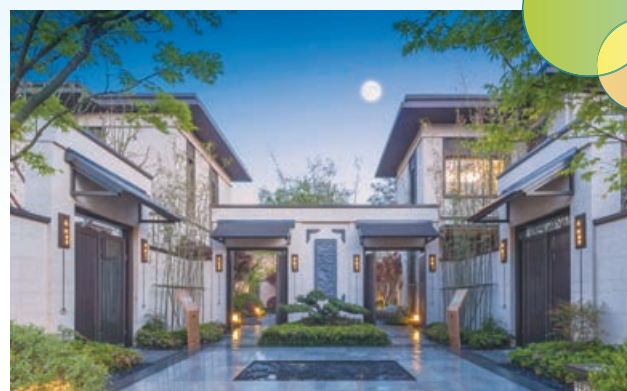
Business Overview

In 2021, the Group duly launched 40 new projects. The projects available for sale totalled 247. During the Year, the accumulated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group amounted to RMB139.01 billion, which is comparable to last year. The accumulated gross floor area (“GFA”) presold was 9.719 million sq.m., while the average selling price was RMB14,303 per sq.m..



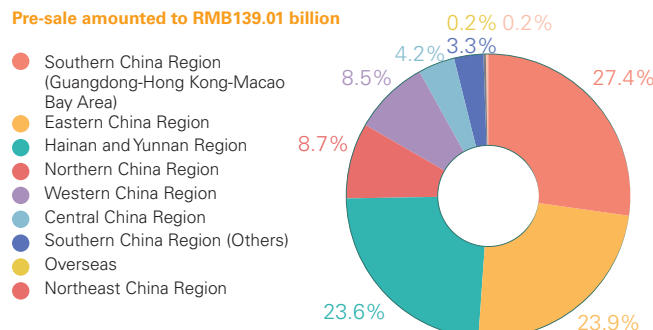
In 2021, Southern China Region, Eastern China Region, Hainan and Yunnan Region, Western China Region, Northern China Region, Central China Region and other regions accounted for 32.4%, 24.6%, 14.7%, 10.7%, 9.5%, 7.2% and 0.9% of GFA presold respectively.

In 2021, in order to further consolidate its foothold on property development business, the Group strategically obtained 29 new high-quality projects through tender, auction, listing-for-sale, land application and equity acquisition. The total planned GFA of the new land parcels was 4.24 million sq.m., with an average land cost of RMB6,565 per sq.m.. As at 31 December 2021, the Group had a land bank with total planned GFA of 47.37 million sq.m. in a total of 84 cities, among which Shaoxing City in Zhejiang Province, Yibin City in Sichuan Province and Huai'an City in Jiangsu Province were newly explored markets.

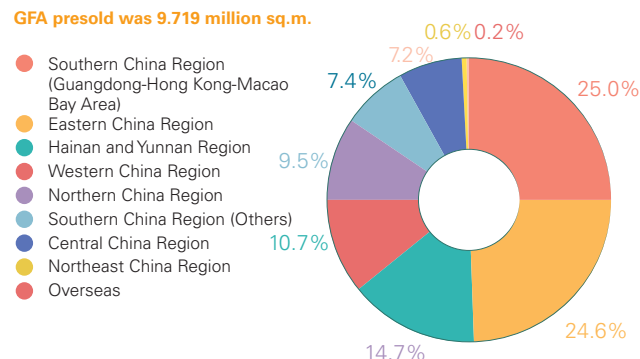


Breakdown by Regions

Pre-sale amounted to RMB139.01 billion

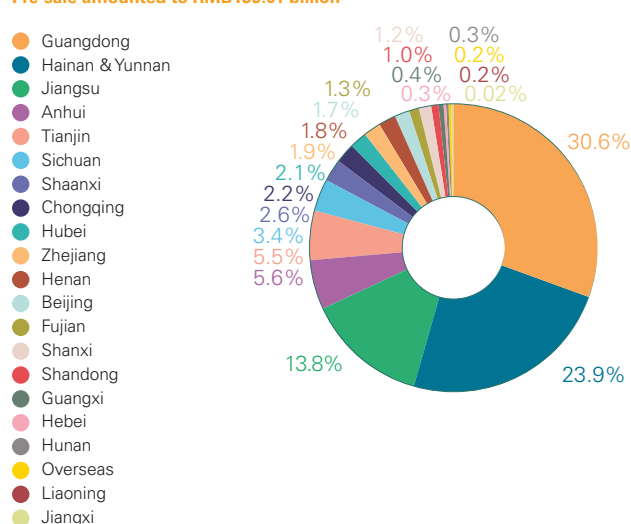


GFA presold was 9.719 million sq.m.

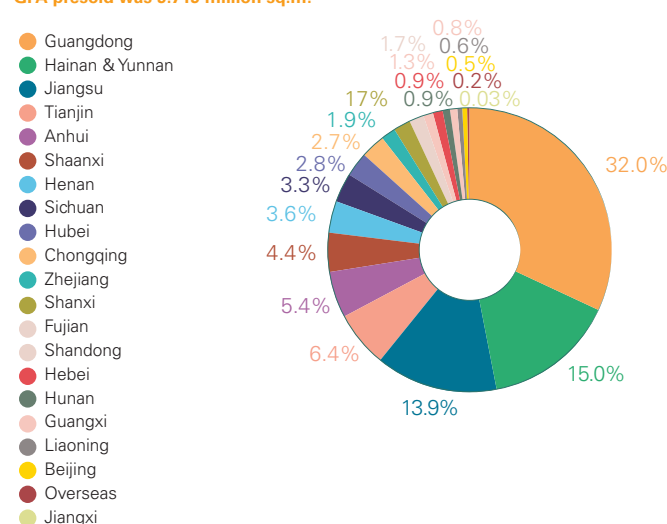


Breakdown by Provinces

Pre-sale amounted to RMB139.01 billion



GFA presold was 9.719 million sq.m.



PROPERTY DEVELOPMENT (CONTINUED)

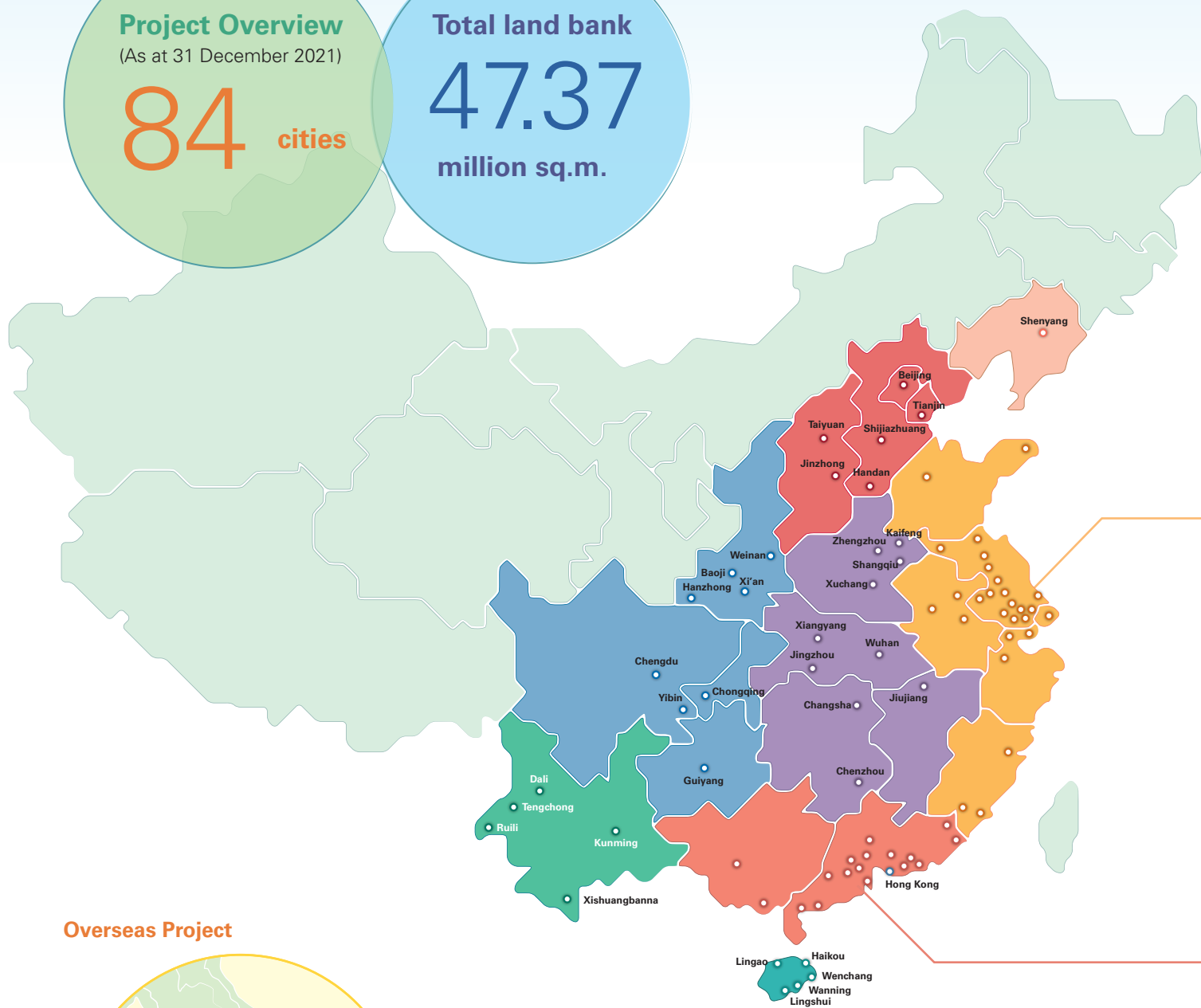
Project Overview

(As at 31 December 2021)

84 cities

Total land bank

47.37
million sq.m.



Overseas Project



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

PROPERTY DEVELOPMENT (CONTINUED)

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

Province

	No. of Projects	Total Planned GFA of the Projects (sq.m.)	Lank Bank (sq.m.)
Anhui	5	823,997	420,780
Beijing	3	197,190	196,671
Chongqing	10	2,416,055	1,231,996
Fujian	6	1,493,270	1,439,575
Guangdong	63	35,109,966	14,402,279
Guangxi	2	1,624,087	1,399,093
Guizhou	1	72,390	72,390
Hainan	7	9,802,080	3,301,499
Hebei	3	197,036	197,036
Henan	11	2,992,712	2,255,013
Hong Kong	2	20,199	20,199
Hubei	4	1,450,357	832,652
Hunan	4	1,628,120	933,142
Jiangsu	36	7,657,833	4,667,602
Jiangxi	1	287,360	287,360
Liaoning	3	1,239,732	78,268
Shaanxi	6	2,914,534	1,492,981
Shandong	4	3,538,004	3,210,956
Shanghai	1	101,709	101,709
Shanxi	3	854,332	799,675
Sichuan	9	3,544,674	1,659,062
Tianjin	5	5,492,609	2,864,700
Yunnan	7	7,876,663	4,715,000
Zhejiang	6	531,172	466,304
Overseas	4	325,175	325,175
Total	206	92,191,255	47,371,117

Region

	No. of Projects	Total Planned GFA of the Projects (sq.m.)	Lank Bank (sq.m.)
Southern China	65	36,734,053	15,801,373
Eastern China	58	14,145,984	10,306,926
Western China	26	8,947,654	4,456,428
Central China	20	6,358,549	4,308,166
Hainan	7	9,802,080	3,301,499
Yunnan	7	7,876,663	4,715,000
Northeast China	3	1,239,732	78,268
Northern China	14	6,741,166	4,058,082
Hong Kong	2	20,199	20,199
Overseas	4	325,175	325,175
Total	206	92,191,255	47,371,117

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

PROPERTY DEVELOPMENT (CONTINUED)

Land Bank Table

(As at 31 December 2021)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
Southern China Region					
1	Guangzhou Asian Games City Project (Note 4)	Guangzhou	26.66%	2,640,000	Panyu District, Guangzhou City
2	Agile Haizhu Xiaoya Guangzhou	Guangzhou	100%	13,660	Haizhu District, Guangzhou City
3	Agile Skyline 715 Guangzhou	Guangzhou	100%	21,908	Liwan District, Guangzhou City
4	Agile Huadu County Guangzhou	Guangzhou	100%	67,260	Huadu District, Guangzhou City
5	Glory of City Garden Guangzhou	Guangzhou	20%	54,400	Huadu District, Guangzhou City
6	Agile Riverside Park Guangzhou	Guangzhou	49%	126,140	Conghua District, Guangzhou City
7	Agile Riverside Garden Guangzhou	Guangzhou	100%	24,814	Conghua District, Guangzhou City
Guangzhou Subtotal				2,948,182	
8	La Cité Greenville Zhongshan	Zhongshan	100%	1,970,275	Torch High-Tech Industrial Development Zone, Zhongshan City
9	Metro Agile Zhongshan	Zhongshan	100%	1,476,285	Sanxiang Town, Zhongshan City
10	Zhongshan Minzhong Town Project	Zhongshan	100%	63,450	Minzhong Town, Zhongshan City
11	Agile Cambridgeshire Zhongshan	Zhongshan	100%	375,357	East District, Zhongshan City
12	Agile Royal Mount Zhongshan	Zhongshan	100%	563,253	Wugui Mountain Town, Zhongshan City
13	Agile Coastal Pearl Zhongshan	Zhongshan	100%	338,892	Nanlang Town, Zhongshan City
14	Agile Haotousha County Zhongshan (Formerly known as Zhongshan Haotousha Project)	Zhongshan	100%	83,483	Torch High-Tech Industrial Development Zone, Zhongshan City
15	Agile River Pearl Zhongshan	Zhongshan	100%	27,868	Shiqi District, Zhongshan City
16	Crescent Hill Center City Zhongshan	Zhongshan	100%	181,667	Sanxiang Town, Zhongshan City
17	Genting Highlands Zhongshan (Formerly known as Zhongshan Dongcheng Lufeng Project)	Zhongshan	50%	162,795	Torch High-tech Industrial Development Zone, Zhongshan City
18	Mont Orchid Riverlet Zhongshan	Zhongshan	60%	131,863	Torch High-tech Industrial Development Zone, Zhongshan City
19	Agile Diyin Lake Town Zhongshan	Zhongshan	50%	478,955	Sanjiao Town, Zhongshan City
20	The Leading World Zhongshan	Zhongshan	100%	35,993	Sanxiang Town, Zhongshan City
21	Shenzhong One Zhongshan	Zhongshan	50%	180,718	Nanlang Town, Zhongshan City
22	Zhongshan Hehua Hotel Project	Zhongshan	100%	64,536	Sanxiang Town, Zhongshan City
23	Agile Starry Jade Zhongshan	Zhongshan	15%	47,097	Shenwan Avenue, Zhongshan City
24	Agile City of Lohas Zhongshan	Zhongshan	100%	69,808	Sanxiang Town, Zhongshan City
25	Zhongshan Dongfeng Town Project	Zhongshan	100%	669,960	Dongfeng Town, Zhongshan City
26(A)	Agile The One Zhongshan Project A (Formerly known as Zhongshan Cuiheng New District Project)	Zhongshan	65%	245,526	Tsuihang New District (Start-up Area), Zhongshan City
26(B)	Agile The One Zhongshan Project B (Formerly known as Zhongshan Ma'an Island Project)	Zhongshan	49%	503,617	Tsuihang New District (Start-up Area), Zhongshan City
27	Agile Garden Guzhen	Zhongshan	100%	26,799	Ancient Town, Zhongshan City
Zhongshan Subtotal				7,698,197	
28	Agile International Garden Zhuhai	Zhuhai	49%	83,997	Scientific Innovation Coast North Area, Zhuhai City
Zhuhai Subtotal				83,997	
29	Park Irisation Jiangmen	Jiangmen	51%	44,033	Pengjiang District, Jiangmen City
30	Agile Honorable Mansion Jiangmen	Jiangmen	51%	29,372	Xinhui District, Jiangmen City
31	Agile Chairman Taishan	Jiangmen	50%	29,257	Taishan City, Jiangmen City
32	Agile Garden Taishan	Jiangmen	100%	58,411	Taishan City, Jiangmen City
33	Taishan Taicheng District Project	Jiangmen	100%	34,387	Taishan City, Jiangmen City
Jiangmen Subtotal				195,460	

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Period
		Total Planned GFA (A) (sq.m.)	Development Stage (B)		Planning Nature (C)				
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	4,380,000	1,321,074	565	1,159,232	161,277	1,227,652	38,422	55000	By Q1, 2024
	68,121	667	667	–	–	667	–	–	30/11/2018
	91,656	56,636	–	56,636	–	56,636	–	–	2021/12/30
	104,121	104,121	–	104,121	–	104,121	–	–	By Q2, 2023
	119,680	119,680	–	84,109	35,571	119,680	–	–	By Q1, 2023
	289,884	289,884	–	130,882	159,002	289,884	–	–	By Q4, 2025
	91,870	91,870	–	91,870	–	91,870	–	–	By Q4, 2022
	5,145,332	1,983,932	1,232	1,626,850	355,850	1,890,510	38,422	55,000	
	1,889,961	8,599	8,599	–	–	8,599	–	–	30/12/2014
	3,519,253	285,708	55,418	230,290	–	285,708	–	–	By Q2, 2025
	95,175	95,175	–	–	95,175	95,175	–	–	By Q4, 2025
	1,444,668	318,490	800	–	317,691	302,959	15,531	–	By Q4, 2027
	1,126,505	2,937	2,937	–	–	2,937	–	–	29/06/2018
	677,782	522	522	–	–	522	–	–	29/06/2018
	62,841	62,841	–	62,841	–	62,841	–	–	By Q4, 2022
	69,316	206	206	–	–	206	–	–	28/06/2019
	454,167	56,003	56,003	–	–	56,003	–	–	15/06/2021
	356,427	356,427	–	120,110	236,317	356,427	–	–	By Q2, 2026
	395,588	203,599	41,677	161,922	–	203,599	–	–	By Q3, 2022
	823,803	737,465	39,055	214,802	483,609	737,465	–	–	By Q4, 2025
	71,986	13,359	13,359	–	–	13,359	–	–	2019/4/22
	451,795	451,795	–	–	451,795	451,795	–	–	By Q4, 2025
	129,072	129,072	–	–	129,072	129,072	–	–	By Q3, 2023
	117,742	2,930	2,930	–	–	2,930	–	–	2020/12/17
	154,987	6,814	6,814	–	–	6,814	–	–	2020/12/9
	1,490,400	1,490,400	–	–	1,490,400	1,450,400	40,000	–	By Q4, 2025
	930,169	930,169	–	259,238	670,932	625,682	28,000	276,487	By Q3, 2029
	850,211	850,211	–	–	850,211	456,339	70000	323,872	By Q3, 2027
	81,146	81,146	–	81,146	–	81,146	–	–	By Q4, 2022
	15,192,995	6,083,869	228,319	1,130,348	4,725,202	5,329,979	153,531	600,359	
	206,494	142,720	142,720	–	–	142,720	–	–	2021/10/29
	206,494	142,720	142,720	0	0	142,720	0	0	
	110,083	388	388	–	–	388	–	–	2021/2/9
	63,525	59,101	1244	57,857	–	59,101	–	–	By Q1, 2022
	73,142	13,491	13,491	–	–	13,491	–	–	2021/1/8
	146,026	3,825	3,825	–	–	3,825	–	–	2021/6/11
	96,284	15,442	15,442	–	–	15,442	–	–	2021/12/15
	489,060	92,248	34,390	57,857	0	92,248	0	0	

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
34	Agile Personage Nanhai	Foshan	100%	44,786	Nanhai District, Foshan City
35	Agile Sunday Nanhai	Foshan	100%	35,337	Nanhai District, Foshan City
36	Pleasure Mansion Sanshui	Foshan	33%	79,015	Beijiang New Town, Foshan City
37	Qingyue Shunde	Foshan	40%	81,455	Beijiaoma Village, Foshan City
38	Agile Garden Shunde	Foshan	100%	212,410	Shunde District, Foshan City
39	Agile Mix City Shunde	Foshan	100%	62,515	Shunde District, Foshan City
40	Agile Cambridgeshire Shunde	Foshan	50%	110,833	Shunde District, Foshan City
41	Agile Landscape Foshan	Foshan	51%	27,407	Shunde District, Foshan City
42	Emerald Park Foshan	Foshan	33%	81,136	Gaoming District, Foshan City
43	Foshan Sanshui Project	Foshan	16.5%	56,284	Sanshui District, Foshan City
Foshan Subtotal				791,178	
44(A)	Agile Egret Lake Huizhou Project A	Huizhou	51%	580,524	Ruhu Town, Huizhou City
44(B)	Agile Egret Lake Huizhou Project B	Huizhou	100%	1,414,155	Ruhu Town, Huizhou City
45	Agile Lohas World Huizhou	Huizhou	49%	24,792	Huicheng District, Huizhou City
46	Violet Castle Huizhou	Huizhou	35%	88,844	Huicheng District, Huizhou City
47	Agile Garden Huiyang	Huizhou	66%	1,248,191	Huiyang District, Huizhou City
48	Agile Duhuiya County Huizhou	Huizhou	70%	55,000	Zhongkai Huaihuan, Huizhou City
Huizhou Subtotal				3,411,506	
49	Agile HK City Zhaoqing	Zhaoqing	100%	287,781	New District, Zhaoqing City
Zhaoqing Subtotal				287,781	
50	Agile Garden Heyuan	Heyuan	100%	1,364,741	Huangsha Avenue, Heyuan City
51	Agile Kylin Mansion Heyuan	Heyuan	100%	113,202	Yuancheng District, Heyuan City
52	Heyuan Dongyuan County Central District Project	Heyuan	100%	60,704	Dongyuan County, Heyuan City
53	Agile Timeless Works Heyuan	Heyuan	50%	64,806	Zijin County, Heyuan City
54	Agile Chairman Shantou	Shantou	100%	78,193	Chaoyang District, Shantou City
55	Agile Costal Pearl Shanwei	Shanwei	100%	183,407	City District, Shanwei City
56	Fenghui Meizhou	Meizhou	50%	44,774	Meixian District, Meizhou City
Eastern Guangdong Subtotal				1,909,827	
57	Agile Honorable Mansion Zhanjiang	Zhanjiang	100%	20,058	Chikan District, Zhanjiang City
58	Agile Lohas New City Maoming	Maoming	100%	86,400	South District of Maoming Station, Maoming City
59	Elite Residence Yunfu	Yunfu	50%	156,737	Xincheng Town, Xinxing County, Yunfu City
60	Jieyang Jiedong District Project	Jieyang	5%	46,599	Jiedong District, Jieyang City
Western Guangdong Subtotal				309,794	
61	City of Lohas Qingyuan	Qingyuan	50%	53,331	Qingcheng District, Qingyuan City
62	Agile County Qingyuan	Qingyuan	51%	166,700	Qingcheng District, Qingyuan City
Northern Guangdong Subtotal				220,031	
63	Agile International Financial Center Nanning	Nanning	50%	56,736	Wuxiang New District, Nanning City
64	Agile Golden Bay Beihai	Beihai	60%	667,213	Yinhai District, Beihai City
Guangxi Subtotal				723,949	
Southern China Region Subtotal				18,579,902	

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) / (Note 1)							Completion Period
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	143,315	611	611	–	–	611	–	–	2012/12/20
	88,342	349	349	–	–	349	–	–	2021/6/28
	252,846	175,691	88691	87,000	–	175,691	–	–	By Q1, 2023
	203,638	130,500	54,777	75,723	–	130,500	–	–	By Q2, 2023
	488,500	1,529	1,529	–	–	1,529	–	–	2012/12/20
	143,126	88,337	336	88,001	–	87,409	–	928	By Q4, 2022
	310,332	196,521	1,372	195,149	–	196,521	–	–	By Q4, 2024
	61,477	61,477	–	61,477	–	61,477	–	–	By Q3, 2023
	243,407	147,157	59,833	87,324	–	147,157	–	–	By Q2, 2022
	140,709	140,709	–	74,804	65905	140,709	–	–	By Q4, 2023
	2,075,692	942,882	207,498	669,479	65,905	941,954	0	928	
	811,500	694,198	–	120,909	573,289	694,198	–	–	By Q4, 2025
	1,293,836	100,320	9,416	68254	22,650	100,320	–	–	By Q4, 2025
	76,855	25,299	25299	–	–	25,299	–	–	2021/8/31
	222,110	34,299	34299	–	–	34,299	–	–	2021/12/6
	2,995,658	1,485,978	220,025	–	1,265,953	1,485,978	–	–	By Q4, 2025
	196,508	95,602	28,980	66,622	–	95,602	–	–	By Q3, 2022
	5,596,467	2,435,696	318,019	255,785	1,861,892	2,435,696	0	0	
	712,527	693,616	11693	287,331	394,592	650,014	–	43603	By Q4, 2025
	712,527	693,616	11,693	287,331	394,592	650,014	0	43,603	
	2,729,481	448	448	–	–	448	–	–	2019/12/31
	283,612	5,262	5,262	–	–	5,262	–	–	2021/6/30
	151,760	151,760	–	151,760	–	151,760	–	–	By Q3, 2023
	162,015	162,015	–	–	162015	162,015	–	–	By Q4, 2024
	351,869	242,585	33815	–	208,770	242,585	–	–	By Q4, 2024
	416,914	377,951	24,905	190,210	162,836	377,951	–	–	By Q4, 2024
	116,412	116,412	66,368	50,044	–	116,412	–	–	By Q4, 2022
	4,212,063	1,056,432	130,798	392,013	533,621	1,056,432	0	0	
	60,027	177	177	–	–	177	–	–	2020/6/15
	212,414	212,414	–	119,235	93,179	171,834	–	40,580	By Q2, 2023
	470,228	148,120	56,988	91,132	–	148,120	–	–	By Q3, 2022
	157,914	157,914	82093	75,821	–	157,914	–	–	2020/9/28
	900,582	518,625	139,259	286,188	93,179	478,045	0	40,580	
	111,995	111,995	–	111,995	–	111,995	–	–	By Q2, 2022
	466,760	340,264	8550	136,468	195,246	340,264	–	–	By Q3, 2024
	578,755	452,259	8,550	248,463	195,246	452,259	0	0	
	375,446	219,711	219,711	–	–	–	–	219,711	2019/12/20
	1,248,641	1,179,382	126,869	173,401	879,112	1,179,382	–	–	By Q4, 2029
	1,624,087	1,399,093	346,580	173,401	879,112	1,179,382	0	219,711	
	36,734,053	15,801,373	1,569,057	5,127,717	9,104,599	14,649,240	191,953	960,180	

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
Eastern China Region					
65	Agile Chang Le Du Nanjing	Nanjing	100%	59,900	Qinhuai District, Nanjing City
66	The Territory Nanjing	Nanjing	100%	316,697	Pukou District, Nanjing City
67	Agile Yunwang Mansion Nanjing	Nanjing	34%	35,058	Yuhuatai District, Nanjing City
68	Agile Harbour City Nanjing	Nanjing	65%	233,257	Pukou District, Nanjing City
69	Agile Yajun Lanting Nanjing	Nanjing	100%	63,132	Jiangning District, Nanjing City
70	Agile Central Mansion Nanjing	Nanjing	50%	38,602	Gaochun District, Nanjing City
71	Agile International Yangzhou	Yangzhou	100%	110,597	Hanjiang District, Yangzhou City
72	Agile Mountain Yangzhou	Yangzhou	100%	148,142	Hanjiang District, Yangzhou City
73	Yangzhou Huaisi Industrial Project	Yangzhou	100%	48,430	Hanjiang District, Yangzhou City
74	Yangzhou International Waterfront New Town Project	Yangzhou	100%	306,886	Jiangqiao Road, Yangzhou City
75	Agile Luxuriant Palace Zhenjiang	Zhenjiang	100%	75,795	Jingkou District, Zhenjiang City
76	Agile Landscape House Xuzhou	Xuzhou	34%	147,531	Tongshan District, Xuzhou City
77	Agile Fuchun Mountain Xuzhou	Xuzhou	50%	132,397	Yunlong District, Xuzhou City
78	Xuzhou Gulou District Project	Xuzhou	30%	41,100	Gulou District, Xuzhou City
79	Xuzhou Quanshan District Project (Note 4)	Xuzhou	33%	61,002	Quanshan District, Xuzhou City
80	Xuzhou Economic Development Zone Project (Note 4)	Xuzhou	33%	53,949	Economic Development Zone, Xuzhou City
81	Landscape Hefei	Hefei	49%	92,216	Luyang District, Hefei City
82	Agile County Hefei	Hefei	100%	75,608	Xinzhan District, Hefei City
83	Park View Mansion Hefei	Hefei	45%	65,742	Xinzhan District, Hefei City
84	Hefei Feidong Industrial Project	Hefei	100%	79,893	Circular Economy Demonstration Park, Hefei City
85	Agile New Joy Mansion Wuhu	Wuhu	60%	124,059	Yijiang District, Wuhu City
86	Agile Sheshan One Shanghai (Formerly known as Shanghai Songjiang District Project)	Shanghai	25.3%	88,442	Songjiang District, Shanghai City
87	Agile Guanghe City Jiaxing	Jiaxing	40%	31,163	Jiashan County, Jiaxing City
88	Agile Yuejinghuang Chunfengdu Jiaxing	Jiaxing	50%	31,025	Tongxiang City, Jiaxing City
89	Huzhou Fenghuang District East Project	Huzhou	50%	65,257	Fenghuang District East, Huzhou City
90	Huzhou High Technology Town Project	Huzhou	100%	74,689	Changxing County, Huzhou City
91	Natural Villa Shaoxing (Formerly known as Shaoxing Keqiao District Project)	Shaoxing	51%	63,836	Keqiao District, Shaoxing City
92	Yiwu Choujiang District Project (Note 4)	Yiwu	24%	43,820	KeChoujiang Street, Yiwu City
93(A)	Agile Dream Lake Fairy Hill Changzhou Project A	Changzhou	100%	614,915	Jintan District, Changzhou City
93(B)	Agile Dream Lake Fairy Hill Changzhou Project B	Changzhou	95%	352,357	Jintan District, Changzhou City
94	Agile Tangsong Changzhou	Changzhou	51%	129,136	Zhonglou District, Changzhou City
95	Mansion of Lake Changzhou	Changzhou	49%	68,563	Wujin District, Changzhou City
96	Agile The Rivulet Changzhou	Changzhou	34%	98,451	Xinbei District, Changzhou City
97	Changzhou Industry Project	Changzhou	100%	85,644	Meixi Road, Changzhou City
98	Agile Talent Mansion Changzhou (Formerly known as Changzhou Tianning District Project)	Changzhou	50%	40,131	Tianning District, Changzhou City
99	Yixing Guanlin Industry Project	Yixing	100%	121,827	Guanlin Town, Yixing City
100	Agile City Center Villa Wuxi	Wuxi	100%	214,664	Binhu District, Wuxi City
101	Life in Park Wuxi	Wuxi	50%	89,647	Xinwu District, Wuxi City
102	Agile Honor Mansion Wuxi	Wuxi	50%	88,976	Jiangyin City, Wuxi City
103	Revive Mansion Wuxi (Formerly known as Wuxi Economic Development Zone Project)	Wuxi	23%	21,820	Economic Development Zone, Wuxi City
104	Agile Metropolis Nantong	Nantong	40%	141,257	Haimen City, Nantong City
105	Agile Metropolis Nantong	Nantong	50%	20,768	Chongchuan District, Nantong City

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Period
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	59,600	396	396	–	–	396	–	–	2016/5/30
	910,561	37,267	37,267	–	–	37,267	–	–	2019/11/29
	98,425	98,425	–	98,425	–	98,425	–	–	By Q3, 2023
	702,104	702,104	–	428,563	273,541	268,221	30010	403873	By Q4, 2025
	155,769	155,769	–	155,769	–	155,769	–	–	By Q4, 2023
	54,043	54,043	–	54,043	–	54,043	–	–	By Q4, 2022
	436,858	307,354	–	139,233	168,121	168,121	139,233	–	By Q4, 2024
	235,600	7,788	7,788	–	–	7,788	–	–	2020/12/15
	77,017	77,017	–	77,017	–	–	–	77,017	By Q3, 2022
	508,218	387,576	–	203,723	183,853	342,561	–	45015	By Q2, 2023
	127,524	34,285	453	33,832	–	34,285	–	–	By Q4, 2023
	177,037	109,897	–	109,897	–	109,897	–	–	By Q1, 2022
	175,912	175,912	–	175,912	–	175,912	–	–	By Q4, 2022
	99,804	99,804	–	99,804	–	99,804	–	–	By Q1, 2023
	133,326	133,326	–	86,480	46846	133,326	–	–	By Q4, 2023
	120,517	120,517	–	–	120517	120,517	–	–	By Q2, 2024
	185,483	134,265	19,361	114,903	–	132,652	–	1613	By Q4, 2022
	135,495	46,684	2615	44,069	–	45,542	–	1,142	By Q4, 2022
	121,651	121,651	–	121,651	–	121,651	–	–	By Q2, 2023
	108,437	108,437	–	50,883	57,554	–	–	108,437	By Q4, 2022
	272,930	9,744	9,744	–	–	9,744	–	–	2021/8/15
	101,709	101,709	–	101,709	–	101,709	–	–	By Q3, 2023
	68,559	66,519	–	66,519	–	66,519	–	–	2021/12/31
	70,867	70,867	–	70,867	–	70,867	–	–	By Q2, 2023
	133,842	133,842	–	133,842	–	133,842	–	–	By Q3, 2023
	89,288	26,460	26,460	–	–	26460	–	–	2021/12/15
	76,603	76,603	–	–	76603	76,603	–	–	By Q2, 2023
	92,013	92,013	–	92,013	–	87,623	–	4391	By Q4, 2023
	297,309	74,847	–	–	74,847	74,847	–	–	By Q2, 2024
	183,468	80,173	–	–	80,173	80,173	–	–	By Q1, 2025
	282,740	151,145	–	151,145	–	148,682	–	2463	By Q4, 2022
	137,126	137,126	–	137,126	–	137,126	–	–	By Q4, 2022
	150,748	150,748	–	150,748	–	150,748	–	–	By Q4, 2022
	121,712	48,794	–	48,794	–	–	–	48,794	By Q2, 2022
	80,262	80,262	–	80,262	–	80,262	–	–	By Q4, 2023
	133,000	67,361	–	41,613	25,748	10	–	67,351	By Q3, 2023
	590,325	192,514	–	192,514	–	65,069	11,139	116,306	By Q4, 2024
	158,976	158,976	–	158,976	–	158,976	–	–	By Q4, 2024
	175,613	175,613	–	175,613	–	175,613	–	–	By Q2, 2024
	46,766	46,766	–	46,766	–	46,766	–	–	By Q2, 2023
	296,640	108,850	–	108,850	–	88,070	–	20,780	By Q2, 2022
	41,494	235	235	–	–	235	–	–	2020/12/15

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
106	Agile Central Mansion Qidong	Qidong	50%	49,737	Jinqiao Road, Qidong City
107	Qidong Huashi Road East Project	Qidong	40%	72,182	Huashi Road East, Qidong City
108	Taizhou Industry Project	Taixing	100%	62,294	Jichuan Street, Taixing City
109	Huai'an Industry Project	Huai'an	100%	65,855	Xinzhu Street, Huai'an City
110	Agile Luxuriant Palace Suzhou	Suzhou	100%	81,202	Xiangcheng Development Zone, Suzhou City
111	Agile Yayue Courtyard Suzhou (Formerly known as Suzhou Xiangcheng Development Zone Project)	Suzhou	51%	49,913	Xiangcheng Development Zone, Suzhou City
112	Agile Shanyue County Changshu	Changshu	100%	68,001	Changfu Street, Changshu City
113	Agile Lake Whisper Garden Kunshan	Kunshan	100%	60,291	Dianshan Lake Town, Kunshan City
114	Long Beach Fuzhou	Fuzhou	49%	70,618	Ting Jiang District, Fuzhou City
115	Agile Mountains & Aqua Fuzhou	Fuzhou	100%	39,096	Mawei District, Fuzhou City
116	Fuzhou Cangshan District Project	Fuzhou	100%	20,007	Cangshan District, Fuzhou City
117	Agile Chairman Xiamen	Xiamen	100%	12,206	Xiang'an District, Xiamen City
118	Jinyu Tixiang Xiamen	Xiamen	51%	7,964	Xiang'an District, Xiamen City
119	Agile Xiangshan in the Bay Zhangzhou	Zhangzhou	51%	353,391	Zhangpu County, Zhangzhou City
120	Agile Champion Town Weihai	Weihai	65%	2,652,910	Nanhai New District, Weihai City
121(A)	Jing Yuan Jinan	Jinan	50%	21,181	Lixia District, Jinan City
121(B)	Jing Yuan Jinan	Jinan	50%	49,573	Lixia District, Jinan City
122	Jiangshan The One Jinan	Jinan	33%	23,856	Zhangqiu District, Jinan City
123	Agile City of Lohas Jinan	Jinan	100%	69,495	Changqing District, Jinan City
Eastern China Region Subtotal				8,626,153	
Western China Region					
124	Agile Garden Chengdu	Chengdu	100%	1,338,960	Shuangliu County, Chengdu City
125	Agile Born to Shine Chengdu	Chengdu	49%	56,005	Qingbaijiang District, Chengdu City
126	Flowers Island Chengdu	Chengdu	33%	69,999	Xinjin County, Chengdu City
127	Agile City of Lohas Chengdu	Chengdu	100%	66,009	Xinjin County, Chengdu City
128	Agile Boguang County Chengdu	Chengdu	100%	98,028	Wenjiang District, Chengdu City
129	IN Tian Fu Chengdu	Chengdu	30%	97,626	Chenghua District, Chengdu City
130	Agile Nine Foothills Chengdu	Chengdu	51%	372,732	Sanlang Town, Chongzhou, Chengdu City
131	Agile Yuejiang Lai Chengdu	Chengdu	34%	62,450	Shiqiao Street, Chengdu City
132	Yibin Xuzhou District Project	Yibin	40%	150,963	Xuzhou District, Yibin City
133	Agile Life Diary Xi'an	Xi'an	100%	277,519	Chang'an District, Xi'an City
134	Agile North City County Xi'an	Xi'an	51%	128,087	Xixian New District, Xi'an City
135	Xi'an Lianhu District Project	Xi'an	49%	68,651	Lianhu District, Xi'an City
136	Baoji Taibai Mountain National Tourism Scenic Area Project	Baoji	80%	105,816	Mei County, Baoji City
137	Agile Garden Hanzhong	Hanzhong	100%	442,647	Hantai District, Hanzhong City
138	Agile Hanlin Garden Weinan	Weinan	51%	43,637	Downtown Weinan City
139	Agile Cambridgeshire Guiyang	Guiyan	51%	29,104	Economic and Technological Development Zone, Guiyang City
140	Agile Chairman Chongqing	Chongqing	100%	119,287	Dadukou District, Chongqing Municipality
141	Agile Mountain Chongqing	Chongqing	100%	203,112	Liangjiang New District, Chongqing Municipality
142	Lumingfu Chongqing	Chongqing	33%	157,427	Ba'nian District, Chongqing Municipality
143	Agile Bay Area Villa Chongqing	Chongqing	100%	138,394	Liangjiang New District, Chongqing Municipality
144	Agile Hanyun Garden Chongqing	Chongqing	100%	139,225	Hechuan District, Chongqing Municipality
145	Agile Jiulong County Chongqing	Chongqing	100%	50,035	Jiu Long Po District, Chongqing Municipality
146	Agile Star County Chongqing	Chongqing	100%	112,059	Beibei District, Chongqing Municipality
147	Chongqing Ba'nian District Project	Chongqing	100%	98,981	Ba'nian District, Chongqing Municipality
148	Agile Lan'an Garden Chongqing (Formerly known as Chongqing Bishan District Project)	Chongqing	60%	79,883	Bishan District, Chongqing Municipality
149	Chongqing Tianding Yinxing Project	Chongqing	51%	75,003	Tianding Yinxing, Chongqing Municipality
Western China Region Subtotal				4,581,639	

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) <i>(Note 1)</i>							Completion Period
		Total Planned GFA <i>(A)</i> (sq.m.)	Development Stage <i>(B)</i>			Planning Nature <i>(C)</i>			
			Completed <i>(B1)</i>	Under Development <i>(B2)</i>	Held for Future Development <i>(B3)</i>	Residential & Ancillary Facilities <i>(C1)</i>	Hotel <i>(C2)</i>	Commercial & Office <i>(C3)</i>	
	124,343	124,343	–	124,343	–	106,592	–	17,750	By Q3, 2023
	137,435	137,435	–	75,074	62,361	137,435	–	–	By Q2, 2025
	67,154	31,596	–	31,596	–	–	–	31,596	By Q2, 2022
	97,636	97,636	–	–	97636	–	–	97,636	By Q3, 2023
	162,404	534	534	–	–	147	–	387	2021/12/30
	89,843	89,843	–	89,843	–	89,843	–	–	By Q4, 2023
	102,002	102,803	–	102,803	–	102,803	–	–	By Q4, 2022
	108,523	108,523	–	108,523	–	108,523	–	–	By Q4, 2022
	197,730	197,730	–	197,730	–	197,730	–	–	By Q4, 2022
	64,392	8,068	8,068	–	–	8,068	–	–	2019/12/24
	42,015	42,015	–	42,015	–	42,015	–	–	By Q4, 2022
	29,296	38	38	–	–	38	–	–	2019/12/26
	19,112	19,112	19112	–	–	19,112	–	–	2020/7/15
	1,140,725	1,172,612	190,962	89,339	892,311	1,172,612	–	–	By Q4, 2026
	3,109,555	2,857,845	38,353	193,264	2,626,228	2,648,740	72,000	137,105	By Q2, 2046
	63,543	42,673	42673	–	–	42,673	–	–	2021/8/10
	143,920	127,678	2,273	125,405	–	127,678	–	–	By Q1, 2022
	38,328	102	102	–	–	102	–	–	2021/6/2
	182,658	182,658	–	182,658	–	182,658	–	–	By Q2, 2022
	14,145,984	10,306,926	406,434	5,114,154	4,786,338	8,872,890	252,382	1,181,655	
	1,606,752	8,973	8,973	–	–	287	–	8,686	2020/6/30
	112,011	43,644	8336	35,308	–	43,644	–	–	By Q2, 2022
	145,255	187,453	42198	145,255	–	187,453	–	–	By Q2, 2022
	165,023	92,282	1,757	90,525	–	92,282	–	–	By Q1, 2022
	245,068	200,263	–	148,341	51,922	142,562	–	57701	By Q4, 2023
	244,000	149,575	972	148,603	–	107,015	–	42,561	By Q4, 2023
	445,734	396,040	76909	14,909	304,222	390,686	5,354	–	By Q3, 2028
	158,900	158,900	–	84,471	74429	146,492	–	12,408	By Q4, 2024
	421,931	421,931	–	55,086	366845	421,931	–	–	By Q3, 2025
	695,070	132,045	38	71,222	60,785	17,646	–	114,398	By Q4, 2023
	256,174	207,152	607	206,544	–	207,152	–	–	By Q4, 2023
	192,223	192,223	–	–	192,223	190,110	–	2,113	By Q2, 2025
	117,074	117,074	–	57537	59,537	117,074	–	–	By Q4, 2024
	1,549,263	841,884	19,190	335,853	486,841	841,884	–	–	By Q4, 2027
	104,730	2,603	2603	–	–	2,603	–	–	2021/12/30
	72,390	72,390	–	50,867	21522	72,390	–	–	By Q2, 2023
	348,172	154	154	–	–	154	–	–	2018/12/30
	362,486	82,308	1,325	27,128	53,854	82,308	–	–	By Q4, 2024
	366,953	8,524	8524	–	–	8,524	–	–	2021/12/30
	187,009	122,499	20,302	31,437	70,760	122,499	–	–	By Q3, 2023
	409,627	409,627	–	76,837	332,790	409,627	–	–	By Q3, 2025
	104,318	60,594	10863	49,731	–	60,594	–	–	By Q3, 2022
	168,142	78,941	–	40,526	38,415	40,526	–	38,415	By Q4, 2023
	232,199	232,199	–	–	232,199	232,199	–	–	By Q2, 2024
	123,379	123,379	–	61,306	62,073	123,379	–	–	By Q2, 2024
	113,771	113,771	–	57421	56,351	94,230	–	19,541	By Q4, 2023
	8,947,654	4,456,428	202,752	1,788,908	2,464,768	4,155,251	5,354	295,824	

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
Central China Region					
150	Bund Mansion Changsha	Changsha	50%	197,406	Kaifu District, Changsha City
151	Agile Evian Town Changsha	Changsha	100%	410,911	Ningxiang County, Changsha City
152	Agile Sunday Changsha	Changsha	100%	15,853	Economic Development Zone, Changsha City
153	Agile Forest Lake Zhengzhou	Zhengzhou	100%	78,328	Lubo Component, Zhongmou County, Zhengzhou City
154	Agile Chairman Zhengzhou	Zhengzhou	100%	49,485	Zhengdong New District, Zhengzhou City
155	Agile Celestial Mansion Zhengzhou	Zhengzhou	49%	52,189	Longhu County, Xinzheng City, Zhengzhou City
156	West City Garden Zhengzhou	Zhengzhou	33%	46,691	Shangyin West Road, Xingyang, Zhengzhou City
157	Agile Romantic Town Gongyi	Zhengzhou	36.7%	492,100	Baisha District, Gongyi, Zhengzhou City
158	Grand View Kaifeng	Kaifeng	51%	59,545	No. 6 Avenue, Kaifeng City
159	Guokong Kaifeng	Kaifeng	20.4%	264,008	Longting District, Kaifeng City
160	Agile International Garden Xuchang	Xuchang	49%	93,186	Dongcheng District, Xuchang City
161	Agile County of Earl Xuchang	Xuchang	100%	31,083	Dongcheng District, Weidu, Xuchang City
162	Agile Hanlinya County Xuchang	Xuchang	100%	165,972	Jian'an District, Xuchang City
163	Lantai Mansion Shangqiu	Shangqiu	49%	59,698	Suiyang District, Shangqiu City
164	Agile Nanlu Mountain Chenzhou	Chenzhou	50%	121,066	Suxian District, Chenzhou City
165	Agile International Garden Wuhan	Wuhan	100%	406,583	Jiangxia District, Wuhan City
166	Agile City of Lohas Jingzhou	Jingzhou	100%	42,113	Jingzhou District, Jingzhou City
167	Agile Modern Mansion Xiangyang	Xiangyang	100%	213,809	Dongjin New District, Xiangyang City
168	Agile Beichen County Xiangyang (Formerly known as Xiangyang Gaoxin District Project)	Xiangyang	60%	37,700	Gaoxin District, Xiangyang City
169	Jiujiang Lianxi District Project	Jiujiang	30%	230,966	Lianxi District, Jiujiang City
Central China Region Subtotal				3,068,692	
Hainan Region					
170	Hainan Clearwater Bay	Lingshui	100%	10,698,576	Yingzhou Town, Lingshui Li Minority Autonomous County
171	Agile Starlight City Hainan	Wenchang	100%	110,098	Longlou Town, Wenchang City
172	Agile Golden Bay Hainan	Haikou	60%	408,444	West Coast, Haikou City
173	Agile Center Haikou	Haikou	60%	36,944	Main Urban Area, Haikou City
174	Agile Shanqin Bay Wanning	Wanning	51%	233,325	Longgun Town, Wanning City
175	Hainan Shangen Bay Project	Wanning	100%	41,811	Longgun Town, Wanning City
176	Lingao Nanbao Town Project	Lingao	100%	88,963	Nanbao Town, Lingao City
Hainan Region Subtotal				11,618,161	
Yunnan Region					
177	Agile International Garden Ruili	Ruili	100%	413,273	CBD area, Nongmo Lake, Ruili City
178	Agile Eden Yunnan	Tengchong	100%	2,423,266	Qushi Community, Qushi Town, Tengchong City
179	Agile Erhai Dali	Dali	100%	62,215	Economic and Technological Development Zone, Dali City, Dali Bai Autonomous Prefecture
180	Agile Quenya Yunnan	Xishuangbanna	100%	1,071,600	Jinghong City, Xishuangbanna
181	Agile Central County Kunming	Kunming	100%	114,200	Guandu District, Kunming City
182	Jinlin Fenghui Kunming	Kunming	50%	81,914	Panlong District, Kunming City
183	Agile City Central Kunming	Kunming	50%	73,912	Xishan District, Kunming City
Yunnan Region Subtotal				4,240,380	

PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Period
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	670,237	289,758	723	–	289,034	–	–	289,758	By Q4, 2025
	739,641	486,894	117,078	–	369,816	437,708	38,015	11,171	By Q4, 2028
	72,963	11,211	11211	–	–	11,211	–	–	2021/7/1
	196,086	460	460	–	–	460	–	–	2019/6/25
	74,040	26,109	26,109	–	–	26,109	–	–	2019/12/19
	156,566	54,606	331	54,276	–	54,606	–	–	By Q2, 2023
	116,726	116,726	–	116,726	–	115,834	–	892	By Q3, 2024
	765,094	593,530	73,430	215,576	304,524	505,968	6971	80,591	By Q2, 2029
	148,433	148,433	–	148,433	–	142,676	–	5,757	By Q4, 2022
	660,019	660,019	–	310,350	349,669	638,825	–	21,194	By Q3, 2027
	243,289	51,513	577	46,109	4826	49,702	–	1,811	By Q2, 2024
	40,609	11,766	11,766	–	–	11,652	–	114	2021/11/30
	444,910	444,910	–	224,996	219,913	437,020	–	7,890	By Q4, 2026
	146,941	146,941	–	88,135	58,806	144,371	–	2570	By Q4, 2025
	145,279	145,279	–	73,485	71,794	145,279	–	–	By Q2, 2024
	790,694	376,577	21,766	354,811	–	376,577	–	–	By Q2, 2023
	146,931	27,333	27,333	–	–	27,333	–	–	2021/12/14
	442,912	358,922	34,385	244,762	79,775	253,335	–	105,587	By Q4, 2023
	69,820	69,820	–	69820	–	69,820	–	–	By Q2, 2023
	287,360	287,360	–	85,900	201,460	287,360	–	–	By Q3, 2024
	6,358,549	4,308,166	325,170	2,033,378	1,949,618	3,735,845	44,986	527,335	
	8,402,563	2,484,395	496,744	1,347,166	640,485	2,121,418	154,744	208,233	By Q2, 2026
	330,294	218,854	31,953	59,520	127,382	218,854	–	–	By Q4, 2025
	704,451	262,108	30,907	199,258	31,942	230,165	31,942	–	By Q2, 2022
	92,359	71,464	71464	–	–	–	–	71,464	2021/12/17
	184,658	176,923	–	70,120	106,803	138,423	38,500	–	By Q4, 2025
	45,992	45,992	–	–	45,992	45,992	–	–	By Q4, 2026
	41,762	41,762	–	41,762	–	495	41,267	–	By Q4, 2023
	9,802,080	3,301,499	631,067	1,717,827	952,605	2,755,348	266,454	279,697	
	1,400,178	624,699	61,314	169,021	394,364	624,699	–	–	By Q3, 2024
	4,004,836	2,561,618	106,415	–	2,455,203	2,497,596	31,143	32,879	By Q4, 2025
	240,690	240,690	–	126,385	114,305	240,690	–	–	By Q4, 2025
	1,285,920	436,190	73,563	181,313	181,313	431,824	–	4366	By Q2, 2026
	368,609	368,609	–	130,128	238,481	368,609	–	–	By Q2, 2025
	262,126	168,890	31874	108,860	28,156	168,890	–	–	By Q4, 2023
	314,304	314,304	–	203,778	110,526	274,960	–	39,344	By Q4, 2024
	7,876,663	4,715,000	273,166	919,485	3,522,349	4,607,268	31,143	76,589	

PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
Northeast China Region					
184	Agile Garden Shenyang	Shenyang	100%	536,800	Shenbei New District, Shenyang City
185	Agile Shine Song Shenyang	Shenyang	50%	30,705	Economic and Technological Development Zone, Shenyang City
186	Shenyang Hunnan District Project	Shenyang	100%	36,300	Hunnan District, Shenyang City
Northeast China Region Subtotal				603,805	
Northern China Region					
187	Tianjin Jinnan New City	Tianjin	25%	1,289,227	Jinnan District, Tianjin Municipality
188	Agile Chairman Tianjin	Tianjin	100%	85,689	Haihe Education Park, Tianjin Municipality
189	Agile Binhe County Tianjing	Tianjin	48%	802,610	Han'gu District, Tianjin Municipality
190(A)	Agile Samite Dajia Tianjin	Tianjin	50%	230,355	Haihe Education Park, Tianjin Municipality
190(B)	Tianjin Haijiao Garden Project B	Tianjin	100%	45,709	Haihe Education Park, Tianjin Municipality
191	Agile Baodi Jingqiao International Town Tianjin	Tianjin	49%	493,845	Baodi District, Tianjin Municipality
192	Agile Chairman Handan	Handan	90%	18,240	Congtai District, Handan City
193	Courtyard Handan	Handan	49%	30,581	Congtai District, Handan City
194	Agile Lohas Life Jinzhong	Jinzhong	33%	20,568	Yuci District, Jinzhong City
195	Younge'nd Peninsula Jinzhong	Jinzhong	50%	147,060	Yuci District, Jinzhong City
196	Beijing Yanqing District Project	Beijing	51%	198,254	Yanqing County, Beijing City
197	Agile Jinghua Ya Jun Beijing	Beijing	100%	36,478	Hexi District, Economic and Technological Development Zone, Beijing City
198	Beijing Mentougou District Project	Beijing	100%	52,916	Mentougou District, Beijing City
199	Agile Territory Epic Taiyuan	Taiyuan	95%	87,907	Yingze District, Taiyuan City
200	Agile Chairman Shijiazhuang	Shijiazhuang	100%	49,697	Zhengding New District, Shijiazhuang City
Northern China Region Subtotal				3,589,136	
Hong Kong					
201(A)	Eastbourne Road Kowloon Tong Project A	Hong Kong	82%	2,010	6 Eastbourne Road, Kowloon Tong, Hong Kong
201(B)	Eastbourne Road Kowloon Tong Project B	Hong Kong	23%	2,548	8-10 Eastbourne Road, Kowloon Tong, Hong Kong
202	King's Road & Mount Parker Road Project	Hong Kong	100%	2,925	992-998 King's Road, 2-8, 10-16 Mount Parker Road, Quarry Bay, Hong Kong
Hong Kong Subtotal				7,483	
Overseas					
203	Agile Bukit Bintang Kuala Lumpur	Kuala Lumpur	70%	15,174	Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, Malaysia
204	Agile Embassy Garden Kuala Lumpur	Kuala Lumpur	100%	12,464	Geran 10567, Lot 258 Seksyen 89A, Bandar Kuala Lumpur Malaysia
205	Agile Sky Residence Phnom Penh	Phnom Penh	85%	4,220	Monivong Boulevard, Phoum 7, Sangkat Boeung Keng Kang 3, Khan Chamkarmon, Phnom Penh, Cambodia
206	San Francisco Project 88	San Francisco	50%	2,787	88 Arkansas Street, San Francisco, CA, United States
Overseas Subtotal				34,645	
Grand Total (Note 2)				54,949,996	

Notes:

- Land bank data includes only GFA that is calculated based on plot ratio and A=B=C. The data of completed GFA and GFA under development are as at 31 December 2021. Data are derived from the Group's internal record.
- In addition to the above information, the Group has a planned project in Hong Kong. The Group is holding 70% equity interest in lands (including agricultural land and others) with total site area of approximately 1.29 million sq. feet in the New Territories and is intended to submit its application for amendment of plan to the relevant government department.
- The Group's equity interests in the projects listed in the Land Bank Table may change as a result of introduction of cooperation parties for the joint development of some of these projects. The current percentages of shareholdings listed in the Land Bank Table are for reference only.
- The Group is undergoing an asset disposal of this project to third party in 2022.

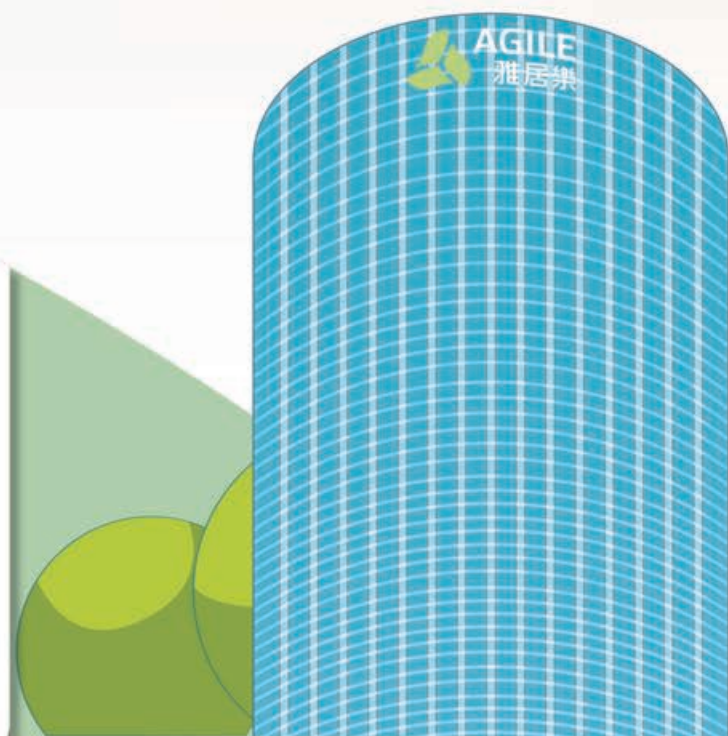
PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Completion Period
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	1,110,834	1,765	1,765	–	–	1,765	–	–	2021/10/28
	52,198	117	117	–	–	117	–	–	2021/8/30
	76,700	76,386	76,386	–	–	61,448	–	14938	2019/9/5
	1,239,732	78,268	78,268	0	0	63,330	0	14,938	
	3,010,901	801,167	140,423	660,744	–	405,167	36,000	360,000	By Q2, 2024
	128,532	20,388	374	–	20,014	20,388	–	–	By Q4, 2023
	1,122,661	1,122,661	–	275,428	847,233	1,122,661	–	–	By Q4, 2028
	327,276	199,947	15111	113,158	71,678	199,947	–	–	By Q4, 2024
	77,704	77,704	–	77,704	–	77,704	–	–	By Q3, 2022
	825,535	642,833	61,956	197,412	383,465	560,691	–	82,142	By Q4, 2027
	36,480	36,480	–	36,480	–	36,480	–	–	By Q2, 2022
	61,162	61,162	–	61,162	–	61,162	–	–	By Q3, 2022
	54,789	133	133	–	–	133	–	–	2020/12/15
	450,699	450,699	–	377,239	73,460	445,025	–	5674	By Q4, 2025
	65,000	65,000	–	–	65,000	41,500	23,500	–	By Q4, 2025
	80,252	79,733	–	79,733	–	79,733	–	–	2021/12/21
	51,938	51,938	–	51,938	–	51,938	–	–	By Q4, 2024
	348,844	348,844	–	235,907	112,936	347,575	–	1269	By Q2, 2023
	99,394	99,394	–	99,394	–	99,394	–	–	By Q2, 2022
	6,741,166	4,058,082	217,997	2,266,299	1,573,787	3,549,498	59,500	449,084	
	6,030	6,030	–	–	6,030	6,030	–	–	By Q4, 2025
	7,644	7,644	–	–	7,644	7,644	–	–	By Q4, 2025
	6,525	6,525	–	–	6,525	6,525	–	–	By Q4, 2025
	20,199	20,199	–	–	20,199	20,199	–	–	
	151,961	151,961	–	151,961	–	151,961	–	–	By Q2, 2025
	111,900	111,900	–	111,900	–	111,900	–	–	By Q4, 2023
	50,640	50,640	–	50,640	–	50,640	–	–	By Q2, 2022
	10,674	10,674	–	10,674	–	10,674	–	–	2021/7/30
	325,175	325,175	–	325,175	–	325,175	–	–	
	92 191 255	47 371 117	3 703 911	19 292 944	24 374 262	42 734 044	851 771	3 785 302	

DIVERSIFIED BUSINESSES

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







A-Living

A-Living continues to serve property owners with high-quality services, contribute to community management and help promote urban development. Adhering to a market-oriented development strategy and focusing on the development of core businesses, A-Living continuously extended the scenarios to which its services can be applied, actively developed businesses along the whole value chain of the industry, and innovatively explored the value-added service ecosystem. A-Living scaled new heights in terms of management scale and brand strength and continuously ranked the 4th of the “2021 Top 100 Property Management Companies in China”, demonstrating the wide recognition of its status as an industry leader.



Environmental Protection

Adhering to the development strategy of “1 Core, 4 Drivers and N Wings”, the environmental protection business focused on hazardous waste treatment while engaging in selective projects of energy and power generation, ecological industrial parks, environmental protection water treatment and ecological restoration.



Commercial

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

INVESTOR RELATIONS



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

As at 31 December 2021, 22 investment banks and securities research companies have initiated research coverage on the securities of the Company. Currently, the Company has established contacts with over 4,000 investors and analysts.

During the year, the Group’s management and investor relations team actively organised and participated in various investor relations activities, conducting approximately 1,600 online and offline conversations with investors. These activities included online interim and annual results press conferences, investor briefings and non-deal roadshows conducted through online phone conversations with investors and analysts in countries and regions such as China, Singapore, Malaysia, the United Kingdom, Europe and the United States, corporate days and investor conferences organised by various investment banks and securities research companies and company visits and so on. The management had in-depth discussion with investors on the industry trend and responded proactively to investors queries on results, development strategies and so on. Besides, the Company regularly disseminates the latest operation information of the Group through announcements, press releases and company website updates in a timely and proactive manner.

Investor Relations Activities 2021

January (Online Platform)

Participated in the Investors Conference held by DBS
 Participated in the Investors Conference held by Industrial Securities
 Participated in the Investors Conference held by UBS

March (Online Platform)

Announced the Annual Results 2020
 — Held Press Conference
 — Held Investor Briefing
 Participated in the Non-deal Roadshow held by CGS-CIMB Securities
 Participated in the Non-deal Roadshow held by Goldman Sachs
 Participated in the Non-deal Roadshow held by DBS
 Participated in the Non-deal Roadshow held by CLSA Securities
 Participated in the Non-deal Roadshow held by Bank of America Merrill Lynch
 Participated in the Non-deal Roadshow held by BOCOM International
 Participated in the Non-deal Roadshow held by CMB International
 Participated in the Non-deal Roadshow held by Nomura
 Participated in the Non-deal Roadshow held by Credit Suisse AG
 Participated in the Non-deal Roadshow held by Deutsche Bank
 Participated in the Non-deal Roadshow held by UBS
 Participated in the Non-deal Roadshow held by Guotai Junan Securities
 Participated in the Non-deal Roadshow held by Standard Chartered Bank
 Participated in the Non-deal Roadshow held by Essence Securities

May (Online Platform)

Participated in the Investors Conference held by Bank of America Merrill Lynch
 Participated in the Investors Conference held by Wonderful Sky Financial
 Participated in the Non-deal Roadshow held by Citibank

June (Online Platform)

Participated in the Investors Conference held by Bank of America Merrill Lynch
 Participated in the Investors Conference held by Huatai Securities
 Participated in the Investors Conference held by TF Securities
 Participated in the Investors Conference held by CGS-CIMB Securities

Participated in the Investors Conference held by ICBC International
 Participated in the Investors Conference held by HSBC
 Participated in the Investors Conference held by Credit Suisse AG
 Participated in the Investors Conference held by Citibank
 Participated in the Investors Conference held by Jefferies

July (Online Platform)

Participated in the Investors Conference held by UBS

August (Online Platform)

Announced the Interim Results 2021
 — Held Press Conference
 — Held Investor Briefing
 Participated in the Non-deal Roadshow held by CGS-CIMB Securities
 Participated in the Non-deal Roadshow held by DBS
 Participated in the Non-deal Roadshow held by Bank of America Merrill Lynch
 Participated in the Non-deal Roadshow held by CCB International
 Participated in the Non-deal Roadshow held by Jefferies
 Participated in the Non-deal Roadshow held by BOCOM International
 Participated in the Non-deal Roadshow held by CMB International
 Participated in the Non-deal Roadshow held by Goldman Sachs
 Participated in the Non-deal Roadshow held by CICC
 Participated in the Non-deal Roadshow held by Credit Suisse AG
 Participated in the Non-deal Roadshow held by UBS
 Participated in the Non-deal Roadshow held by BNP Paribas
 Participated in the Non-deal Roadshow held by Standard Chartered Bank

September (Online Platform)

Participated in the Non-deal Roadshow held by CMB International
 Participated in the Non-deal Roadshow held by TF Securities

October (Online Platform)

Participated in the Investors Conference held by Bank of America Merrill Lynch
 Participated in the Investors Conference held by Nomura

DIRECTORS' PROFILE

Mr. CHEN Zhuo Lin (陳卓林), aged 60, is the Chairman of the Board and the President of the Company. Mr. Chen is the founder of the Group. He has been the Chairman of the Board and an executive Director since August 2005 and a President of the Company since March 2014. Mr. Chen is also a director of certain subsidiaries of the Company. Mr. Chen has over 29 years of extensive experience in real estate development and management. He is mainly responsible for the formulation of development strategies, directions on the operations and management of overall business, decision-making on investment projects, setting the goal of the financial year for the Group and maintaining the relationship between the Group and the Shareholders. Mr. Chen received several honorary awards, including "World Outstanding Chinese Award (世界傑出華人獎)", "Top 30 Chinese Philanthropist in 30 Years of Reform (改革開放30年·華人慈善30人)", "China Philanthropy Outstanding Contribution Individual Award (中華慈善突出貢獻人物獎)", "Top 10 Persons of the Year for China Enterprise Management Excellence Award (中國企業十大卓越管理年度人物)", "Year of the People in Education of Zhongshan (中山教育年度人物)" and "Honourary Resident in Zhongshan (中山市榮譽市民)". For the public services, Mr. Chen serves as an executive vice chairperson of the 5th China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會), an executive director of the 5th China Overseas Friendship Association (中華海外聯誼會), an honorary vice president of Chinese Language and Culture Education Foundation of China (中國華文教育基金會), an honorary chairperson of the 4th Council of Sun Yat-sen Foundation (孫中山基金會), the executive vice chairperson of the 5th Council of Guangdong Overseas Chinese Enterprises Association (廣東省僑商投資企業協會), an executive chairperson of the 4th Council of Guangdong Real Estate Chamber of Commerce (廣東省地產商會), the chairperson of the Bureau of Friends of Hong Kong Association Development Foundation, the vice president of New Home Association, the vice chairperson of the 5th Zhongshan Overseas Chinese Commercial Association (中山市僑資企業商會) and a special counsellor of Our Hong Kong Foundation. Mr. Chen is the brother of Chan Cheuk Yin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam and also the spouse of Luk Sin Fong, Fion. Mr. Chen is a director of each of Top Coast and Full Choice. Mr. Chen also is a shareholder of Full Choice.

Mr. CHAN Cheuk Yin (陳卓賢), aged 54, has been the Vice Chairperson of the Board and a non-executive Director since 25 March 2015. He was an executive Director and Vice Chairperson of the Board and Co-president of the Company from August 2005 to 28 March 2014; a non-executive Director from 28 March 2014 to 10 October 2014; an executive Director and an Acting Co-chairperson of the Board and Acting Co-president of the Company from 10 October 2014 to 25 March 2015. Mr. Chan is also a director of certain subsidiaries of the Company. He has over 29 years of extensive experience in real estate development and management. Mr. Chan is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan received several honorary awards, including "Guangdong Province Outstanding Entrepreneurs of Privately-owned Enterprises (廣東省優秀民營企業家)", "2006-2007 The Most Respected Entrepreneurs in Guangzhou, PRC (2006-2007年中國廣州最受尊敬企業家)" and "Top 10 Philanthropist in Guangdong (廣東十大慈善人物)". For the public services, he is an honorary chairperson of the 3rd Council of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). He was also an honorary vice chairperson of China Charity Federation (中華慈善總會) in 2007 and the executive chairperson of Guangdong Real Estate Chamber of Commerce (廣東省地產商會). Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam and the brother-in-law of Luk Sin Fong, Fion. Mr. Chan is a director and shareholder of Full Choice.

Madam LUK Sin Fong, Fion (陸倩芳), aged 60, has been the Vice Chairperson of the Board and a non-executive Director since 25 March 2015. She was an executive Director, Vice Chairperson of the Board and Co-president of the Company from August 2005 to 28 March 2014; a non-executive Director from 28 March 2014 to 10 October 2014; an executive Director, an Acting Co-chairperson of the Board and an Acting Co-president of the Company from 10 October 2014 to 25 March 2015. She is also a member of the remuneration committee and the nomination committee of the Board and a director of certain subsidiaries of the Company. Madam Luk has over 29 years of extensive experience in real estate development and management; in particular she has outstanding achievement in strategic marketing and marketing management. She is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Madam Luk holds a Master's degree in Business Administration from Western Sydney University (formerly known as University of Western Sydney) in Australia. She received several honorary awards, including "Honourary Resident in Foshan (佛山市榮譽市民)", "Honourary Resident in Nanhai District (南海區榮譽市民)", "Zhongshan Outstanding Entrepreneurs (中山優秀企業家)", "China Top 10 Excellent CBO (中國十大卓越CBO)" and "Honourary Resident in Zhongshan (中山市榮譽市民)". For the public services, Madam Luk is currently the vice chairperson of Guangzhou Real Estate Association (廣州市房地產協會). She was also an honorary chairperson of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). Madam Luk is the spouse of Chen Zhuo Lin, and also the sister-in-law of Chan Cheuk Yin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam. Madam Luk is a director of Top Coast.

Mr. CHAN Cheuk Hung (陳卓雄), aged 65, has been an executive Director since August 2005. He is also a member of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. Mr. Chan has over 29 years of extensive experience in real estate development and related business. He is mainly responsible for providing guidance for the overall operation of the Group, and the strategic planning of A-Living Group and A-City Group of the Group. Mr. Chan received several honorary awards, including "Honourary Resident in Foshan (佛山市榮譽市民)" and "Community Construction Outstanding Contribution Award (小區建設突出貢獻獎)" in National Xiaokang Housing Demonstration Community Competition (國家小康住宅示範小區評比) hosted by Ministry of Construction (國家建設部) in 2000. For the public services, he was a standing committee member of Guangdong Province Real Estate Association (廣東省房地產業協會) in 2004. Mr. Chan is an executive director and the co-chairman of the board, and a member of the risk management committee of A-Living (stock code: 3319). He was a non-executive director of A-Living from 21 July 2017 to 31 May 2018. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hei and Chan Cheuk Nam and the brother-in-law of Luk Sin Fong, Fion.

DIRECTORS' PROFILE (CONTINUED)

Mr. HUANG Fengchao (黃奉潮), aged 59, has been an executive Director since 28 March 2014. He is also the chairperson of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. He is mainly responsible for providing foresighted and constructive opinion on the operation management and development strategy of the Group, and also formulating the overall strategic development of the A-Living Group, Environmental Protection Group and A-City Group of the Group and supervising their implementation. Mr. Huang graduated from Guangdong Petroleum School (廣東石油學校) (now known as Guangdong University of Petrochemical Technology) (廣東石油化工學院) majoring in turbine management. Since joining the Group in 1999, Mr. Huang had been the head of real estate management centre of the Group, general manager of Huadu and Nanhu projects and regional head of Hainan and Yunnan region. Prior to joining the Group, he worked for ExxonMobil (China) Co. Ltd. (美國埃索(中國)有限公司) and France TOTAL (China) Ltd. (法國道達爾(中國)有限公司). He is also an executive director, the co-chairman of the board, the chairperson of the risk management committee and the nomination committee, and a member of the remuneration and appraisal committee of A-Living (stock code: 3319).

Mr. CHAN Cheuk Hei (陳卓喜), aged 63, has been a non-executive Director since 28 March 2014. He was an executive Director and a Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 29 years of extensive experience in real estate development and related business. He is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hung and Chan Cheuk Nam and the brother-in-law of Luk Sin Fong, Fion.

Mr. CHAN Cheuk Nam (陳卓南), aged 59, has been a non-executive Director since 28 March 2014. He was an executive Director and a Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 29 years of extensive experience in real estate development and management. He is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hung and Chan Cheuk Hei and the brother-in-law of Luk Sin Fong, Fion.

Dr. CHENG Hon Kwan (鄭漢鈞), *GBS, OBE, JP*, aged 94, has been an independent non-executive Director since 27 October 2005. He is also the chairperson of the remuneration committee and a member of the audit committee and the nomination committee of the Board. Dr. Cheng is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Science in Engineering degree from Tianjin University and a postgraduate diploma from Imperial College London. Dr. Cheng was also awarded several honorary doctorate degrees by The Hong Kong University of Science and Technology, City University of Hong Kong, The Open University of Hong Kong (currently known as Hong Kong Metropolitan University) and The Open University, United Kingdom, and is an honorary fellow of Imperial College London and City and Guilds of London Institute. Dr. Cheng is a past president, honorary fellow and gold medallist of The Hong Kong Institution of Engineers; past vice president, fellow and gold medallist of The Institution of Structural Engineers; fellow of The Institution of Civil Engineers, United Kingdom and American Society of Civil Engineers; an honorary fellow of The Institution of Engineers, Australia and Hong Kong Institute of Architects and an honorary member of The Hong Kong Institute of Planners. He obtained PRC Class 1 Registered Structural Engineer qualification and is an Authorised Person and a Registered Structural Engineer under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong). Dr. Cheng is a past chairman of Hong Kong Housing Authority and Transport Advisory Committee, a past member of both Executive Council and Legislative Council and a past member of Standing Committee of the Tianjin Committee of the Chinese People's Political Consultative Conference. Dr. Cheng is currently a permanent honorary chairman of Hong Kong Tianjin Friendship Association and an independent non-executive director of Tianjin Development Holdings Limited (stock code: 882).

Mr. KWONG Che Keung, Gordon (鄭志強), aged 72, has been an independent non-executive Director since 27 October 2005. He is also the chairperson of the audit committee and a member of the remuneration committee and the nomination committee of the Board. Mr. Kwong is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Social Science degree from The University of Hong Kong and is a fellow member of both The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants. Mr. Kwong is currently an independent non-executive director of NWS Holdings Limited (stock code: 659), Henderson Land Development Company Limited (stock code: 12), Henderson Investment Limited (stock code: 97), Chow Tai Fook Jewellery Group Limited (stock code: 1929), FSE Lifestyle Services Limited (formerly known as FSE Services Group Limited) (stock code: 331), COSCO SHIPPING International (Hong Kong) Co., Ltd. (stock code: 517), Shanghai Commercial Bank Limited and Piraeus Port Authority S.A. (a company listed in Athens, Greece). He retired as an independent non-executive director of OP Financial Limited (currently known as Wealthking Investments Limited) (stock code: 1140) in August 2019, Global Digital Creations Holdings Limited (stock code: 8271) in May 2020 and China Power International Development Limited (stock code: 2380) in June 2021. Mr. Kwong was a partner of Pricewaterhouse from 1984 to 1998 and a council member of Hong Kong Stock Exchange from 1992 to 1997.

DIRECTORS' PROFILE (CONTINUED)

Mr. HUI Chiu Chung, Stephen (許照中), JP, aged 74, has been an independent non-executive Director since 27 June 2014. He is also the chairperson of the nomination committee, a member of the audit committee and the remuneration committee of the Board. Mr. Hui is mainly responsible for providing independent advice to the Board. He has over 40 years of experience in the securities and investment industry. He is a senior fellow member of Hong Kong Securities and Investment Institute and a fellow member of The Hong Kong Institute of Directors. He served as a council member and vice chairman of Hong Kong Stock Exchange, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission ("SFC"), a director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of Hong Kong Stock Exchange, an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform, an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A, a member of the Committee on Real Estate Investment Trusts of the SFC and an appointed member of Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Hui is a member of Hengqin New Area Development Advisory Committee and a consultant of Hong Kong and Macao Legal Issues Expert Group of The Administrative Committee of Hengqin New Area, Zhuhai. Mr. Hui is appointed by the Government of Hong Kong as a Justice of the Peace. He is currently a non-executive director of Luk Fook Holdings (International) Limited (stock code: 590) and the chairman and chief executive officer of Luk Fook Financial Services Limited. He also serves as an independent non-executive director of China South City Holdings Limited (stock code: 1668), Gemdale Properties and Investment Corporation Limited (stock code: 535), Lifestyle International Holdings Limited (stock code: 1212), SINOPEC Engineering (Group) Co., Ltd.^ (stock code: 2386) and FSE Lifestyle Services Limited (formerly known as FSE Services Group Limited) (stock code: 331). He has been an independent non-executive director of Zhuhai Holdings Investment Group Limited (stock code: 908), the share of which were delisted from Hong Kong Stock Exchange on 18 June 2021.

Mr. WONG Shiu Hoi, Peter (黃紹開), aged 81, has been an independent non-executive Director since 27 June 2014. He is also a member of the audit committee, the nomination committee, the remuneration committee and the risk management committee of the Board. Mr. Wong is mainly responsible for providing independent advice to the Board. He holds a Master of Business Administration degree from the University of Macau (formerly known as the University of East Asia, Macau). Mr. Wong possesses over 40 years of experience in the financial services industry. For the public services, he was a former chairman of The Hong Kong Institute of Directors, a former member of Standing Committee on Company Law Reform, Listing Committee of Hong Kong Stock Exchange, Financial Services Advisory Committee and Professional Services Advisory Committee of the Hong Kong Trade Development Council and a former director of the Hong Kong Securities and Investment Institute. He is currently an independent non-executive director of Tianjin Development Holdings Limited (stock code: 882) and Tai Hing Group Holdings Limited (stock code: 6811). He retired as an independent non-executive director of High Fashion International Limited (stock code: 608) in June 2021 and resigned as an independent non-executive director of Target Insurance (Holdings) Limited (stock code: 6161) in August 2021. He also resigned as a consultant of Halcyon Holdings Limited in September 2021.

SENIOR MANAGEMENT'S PROFILE

Mr. PAN Zhiyong (潘智勇), aged 52, is the Vice President of the Company and the chairman of the Capital Group of the Group and performs the duties of the chief financial officer in the Group. Mr. Pan is also a director of certain subsidiaries of the Company. Mr. Pan joined the Group in 2017. He is mainly responsible for the management of financial, operations, information technology of the Company, the affairs of Hong Kong Headquarters (Company Secretarial Department, Capital Markets Department and Hong Kong office) and the Capital Group of the Group. Before joining the Group, Mr. Pan had held different positions in Agricultural Bank of China Limited ("ABC"), Guangdong branch including the general manager of Marketing Department, Institutional Banking Division and Corporate Banking Department, assistant president and vice president. He had been the president of ABC, Zhaoqing branch. Mr. Pan holds a Bachelor of Economics degree in Finance from Jinan University, a Master of Business Administration degree in Business Administration and a Doctoral of Management Science degree in Management Science and Engineering from South China University of Technology. Mr. Pan also has a senior economist qualification. He was awarded the "Ten Outstanding Young Persons of ABC Guangdong Branch (中國農業銀行廣東省分行十大傑出青年)" in 2009, "Model Worker of Zhaoqing (肇慶市勞動模範)" in 2010, "Senior Financial Management Talent of Guangzhou (廣州市金融高級管理人才)" in 2015, "China's Top 10 Financial Management Innovation Leaders in 2019 (2019年度中國十大財務管理創新領軍人才)" and "Industrial Development and Innovative Talents of Guangzhou in 2019 (2019年度廣州市產業發展和創新人才)". He is the deputy secretary of Guangdong Venture Capital and Private Equity Association (廣東省創業投資協會), executive director of China Mergers & Acquisitions Association (中國併購公會) and co-president of Zhongguancun Private Equity & Venture Capital Association (中關村股權投資協會).

Mr. WANG Haiyang (王海洋), aged 51, is the Vice President of the Company and the co-chairman and president of the A-City Group of the Group and co-chairman of Environmental Protection Group of the Group. Mr. Wang is also a director of certain subsidiaries of the Company. Mr. Wang joined the Group in July 2011. He is mainly responsible for the management of A-City Group and Environmental Protection Group of the Group. He was the general manager of China Machinery TDI International Engineering Co., Ltd., Zhongshan branch (中機十院國際工程有限公司中山分行). Mr. Wang holds a Bachelor's degree in Construction Engineering from Xi'an University of Technology. He obtained PRC Class 1 Registered Structural Engineer qualification. He was awarded the "The 6th Model of Honesty and Faithfulness of Hainan Province (第六屆海南省誠實守信道德模範)". He is the vice chairperson of Guangdong Province Real Estate Association (廣東省房地產協會), executive vice chairperson of Guangdong Commercial Real Estate Investment Association (廣東省商業地產投資協會) and member of the 8th council of China Real Estate Association (中國房地產協會).

Madam YUE Yuan (岳元), aged 46, is the Vice President of the Company and Property Group of the Group and an assistant to Chairman. Madam Yue is also a director of certain subsidiaries of the Company. Madam Yue joined the Group in 2006. She is mainly responsible for the management of Centralised Procurement Centre of the Company, the affairs of Chairman Office and Property Group of the Group and assist in management of President Office. Madam Yue holds a Bachelor of Engineering degree from Lanzhou Jiaotong University (formerly known as Lanzhou Railway University) and a Master of Science degree in Construction Project Management from the University of Hong Kong. She is a PRC registered budgeting engineer and a member of the Royal Institution of Chartered Surveyors. Madam Yue is also a non-executive director of A-Living (stock code: 3319).

SENIOR MANAGEMENT'S PROFILE (CONTINUED)

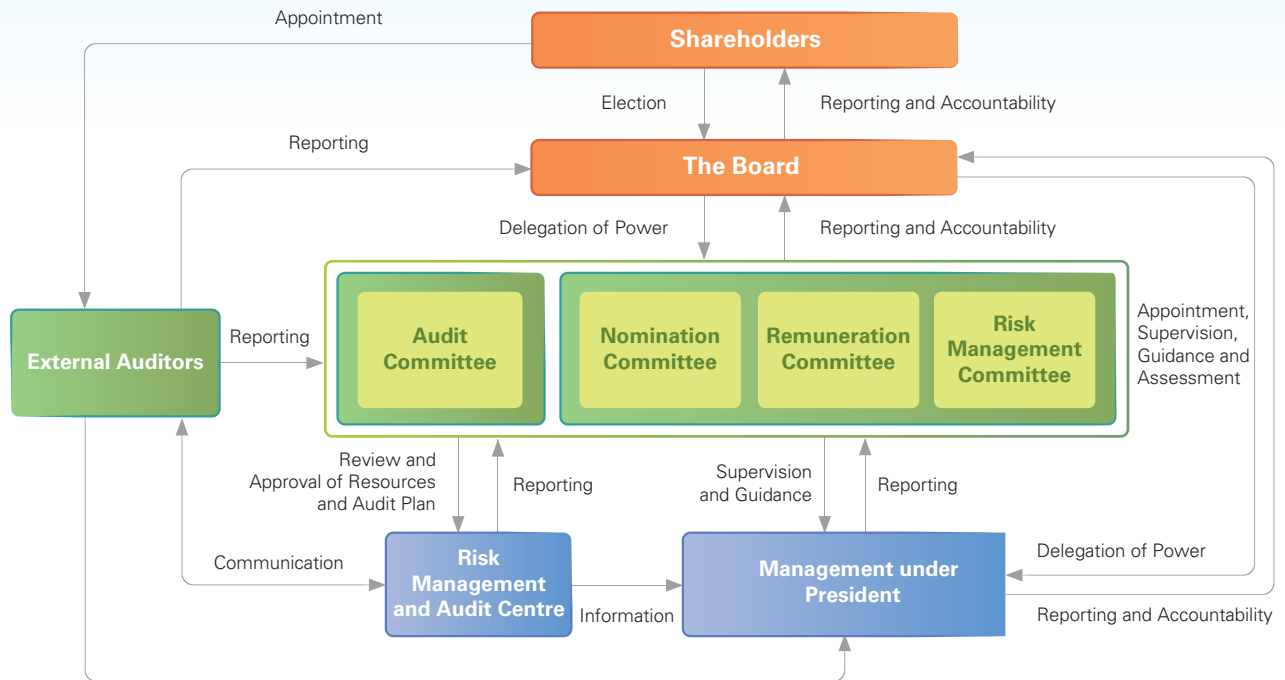
Mr. LIU Tongpeng (劉同朋), aged 51, is the Vice President of the Company and the Chairman and President of the Property Group of the Group. Mr. Liu is also a director of certain subsidiaries of the Company. Mr. Liu joined the Group in November 2018. He is mainly responsible for the management of Investment Centre and Human Resources and Administration Centre of the Company, and the Property Group of the Group. Prior to joining the Group, Mr. Liu held different positions in Industrial and Commercial Bank of China, including vice president and president of Zhongshan Branch and vice president of Guangdong Branch. Mr. Liu holds a Bachelor of Economics degree from Hunan Finance and Economics University. He is a senior economist. He was awarded the "China's Real Estate Development Leader (中國地產開發領軍人物)" and "China's Top 10 Real Estate CEOs in 2021 (2021年中國十大地產年度 CEO)" in 2021."

Madam DING Xiaoying (定曉穎), aged 46, is the Vice President of the Company. Madam Ding joined the Group in July 2015. She is mainly responsible for the management of Legal Centre and Risk Management and Audit Centre of the Company. Madam Ding holds a Bachelor degree in Architectural Engineering and Master of Engineering degree from Wuhan University. She is also qualified as a PRC certified builder, a certified cost engineer and a senior engineer. Madam Ding is an executive director of Guangzhou Institute of Internal Audit (廣州市內部審計協會) and a director of Guangdong Enterprise Institute for Internal Controls (廣東省企業內部控制協會).

Mr. CHEUNG Lap Kei (張立基), aged 50, is the Deputy General Manager (Hong Kong Headquarters) and Company Secretary of the Company. Mr. Cheung joined the Group in September 2019. He is mainly responsible for corporate governance, company secretarial, legal and compliance matters of the Group, and management of the business in Hong Kong region. He has over 28 years of experience in auditing, accounting and financing. Before joining the Group, he has worked for big four accounting firms (Ernst & Young and KPMG, Certified Public Accountants). He has also served as different roles such as executive director, independent non-executive director, chief financial controller and company secretary, etc. in several companies which are listed on the Mainboard of Hong Kong Stock Exchange. Mr. Cheung graduated from The Australian National University with a Bachelor's degree in Commerce and Deakin University, Australia, with a Master's degree in Business Administration. He is a fellow member of Hong Kong Institute of Certified Public Accountants and CPA Australia respectively.

CORPORATE GOVERNANCE REPORT

Corporate Governance Structure



The Board believes that good governance is essential for sustainable development and growth of the Company, enhancement of credibility as well as Shareholders' value. As such, with reference to the then CG Code, the Board has adopted its own corporate governance policy which provides guidance on how corporate governance principles are applied in the Company, and the Board reviews corporate governance practices from time to time in light of the new regulatory requirements and the needs of the Company. The Company is committed to maintaining a high level of corporate governance and adheres to the principles of integrity, transparency, accountability and independence.

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

- (a) formulation and review of the Company's policies and practices on corporate governance;
- (b) review and monitoring of the training and continuous professional development of Directors and senior management;
- (c) review and monitoring of the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) formulation, review and monitoring of the code of conduct and compliance applicable to employees and Directors;
- (e) review and monitoring of the risk management and internal control systems of the Company to ensure their effectiveness; and
- (f) review of the Company's compliance with Corporate Governance Code and disclosure in interim reports and annual reports.

CORPORATE GOVERNANCE REPORT (CONTINUED)

During the year, the Board performed the following:

1. reviewed the Company's policies and practices on corporate governance;
2. reviewed the compliance with applicable legal and regulatory requirements;
3. reviewed the compliance with Securities Dealing Code for Directors;
4. reviewed the training and continuous professional development of Directors;
5. reviewed the effectiveness of the risk management and internal control systems; and
6. reviewed the Company's compliance with the then CG Code and disclosure in the Corporate Governance Report in 2020 annual report.

During the year ended 31 December 2021, the Company has fully complied with all code provisions of the then CG Code except for certain deviations as specified with reasons set out under heading "Chairman and President" below.

The Board and Management

The Board takes Shareholders' interests as its priority in promoting and maintaining successful development of business so as to achieve consistent long-term financial returns, while taking due account of the interests of those with whom the Group does business and others. The Board is accountable for formulating the business and management directions of the Group and that they are managed in such a way as to achieve the objectives of the Company. The Board's responsibilities are to formulate corporate strategy and long-term business model of the Group and to monitor and control operating and financial performance in pursuit of strategic objectives of the Group.

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

Board Composition

The Company is headed by the Board which comprises eleven Directors, including three executive Directors (namely Chen Zhuo Lin (Chairman and President), Chan Cheuk Hung and Huang Fengchao), four NEDs (namely Chan Cheuk Yin (Vice Chairperson), Luk Sin Fong, Fion (Vice Chairperson), Chan Cheuk Hei and Chan Cheuk Nam) and four INEDs (namely Cheng Hon Kwan, Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter). The biographical details and relationship amongst them, if any, are set out on pages 56 to 60 of this annual report.

Chairman and President

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

The code provision A.2.1 of the then CG Code required that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Chen Zhuo Lin's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Chen Zhuo Lin, in his dual capacity as the Chairman of the Board and President, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

Independent Non-executive Directors

INEDs play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as accounting, financial management, structural and civil engineering, securities and investment industries. Their extensive experiences significantly contribute to enhancing the decision-making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial views and opinions on issues of the Company's strategy, performance and control, and take the lead where potential conflicts of interests arise. The Board believes that its culture of openness and debate facilitates the effective contribution of Directors, INEDs in particular, to the Board and ensures constructive relationship among executive Directors, NEDs and INEDs.

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

Two of the INEDs, namely Cheng Hon Kwan and Kwong Che Keung, Gordon, have served the Board for more than nine years. Notwithstanding their length of tenure, in view of their wide spectrum of knowledge, extensive business experience and familiarity with the Company's affairs, the Board is of the opinion that they possess the required character, integrity and experience to ensure their independence in order to objectively scrutinise the Company's performance.

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

Appointment and Re-election of Directors

Chen Zhuo Lin and Chan Cheuk Hung, executive Directors, have entered into service agreements with the Company, while Huang Fengchao, executive Director, and all NEDs (including INEDs) have entered into appointment letters with the Company setting out the terms and conditions of their appointment. Each Director is appointed for a specific term of 3 years, subject to the provisions on Directors' retirement as set out in the Articles. Any Director appointed by the Board shall hold office only until the next general meeting of the Company (in case of filling a casual vacancy) or until the next annual general meeting of the Company (in case of an addition to the existing Board), and shall then be eligible for re-election. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire by rotation. The names of Directors who are eligible for re-election at general meetings will be disclosed in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars. The re-election of each Director will be subject to vote of Shareholders by separate resolutions.

CORPORATE GOVERNANCE REPORT (CONTINUED)

In accordance with the Articles, Chan Cheuk Hung, Huang Fengchao, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter shall retire by rotation and being eligible, have offered for re-election at the AGM to be held on Tuesday, 28 June 2022.

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

Board and Board Committee Meetings

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

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

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

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

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

During the year, the Board held a total of seven meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meetings is set out as follow:

	Number of attendance/meeting held in 2021					General Meeting
	The Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	
Chen Zhuo Lin (<i>Chairman and President</i>)	7/7	–	–	–	–	1/1
Chan Cheuk Yin (<i>Vice Chairperson</i>)	7/7	–	–	–	–	0/1
Luk Sin Fong, Fion (<i>Vice Chairperson</i>)	7/7	–	0/1	0/1	–	0/1
Chan Cheuk Hung	6/7	–	–	–	1/2	0/1
Huang Fengchao	7/7	–	–	–	2/2	0/1
Chen Zhongqi (Note)	5/7	–	–	–	2/2	0/1
Chan Cheuk Hei	7/7	–	–	–	–	0/1
Chan Cheuk Nam	7/7	–	–	–	–	0/1
Cheng Hon Kwan	7/7	2/2	1/1	1/1	–	1/1
Kwong Che Keung, Gordon	7/7	2/2	1/1	1/1	–	1/1
Hui Chiu Chung, Stephen	7/7	2/2	1/1	1/1	–	1/1
Wong Shiu Hoi, Peter	7/7	2/2	1/1	1/1	2/2	1/1

Note: He resigned as an executive director and ceased to be a member of the risk management committee effective from 31 December 2021.

All the executive Directors, NEDs and INEDs have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the year. All Directors will make their best effort to attend any meetings of the Board and its committees. They will also allocate reasonable time in reviewing meeting materials, financial and operational statements as well as other documents provided by the Company from time to time. Furthermore, each member of the audit committee also spent sufficient time on reviewing internal audit reports provided by the Risk Management and Audit Centre during the year. The Chairman met once with the NEDs and INEDs without the executive Directors present.

Training and Support for Directors

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

Directors	Training Matters (Note 1)
<i>Executive Directors</i>	
Chen Zhuo Lin (<i>Chairman and President</i>)	A, B
Chan Cheuk Hung	A, B
Huang Fengchao	A, B
Chen Zhongqi (Note 2)	A, B
<i>NEDs</i>	
Chan Cheuk Yin (<i>Vice Chairperson</i>)	A, B
Luk Sin Fong, Fion (<i>Vice Chairperson</i>)	A, B
Chan Cheuk Hei	A, B
Chan Cheuk Nam	A, B
<i>INEDs</i>	
Cheng Hon Kwan	A, B
Kwong Che Keung, Gordon	A, B
Hui Chiu Chung, Stephen	A, B
Wong Shiu Hoi, Peter	A, B

Note 1: A. corporate governance
B. regulatory

Note 2: He resigned as an executive director and ceased to be a member of the risk management committee effective from 31 December 2021.

Board Diversity Policy

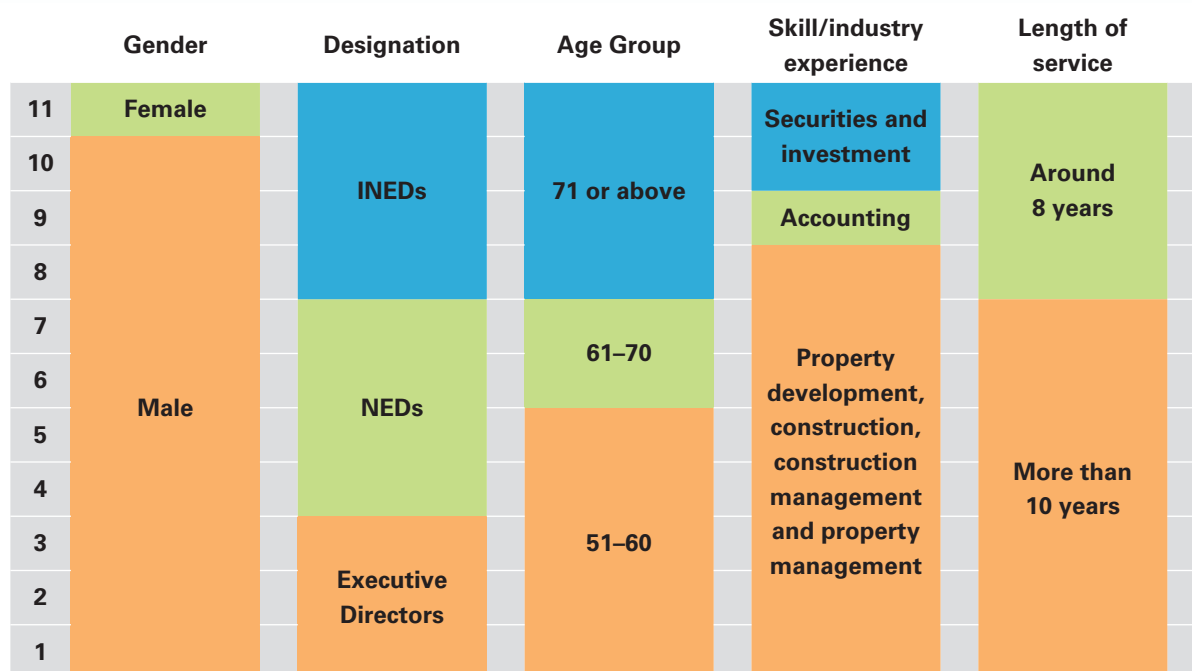
The Company has adopted its own board diversity policy (the "Board Diversity Policy") on 15 August 2013 to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include but are not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

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

Number of Directors



The Board is highly diversified in terms of gender, position, age, professional experience, skills, knowledge and length of service. The nomination committee reviews and monitors the implementation of the Board Diversity Policy from time to time to ensure its effectiveness. The Board will set measurable objectives for achieving Board diversity as appropriate.

Directors and Senior Management Liability Insurance

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Committees

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

Remuneration Committee

The remuneration committee has been established since November 2005 and currently comprises 4 INEDs and a NED. The members of the remuneration committee include Cheng Hon Kwan (as Chairperson), Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen, Wong Shiu Hoi, Peter and Luk Sin Fong, Fion.

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

During the year, the remuneration committee held a meeting in March, the agenda of which is set out below:

- assessing the performance of executive directors for 2020;
- discussing the recommendation on the remuneration adjustments of senior management for 2021;
- confirming the remuneration of executive Directors, NEDs and INEDs for 2020;
- discussing and determining the recommendation on the remuneration adjustment of executive Directors, NEDs and INEDs for 2021; and
- reviewing the terms of executive director's services contracts.

Details of the five highest paid individuals are set out in note 33 to the consolidated financial statements.

The remuneration paid to the members of senior management (other than Directors) by bands for the year ended 31 December 2021 is set out below:

Remuneration bands (RMB)	Number of members of senior management
2,000,001–3,000,000	2
3,000,001–4,000,000	3
4,000,001–5,000,000	–
5,000,001–6,000,000	1

Nomination Committee

The nomination committee has been established since December 2006 and currently comprises 4 INEDs and a NED. The members of the nomination committee include Hui Chiu Chung, Stephen (as Chairperson), Cheng Hon Kwan, Kwong Che Keung, Gordon, Wong Shiu Hoi, Peter and Luk Sin Fong, Fion.

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

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

During the year, the nomination committee held a meeting in March. The agenda of which is set out below:

- considering the contribution to the Group by the retiring Directors, and advise the Board on the re-election of such retiring Directors at Last AGM;
- assessing the independence of the INEDs;
- considering and reviewing the structure, number of members and composition of the Board; and
- reviewing the Corporate Governance Report in 2020 annual report including but not limited to disclosures on independence of directors and Board Diversity Policy.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Nomination Policy

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

1. Purpose

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

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

2. Nomination Criteria

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

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

3. Nomination procedure

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

- 3.1 The nomination committee identifies or selects candidate(s) recommended to the nomination committee, with or without assistance from external agencies or the Company, pursuant to the criteria set out in the Nomination Policy;
- 3.2 The nomination committee may use any process it deems appropriate to evaluate the candidate(s), which may include personal interviews, background checks, presentations or written submissions by the candidate(s) and third party references;
- 3.3 The nomination committee provides to the Board with all the information required in relation to the candidate(s), including information set out in Rule 13.51(2) of the Listing Rules;
- 3.4 The nomination committee makes recommendation to the Board including the terms of appointment and conditions of the appointment;
- 3.5 The Board deliberates and decides on the appointment based upon the recommendation of the nomination committee;
- 3.6 All appointments of directors shall be confirmed by a letter of appointment. The letter of appointment shall be approved by the nomination committee and set out the key terms and conditions of the appointment of the directors;
- 3.7 Pursuant to Rule 13.74 of the Listing Rules, where Shareholders are required to vote on the election or re-election of directors, the circular accompanying the notice of the relevant general meeting should contain all the information of the candidate(s) required under Rule 13.51(2) of the Listing Rules; and
- 3.8 In the case of the re-appointment of existing directors, matters relating to the re-appointment shall be considered in accordance with the criteria set out in the Nomination Policy.

Audit Committee

The audit committee has been established since November 2005 and currently comprises 4 INEDs. The members of the audit committee include Kwong Che Keung, Gordon (as Chairperson), Cheng Hon Kwan, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter.

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

During the year, the audit committee held 2 meetings in March and August respectively, the agenda of which is set out below:

- reviewing annual results of 2020 and 2020 annual report, interim results of 2021 and 2021 interim report;
- reviewing audit and review reports of the external auditor;
- discussing and reviewing the effectiveness of internal control system and the measures and countermeasures on internal control and risk management systems;
- discussing and reviewing internal control management reports, audit monitoring plans and audit timetables of the risk management and audit centre;
- reviewing the independence of external auditor and considering the re-appointment of external auditor;
- reviewing the resources of accounting, financial reporting and internal audit functions of the Group;
- reviewing the resources and the effectiveness of the Company's internal audit function;
- reviewing staff malpractices monitoring reports; and
- meeting with the external auditor without the presence of the management of the Company.

The audit committee meets with the external auditor, at least once annually, in the absence of management, to discuss matters relating to its audit fees, any issue arising from the audit and any other matters the auditor may wish to raise. After its review, the audit committee considers the external auditor remains to be independent and the Board has no disagreement on the recommendation of the re-appointment of PricewaterhouseCoopers as the external auditor.

CORPORATE GOVERNANCE REPORT (CONTINUED)

External Auditor

At Last AGM, the Shareholders approved the re-appointment of PricewaterhouseCoopers as the auditor of the Group. For the year ended 31 December 2021, remuneration paid and payable to PricewaterhouseCoopers in relation to audit and non-audit services is detailed as below:

	2021 RMB	2020 RMB
Fee for audit services (including Hong Kong Standard on Review Engagements 2410 review on interim results)	23,780,000	19,955,000
Fee for non-audit services:		
– Provided audit and review services with regard to material acquisitions	–	2,014,000
– Due diligence works with regard to project acquisitions	–	1,565,000
– Permitted assurance service fees relating to issuance of corporate bonds, perpetual capital securities and senior notes	3,800,000	2,400,000
– Other permitted services	–	1,864,000
	27,580,000	27,798,000

Responsibility in financial statements

Directors have acknowledged their responsibilities for preparing the accounts in this annual report, and PricewaterhouseCoopers, the external auditor of the Company, has also stated their reporting responsibility in the auditor's report of financial statements.

The Board is not aware of any uncertainty of a material nature that would affect the Company's ability as to continue as a going concern.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Risk Management Committee

The risk management committee has been established since August 2016 and currently comprises 2 executive Directors and an INED. The members of the risk management committee include Huang Fengchao (as Chairperson), Chan Cheuk Hung and Wong Shiu Hoi, Peter.

The major duties of the risk management committee are to consider and formulate risk management framework, to review and assess the effectiveness of the Group's risk management framework, to monitor and to ensure the effective implementation of relevant risk management measures. The risk management committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

During the year, the risk management committee held 2 meetings in March and August respectively to review and discuss the following items:

- the Group's risk management work report for 2020;
- the updates on the top ten risks and core risk indicators of the Company and the Group's business segments in 2021;
- the effectiveness of risk management system;
- the 2021 risk management work plan;
- the Environmental, Social and Governance Report 2020;
- report of a sustainable development steering group on ESG risk management work; and
- the Group's risk management work report for the first half of 2021.

Risk Management and Internal Control

The Group considers that the effective risk management is of high importance for the Group to achieve sustainable development and long-term business success.

Responsibilities of the Board and the management

The Board recognises its responsibilities to evaluate and determine the nature and level of risks to be exposed of for achieving the Group's strategic objectives, and to ensure that the Group establishes and maintains effective risk management and internal control systems, and to oversee management in the design, implementation and monitoring of the risk management system and internal control system.

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

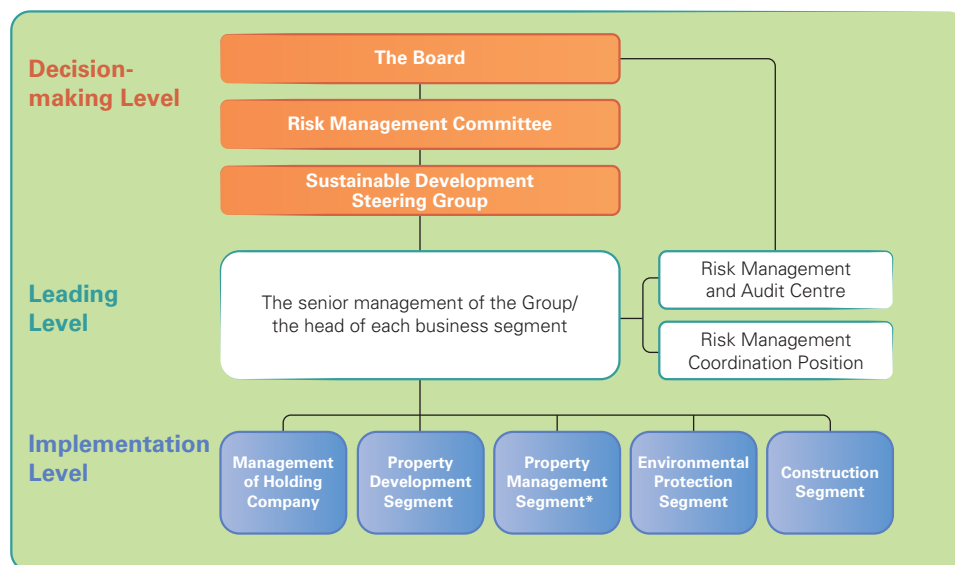
Risk Management

The design, implementation and maintenance of the risk management system

- 1) **Establishing the risk management committee:** The Board has established the risk management committee to oversee the design, implementation and maintenance of the risk management system of the Group and has issued the “Term of Reference for the Risk Management Committee”:
 - Authorising the risk management committee and defining its duties: the risk management committee’s duties regarding risk management and its authorisation have been recognised in the “Term of Reference for the Risk Management Committee”;
 - Determining the organisation of the risk management committee: providing the composition and quorum, requirements of the attendance at meetings, frequency of meetings and the manner of meetings; and
 - Determining the procedure of reporting to the Board: providing the procedure of reporting to the Board by the risk management committee, including the minutes mechanism.
- 2) **Establishing the structure of the risk management organisation:** It has built up the official risk management organisation structure from the level of the Group to its four business segments (see figure 1 below: risk management organisation chart), and confirmed the direct management obligation and the risk information reporting procedure and frequency of risk management, and clarified the responsibilities of risk management positions, including integrating the requirement of risk management into the function and description of each position. The main features of the risk management organisation structure comprised:
 - Clear levels and responsibilities: the levels of risk management organisation included the Board and the risk management committee at the decision-making level, with the composition of leading level and implementation level and carrying out the division of the duties of risk management. It has confirmed the direct management obligation and the risk information reporting procedure of risk management;

CORPORATE GOVERNANCE REPORT (CONTINUED)

- The wide span of level: the structure of risk management organisation is from the senior management of the Group to its managements of each business segment; and
- Specific communication mechanism: it has confirmed that the managements of each level communicate with each other with regard to the responsibilities, reporting routine and reporting frequency of the risk management.



(Figure 1: Risk management organisation chart)

* This business is being operated by A-Living, which is a subsidiary with approximate 54.31% equity interest indirectly held by the Company.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Roles in the Risk

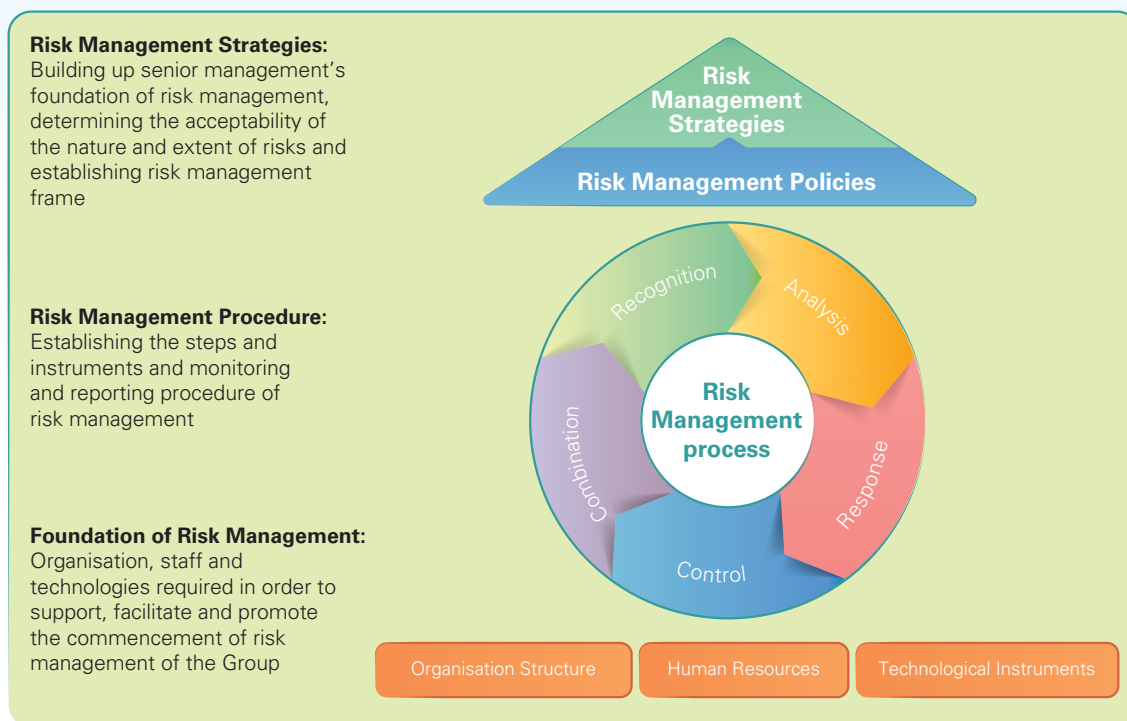
Management Structure

Major Responsibilities

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

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

- Comprehensive framework of risk management: the mode of risk management framework has been established as the risk management system foundation (see figure 2 below for details: the mode of risk management) including the main elements such as risk management strategies, risk management process and risk management basic structure;
- Clear risk management procedure: the risk management procedure includes the procedure such as recognition, analysis, response, control and combining and reporting, which form a closed loop to control and manage the risks continuously; and
- Appropriate standard of risk assessment for the Group: under the industry nature and operation features, strategic objectives of the Group as well as the risk preference of senior management, it sets up the applicable dimension and standard of risk assessment to each business segment. By using assessment method and assessment standard from mutual confirmation, it makes assessment to the risks which are most likely to affect the achievement of corporate objectives in order to obtain the risk assessment result which is actually fitted with corporation.



(Figure 2: The model of risk management)

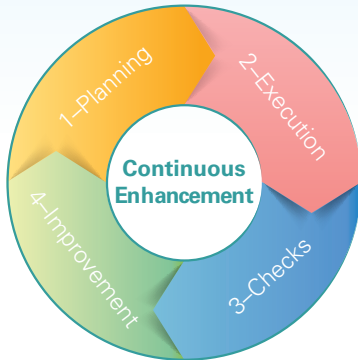
Through the above efforts, the Group has clarified direct management obligation and risk information reporting procedure and frequency of risk management, and established an official risk management framework which recognises, analyses, evaluates and determines procedure of corporate risks to integrate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

The Commencement of Risk Assessment for each Business Segment of the Group in 2021

Based on risk management system of the Group as mentioned above, the senior management, with the assistance from external advisory bodies, sustained its intensive risk management works in the following four business segments in 2021: (1) property development; (2) property management; (3) environmental protection; and (4) construction.

CORPORATE GOVERNANCE REPORT (CONTINUED)

- **Continuing to put into practice the risk assessment results of all business segments from 2020**



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

In the year 2021, risk management measures were prepared, facilitated and implemented with respect to the major risks identified in all business segments in 2020. Implementation body monitored various risks of the respective business constantly, and confirmed with senior management on the outcome of such risk mitigation measures.

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

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

- **Updating the assessment on the ten major risks in all business segments in 2021**

The head of respective segments followed and updated the risk assessment criteria in 2020; adopted systematic assessment to review the change of the nature and the extent of major risks faced by each segment; identified major risks faced by each business segment; sorted out the current status of risk management and control, the measures of next step and key risk management plans considered. Also, the assessment results were reported to the risk management committee.

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

The internal control

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

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

During the year, the audit committee reviewed the effectiveness of internal control system in respect of finance, operation, compliance and business matters and reported the result to the Board. Should any material fault or any material weakness in monitoring is found, the risk management and audit centre will report the same to the audit committee in timely manner.

The Group shall review the effectiveness of the internal control system at least twice every year to ensure the effectiveness and adequacy of the system.

The review and summary of the effectiveness of the risk management and internal control systems

The Board has continued to oversee the management in the design, implementation and monitoring of the risk management and internal control systems, and conducted a comprehensive review of the risk management and internal control systems of the Company during the year, and continuously oversee major risks and regularly review the implementation of management and control measures covering the period of 2021 and considered that the systems are effective and adequate.

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

Review of Accounting, Financial Reporting and Internal Audit Functions

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

Company Secretary

The Company Secretary is a full-time employee of the Company and familiar with the day-to-day affairs of the Company. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters, new director's induction and professional development of Directors as well as ensuring good information flow between the Board members and the compliance of the policy and procedure of the Board. Cheung Lap Kei, the Company Secretary of the Company, has confirmed that he has received relevant professional trainings of no less than 15 hours to update his skills and knowledge during the year.

Relation between the Company and Shareholders

Shareholders' rights

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

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (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.

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

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

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

Communication with Shareholders

Both the Board and the management fully understand the importance of building up of a good communication with the Shareholders in order to assist the Shareholders and investors to have a better knowledge and understanding of the businesses of the Group. Therefore, the Company has been reporting the performance and latest development of the Group to Shareholders through various channels and platforms, as follows:

- Apart from publishing the annual reports, interim reports, announcements, and circulars to Shareholders on the Company's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkex.com.hk), the Company has also posted onto its website the financial highlights, press release, and the terms of reference of the Board's committees, so that Shareholders can obtain more corporate information from the Company's website. Moreover, in order to enable Shareholders to have a better understanding of the latest movement and development of the Group, company news has also been released in the Company's website;
- The Company is committed to improve its relation with investors. During the year, senior management of the Company had conducted various meetings with institutional investors, fund managers and financial analysts. The report of meetings are presented to the Board for review in each regular Board meeting to ensure that views and recommendations of investors, fund managers and financial analysts can be reached to the Board;
- Members of the Board actively take part in the annual general meetings in order to have more contacts with the Shareholders. The Chairman of the Board, the chairpersons of each of the audit committee, remuneration committee, nomination committee, INED of Wong Shiu Hoi, Peter, annual retained legal adviser and the representative of external auditor had attended Last AGM. In the general meeting, there is a briefing on the business of the Company by the Chairman of the Board and a question and answer session as well as a discussion with Shareholders on the long-term development strategy of the Company. After the general meeting, poll results are posted on the Company's website (www.agile.com.cn), Hong Kong Stock Exchange's website (www.hkex.com.hk) and SGX's website (www.sgx.com); and
- The Company's notice of Last AGM had been dispatched to Shareholders in no less than 20 clear business days before the commencing date of the meeting. The circular of the Company dated 12 April 2021 set out that all resolutions proposed at the general meeting had been taken by way of poll pursuant to Rules 13.39(4) of the Listing Rules while the chairman of the meeting further announced that all resolutions had been taken by way of one vote per share. The Company Secretary had explained in detail, the relevant procedures of voting by poll to the attending Shareholders and made known by the Shareholders. For all other general meetings, at least 10 clear business days notice will be given.

Compliance with Model Code for Securities Transactions by Directors and Relevant Employees

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

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

Amendment of the Company's Constitutional Documents

There have been no changes made to the Company's constitutional documents during the year ended 31 December 2021.

REPORT OF THE DIRECTORS

The Board is pleased to present their report for the year ended 31 December 2021.

Principal Activities

The principal businesses of the Company is investment holding. Its major subsidiaries, joint ventures and associated companies are principally engaged in the businesses of property development and property management. An analysis of the Group's performance for the year by principal business segments is set out in note 5 to the consolidated financial statements.

Results and Overall Performance

The Group's results for the year ended 31 December 2021 are set out on pages 112 to 113 of this annual report.

Business Review

Business review for the year and future business development of the Group as well as the major risks and uncertainties of the Group are set out in "Management Discussion and Analysis" on pages 18 to 31 and the "Chairman's Statement" on pages 10 to 17 of this annual report. Analysis of the performance of the Group for the year based on key financial indicators is set out in "Five-Year Financial Summary" on pages 247 to 248 of this annual report. Save as disclosed in this annual report, the Group has no significant events since the financial year under review.

The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the Group. The Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 to the Listing Rules.

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

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

Dividend Policy

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

Pursuant to the Dividend Policy, the Company may declare and distribute dividends to the shareholders of the Company, subject to, among other things, distributable profits, actual and expected financial conditions, operating results and strategies, cash flow, expected working capital requirements and expansion plans, future development prospects, shareholders’ interests and other factors that the Board deems appropriate.

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

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

Dividends

During the year, the Company declared and paid an interim dividend of HK50.0 cents (2020: HK50.0 cents) per ordinary share to the shareholders. The Board did not propose any final dividend for the year ended 31 December 2021 (2020: HK60.0 cents).

Closure of Register of Members and Other Key Dates

To facilitate the processing of proxy voting for the AGM to be held on Tuesday, 28 June 2022, the register of members of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022, both dates inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Wednesday, 22 June 2022.

Share Capital

Details of the movement in the share capital of the Company during the year are set out in note 21 to the consolidated financial statements.

REPORT OF THE DIRECTORS (CONTINUED)

Reserves

Details of movement in the reserves of the Group during the year are set out in note 23 to the consolidated financial statements.

As at 31 December 2021, the distributable reserves of the Company were approximately RMB4,885 million (2020: RMB5,087 million).

Senior Notes

Details of senior notes of the Company are set out in note 25 to the consolidated financial statements.

Senior Perpetual Capital Securities

Details of senior perpetual capital securities of the Company are set out in note 24 to the consolidated financial statements.

Exchangeable Bonds

Details of exchangeable bonds of the Company are set out in note 25 to the consolidated financial statements.

Property, Plant and Equipment

Details of movement in property, plant and equipment of the Group during the year are set out in note 6 to the consolidated financial statements.

Intangible Assets

Details of movement in intangible assets of the Group during the year are set out in note 9 to the consolidated financial statements.

Investment Properties

During the year, the fair value gains of the Group's investment properties amounted to RMB230 million (2020: RMB197 million) and have been recognised directly in the consolidated financial statements.

Details of movement in investment properties of the Group during the year are set out in note 7 to the consolidated financial statements.

Borrowings

Details of the Group's borrowings are set out in note 25 to the consolidated financial statements.

Interest Capitalised

Interest and other borrowing costs capitalised of the Group during the year are set out in note 34 to the consolidated financial statements.

Donations

The Group's charitable and other donations during the year amounted to RMB143 million (2020: RMB165 million).

Retirement Benefit Scheme

Details of retirement benefit scheme of the Group are set out in note 33 to the consolidated financial statements.

Group Financial Summary

A financial summary of the Group for the past five financial years is set out on pages 247 to 248 of this annual report.

Directors

The Directors as at the date of this report are listed on page 249 of this annual report. Except Chen Zhongqi who resigned as an executive director effective from 31 December 2021 due to his other business commitments which require more of his dedications, all Directors served throughout the year.

Independence confirmation

The Company has received the confirmation from all INEDs listed on page 249 of this annual report regarding their independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

Term of appointment

Article 87 of the Articles provides that one-third of Directors for the time being shall retire from office by rotation at the annual general meeting. In accordance therewith, Chan Cheuk Hung, Huang Fengchao, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter will retire as Directors at the AGM and, being eligible, offer themselves for re-election.

Each of the executive Directors, NEDs and INEDs has entered into a service agreement/an appointment letter with the Company for a term of three years subject to retirement by rotation pursuant to Article 87 of the Articles. None of the Director has a service agreement/an appointment letter with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

REPORT OF THE DIRECTORS (CONTINUED)

Share Award Scheme

The Company has adopted the Share Award Scheme on 10 December 2013 to recognise the contributions by certain employees. Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The maximum number of Shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. The Board shall not make any further award of awarded shares which will result in the nominal value of the Shares awarded under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time.

The Company issued and allotted a total of 34,470,000 awarded shares to Employee Share Trustee as trustee on 10 February 2014 to hold on trust for such employee(s) selected by the Board ("Selected Employees") in accordance with the trust deed and rules of the scheme. These awarded shares would be transferred to such Selected Employees upon their satisfaction of relevant vesting conditions specified by the Board at the time of the grant. 32,750,000 out of 34,470,000 awarded shares ("Awarded Shares") were granted to certain Selected Employees. Following the confirmation that relevant vesting conditions have not been satisfied, all such Awarded Shares granted have lapsed.

Model Code for Securities Transactions by Directors

The Company has adopted the Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. After the enquiries, each of the Directors has confirmed to the Company that he or she had fully complied with the Securities Dealing Code for Directors during the year ended 31 December 2021.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2021, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code to be notified to the Company and Hong Kong Stock Exchange, were as follows:

(1) Long positions in Shares of the Company

Name of Director	Capacity of interests held	Shares held in the Company			Approximate percentage to issued share capital
		Number of Shares	Note	Total number of Shares	
Chen Zhuo Lin	Beneficiary of a trust	2,453,096,250	1	2,597,944,500	66.32
	Beneficial owner	88,274,000			
	Controlled corporation	14,276,250	2		
	Controlled corporation	42,298,000	3		

REPORT OF THE DIRECTORS (CONTINUED)

Name of Director	Capacity of interests held	Shares held in the Company		Total number of Shares	Approximate percentage to issued share capital
		Number of Shares	Note		
Chan Cheuk Yin	Beneficiary of a trust	2,453,096,250	1	2,468,783,750	63.03
	Controlled corporation	15,687,500	4		
Luk Sin Fong, Fion	Beneficiary of a trust	2,453,096,250	1	2,597,944,500	66.32
	Controlled corporation	14,276,250	2		
	Spouse	130,572,000	5		
Chan Cheuk Hung	Beneficiary of a trust	2,453,096,250	1	2,453,096,250	62.63
Chan Cheuk Hei	Beneficiary of a trust	2,453,096,250	1	2,460,971,250	62.83
	Beneficial owner	7,875,000	6		
Chan Cheuk Nam	Beneficiary of a trust	2,453,096,250	1	2,459,877,750	62.80
	Beneficial owner	6,781,500	7		
Huang Fengchao	Beneficial owner	1,400,000		1,400,000	0.04

Notes:

- Held by Full Choice as trustee through Top Coast.
- Held by Brilliant Hero Capital Limited (輝雄資本有限公司) and Famous Tone Investments Limited (名通投資有限公司), which are jointly controlled by Chen Zhuo Lin and Luk Sin Fong, Fion.
- Held by Dragon Treasure Global Limited (龍寶環球有限公司), Star Noble Global Limited (星御環球有限公司) and Supreme Elite Holdings Limited (優傑控股有限公司), which are wholly-owned by Chen Zhuo Lin.
- Held by Renowned Idea Investments Limited (明思投資有限公司), which is wholly-owned by Chan Cheuk Yin.
- By virtue of the SFO, Luk Sin Fong, Fion is deemed to be interested in the Shares held by her spouse, Chen Zhuo Lin (1) as beneficial owner, and (2) through Dragon Treasure Global Limited (龍寶環球有限公司), Star Noble Global Limited (星御環球有限公司) and Supreme Elite Holdings Limited (優傑控股有限公司), which are wholly-owned by him.
- Jointly held by Chan Cheuk Hei and his spouse Lu Yanping.
- Jointly held by Chan Cheuk Nam and his spouse Chan Siu Na.

REPORT OF THE DIRECTORS (CONTINUED)

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

A. Top Coast

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

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

B. A-Living

Name of Director	Capacity of interests held	Number of shares	Description of shares	Approximate percentage to total issued share capital
Chen Zhuo Lin	Beneficiary of a trust	683,265,483 (Note 1)	H shares	48.11
Chan Cheuk Yin	Beneficiary of a trust	683,265,483 (Note 1)	H shares	48.11
Luk Sin Fong, Fion	Beneficiary of a trust	683,265,483 (Note 1)	H shares	48.11
Chan Cheuk Hung	Beneficiary of a trust	683,265,483 (Note 1)	H shares	48.11
Chan Cheuk Hei	Beneficiary of a trust	683,265,483 (Note 1)	H shares	48.11
Chan Cheuk Nam	Beneficiary of a trust	683,265,483 (Note 1)	H shares	48.11
Huang Fengchao	Controlled corporation	80,000,000 (Note 2)	H shares	5.63

Notes:

- The Company holds, through its indirect wholly-owned subsidiaries, Zhongshan A-Living Enterprise Management Services Co., Ltd.[^] (中山雅生活企業管理服務有限公司) and Deluxe Star International Limited (旺紀國際有限公司), and another indirect wholly-owned subsidiary, 683,265,483 H shares in A-Living, and Full Choice holds, through Top Coast, 62.63% equity interests of the Company, as trustee of the Chen's Family Trust, beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam. By virtue of the SFO, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are deemed to be interested in these 683,265,483 H shares in A-Living.
- Huang Fengchao is the sole proprietor of Zhangjiajie Fengxin Commercial Center[^] (張家界奉欣商業中心) ("Zhangjiajie Fengxin") which is a limited partner of and owns 99.9% interest in Tianjin Fengxin Commercial Center (Limited Partnership)[^] (天津奉欣商業中心(有限合夥)) ("Tianjin Fengxin"). Tianjin Fengxin is a limited partner of and respectively owns 94.96% and 95% interest in Shanghai Baoya Business Consultancy Limited Partnership[^] (上海葆雅商務諮詢合夥企業(有限合夥)) ("Shanghai Baoya") and Shanghai Bingya Business Consultancy Limited Partnership[^] (上海秉雅商務諮詢合夥企業(有限合夥)) ("Shanghai Bingya"). Mr. Huang is also a general partner of Shanghai Baoya and Shanghai Bingya respectively, and has full control over Shanghai Baoya and Shanghai Bingya. Shanghai Baoya is a general partner of Shanghai Yongya Business Consultancy Limited Partnership[^] (上海詠雅商務諮詢合夥企業(有限合夥)) ("Shanghai Yongya") and has full control over Shanghai Yongya. Shanghai Bingya is a limited partner of and owns 50% interest in Shanghai Yongya. Shanghai Yongya is a limited partner of and owns 45% interest in Gongqingcheng A-Living Investment Management Limited Partnership[^] (共青城雅生活投資管理合夥企業(有限合夥)) ("Gongqingcheng Investment") which owns 80,000,000 H Shares of A-Living. Mr. Huang is a limited partner of and owns 4.99% interest in Gongqingcheng Investment. By virtue of the SFO, Mr. Huang is deemed to be interested in these 80,000,000 H Shares of A-Living.

(3) Short positions in the shares of associated corporations of the Company**A-Living**

Name of Director	Capacity of interests held	Number of shares	Description of shares	Approximate percentage to total issued share capital
Chen Zhuo Lin	Beneficiary of a trust	87,991,267 (Note)	H shares	6.20
Chan Cheuk Yin	Beneficiary of a trust	87,991,267 (Note)	H shares	6.20
Luk Sin Fong, Fion	Beneficiary of a trust	87,991,267 (Note)	H shares	6.20
Chan Cheuk Hung	Beneficiary of a trust	87,991,267 (Note)	H shares	6.20
Chan Cheuk Hei	Beneficiary of a trust	87,991,267 (Note)	H shares	6.20
Chan Cheuk Nam	Beneficiary of a trust	87,991,267 (Note)	H shares	6.20

Note: The Company holds, through its indirect wholly-owned subsidiaries, Zhongshan A-Living Enterprise Management Services Co., Ltd.[^] (中山雅生活企業管理服務有限公司) and Deluxe Star International Limited (旺紀國際有限公司), and another indirect wholly-owned subsidiary, 87,991,267 H shares in A-Living, and Full Choice holds, through Top Coast, 62.63% equity interests of the Company, as trustee of the Chen's Family Trust, beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam. By virtue of the SFO, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are deemed to be interested in these 87,991,267 H shares in A-Living.

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

REPORT OF THE DIRECTORS (CONTINUED)

Substantial Shareholders' Interests and Short Positions

To the best knowledge of the Directors or chief executive of the Company, as at 31 December 2021, the interests or short positions of substantial Shareholders (other than Directors or the chief executive of the Company) in the Shares or underlying Shares which (i) have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in Shares of the Company

Name of Shareholder	Capacity of interests held	Shares held in the Company		Total number of Shares	Approximate percentage to issued share capital
		Number of Shares	Note		
Full Choice	Trustee	2,453,096,250	1	2,453,096,250	62.63
Top Coast	Beneficial owner	2,453,096,250	1	2,453,096,250	62.63
Zheng Huiqiong	Spouse	2,468,783,750	2	2,468,783,750	63.03
Lu Liqing	Spouse	2,453,096,250	3	2,453,096,250	62.63
Lu Yanping	Beneficial owner	7,875,000	4	2,460,971,250	62.83
	Spouse	2,453,096,250	5		
Chan Siu Na	Beneficial owner	6,781,500	6	2,459,877,750	62.80
	Spouse	2,453,096,250	7		
Chen Sze Long	Beneficial owner	170,046,993		307,432,500	7.85
	Controlled corporation	137,385,507	8		
Wang Huizhao	Spouse	307,432,500	9	307,432,500	7.85

Notes:

- Full Choice holds the Shares as the trustee of the Chen's Family Trust through Top Coast. Beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam.
- By virtue of the SFO, Zheng Huiqiong is deemed to be interested in the Shares held by her spouse, Chan Cheuk Yin.
- By virtue of the SFO, Lu Liqing is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hung.
- Jointly held by Lu Yanping and her spouse, Chan Cheuk Hei.
- By virtue of the SFO, Lu Yanping is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hei.
- Jointly held by Chan Siu Na and her spouse, Chan Cheuk Nam.
- By virtue of the SFO, Chan Siu Na is deemed to be interested in the Shares held by her spouse, Chan Cheuk Nam.
- Held by Cosmic Advance Holdings Limited (宇進控股有限公司) and Union High Investment Group Limited (聯高投資集團有限公司), which are wholly-owned by Chen Sze Long.
- By virtue of the SFO, Wang Huizhao is deemed to be interested in the Shares held by her spouse, Chen Sze Long (1) as beneficial owner, and (2) through Cosmic Advance Holdings Limited (宇進控股有限公司) and Union High Investment Group Limited (聯高投資集團有限公司), which are wholly-owned by him.

Save as disclosed above, as at 31 December 2021, none of the substantial Shareholders (other than Directors or chief executives of the Company) had informed the Company that they had any interests or short positions which (i) shall disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

Interests of any other persons

Save as disclosed in the foregoing, as at 31 December 2021, none of any other persons had informed the Company that they had any interests and short positions in the Shares which (i) shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

Remuneration Policy of the Group

As at 31 December 2021, the Group had a total of 98,466 employees. The related employees' costs for the year amounted to approximately RMB8,862 million. The remuneration package of the Group is determined with reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

Basis for Determining Emoluments to Directors

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

Directors' Interests in Competing Business

During the year and up to the date of this annual report, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are having interests in Changjiang Hotel Company. Changjiang Hotel Company is principally engaged in hotel business under Zhongshan Agile Changjiang Hotel in Zhongshan, the PRC which business competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

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

Directors' Material Interests in Significant Transactions, Arrangements or Contracts

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

Controlling Shareholders' Interests in Contracts

Neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries, during the year.

REPORT OF THE DIRECTORS (CONTINUED)

Changes in information of Directors

Wong Shiu Hoi, Peter resigned as a consultant of Halcyon Holdings Limited in September 2021. The biographical details of the Directors are set out in “Directors’ Profile” on pages 56 to 60 of this annual report.

In respect of the change in emoluments of Directors, please refer to note 50 to the consolidated financial statement.

Save as aforesaid, there have been no change in information of Directors since the date of 2021 interim report and up to the date of this report pursuant to Rule 13.51B(1) of the Listing Rules.

Major Customers and Suppliers

During the year, sales to the largest customer of the Group accounted for approximately 1.1% of sales of the Group for the year and sales to the five largest customers of the Group accounted for less than 30% of sales of the Group for the year.

During the year, purchases from the largest supplier of the Group accounted for 4.7% of purchases of the Group for the year and purchases from the five largest suppliers of the Group accounted for less than 30% of purchases of the Group for the year.

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

Related Party Transactions

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

Connected Transactions

During the year, the Group did not have any connected transactions which is discloseable pursuant to Chapter 14A of the Listing Rules.

Management Contracts

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

Permitted Indemnity Provision

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

Purchase, Sale or Redemption of Listed Securities

On 12 January 2021, Guangzhou Panyu Agile Realty Development Co., Ltd.[^] (廣州番禺雅居樂房地產開發有限公司) (“Panyu Agile”) (an indirect wholly-owned subsidiary of the Company incorporated in China) fully redeemed its domestic corporate bonds in an aggregate principal amount of RMB1,600 million due 2021 with an initial coupon rate of 4.7% at the redemption price of RMB100 each, being its face value, plus accrued and unpaid interests. These bonds had been delisted from the Shanghai Stock Exchange.

On 19 July 2021, the Company redeemed all of its outstanding 8.5% senior notes due 2021 in an aggregate principal amount of US\$600 million at the redemption price equal to 100% of the principal amount plus accrued and unpaid interests. These notes had been delisted from SGX.

On 11 October 2021, the Company fully redeemed its non-public domestic corporate bonds in an aggregate principal amount of RMB1,800 million due 2021 with an initial coupon rate of 4.6% at the redemption price of RMB100 each, being its face value, plus accrued and unpaid interests. These bonds had been delisted from the Shanghai Stock Exchange.

On 11 October 2021, the Company fully repurchased its non-public domestic corporate bonds (the “Domestic Bonds”) in an aggregate amount of RMB1,200 million due 2023 with an initial coupon rate of 5.7% at the repurchase price of RMB100 each, being its face value. Following the completion of the said repurchase, the Company has resold such Domestic Bonds. The Domestic Bonds are listed on the Shanghai Stock Exchange.

Save as above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

In January 2022, the Company has accumulated the repurchase of the US\$500 million 6.7% senior notes due 2022 (the “Senior Notes”) in an aggregate principal amount of US\$67.1 million plus accrued and unpaid interest, if any. Among the Senior Notes repurchased, an aggregate principal amount of US\$63.5 million had been cancelled in February 2022. On 7 March 2022, the Company redeemed the outstanding Senior Notes in the principal amount of US\$436.5 million in full at the redemption price equal to 100% of the principal amount plus accrued and unpaid interests. The Senior Notes had been delisted from SGX.

On 11 April 2022, Panyu Agile repurchased its RMB1,450 million public domestic corporate bonds with an initial coupon rate of 5.9% due 2024 in an aggregate amount of RMB692.407 million at the repurchase price of RMB100 each, being its face value. The bonds are listed on the Shanghai Stock Exchange.

Specific Performance by the Controlling Shareholders

1. As disclosed in the Company’s announcement dated 21 May 2018, the Company as borrower and certain of its subsidiaries as original guarantors with a bank, one of the original lenders, as facility agent and security agent and certain financial institutions as original lenders entered into a facility agreement (“2018 Facility I”). Pursuant to which a term loan facility comprising of HK\$8,834 million (with a greenshoe option of HK\$2,500 million) and USD200 million has been granted to the Company for a term of 48 months. A total of HK\$6,689.4 million and US\$120 million were repaid as of 31 December 2021.
2. As disclosed in the Company’s announcement dated 12 December 2018, the Company as borrower and certain of its subsidiaries as original guarantors with a bank as facility agent, security agent and original lender entered into a facility agreement (“2018 Facility II”). Pursuant to which a term loan facility of HK\$770 million (or its USD equivalent) has been granted to the Company for a term of 36 months. The facility was fully repaid as of 9 December 2021.
3. As disclosed in the Company’s announcement dated 27 June 2019, the Company as borrower and one of its subsidiaries as guarantor with a bank as agent and original lender entered into a facility agreement (“2019 Facility I”). Pursuant to which a term loan facility of MOP1,854 million (or its HKD equivalent) has been granted to the Company for a term of 24 months. As disclosed in the Company’s announcement dated 24 June 2020, the above parties entered into an amendment deed. Pursuant to which the term of tranche B loan of MOP824 million being part of MOP1,854 million facility has been extended until 29 June 2022 while the term of its tranche A loan of MOP1,030 million will remain unchanged at 24 months. The tranche A loan of MOP1,030 million was fully repaid on 25 June 2021.

REPORT OF THE DIRECTORS (CONTINUED)

4. As disclosed in the Company's announcement dated 28 August 2019, the Company as borrower and certain of its subsidiaries as original guarantors with a bank, one of the original lenders, as facility agent and security agent and certain other financial institutions as original lenders entered into a facility agreement ("2019 Facility II"). Pursuant to which a term loan facility comprising of HKD1,170 million and USD100 million (with a greenshoe option of USD500 million or its HKD equivalent) has been granted to the Company for a term of 36 months. A total of HK\$503.72 million and US\$42 million were repaid as of 31 December 2021.
5. As disclosed in the Company's announcement dated 24 June 2020, the Company as borrower and certain of its subsidiaries as original guarantors with a bank as facility agent and security agent and certain financial institutions as original lenders entered into a facility agreement ("2020 Facility"). Pursuant to which a term loan facility comprising of HKD3,242 million (with a greenshoe option of USD600 million or its HKD equivalent) has been granted to the Company for a term of 36 months. A total of HK\$449.88 million and USD7.2 million were repaid as of 31 December 2021.
6. As disclosed in the Company's announcement dated 24 May 2021, the Company as borrower and certain of its subsidiaries as original guarantors with a bank, one of the original lenders, as facility agent and certain other financial institutions as original lenders entered into a facility agreement ("2021 Facility"). Pursuant to which a term loan facility comprising of HK\$5,253 million and US\$28.5 million (with a greenshoe option of US\$1,200 million) has been granted to the Company for a term of 36 months.

In connection with the aforesaid facilities, if (i) Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam (hereinafter collectively the "Controlling Shareholders") collectively, directly or indirectly, do not own more than 50% (only for 2018 Facility I, 2018 Facility II, 2019 Facility I, 2019 Facility II and 2020 Facility)/more than 40% (only for 2021 Facility) of the total issued share capital of the Company; and/or (ii) the Controlling Shareholders together do not or cease to be entitled to exercise management control of the Company (only for 2018 Facility I, 2018 Facility II, 2019 Facility II, 2020 Facility and 2021 Facility); and/or (iii) Chen Zhuo Lin is not or ceases to be the chairman of the Board will cause an event of default. In case of an occurrence of an event of default, the facility agent (only for 2018 Facility I, 2018 Facility II, 2019 Facility II, 2020 Facility and 2021 Facility)/the agent (only for 2019 Facility I) may (a) cancel the commitments (only for 2018 Facility I, 2018 Facility II, 2019 Facility II, 2020 Facility and 2021 Facility only)/cancel the commitments/any part of any commitments (only for 2019 Facility I); (b) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents and other ancillary documents be immediately due and payable; (c) declare that all or part of the loans be payable on demand; and/or (d) exercise or direct the security agent (only for 2018 Facility I, 2018 Facility II, 2019 Facility II and 2020 Facility)/the sub-collateral agent (only for 2021 Facility) to exercise all or any of its rights, remedies, powers or discretions under the finance documents and other ancillary documents.

Pre-Emptive Rights

No provision has been made both in the memorandum of association of the Company and the Articles and under the laws of Cayman Islands in respect of pre-emptive rights, as such, the Company shall offer pro rata new Shares (if any) to the existing Shareholders.

Equity Linked Agreement

During the year, the Company did not enter into any equity linked agreement except those under and "Share Award Scheme" and the disclosure in note 22 to the consolidated financial statements.

Corporate Governance

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

Sustainable Development

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

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 to the Listing Rules. The report will present the Company's commitment to sustainable development during the year under review and it will cover the significant economic, environmental and social achievements and impact arising from the activities of the Group and its joint ventures.

Shareholders' Tax Relief

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

Public Float

From information that is publicly available to the Company and within the knowledge of its Directors for the year ended 31 December 2021 and as at the date of this annual report, at least 25% of the Company's total issued share capital is being held by the public.

Audit Committee

The audit committee of the Company have reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021, and reviewed the accounting principles and practices adopted by the Group with the management of the Group, and discussed the internal controls and financial reporting matters with them.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers, the auditor of the Company, which will retire and, being eligible, offer itself for re-appointment at the AGM. A resolution to re-appoint the auditor and to authorise the Directors to fix their remuneration will be proposed at the AGM. The Company did not change its external auditor in the past three years.

On behalf of the Board

Chen Zhuo Lin

Chairman and President

Hong Kong, 10 May 2022

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Agile Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Agile Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 110 to 246, which comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

The key audit matters identified in our audit and our audit procedures performed to address these key audit matters are set out as below:

- Assessment of provisions for impairment of properties under development and completed properties held for sale
- Valuations of investment properties
- Assessment of goodwill impairment

Key Audit Matters

How our audit addressed the Key Audit Matters

Assessment of provisions for impairment of properties under development and completed properties held for sale

We have performed the following procedures to address this key audit matter:

Refer to notes 4.1(a), 12 and 13 to the consolidated financial statements.

Properties under development and completed properties held for sale amounted to RMB124,680,136,000 as at 31 December 2021, accounting for 39% of the Group's total assets. Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The net realisable values were assessed taking into account of costs to completion of properties under development, variable selling expenses based on past experience and selling price based on prevailing market conditions.

Based on management's assessment, a provision of RMB1,043,655,000 for properties under development and a provision of RMB1,281,369,000 for completed properties held for sale were made as at 31 December 2021.

We focused on auditing the provisions for impairment of properties under development and completed properties held for sale because the estimation of net realisable values is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of properties under development and completed properties held for sale is considered significant due to significant judgements and estimates involved in determination of net realisable values.

- (i) We obtained an understanding of management's internal control and assessment process of the provisions for impairment of properties under development and completed properties held for sale and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud;
- (ii) We evaluated the outcome of prior period assessment of impairment of properties under development and completed properties held for sale to assess the effectiveness of management's estimation process;
- (iii) We evaluated and tested the key controls relating to management's assessment on the impairment of properties under development and completed properties held for sale, including the identification of properties with impairment indicators, the quantification and recording of impairment provisions;
- (iv) We assessed the Group's estimates of the anticipated costs to completion for properties under development by reconciling the anticipated costs to completion to the approved budgets. We compared the major cost compositions contained in these budgets with the actual cost compositions of similar type of properties in similar location. We performed analysis on management's material cost adjustments;

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters	How our audit addressed the Key Audit Matters
	<p>(v) We challenged and assessed the reasonableness of management's assumptions when determining the net sales value based on prevailing market conditions by:</p> <ul style="list-style-type: none">• Researching the selling prices from the public available resources and comparing the estimated selling price to the most recent selling price for the properties under presales or the prevailing market price of the same type of properties in the same location;• Analysing the historical selling expenses to selling price ratio, assessing whether management's estimated selling expenses were within such range.
	<p>(vi) We assessed the adequacy of the disclosures related to impairment of properties under development and completed properties held for sale in the context of the applicable financial reporting framework; and</p>
	<p>(vii) We also considered whether the judgements made in selecting the methodology and the key assumptions would give rise to indicators of possible management bias.</p>
	<p>Based on the above, we found that the significant judgements and estimates made by management in relation to the impairment assessment of properties under development and completed properties held for sale were supported by available evidence.</p>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Valuations of investment properties</p> <p>Refer to notes 4.1(b) and 7 to the consolidated financial statements.</p> <p>The Group's investment properties were measured at fair value of RMB11,514,964,000 as at 31 December 2021, with revaluation gains of RMB230,261,000 recorded as "other gains, net" in the consolidated income statement for the year then ended.</p> <p>Independent external valuations were performed for all of investment properties in order to support management's estimates. Fair values of completed investment properties are derived using income capitalisation approach or the direct comparison approach, where applicable. The fair values of investment properties under construction are prepared under residual approach.</p> <p>We focused on auditing the valuations of investment properties because the estimation of term yields and reversionary yields, market rents, market prices and estimated costs to completion is subject to high degree of estimation uncertainty. The inherent risk in relation to the valuations of investment properties is considered significant due to significant judgements and estimates involved in determination of fair value.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> (i) We obtained an understanding of the management's internal control and assessment process of the valuations of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud. (ii) We evaluated the competency, capabilities and objectivity of the external valuers; (iii) We checked, on a sample basis, accuracy and relevance of the input data used in the valuation and checked the mathematical accuracy of the valuations; (iv) We involved our internal valuation specialist in assessing the appropriateness of methodologies used and the reasonableness of the key assumptions applied in the valuations, including term yields and reversionary yields, fair market rents and fair market prices. We agreed the term yields, reversionary yields, market rents and market prices used in the valuations to our internally developed benchmarks, which are based on our recent experience and market research in the locations and segments of the Group's investment properties. We evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions; (v) We assessed the adequacy of the disclosures related to valuation of investment properties in the context of the applicable financial reporting framework; and

Key Audit Matters	How our audit addressed the Key Audit Matters
	<p>(vi) We also considered whether the judgements made in selecting the methodology and the key assumptions would give rise to indicators of possible management bias.</p> <p>Based on the above, we found that the significant judgements and estimates made by management in relation to the valuations of investment properties were supported by available evidence.</p>
<p>Assessment of goodwill impairment</p> <p>Refer to notes 4.1(c) and 9 to the consolidated financial statements.</p> <p>As at 31 December 2021, the Group had goodwill of RMB5,026,180,000 primarily in relation to the Group's acquisition of property management services groups, environmental protection groups and construction groups (the "Acquirees"). A provision of RMB753,687,000 was made for goodwill arising from certain Acquirees as at 31 December 2021.</p> <p>Goodwill is tested for impairment annually or when there are events or changes in circumstances indicate that it might be impaired. For the purpose of impairment assessment, goodwill was allocated to respective groups of cash generating units of the Acquirees. Management assessed the recoverable amount of major Acquirees with the assistance of independent external valuers (the "External Valuers") and determined the recoverable amounts based on a value-in-use ("VIU") calculation using cash flow projections. The VIU calculation was based on financial budgets approved by management. The key assumptions considered primarily include (i) compound annual growth rate of revenue, (ii) earnings before interest, tax, depreciation and amortisation ("EBITDA") margin, (iii) long-term growth rate, and (iv) pre-tax discount rate.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <p>(i) We obtained an understanding of the management's internal control and assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud;</p> <p>(ii) We evaluated the outcome of prior period assessment of impairment of goodwill to assess the effectiveness of management's estimation process;</p> <p>(iii) We evaluated the competency, capabilities and objectivity of the External Valuers;</p> <p>(iv) We challenged and assessed the appropriateness of the methodology and the reasonableness of key assumptions adopted with the involvement of our internal valuation specialists;</p>

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key Audit Matters

We focused on auditing the impairment of goodwill because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of goodwill is considered significant due to the complexity of the impairment models and subjectivity of significant assumptions used.

How our audit addressed the Key Audit Matters

- (v) We assessed the reasonableness of the key assumptions adopted by management by (i) evaluating the historical estimation accuracy of the cash flow forecast by, for example, comparing the forecast used in the prior year to the actual performance of the business in the current year; (ii) assessed the pre-tax discount rates with reference to comparable listed companies; (iii) evaluating the reasonableness of the key assumptions used in the cash flow forecast, including compound annual revenue growth rates and EBITDA margins, taking into account the approved budgets, historical financial data and plans of the Acquirees; (iv) for the long-term growth rate, we assessed it with reference to the long-term expected inflation rate;
- (vi) We tested source data to supporting evidence on a sample basis, such as approved budgets and available market data;
- (vii) We evaluated the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in assumptions on the recoverable amount;
- (viii) We assessed the adequacy of the disclosures related to impairment assessment of goodwill in the context of the applicable financial reporting framework; and
- (ix) We also considered whether the judgements made in selecting the methodology and the key assumptions would give rise to indicators of possible management bias.

Based on the above, we found that the significant management's judgements and key assumptions adopted in the goodwill impairment assessment were supported by available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of 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 Directors and The Audit Committee 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 HKFRS issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The audit committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 10 May 2022

CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December 2021	2020
Assets			
Non-current assets			
Property, plant and equipment	6	12,674,770	12,080,847
Investment properties	7	11,514,964	10,849,449
Right-of-use assets	8(a)	3,270,052	3,376,304
Goodwill	9	5,026,180	4,264,614
Other intangible assets	9	2,627,830	3,576,350
Investments accounted for using the equity method	10	31,304,280	18,179,155
Prepayments for acquisition of equity interests		—	523,321
Prepayments for acquisition of land use rights	11	—	34,285
Properties under development	12	21,274,754	30,973,623
Other receivables	16	8,797,543	7,508,793
Financial assets at fair value through other comprehensive income	15	43,368	510,639
Deferred income tax assets	28	2,165,196	1,392,281
		98,698,937	93,269,661
Current assets			
Completed properties held for sale	13	16,299,820	19,092,671
Inventories		356,850	248,325
Prepayments for acquisition of land use rights	11	2,269,068	8,311,775
Contract assets	5(b)	5,150,620	3,204,597
Properties under development	12	87,105,562	82,148,512
Trade and other receivables	16	57,927,238	50,021,335
Prepaid income taxes		4,624,423	5,355,663
Financial assets at fair value through profit or loss	17	2,811,395	1,247,819
Restricted cash	18	15,617,768	8,938,792
Cash and cash equivalents	19	22,802,716	41,925,908
Assets classified as held for sale	20	2,895,342	—
		217,860,802	220,495,397
Total assets		316,559,739	313,765,058

CONSOLIDATED BALANCE SHEET (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December 2021	2020
Equity			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium	21	3,421,883	3,421,883
Shares held for Share Award Scheme	22	(156,588)	(156,588)
Other reserves	23	4,190,239	3,416,513
Retained earnings		46,783,577	44,133,820
		54,239,111	50,815,628
Perpetual Capital Securities	24	13,015,124	13,637,493
Non-controlling interests		22,177,042	12,516,601
Total equity		89,431,277	76,969,722
Liabilities			
Non-current liabilities			
Borrowings	25	54,293,548	59,243,748
Other payables	26	4,572,361	4,284,452
Financial liabilities at fair value through profit or loss	27	494,313	101,235
Contract liabilities	5(b)	–	75,271
Lease liabilities	8(a)	262,093	392,927
Deferred income tax liabilities	28	4,061,638	4,087,131
		63,683,953	68,184,764
Current liabilities			
Borrowings	25	29,580,497	38,569,018
Trade and other payables	26	68,257,851	75,229,690
Financial liabilities at fair value through profit or loss	27	107,358	1,004,423
Contract liabilities	5(b)	44,582,302	36,306,083
Lease liabilities	8(a)	302,383	244,011
Current income tax liabilities		19,099,618	17,257,347
Liabilities directly associated with assets classified as held for sale	20	1,514,500	–
		163,444,509	168,610,572
Total liabilities		227,128,462	236,795,336
Total equity and liabilities		316,559,739	313,765,058

The notes on pages 118 to 246 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 110 to 117 were approved by the Board of Directors on 10 May 2022 and were signed on its behalf by:

Chen Zhuo Lin

Chan Cheuk Hung

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December 2021	2020
Revenue	5	73,027,763	80,245,252
Cost of sales	32	(54,006,694)	(56,142,868)
Gross profit		19,021,069	24,102,384
Selling and marketing costs	32	(3,102,342)	(2,384,710)
Administrative expenses	32	(4,004,139)	(5,234,723)
Net impairment losses on financial and contract assets	3.1(c)	(500,245)	(566,679)
Other gains, net	29	4,840,377	3,740,426
Other income	30	1,541,700	1,669,854
Other expenses	31	(279,393)	(400,044)
Operating profit		17,517,027	20,926,508
Finance costs, net	34	(1,414,437)	(1,040,210)
Share of post-tax profits of investments accounted for using equity method	10	794,239	1,585,630
Profit before income tax		16,896,829	21,471,928
Income tax expenses	35	(7,798,792)	(9,223,051)
Profit for the year		9,098,037	12,248,877
Profit attributable to:			
Shareholders of the Company		6,712,036	9,474,597
Holders of Perpetual Capital Securities	24	983,860	1,083,780
Non-controlling interests		1,402,141	1,690,500
		9,098,037	12,248,877
Earnings per share from continuing operations attributable to shareholders of the Company for the year (expressed in Renminbi per share)			
— Basic	36	1.729	2.440
— Diluted	36	1.729	2.440

The notes on pages 118 to 246 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December 2021	2020
Profit for the year		9,098,037	12,248,877
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
— Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax		(131,146)	110,369
— Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax	6(c)	49,589	5,651
<i>Items that may be reclassified to profit or loss</i>			
— Currency translation differences		(9,122)	(9,342)
Other comprehensive income for the year, net of tax		(90,679)	106,678
Total comprehensive income for the year		9,007,358	12,355,555
Attributable to:			
— Shareholders of the Company		6,635,913	9,598,779
— Holders of Perpetual Capital Securities		983,860	1,083,780
— Non-controlling interests		1,387,585	1,672,996
		9,007,358	12,355,555

The notes on pages 118 to 246 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB thousands unless otherwise stated)

	Attributable to owners of the Company					Perpetual Capital Securities (note 24)	Non- controlling interests	Total equity
	Share capital and premium (note 21)	Shares held for Share Award Scheme (note 22)	Other reserves (note 23)	Retained earnings	Total			
Balance at 1 January 2021	3,421,883	(156,588)	3,416,513	44,133,820	50,815,628	13,637,493	12,516,601	76,969,722
Comprehensive income								
Profit for the year	-	-	-	6,712,036	6,712,036	983,860	1,402,141	9,098,037
Other comprehensive income								
Currency translation differences	-	-	6,939	-	6,939	-	(16,061)	(9,122)
Revaluation gains on property, plant and equipment transferred to investment properties, net of tax	-	-	49,589	-	49,589	-	-	49,589
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	(132,651)	-	(132,651)	-	1,505	(131,146)
Total comprehensive income	-	-	(76,123)	6,712,036	6,635,913	983,860	1,387,585	9,007,358
Total transactions with shareholders, recognised directly in equity								
Transfer to statutory reserve and enterprise expansion funds (note 23)	-	-	479,292	(479,292)	-	-	-	-
Issuance of exchangeable bond attributable to equity (note 23)	-	-	758,459	-	758,459	-	-	758,459
Distribution to holders of Perpetual Capital Securities (note 24)	-	-	-	-	-	(979,327)	-	(979,327)
Redemption of Perpetual Capital Securities (note 24)	-	-	-	(18,878)	(18,878)	(626,902)	-	(645,780)
Capital injection by non-controlling interests	-	-	1,102,816	-	1,102,816	-	9,267,064	10,369,880
Non-controlling interests on acquisition of subsidiaries (note 40)	-	-	-	-	-	-	580,364	580,364
Disposal of subsidiaries	-	-	-	-	-	-	(144,912)	(144,912)
Acquisition of additional interests in subsidiaries	-	-	(1,494,333)	-	(1,494,333)	-	(741,124)	(2,235,457)
Disposal of financial assets at fair value through other comprehensive income	-	-	3,615	(3,615)	-	-	-	-
Dividends distribution to non-controlling interests	-	-	-	-	-	-	(688,536)	(688,536)
Dividends (note 37)	-	-	-	(3,560,494)	(3,560,494)	-	-	(3,560,494)
Total transactions with owners, recognised directly in equity	-	-	849,849	(4,062,279)	(3,212,430)	(1,606,229)	8,272,856	3,454,197
Balance at 31 December 2021	3,421,883	(156,588)	4,190,239	46,783,577	54,239,111	13,015,124	22,177,042	89,431,277

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

	Attributable to owners of the Company							
	Share capital and premium (note 21)	Shares held for Share Award Scheme (note 22)	Other reserves (note 23)	Retained earnings	Total	Perpetual Capital Securities (note 24)	Non-controlling interests	Total equity
Balance at 1 January 2020	3,421,883	(156,588)	2,931,267	38,277,061	44,473,623	13,566,867	7,295,986	65,336,476
Comprehensive income								
Profit for the year	–	–	–	9,474,597	9,474,597	1,083,780	1,690,500	12,248,877
Other comprehensive income								
Currency translation differences	–	–	8,534	–	8,534	–	(17,876)	(9,342)
Revaluation gains on property, plant and equipment transferred to investment properties, net of tax	–	–	5,651	–	5,651	–	–	5,651
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	109,997	–	109,997	–	372	110,369
Total comprehensive income	–	–	124,182	9,474,597	9,598,779	1,083,780	1,672,996	12,355,555
Total transactions with shareholders, recognised directly in equity								
Transfer to statutory reserve and enterprise expansion funds (note 23)	–	–	485,174	(485,174)	–	–	–	–
Distribution to holders of Perpetual Capital Securities (note 24)	–	–	–	–	–	(1,013,154)	–	(1,013,154)
Capital injection by non-controlling interests	–	–	–	–	–	–	1,592,340	1,592,340
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	2,316,359	2,316,359
Acquisition of additional interests in subsidiaries	–	–	(208,480)	–	(208,480)	–	(58,478)	(266,958)
Dividends distribution to non-controlling interests	–	–	–	–	–	–	(501,722)	(501,722)
Other transaction with non-controlling interests	–	–	84,370	–	84,370	–	199,120	283,490
Dividends	–	–	–	(3,132,664)	(3,132,664)	–	–	(3,132,664)
Total transactions with owners, recognised directly in equity	–	–	361,064	(3,617,838)	(3,256,774)	(1,013,154)	3,547,619	(722,309)
Balance at 31 December 2020	3,421,883	(156,588)	3,416,513	44,133,820	50,815,628	13,637,493	12,516,601	76,969,722

The notes on pages 118 to 246 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December 2021	2020
Cash flows from operating activities			
Cash generated from operations	39(a)	13,434,967	18,226,652
Interest paid		(6,798,923)	(6,441,954)
PRC income tax paid		(5,706,181)	(8,477,444)
Net cash generated from operating activities		929,863	3,307,254
Cash flows from investing activities			
Advance consideration received from disposal of equity interests in certain subsidiaries		1,223,000	7,050,760
Net cash (outflow)/inflow from disposal of subsidiaries	38	(2,068,211)	496,772
Investments in associates and joint ventures		(10,165,301)	(1,641,611)
Prepayment for acquisitions of equity interests		–	(313,298)
Purchases of property, plant and equipment, right-of-use assets and intangible assets		(1,942,932)	(3,609,188)
Proceed received from disposal of investment properties, right-of-use assets and property, plant and equipment		1,262,927	314,480
Cash paid for acquisition of subsidiaries through business combination	40	(595,408)	(93,478)
Cash advances made to joint ventures, associates and other related parties		(6,736,740)	(7,300,726)
Repayment of cash advances from joint ventures, associates and other related parties		5,334,717	4,133,347
Repayment of cash advances from non-controlling interests		310,878	1,578,850
Cash advance made to non-controlling interests		(854,211)	(1,288,014)
Payment to settle derivative financial instruments		(804,848)	(704,112)
Payment for acquisition of financial assets at fair value through other comprehensive income		(30,056)	(105,966)
Purchase of wealth management products		(22,227,520)	(20,797,253)
Redemption of wealth management products		22,430,602	20,840,723
Increase in restricted bank deposits for the purpose of potential acquisition		(3,300,200)	–
Payment for acquisition of other financial assets at fair value through profit or loss		(1,346,755)	(3,306)
Proceeds from settlement of other financial assets at fair value through profit or loss		356	10,914
Proceeds from disposal of financial assets at fair value through other comprehensive income		15,595	700
Proceeds from disposal of joint ventures and an associate		436,647	735,180
Interest and dividend income received		2,773,790	1,471,368
Net cash (used in)/generated from investing activities		(16,283,670)	776,142

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December 2021	2020
Cash flows from financing activities			
Redemption of Perpetual Capital Securities		(645,780)	–
Net proceeds from borrowings		42,952,498	61,861,169
Repayments of borrowings		(52,236,082)	(61,293,771)
(Increase)/Decrease in guarantee deposit for borrowings		(2,714,946)	310,125
Cash advances from related parties		5,573,809	5,720,870
Repayments of cash advances made to related parties		(3,541,834)	(1,143,007)
Cash advance from non-controlling interests and third parties		7,639,745	4,492,935
Repayments of cash advances from non-controlling interests and third parties		(3,492,044)	(2,248,177)
Capital contribution by non-controlling interests		10,369,880	1,592,340
Principal elements of lease payments		(324,525)	(274,422)
Payment to non-controlling interests from acquisition of additional interests in subsidiaries		(2,135,457)	(266,958)
Other transaction with non-controlling interests		–	283,490
Distribution to holders of Perpetual Capital Securities		(979,327)	(1,013,154)
Dividends paid to shareholders of the Company		(3,560,494)	(3,132,658)
Dividends paid to non-controlling interests		(652,315)	(448,602)
Net cash (used in)/generated from financing activities		(3,746,872)	4,440,180
Net (decrease)/increase in cash and cash equivalents		(19,100,679)	8,523,576
Cash and cash equivalents at beginning of the year		41,925,908	33,551,303
Exchange losses on cash and cash equivalents		(22,513)	(148,971)
Cash and cash equivalents at end of the year	19	22,802,716	41,925,908

The notes on pages 118 to 246 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

1 General information

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

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

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 10 May 2022.

The outbreak of the 2019 Novel Coronavirus (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may continue affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental revenue and occupancy rate of investment properties, allowance for expected credit losses on trade and other receivables, fair value of investment properties and etc. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date when the consolidated financial statements is authorised for issue, COVID-19 doesn’t have any material adverse impact on the financial position and operating result of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies

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

2.1 Basis of preparation

Due to the volatility of the property market in the PRC and the unfavorable impact on the presale performance during the year and subsequent to the year end date, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from 31 December 2021, taking into consideration a number of plans and measures:

- (i) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of sales proceeds and other receivables.
- (ii) The Group will closely monitor the process of construction of its property development projects to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and delivered to the customers on schedule, such that the Group is able to release restricted pre-sale proceeds as planned;
- (iii) Subsequent to the year end date, the Group has entered into certain loan agreements with banks and third party lenders for borrowings of aggregated amount of approximately RMB10 billion, including onshore project loans and offshore loan secured by certain properties of the Group. The onshore project loans will be drawn down according to the progress of the development of the projects and the drawn down of the offshore secured loan is expected to take place upon the completion of certain administrative procedures. Moreover, the Group is in advance negotiation with certain banks and third-party lenders for further offshore borrowings of approximately RMB3 billion to be secured by certain properties of the Group, which is expected to be completed in second or third quarter of 2022. The Group will continue to seek for renewal of existing borrowings as well as new debt financing and bank borrowings at costs acceptable to the Group to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- (iv) The Group has obtained a letter from founding shareholders and their close family members who confirmed that they do not have the intention to demand for repayment of the amount due to the related parties of approximately RMB2 billion as at 31 December 2021 in the coming twelve months from the balance sheet date;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

- (v) The Group has collected proceeds of approximately RMB6 billion from disposal of non-core properties and non-core businesses during the three months ended 31 March 2022 and will further collect the balance of consideration receivable of RMB3 billion in the second quarter of 2022. The Group will further dispose certain of its non-core properties and non-core businesses to generate more cashflow if needed;
- (vi) The Group will not commit on significant capital expenditures and land acquisitions before securing the necessary funding; and
- (vii) The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

The directors of the Company have reviewed the Group's cash flow projections, which covers a period of twelve months from 31 December 2021. The directors of the Company are of the opinion that, taking into account of the anticipated cash flows generated from the Group's operations as well as the possible changes in its operating performance, the continued availability of the Group's bank and other borrowings as well as the Group's ability to raise new financing under the prevailing rules and regulations, the intention of the founding shareholders and their close family members for not to demand for repayment of amount due to them in the coming twelve months from the balance sheet date, the anticipated disposal of non-core assets and successful collection of sales proceeds, and the Group's existing and future plan of land acquisitions, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the coming twelve months from 31 December 2021. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The preparation of consolidated financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

(a) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform — Phase 2 — Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

The amendments listed above don't have significant impacts on the amounts recognised in the current or prior periods and are not likely to affect future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

- (b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2021 and have not been early adopted:

		Effective for annual periods beginning on or after
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual Improvements Projects	Annual Improvements to HKFRSs 2018–2020 (Amendments)	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance contract	1 January 2023
Amendments to HK Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations, and not expected to have a material impact on the entity in the current or future reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.2.2 Investments accounted for using the equity method

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.2 Investments accounted for using the equity method (Continued)

Equity method (Continued)

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.11.

2.2.3 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or account for using the equity method upon an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated income statement or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.4 Separate financial statements

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

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period when the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions of the Group.

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within "finance costs, net". All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "other gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.7 Property, plant and equipment

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

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

When there is a change of use from an investment property to an owner-occupied property, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.7 Property, plant and equipment (Continued)

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains, net" in the consolidated income statement.

Construction in progress

Construction in progress represents property under construction and is stated at cost less accumulated impairment loss, if any. Cost includes the costs of construction of buildings and interest charges arising from borrowings used to finance these assets during the period of construction, if any. No provision for depreciation is made on construction in progress until such times as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.8 Investment property

Investment property, principally comprising land use rights and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuer. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded as "other gains, net" in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.8 Investment property (Continued)

When an owner-occupied property becomes an investment property carried at fair value, the Group applies HKAS 16 up to the date of change in use. The Group treats any difference at that date between the carrying amount of the property in and its fair value in as a revaluation in accordance with HKAS 16. In other words, any resulting increase in the carrying amount is treated as follows:

- (i) to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in the consolidated income statement.
- (ii) any remaining part of the increase is recognised in other comprehensive income and increases the revaluation surplus within equity.

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generation units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Trademarks and licences

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

(c) Customer relationships and backlog

Customer relationships and backlog acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships and backlog have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method over the expected life of 2 to 10 years for the customer relationships and backlog.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.9 Intangible assets (Continued)

(d) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 10 years.

(e) Operating concessions

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

2.10 Service concession arrangements

(a) Service concession arrangements under financial asset model

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.10 Service concession arrangements (Continued)

(b) Service concession arrangements under intangible asset model

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses and services. The intangible asset (operating concession) is accounted for in accordance with the policy set out for “intangible assets” in note 2.9 above, which is amortised on a straight-line basis over the Service Concession Period.

(c) Construction services

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

2.11 Impairment of non-financial assets

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

2.12 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interests and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.12 Non-current assets (or disposal groups) held for sale (Continued)

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2.13 Investments and other financial assets

Classification

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

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

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

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.13 Investments and other financial assets (Continued)

Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement and presented in other gains, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated income statement and recognised in other gains, net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains, net and impairment expenses are presented as separate line item in the consolidated income statement.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the consolidated income statement and presented net within other gains, net in the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.13 Investments and other financial assets (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated income statement as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains, net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

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

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

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter parties.

2.15 Financial guarantee contracts

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

- The amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and
- The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.16 Properties under development and held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

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

2.17 Inventories

Raw materials

Raw materials are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 12 months and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 16 for further information about the Group's accounting for trade and other receivables and note 3.1(c) for a description of the Group's impairment policies.

2.19 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Perpetual Capital Securities

Perpetual Capital Securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity, as described in note 24.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.22 Trade and other payables

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

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

2.23 Borrowings

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

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

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.23 Borrowings (Continued)

Borrowing costs include interest expense, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred on foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

Exchangeable bonds

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.24 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

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

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

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.24 Current and deferred income tax (Continued)

(c) Offsetting

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

2.25 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK\$1,500. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) Employee leave entitlements

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.25 Employee benefits (Continued)

(c) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for shares of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, if any, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

2.26 Provisions

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

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.27 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of discount and after eliminating revenue made with the Group companies. The Group recognises revenue of each activities as described below.

(a) Sales of properties

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 all of the benefits received and consumed simultaneously by the purchaser;
- creates and enhances an asset that the purchaser controls as the Group performs;
- 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.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable. In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.27 Revenue recognition (Continued)

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

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

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

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

(c) Construction services income

Revenue from construction contracts satisfies the performance obligation over time, for the performance of construction contracts creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group recognised revenue over time by reference to the progress towards complete satisfaction of that performance obligation. For the contracts being able to obtain direct measurement of the value or units delivered of work performed, the customers will provide a final statement when the whole project is completed and may have adjustments on accumulated confirmation according to the actual construction efforts or inputs to the satisfaction of the performance obligation, the Group calculated the cost allocation based on specific contracts (note 2.10).

(d) Environmental protection income

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

(e) Interest income

Interest income from financial assets at FVPL is included in the fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in "other income".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.27 Revenue recognition (Continued)

(f) Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in the consolidated income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

(g) Rental income

Rental income from investment properties under operating leases is recognised in the consolidated income statement on a straight-line basis over the term of lease.

(h) Hotel operations

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

(i) Design service and project management service

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

(j) Financing components

Except for the significant financing component under the service concession arrangements and certain construction contracts, the Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.28 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.28 Leases (Continued)

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

The Group leases various land use rights, offices, transportation equipment and other equipment. Rental contracts are typically made for fixed periods of 3 months to 70 years. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise staff dormitory and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

2.29 Dividend distribution

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

2 Summary of significant accounting policies (Continued)

2.30 Insurance contracts

An insurance contract is a contract under which one party (the “insurer”) accepts significant insurance risk from another party (the “policyholder”) by agreeing to compensate the policyholder if a specified uncertain future event (the “insured event”) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the consolidated income statement.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers as insurance contracts.

2.31 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

2.32 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC. The Group finances its operations from shareholders' fund, sales of properties, issuance of senior notes, bank and other borrowings and perpetual capital securities. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

(a) Currency risk

The Group's businesses are principally conducted in RMB, except that certain receipts of proceeds from sales of properties, financial asset at FVPL, senior notes, exchangeable bonds, bank borrowings and syndicated loans are in other currencies. As at 31 December 2021, major non-RMB assets and liabilities are cash and cash equivalents, senior notes, exchangeable bonds, bank borrowings and syndicated loans denominated in HK dollar ("HKD"), US dollar ("USD"), Macao Pataca ("MOP") and other currencies. Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group has entered into several forward exchange contracts to limit its exposure to foreign exchange risk during the year ended 31 December 2021.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	Group 2021	2020
Monetary assets		
— HKD	2,821,915	2,094,550
— USD	1,842,310	1,537,627
— Others	1,259	—
	4,665,484	3,632,177
Monetary liabilities		
— HKD	18,188,547	18,837,369
— USD	24,503,039	25,003,606
— MOP	653,926	1,493,695
	43,345,512	45,334,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) Currency risk (Continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/(decrease) in RMB against the relevant currencies, the major effect of increase/(decrease) in the profit for the year is as follows:

	Group 2021	2020
5% increase in RMB against HKD	768,708	838,857
5% decrease in RMB against HKD	(768,708)	(838,857)
5% increase in RMB against USD	1,135,005	1,177,040
5% decrease in RMB against USD	(1,135,005)	(1,177,040)
5% increase in RMB against MOP	32,696	74,685
5% decrease in RMB against MOP	(32,696)	(74,685)

(b) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings with variable rates exposing the Group to cash flow interest-rate risk. Borrowings with fixed rate, mainly included senior notes, bonds and other borrowings, expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure.

As at 31 December 2021 and 2020, if interest rates on borrowings had been 100 basis points higher or lower with all other variables held constant, interest charges for the years ended 31 December 2021 and 2020 would increase or decrease by RMB446,312,000 and RMB504,026,000 respectively, mainly as a result of higher or lower interest expense on floating rate borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk

The Group is exposed to credit risk in relation to its contract asset, trade and other receivables, cash deposits with banks and financial guarantees. The carrying amounts of contract assets, trade and other receivables, restricted cash, cash and cash equivalents, financial guarantees provided to related companies and guarantees on mortgage facilities represent the Group's maximum exposure to credit risk in relation to financial assets.

For contract assets and trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counter parties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant increases in credit risk on other financial instruments of the individual property owner or the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (continued)

- (i) A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written off

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

- (ii) *Contract assets and trade receivables*

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets and trade receivables. To measure the expected credit losses, contract assets and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of insolvencies include, amongst others, the failure of a debtor in engaging a repayment plan with the Group, and a failure to make contractual payments. Trade receivables without known insolvencies are assessed on a collective basis based on shared credit risk characteristics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (continued)

(ii) Contract assets and trade receivables (Continued)

Trade receivables and contract assets have been assessed for impairment on a collective basis based on different credit risk characteristics. The cost and loss allowance provision for trade receivables and contract assets are categorised as follows for assessment purpose:

Individual: Trade receivables and contract assets with known insolvencies
Collective: Other trade receivables and contract assets

	2021		2020	
	Cost	Loss allowance	Cost	Loss allowance
Individual:				
— trade receivables with known insolvencies	200,260	(200,260)	152,754	(152,754)
Collective:				
— other trade receivables	13,322,906	(533,739)	11,655,692	(289,250)
— contract assets	5,160,903	(10,283)	3,206,231	(1,634)
	18,684,069	(744,282)	15,014,677	(443,638)

As at 31 December 2021, the Group has assessed that the expected loss rate for other receivables from related parties was immaterial considering the good finance position and credit history of the related parties. Thus no significant increase of loss allowance provision for other receivables from related parties was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (continued)

(ii) Contract assets and trade receivables (Continued)

On that basis, as at 31 December 2021, the loss allowance provision for the trade receivables and contract assets under collective basis was determined as follow. The expected credit losses below also incorporated forward looking information.

	Current	Up to 1 year	1 to 2 years	Over 2 years	Total
At 31 December 2021					
Expected loss rate	0%~0.20%	0.15%~6%	1%~11%	5%~100%	—
Gross carrying amount — trade receivables under collective basis	5,314,872	5,663,734	1,482,515	861,785	13,322,906
Gross carrying amount — contract assets	5,160,903	—	—	—	5,160,903
Loss allowance — trade receivables	—	124,805	275,600	133,334	533,739
Loss allowance — contract assets	10,283	—	—	—	10,283
At 31 December 2020					
Expected loss rate	—	0.10%~5%	5%~26%	10%~70%	—
Gross carrying amount — trade receivables under collective basis	5,446,645	4,977,031	733,820	498,196	11,655,692
Gross carrying amount — contract assets	2,932,113	274,118	—	—	3,206,231
Loss allowance — trade receivables	—	111,414	92,950	84,886	289,250
Loss allowance — contract assets	—	1,634	—	—	1,634

(iii) Other receivables (excluding prepayments and prepaid value added taxes)

The Group uses the expected credit loss model to determine the expected loss provision for other receivables (excluding prepayments and prepaid value added taxes). As at 31 December 2021, the Group has assessed that there is no significant increase of credit risk for other receivables. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

As at 31 December 2021 and 2020, the loss allowance provision for the other receivables was determined as follows. The expected credit losses below also incorporated forward looking information.

	Performing
As at 31 December 2021	
Gross carrying amount (RMB'000)	49,568,544
Expected loss rate	1.44%
Loss allowance provision (RMB'000)	712,925
As at 31 December 2020	
Gross carrying amount (RMB'000)	41,862,989
Expected loss rate	1.09%
Loss allowance provision (RMB'000)	456,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (continued)

- (iv) As at 31 December 2021, the loss allowance provision for contract assets and trade and other receivables (excluding prepayments and prepaid value added taxes) reconciles to the opening loss allowance for that provision as follows:

	Contract assets and trade receivables	Other receivables (excluding prepayments and prepaid value added taxes)	Total
At 1 January 2021	443,638	456,572	900,210
Impact of acquisition of subsidiaries	94,655	5,474	100,129
Provision for loss allowance recognised in profit or loss	299,673	332,466	632,139
Unused amounts reversed	(54,931)	(76,963)	(131,894)
Receivables written off during the year as uncollectible	(31,226)	(712)	(31,938)
Impact of disposal of subsidiaries	(7,527)	(3,912)	(11,439)
At 31 December 2021	744,282	712,925	1,457,207

As at 31 December 2021, the gross carrying amount of contract assets and trade and other receivables (excluding prepayments and prepaid value added taxes) was RMB68,252,613,000 and the loss allowance provision of RMB1,457,207,000 was made thus the maximum exposure to loss was RMB66,795,406,000. During the year ended 31 December 2021, the Group provided certain guarantees to certain third parties in respect of their loan facilities. As at 31 December 2021, save for the amounts disclosed in Note 41, there was no other outstanding guarantee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Liquidity risk

Management aims at maintaining sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2022. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2022 include: (1) proceeds from pre-sales of 2022 would subject to reasonable decrease according to market condition; (2) construction payments match receipt of the relevant proceeds from pre-sales; (3) the Group will alter the land acquisition plan according to the market situation and cash surplus; and (4) available project loan facility is expected to cover the predicted bank and other borrowings to be obtained.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing, disposing of non-core properties and buildings, obtaining financial support from the founding shareholder etc. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The directors of the Company consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below analyses the Group's financial liabilities maturity profile and derivative financial instruments at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheets, as the impact of discount should not be significant.

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2021					
Non-derivatives					
Borrowings	38,403,467	17,378,194	38,011,522	4,874,774	98,667,957
Trade and other payables (*)	59,178,277	3,148,689	1,424,825	–	63,751,791
Lease liabilities	309,425	168,031	96,975	36,034	610,465
Total non-derivatives	97,891,169	20,694,914	39,533,322	4,910,808	163,030,213
Derivatives					
Gross settled (forward foreign exchange contracts)					
— (inflow)	(110,231)	–	–	–	(110,231)
— outflow	108,623	363,722	–	–	472,345
	(1,608)	363,722	–	–	362,114

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2020					
Non-derivatives					
Borrowings	41,542,465	32,507,477	28,624,658	4,822,506	107,497,106
Trade and other payables (*)	60,663,616	3,181,454	1,102,998	–	64,948,068
Lease liabilities	255,683	233,284	186,236	35,765	710,968
Total non-derivatives	102,461,764	35,922,215	29,913,892	4,858,271	173,156,142
Derivatives					
Gross settled (forward foreign exchange contracts)					
— (inflow)	(246,883)	(119,473)	–	–	(366,356)
— outflow	1,231,764	145,475	–	–	1,377,239
	984,881	26,002	–	–	1,010,883

* Excluding staff welfare benefit payable, other taxes payable and advance from disposal of equity interests.

(e) Price risk

Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets at FVPL.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(e) Price risk (Continued)

Sensitivity

The table below summarises the impact of increases/(decreases) of price of the stocks, which the Group purchased, on the Group's post-tax profit for the period. The analysis is based on that the stock price increased by 5% and 10% respectively or decreased by 5% and 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

	Impact on post-tax profit	
	2021	2020
Price of each stock — increase by 5%	92,517	8,274
Price of each stock — decrease by 5%	(92,517)	(8,274)
Price of each stock — increase by 10%	185,034	16,548
Price of each stock — decrease by 10%	(185,034)	(16,548)

Post-tax profit for the year would increase/(decrease) as a result of gains/(losses) on equity securities classified as at FVPL.

3.2 Capital risk management

The Group's objectives of capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the unnecessary cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of any returns to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents and restricted cash.

	2021	2020
Total borrowings (note 25)	83,874,045	97,812,766
Less: cash and cash equivalents (note 19)	(22,802,716)	(41,925,908)
restricted cash (note 18)	(15,617,768)	(8,938,792)
Net borrowings	45,453,561	46,948,066
Total equity	89,431,277	76,969,722
Gearing ratio	50.8%	61.0%

The decrease in the gearing ratio during the year ended 31 December 2021 was primarily resulted from the decrease in borrowings and cash and cash equivalents and the increase in total equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.3 Fair value estimation

(a) Fair value hierarchy

At 31 December 2021	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVPL				
— Hong Kong listed equity securities and debt instruments	40,841	—	—	40,841
— Unlisted equity and debt securities	—	—	2,128,290	2,128,290
— Wealth management products	—	—	561,537	561,537
— Derivative financial instruments	—	1,607	—	1,607
— Others	—	—	79,120	79,120
Financial assets at FVOCI				
— Unlisted equity securities	—	—	43,368	43,368
Total financial assets	40,841	1,607	2,812,315	2,854,763
Financial liabilities				
Financial liabilities at FVPL				
— Derivative financial instruments	—	363,722	—	363,722
— Put options	—	—	237,949	237,949
Total financial liabilities	—	363,722	237,949	601,671
At 31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVPL				
— Hong Kong listed equity securities and debt instruments	165,476	—	—	165,476
— Unlisted equity securities	—	—	354,951	354,951
— Wealth management products	—	—	635,923	635,923
— Others	—	—	91,469	91,469
Financial assets at FVOCI				
— Hong Kong listed equity securities	462,017	—	—	462,017
— Unlisted equity securities	—	—	48,622	48,622
Total financial assets	627,493	—	1,130,965	1,758,458
Financial liabilities				
Financial liabilities at FVPL				
— Derivative financial instruments	—	1,010,883	—	1,010,883
— Put options	—	—	94,775	94,775
Total financial liabilities	—	1,010,883	94,775	1,105,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a nonrecurring basis as at 31 December 2021.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and wealth management products.

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign currency forwards is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2 except for unlisted equity securities and wealth management products explained in below (c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the years ended 31 December 2021 and 2020:

	Financial assets	Financial liabilities
Opening balance as at 31 December 2020	1,130,965	(94,775)
Additions	23,905,195	(68,729)
Gains recognised in other gains, net	184,517	(59,532)
Gains recognised in other comprehensive income	5,018	–
Finance costs	–	(14,913)
Disposal	(15,653)	–
Addition through business combinations	32,875	–
Redemption of wealth management products	(22,430,602)	–
Closing balance as at 31 December 2021	2,812,315	(237,949)
	Financial assets	Financial liabilities
Opening balance as at 31 December 2019	826,340	(70,436)
Additions	20,816,753	–
Gains recognised in other gains, net	58,812	(8,214)
Gains recognised in other comprehensive income	1,241	–
Finance costs	–	(16,125)
Disposal	(700)	–
Addition through business combinations	266,852	–
Addition through Acquisition of associates	2,390	–
Redemption of wealth management products	(20,840,723)	–
Closing balance as at 31 December 2020	1,130,965	(94,775)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

3 Financial risk management (Continued)

3.3 Fair value estimation (Continued)

(c) Fair value measurements using significant unobservable inputs (level 3) (Continued)

Valuation processes

The finance department of the Group includes a team that performs the valuations of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation methodologies to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments included the unlisted equity securities and wealth management products and others (note 17). As the investments are not traded in an active market, their fair value have been determined by discounted cash flows. The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined using capital asset pricing models to calculate the pre-tax rates that reflect current market assessments of the time values of money and the risk specific to the assets.
- Earnings growth factor for unlisted equity securities and wealth management products: these are estimated based on market information for similar types of companies and products.
- Expected cash inflows: these are estimated based on the terms of the sale contracts, the entity's knowledge of the business and how the current economic environment is likely to impact them.

(d) Fair values of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable and payable is either close to current market rates or the instruments are short-term in nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Provisions for impairment of properties under development and completed properties held for sale

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development and completed properties held for sale are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of the carrying amounts of land use rights for property development, properties under development and completed properties held for sale was assessed according to their recoverable amount, taking into account for costs to completion based on past experience and net sales value based on prevailing market conditions.

As at 31 December 2021, a provision for completed properties held for sale of RMB1,281,369,000 (2020: RMB697,314,000), and a provision for properties under development of RMB1,043,655,000 (2020: RMB1,363,526,000) were made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(b) Fair value of investment properties

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalisation rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows; and
- (iv) estimated costs to completion and expected developer's profit margin, derived from the construction budget and historical information of similar properties.

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuers.

The fair value gains from completed investment properties and investment properties under construction are disclosed in note 7.

(c) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in notes 2.9 and 2.11, where the recoverable amounts of the CGU is determined based on value-in-use calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in note 9.

As at 31 December 2021, a impairment for goodwill of RMB753,687,000 (note 9) were made (2020: RMB723,802,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(d) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(e) Land appreciation taxes

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities for certain projects. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes payable. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

(f) Expected credit losses on contract assets and trade and other receivables

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

As at 31 December 2021, the provision for impairment of contract assets and trade and other receivables is RMB1,457,207,000 (2020: RMB900,210,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

4 Critical accounting estimates and judgements (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(g) Estimated impairment of investments accounted for using the equity method

Investments accounted for using the equity method are reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the investments to exceed their recoverable amounts. The recoverable amount is determined as the higher of an investment's fair value less cost to sell and value in use which requires the use of assumptions and estimates.

As at 31 December 2021, an impairment provision of RMB313,733,000 (note 10) for investments accounted for using the equity method was made (31 December 2020: nil).

5 Segment information

(a) Description of segments and principal activities

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

The Group is organised into three business segments: property development, property management, and others. The associates and joint ventures of the Group are principally engaged in property development and property management and are included in the property development and property management segment respectively. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the PRC. Most of the non-current assets are located in the PRC, and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

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

The Group has a large number of customers, none of whom contributed 5% or more to the Group's revenue.

Analysis of revenue from external customers by the category for the years ended 31 December 2021 and 2020 is as follows:

	2021	2020
Sales of properties and construction services	58,402,353	69,547,382
Property management services	11,329,941	7,852,687
Others	3,295,469	2,845,183
	73,027,763	80,245,252

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(a) Description of segments and principal activities (Continued)

Segment information provided to the executive directors of the Company for the reporting segments for the years ended 31 December 2021 and 2020 are as follows:

Year ended 31 December 2021

	Property development (note (c))	Property management (note (d))	Others	Group
Gross segment sales	58,402,353	14,080,089	3,295,469	75,777,911
Inter-segment sales	–	(2,750,148)	–	(2,750,148)
Sales to external customers	58,402,353	11,329,941	3,295,469	73,027,763
Timing of revenue recognition				
— At a point in time	49,319,061	328,345	870,892	50,518,298
— Over time	9,083,292	11,001,596	2,424,577	22,509,465
Fair value gains on investment properties (note 7)	–	–	230,261	230,261
Operating profits	14,903,818	1,963,814	649,395	17,517,027
Share of post-tax profits of investments accounted for using the equity method (note 10)	769,939	31,534	(7,234)	794,239
Segment result	15,673,757	1,995,348	642,161	18,311,266
Finance costs, net (note 34)				(1,414,437)
Profit before income tax				16,896,829
Income tax expenses (note 35)				(7,798,792)
Profit for the year				9,098,037
Depreciation and amortisation	555,120	282,998	467,275	1,305,393
Write-down of properties under development and completed properties held for sale	742,256	–	–	742,256
Impairment of goodwill	–	–	29,885	29,885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(a) Description of segments and principal activities (Continued)

Year ended 31 December 2020

	Property development (note (c))	Property management (note (d))	Others	Group
Gross segment sales	69,547,382	10,026,147	2,845,183	82,418,712
Inter-segment sales	–	(2,173,460)	–	(2,173,460)
Sales to external customers	69,547,382	7,852,687	2,845,183	80,245,252
Timing of revenue recognition				
— At a point in time	63,478,904	123,478	647,718	64,250,100
— Over time	6,068,478	7,729,209	2,197,465	15,995,152
Fair value gains on investment properties (note 7)	–	–	196,906	196,906
Operating profits/(losses)	19,234,425	1,841,720	(149,637)	20,926,508
Share of post-tax profits of investments accounted for using the equity method (note 10)	1,520,383	62,261	2,986	1,585,630
Segment result	20,754,808	1,903,981	(146,651)	22,512,138
Finance costs, net (note 34)				(1,040,210)
Profit before income tax				21,471,928
Income tax expenses (note 35)				(9,223,051)
Profit for the year				12,248,877
Depreciation and amortisation	551,504	181,345	579,779	1,312,628
Write-down of properties under development, completed properties held for sale and property, plant and equipment	423,124	–	42,238	465,362
Impairment of goodwill	–	–	723,802	723,802

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(a) Description of segments and principal activities (Continued)

Segment assets and liabilities and capital expenditure as at 31 December 2021 are as follow:

	Property development (note (c))	Property management (note (d))	Others	Elimination	Group
Segment assets	256,131,962	19,241,196	36,665,761	(5,123,562)	306,915,357
Unallocated assets					9,644,382
Total assets					316,559,739
Segment assets include:					
Investments accounted for using the equity method (note 10)	29,982,113	1,111,141	211,026	–	31,304,280
Segment liabilities	100,452,438	6,434,475	17,728,139	(5,123,562)	119,491,490
Unallocated liabilities					107,636,972
Total liabilities					227,128,462
Capital expenditure	535,427	1,068,159	2,295,580	–	3,899,166

Segment assets and liabilities and capital expenditure as at 31 December 2020 are as follow:

	Property development (note (c))	Property management (note (d))	Others	Elimination	Group
Segment assets	259,712,640	13,651,068	36,399,135	(4,504,187)	305,258,656
Unallocated assets					8,506,402
Total assets					313,765,058
Segment assets include:					
Investments accounted for using the equity method (note 10)	16,863,326	1,102,792	213,037	–	18,179,155
Segment liabilities	100,480,715	4,710,237	15,845,669	(4,504,187)	116,532,434
Unallocated liabilities					120,262,902
Total liabilities					236,795,336
Capital expenditure	609,384	902,356	4,482,807	–	5,994,547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(a) Description of segments and principal activities (Continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2021 as follows:

	Assets	Liabilities
Segment assets/liabilities	306,915,357	119,491,490
Unallocated:		
Deferred income taxes	2,165,196	4,061,638
Prepaid income taxes	4,624,423	–
Financial assets at FVPL	2,811,395	–
Financial assets at FVOCI	43,368	–
Financial liabilities at FVPL	–	601,671
Current income tax liabilities	–	19,099,618
Current borrowings	–	29,580,497
Non-current borrowings	–	54,293,548
Total	316,559,739	227,128,462

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2020 as follows:

	Assets	Liabilities
Segment assets/liabilities	305,258,656	116,532,434
Unallocated:		
Deferred income taxes	1,392,281	4,087,131
Prepaid income taxes	5,355,663	–
Financial assets at FVPL	1,247,819	–
Financial assets at FVOCI	510,639	–
Financial liabilities at FVPL	–	1,105,658
Current income tax liabilities	–	17,257,347
Current borrowings	–	38,569,018
Non-current borrowings	–	59,243,748
Total	313,765,058	236,795,336

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(b) Assets and liabilities relating to contracts with customers

The Group has recognised the following assets and liabilities relating to contracts with customers:

	31 December 2021	31 December 2020	1 January 2020
Current contract assets			
Contract assets relating to properties sale contracts	261,507	221,415	583,676
Contract assets relating to construction contracts	4,899,396	2,984,816	797,051
Loss allowance	(10,283)	(1,634)	(1,171)
Total contract assets	5,150,620	3,204,597	1,379,556
Contract liabilities			
— Related parties (note 45(c))	75,037	314,942	44,094
— Third parties	44,507,265	36,066,412	33,609,856
	44,582,302	36,381,354	33,653,950

- (i) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties and provision of property management services.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities.

	2021	2020
Revenue recognised that was included at the beginning of the year		
Sales of properties	34,065,599	32,259,274
Property management and value-added services	668,010	470,300
	34,733,609	32,729,574

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

5 Segment information (Continued)

(b) Assets and liabilities relating to contracts with customers (Continued)

(iii) Unsatisfied performance obligations

The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities as of 31 December 2021 and 2020.

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, properties under development, completed properties held for sale, investment properties, receivables, contract assets and cash balances. Unallocated assets comprise deferred income tax assets, prepaid income taxes, financial assets at FVOCI and financial assets at FVPL. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and financial liabilities at FVPL.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets, investment properties and intangible assets.

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

(f) Assets recognised from incremental costs to obtain a contract

During the year ended 31 December 2021, there was no significant incremental costs to obtain a contract (2020: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

6 Property, plant and equipment

	Buildings	Office equipment	Transportation equipment	Machinery	Construction in progress	Total
At 1 January 2020						
Cost	9,114,760	259,237	234,779	868,112	4,471,928	14,948,816
Accumulated depreciation	(2,562,938)	(145,489)	(164,799)	(219,258)	–	(3,092,484)
Impairment loss	(154,376)	–	–	–	–	(154,376)
Net book amount	6,397,446	113,748	69,980	648,854	4,471,928	11,701,956
Year ended 31 December 2020						
Opening net book amount	6,397,446	113,748	69,980	648,854	4,471,928	11,701,956
Additions	84,794	8,653	58,293	125,178	2,477,340	2,754,258
Revaluation surplus	7,534	–	–	–	–	7,534
Acquisition of subsidiaries	49,386	9,540	47,276	14,449	30,702	151,353
Transfer from completed construction projects	1,491,521	–	–	480,071	(1,971,592)	–
Transfer from investment properties (note 7)	25,000	–	–	–	–	25,000
Transfer to investment properties (note 7)	(1,546,331)	–	–	–	(295,414)	(1,841,745)
Disposals	(64,318)	(2,880)	(8,368)	(14,557)	–	(90,123)
Depreciation	(479,339)	(35,738)	(46,778)	(96,024)	–	(657,879)
Reversal of impairment loss	72,731	–	–	–	–	72,731
Impairment loss	(9,511)	–	–	–	(32,727)	(42,238)
Closing net book amount	6,028,913	93,323	120,403	1,157,971	4,680,237	12,080,847
At 31 December 2020						
Cost	7,784,861	256,218	316,479	1,457,406	4,712,964	14,527,928
Accumulated depreciation	(1,755,948)	(162,895)	(196,076)	(299,435)	–	(2,414,354)
Impairment loss	–	–	–	–	(32,727)	(32,727)
Net book amount	6,028,913	93,323	120,403	1,157,971	4,680,237	12,080,847
Year ended 31 December 2021						
Opening net book amount	6,028,913	93,323	120,403	1,157,971	4,680,237	12,080,847
Additions	92,626	28,970	63,510	88,843	1,687,740	1,961,689
Revaluation surplus	66,118	–	–	–	–	66,118
Acquisition of subsidiaries (note 40)	80,768	7,477	27,266	207,337	–	322,848
Transfer from completed construction projects	537,081	–	–	463,086	(1,000,167)	–
Transfer to investment properties (note 7)	(140,000)	–	–	–	–	(140,000)
Transfer to intangible assets (note 9)	–	–	–	–	(243,926)	(243,926)
Disposals	(84,737)	(31,655)	(8,433)	(8,665)	(102,130)	(235,620)
Depreciation	(347,291)	(67,189)	(52,937)	(138,922)	–	(606,339)
Transfer to assets held for sales (note 20)	(150,669)	(2,875)	(2,326)	(103,006)	(271,971)	(530,847)
Closing net book amount	6,082,809	28,051	147,483	1,666,644	4,749,783	12,674,770
At 31 December 2021						
Cost	8,102,824	223,055	385,504	2,093,196	4,782,510	15,587,089
Accumulated depreciation	(2,020,015)	(195,004)	(238,021)	(426,552)	–	(2,879,592)
Impairment loss	–	–	–	–	(32,727)	(32,727)
Net book amount	6,082,809	28,051	147,483	1,666,644	4,749,783	12,674,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

6 Property, plant and equipment (Continued)

Depreciation expenses were charged to the following categories in the consolidated income statement:

	2021	2020
Cost of sales	325,633	368,582
Selling and marketing costs	36,996	41,952
Administrative expenses	243,710	247,345
	606,339	657,879

Notes:

- (a) As at 31 December 2021, buildings with net carrying value of RMB3,835,189,000 (31 December 2020: RMB3,758,386,000) were pledged as collateral for the Group's borrowings (note 25).
- (b) During the year ended 31 December 2021, the Group has capitalised borrowing costs amounting to RMB338,909,000 (2020: RMB247,800,000) on property, plant and equipment.
- (c) During the year ended 31 December 2021, an office building of RMB140,000,000 was transferred to investment property on the inception of operating lease. A revaluation surplus of RMB66,118,000 on the date transferred has arisen, among which the corresponding revaluation surplus net of tax of RMB49,589,000 were recorded in other comprehensive income and deferred tax liabilities of RMB16,529,000 were recorded in the consolidated balance sheet respectively.
- (d) Buildings mainly represent the office buildings and hotel buildings. Constructions in progress mainly represent construction costs and other costs incurred for the construction of environmental factories and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

7 Investment properties

	2021	2020
Opening net book amount	10,849,449	8,495,950
Acquisition of subsidiaries (note 40)	110,337	—
Additions	11,084	—
Transfer from completed properties held for sale (note (h))	274,628	284,593
Transfer from property, plant and equipment (note 6(c) and note (i))	140,000	1,841,745
Transfer from land use rights	—	88,255
Transfer to property, plant and equipment	—	(25,000)
Revaluation gains recognised in the consolidated income statement (note 29)	230,261	196,906
Disposals	(100,795)	(33,000)
Closing net book amount	11,514,964	10,849,449
Investment properties:		
— Completed investment properties	11,514,964	9,542,549
— Investment properties under construction	—	1,306,900
Total	11,514,964	10,849,449

Notes:

- (a) The investment properties are located in the PRC and are held on lease of between 40 to 70 years.
- (b) Amounts recognised in the consolidated income statement for investment properties:

	2021	2020
Rental income	263,443	209,924
Direct operating expenses of investment properties that generated rental income	(128,542)	(100,041)
Direct operating expenses of investment properties that did not generate rental income	(26,313)	(19,801)
	108,588	90,082

As at 31 December 2021, the Group had no unprovided contractual obligations for future repairs and maintenance (31 December 2020: nil).

- (c) Fair value hierarchy

As at 31 December 2021 and 2020, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year (2020: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

7 Investment properties (Continued)

Notes: (Continued)

(d) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2021 by independent professionally qualified valuers, including Vigers Appraisal & Consulting Limited, Colliers International Limited, Cushman & Wakefield Limited and Worldunion Appraisal Co. Ltd, who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties to be valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuers.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the executive directors and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

Valuation techniques

Fair values of completed commercial properties and commercial properties under development are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

Fair values of investment properties are evaluated by using direct comparison approach, which is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

7 Investment properties (Continued)

Notes: (Continued)

(e) Valuation techniques

	Description	Location	Fair value as at 31 December 2021	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office, hotel and retail shop	PRC	10,083,561	Income capitalisation	Term yields Reversionary yields Market rents (RMB/square meter/month)	3.5%~6.0% 4.0%~7.0% 22~835
	Hotel and retail shop	PRC	1,001,697	Direct comparison method	Market price (RMB/square meter)	7,163~10,985
	Office and car park	PRC	429,706	Direct comparison method	Market price (RMB/square meter)	2,526~56,000
	Description	Location	Fair value as at 31 December 2020	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office, hotel and retail shop	PRC	9,293,349	Income capitalisation	Term yields Reversionary yields Market rents (RMB/square meter/month)	4.0% 4.0%~7.0% 21~998
	Car park	PRC	249,200	Direct comparison method	Market price (RMB/square meter)	3,327~8,407
Investment properties under construction	Retail shop	PRC	1,306,900	Income capitalisation	Budgeted construction costs to be incurred (RMB/square meter)	1,211
					Market rents (RMB/square meter/month)	41~201
					Reversionary yields	5%
					Discount rate	6%

There are inter-relationships between unobservable inputs.

For office, hotel and retail shop, increase in term yields and revisionary yields may result in decrease of fair value. Increase in market rent may result in increase of fair value.

For office, hotel, retail shop and car park, increase in market price may result in increase in fair value.

For investment properties under construction, increase in budgeted construction costs to be incurred may result in decrease in fair value. Increase in revisionary yields and discount rate may result in decrease of fair value. Increase in market rent may result in increase of fair value.

The valuation technique of two investment properties was changed from income capitalisation approach to direct comparison method during the year because the Group entered into agreements with independent third parties for the sale of these two investment properties in December 2021. Valuation techniques of other properties remained unchanged during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

7 Investment properties (Continued)

Notes: (Continued)

- (f) Investment properties pledged as security

As at 31 December 2021, investment properties of RMB5,547,457,000 (2020: RMB5,436,175,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings (note 25).

- (g) Leasing arrangements

Certain investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are disclosed in note 44.

The period of leases whereby the Group leases out its investment properties under operating leases ranged from 1 year to 18 years.

- (h) During the year ended 31 December 2021 and 2020, certain retail shops were transferred from the completed properties held for sale to investment properties.
- (i) During the year ended 31 December 2021 and 2020, certain floor areas of office buildings were transferred from property, plant and equipment to investment properties as the Group started to lease out such areas.

8 Lease

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

	2021	2020
Right-of-use assets		
Land use rights (note (i))	2,593,203	2,640,079
Property, plant and equipment	676,849	736,225
	3,270,052	3,376,304
Lease liabilities		
Current	302,383	244,011
Non-current	262,093	392,927
	564,476	636,938

Notes:

- (i) The Group has land lease arrangement with mainland China government. Such land use rights are held for self use.
- (ii) Additions to the right-of-use assets during the year end 31 December 2021 were RMB354,000,000 (2020: RMB697,607,000).
- (iii) As at 31 December 2021, land use rights of RMB2,374,004,000 (2020: RMB2,515,116,000) were pledged as collateral for the Group's borrowings (note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

8 Lease (Continued)

(b) Amount recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases.

	2021	2020
Depreciation charge of right-of-use assets		
Land use rights	71,790	67,745
Buildings and equipment	257,158	214,298
Others	4,831	149
	333,779	282,192
Interest expense (included in finance cost) (note 34)	35,673	39,426
Expense relating to short-term leases and leases of low-value assets (included in cost of goods sold and administrative expenses) (note 32)	84,069	156,442

The total cash outflow for leases during the year ended 31 December 2021 was RMB408,594,000 (2020: RMB431,335,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various land use rights, offices, transportation equipment and other equipment. Rental contracts are typically made for fixed periods of 3 months to 70 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes except for those with land use right certification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

9 Intangible assets

	Other intangible assets				Subtotal	Goodwill (note b)	Total
	Computer software	Trademarks and licences	Operating concessions	Customer relationship and backlogs			
At 1 January 2020							
Cost	176,666	129,906	985,496	490,097	1,782,165	3,897,055	5,679,220
Accumulated amortisation	(96,615)	(21,927)	(13,465)	(71,966)	(203,973)	–	(203,973)
Net book amount	80,051	107,979	972,031	418,131	1,578,192	3,897,055	5,475,247
Year ended 31 December 2020							
Opening net book amount	80,051	107,979	972,031	418,131	1,578,192	3,897,055	5,475,247
Additions	19,418	–	432,167	47,589	499,174	–	499,174
Acquisition of subsidiaries (note(c))	20,926	–	1,169,410	701,819	1,892,155	1,109,714	3,001,869
Amortisation charge (note(a))	(22,011)	(18,793)	(184,606)	(147,147)	(372,557)	–	(372,557)
Disposal	(220)	–	–	(20,394)	(20,614)	(18,353)	(38,967)
Impairment charge (note(d))	–	–	–	–	–	(723,802)	(723,802)
Closing net book amount	98,164	89,186	2,389,002	999,998	3,576,350	4,264,614	7,840,964
At 31 December 2020							
Cost	217,075	129,906	2,587,073	1,246,061	4,180,115	4,988,416	9,168,531
Accumulated amortisation	(118,911)	(40,720)	(198,071)	(246,063)	(603,765)	–	(603,765)
Impairment loss	–	–	–	–	–	(723,802)	(723,802)
Net book amount	98,164	89,186	2,389,002	999,998	3,576,350	4,264,614	7,840,964
Year ended 31 December 2021							
Opening net book amount	98,164	89,186	2,389,002	999,998	3,576,350	4,264,614	7,840,964
Additions	46,020	–	113,589	–	159,609	–	159,609
Transfer from construction in progress (note 6)	–	–	243,926	–	243,926	–	243,926
Acquisition of subsidiaries (note(c), note 40)	4,333	34,942	19,198	577,518	635,991	1,027,350	1,663,341
Amortisation charge (note(a))	(33,222)	(13,290)	(140,639)	(178,124)	(365,275)	–	(365,275)
Transfer to assets held for sale (note 20)	(147)	–	(1,564,773)	–	(1,564,920)	(149,813)	(1,714,733)
Disposal	(917)	–	(150)	(56,784)	(57,851)	(86,086)	(143,937)
Impairment charge (note(d))	–	–	–	–	–	(29,885)	(29,885)
Closing net book amount	114,231	110,838	1,060,153	1,342,608	2,627,830	5,026,180	7,654,010
At 31 December 2021							
Cost	266,325	164,848	1,176,886	1,766,795	3,374,854	5,779,867	9,154,721
Accumulated amortisation	(152,094)	(54,010)	(116,733)	(424,187)	(747,024)	–	(747,024)
Impairment loss	–	–	–	–	–	(753,687)	(753,687)
Net book amount	114,231	110,838	1,060,153	1,342,608	2,627,830	5,026,180	7,654,010

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

9 Intangible assets (Continued)

Notes:

- (a) Amortisation expenses were charged to the following categories in the consolidated income statement:

	2021	2020
Cost of sales	332,408	342,511
Selling and marketing costs	2,029	989
Administrative expenses	30,838	29,057
	365,275	372,557

- (b) The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill as at 31 December 2021 was comprised of the followings:

	2021	2020
Property management	3,123,231	2,181,967
Environmental protection	1,667,058	1,846,756
Property development	235,891	235,891
	5,026,180	4,264,614

- (c) Intangible assets through acquisition of subsidiaries

An independent valuation was performed by independent valuers to determine the amount of the trademarks and licences, customer relationship and operating concessions. Methods and key assumptions in determining the fair value of trademarks, customer relationship, backlogs and operating concessions as at acquisition date are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets as at 31 December 2021
Trademarks and licences	Discounted cash flow/relief from royalty	15.4–19.8%	5–20 years
Customer relationship	Discounted cash flow	15.0–19.8%	5–10 years
Backlogs	Discounted cash flow	14.9%–15.5%	2–8 years
Operating concessions	Discounted cash flow	11.0–12.0%	3–28 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

9 Intangible assets (Continued)

Notes: (Continued)

(d) Impairment test for goodwill

The Group performed an impairment assessment on the goodwill as at 31 December 2021. The recoverable amount of the property management, environmental protection and construction businesses operated by the acquired subsidiaries has been assessed by the independent valuers or the management and determined based on value-in-use calculations. The calculations used cash flow projections based on financial budgets covering a five-year period approved by the management.

The following table sets forth each key assumption on which the management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2021 and 2020:

	Property management companies	Environmental protection companies	Construction companies
As at 31 December 2021			
Compound annual growth rate of revenue during the projection period	0%–32%	4%–40%	3%–6%
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin during the projection period	-30%–28%	5%–80%	9%–14%
Long term growth rate	3%	0%	3%
Pre-tax discount rate	16%–22%	10%–14%	17%–20%
As at 31 December 2020			
Compound annual growth rate of revenue during the projection period	2%–41%	0%–33%	5%–22%
Earnings before interest, tax, depreciation and amortisation ("EBITDA") margin during the projection period	8%–21%	21%–82%	9%–21%
Long term growth rate	3%	0%	3%
Pre-tax discount rate	19%–22%	11%–13%	18%–21%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Compound annual growth rate of revenue	Based on past performance and management's expectations of market development. For Greenland Property Services, year-on-year increment in projected revenue is mainly attributable to the estimated incremental gross floor area committed by Greenland Holdings according to the investment cooperation framework agreement.
EBITDA margin	Based on past performance and management's expectations for the future.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Pre-tax discount rate	Reflect specific risks relating to the relevant cash-generating units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

9 Intangible assets (Continued)

Notes: (Continued)

(d) Impairment test for goodwill (Continued)

(i) Property management companies

As at 31 December 2021, the recoverable amounts of RMB1,286,686,000 of Greenland Property Services calculated based on VIU calculation exceeded their carrying value by RMB89,294,000. The recoverable amounts of RMB3,041,526,000 of CMIG PM calculated based on VIU calculation exceeded their carrying value by RMB435,284,000.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations for Greenland and CMIG PM that would remove the remaining headroom respectively as at 31 December 2021:

	Possible changes to the key assumptions	
	CMIG PM	Greenland Property Services
Compound annual growth rate of revenue	-5.23%	-2.65%
EBITDA margin	-1.48%	-0.88%
Average trade receivables turnover days	+30 days	+17 days
Long term growth rate	-4.83%	-1.46%
Pre-tax discount rate	3.87%	1.07%

The directors of the Company consider there is no reasonably possible change in key parameters would cause the carrying amount of each CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuers or the management as at 31 December 2021, the directors of the Company determined that no impairment provision on goodwill was required as at 31 December 2021 (31 December 2020: nil).

(ii) Environmental protection companies

As at 31 December 2021, the recoverable amount of RMB272,829,000 of certain acquired companies calculated based on VIU calculation was below their carrying value and amount of RMB29,885,000 was made to impairment of goodwill.

For remaining goodwill arising from acquisition of environmental protection companies, the individual amount is not significant and accordingly, the sensitivity analysis for the unimpaired goodwill is not presented.

By reference to the recoverable amount assessed by the independent valuers or the management as at 31 December 2021, the directors of the Company determined that an impairment provision of RMB753,687,000 on goodwill arising from acquisition of environmental protection companies was required as at 31 December 2021 (31 December 2020: RMB723,802,000).

(iii) Construction companies

By reference to the recoverable amount assessed by the independent valuers or the management as at 31 December 2021, the directors of the Company determined that no impairment provision on goodwill arising from acquisition of construction companies was required as at 31 December 2021 (31 December 2020: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

10 Investments accounted for using equity method

The directors of the Group consider that none of the associates and the joint ventures as at 31 December 2021 and 31 December 2020 were significant to the Group and thus the individual financial information of the associates and the joint ventures is not disclosed. The summarised financial information of individually immaterial associates and joint ventures on an aggregate basis is as follows:

The movement of the interests in the associates and the joint ventures during the year is as follows:

	2021	2020
Balance as at 1 January	18,179,155	14,711,189
Additions	10,585,347	2,804,936
Addition through business combination (note 40)	662	498,373
Transfer from subsidiaries (note (a) and note 38)	5,416,628	2,018,250
Transfer to subsidiaries (note (b) and note 40)	(501,131)	(2,931,576)
Remeasurement gains on the investment in joint ventures (note (b) and note 29)	4,222	819,891
Share of post-tax profits	794,239	1,585,630
Impairment charge (note 29)	(313,733)	–
Disposal (note (c))	(1,194,512)	(1,082,339)
Dividends received	(1,666,597)	(245,199)
Balance as at 31 December	31,304,280	18,179,155

Notes:

- (a) During the year ended 31 December 2021, the Group disposed of certain equity interests in several subsidiaries to independent third parties at the considerations of RMB4,990,716,000 in aggregate. Upon the completion of the disposal, the subsidiaries became the joint ventures and associates of the Group, recognised according to the fair value of the remaining equity investments held by the Group with the disposal gains of RMB4,261,335,000 (2020: RMB2,425,511,000) (note 29 and note 38).
- (b) During the year ended 31 December 2021, the Group acquired additional equity interests in certain joint ventures from the other independent shareholders of the joint ventures at the considerations of RMB501,131,000 in aggregate. Upon the completion of the acquisitions, the joint ventures became the subsidiaries of the Group with remeasurement gains on the investments in joint ventures recognised in an amount of RMB4,222,000 (2020: RMB819,891,000) and transferred to subsidiaries in an amount of RMB501,131,000 (note 29 and 40).
- (c) During the year ended 31 December 2021, the Group disposed of certain joint ventures and associates to independent third parties at the consideration of RMB1,122,951,000 in aggregate. Upon the completion of the disposals, the Group recognised the disposal losses in an amount of RMB66,266,000 (2020: gains in an amount of RMB226,314,000) (note 29).

As at 31 December 2021, the Group's shares of losses of certain investment companies exceeded its interests in the underlying entities, and the unrecognised share of losses of the investment companies amounted to RMB706,237,000 (31 December 2020: RMB186,555,000).

The contingent liabilities relating to the Group's investments accounted for using equity method are disclosed in note 41. There is no material commitment relating to the Group's investments accounted for using the equity method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

11 Prepayments for acquisition of land use rights

Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the consolidated balance sheet when the Group obtains contractual usage rights of the relevant lands.

12 Properties under development

	2021	2020
Properties under development expected to be completed:		
— Within one operating cycle included under current assets	87,105,562	82,148,512
— Beyond one operating cycle included under non-current assets	21,274,754	30,973,623
	108,380,316	113,122,135
Properties under development comprise:		
— Construction costs and capitalised expenditures	24,858,916	23,613,382
— Capitalised interests	7,531,075	6,848,291
— Land use rights	75,990,325	82,660,462
	108,380,316	113,122,135

One operating cycle of property development is approximately 18 months.

Most of the Group's properties under development are located in the PRC. The relevant land use rights in the PRC are on leases of 40 to 70 years.

The capitalisation rate of borrowings is 5.89% for the year ended 31 December 2021 (2020: 6.71%).

As at 31 December 2021, the balance of provision in respect of write-down of the properties under development was amounted to RMB1,043,655,000 (31 December 2020: RMB1,363,526,000).

As at 31 December 2021, land use rights included in the properties under development with net book value of RMB33,525,366,000 (31 December 2020: RMB34,368,271,000) were pledged as collateral for the Group's borrowings (note 25).

The amounts of RMB47,540,031,000 as at 31 December 2021 (31 December 2020: RMB45,423,065,000) under normal operating cycle classified as current assets were expected to be completed and delivered beyond one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

13 Completed properties held for sale

All completed properties held for sale are located in the PRC. The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2021, the balance of provision in respect of write-down of the properties held for sale was amounted to RMB1,281,369,000 (31 December 2020: RMB697,314,000).

As at 31 December 2021, completed properties held for sale of approximately RMB216,056,000 (2020: RMB194,511,000) were pledged as collateral for the Group's borrowings (note 25).

14 Financial instruments by category

Assets as per consolidated balance sheet

Financial assets	2021	2020
Financial assets at amortised cost		
— Trade and other receivables excluding prepaid value added taxes and other taxes and prepayments (note 16)	61,644,786	52,772,859
— Restricted cash (note 18)	15,617,768	8,938,792
— Cash and cash equivalents (note 19)	22,802,716	41,925,908
Financial assets at FVPL (note 17)	2,811,395	1,247,819
Financial assets at FVOCI (note 15)	43,368	510,639
	102,920,033	105,396,017

Liabilities as per consolidated balance sheet

Financial liabilities	2021	2020
Financial liabilities at amortised cost		
— Borrowings (note 25)	83,874,045	97,812,766
— Trade and other payables, excluding staff welfare benefit payable, other taxes payable and advances from disposal of equity interests (note 26)	63,688,216	64,948,068
— Lease liabilities (note 8)	564,476	636,938
Financial liabilities at FVPL (note 27)	601,671	1,105,658
	148,728,408	164,503,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

15 Financial assets at fair value through other comprehensive income

Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in financial assets at FVOCI. These are strategic investments and the Group considers this classification to be more relevant.

(a) Equity investments at fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investments:

Non-current assets	2021	2020
Hong Kong listed equity securities	–	462,017
Unlisted equity securities	43,368	48,622
	43,368	510,639

(b) Amounts recognised in other comprehensive income

	2021	2020
(Losses)/gains recognised in other comprehensive income, net of tax	(131,146)	110,369

	2021	2020
As at beginning of the year	510,639	262,036
Additions	30,056	88,418
Acquisition of subsidiaries (note 40)	5,025	28,581
(Losses)/gains recognised in other comprehensive income	(155,837)	132,304
Disposal	(346,515)	(700)
As at end of the year	43,368	510,639

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

16 Trade and other receivables

	2021	2020
Trade receivables (note(a))		
— Third parties	11,189,695	10,252,982
— Joint ventures (note 45(c))	2,278,591	1,518,844
— Associates (note 45(c))	54,880	36,620
Gross trade receivables	13,523,166	11,808,446
Less: allowance for impairment of trade receivables (note 3.1(c))	(733,999)	(442,004)
Total trade receivables	12,789,167	11,366,442
Other receivables due from:		
— Third parties	21,100,671	17,897,815
— Joint ventures (note 45(c))	18,584,260	14,666,332
— Associates (note 45(c))	1,146,336	619,764
— Other related parties (note 45(c))	274,951	493,892
— Non-controlling interests	2,501,258	1,957,925
Loan and interest receivables due from related parties (note 45(c))	5,073,445	5,390,261
Prepaid value added taxes and other taxes	4,384,809	3,668,692
Deposits for acquisition of land use rights	887,623	837,000
Prepayments	695,186	1,088,577
Gross other receivables	54,648,539	46,620,258
Less: allowance for impairment of other receivables (note 3.1(c))	(712,925)	(456,572)
Total other receivables	53,935,614	46,163,686
Less: other receivables — non-current portion	(8,797,543)	(7,508,793)
Other receivables — current portion	45,138,071	38,654,893
Trade and other receivables-current portion	57,927,238	50,021,335

As at 31 December 2021, the fair value of remaining trade and other receivables approximated their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

16 Trade and other receivables (Continued)

Notes:

- (a) Trade receivables mainly arose from sales of properties, provision of property management services, provision of construction services and provision of environmental protection services. Trade receivables are settled in accordance with the terms stipulated respective in the property sale and purchase agreements or service agreements. As at 31 December 2021 and 2020, the ageing analysis of the trade receivables based on invoice date is as follows:

	2021	2020
Within 90 days	8,786,589	7,227,242
Over 90 days and within 365 days	3,215,483	3,225,970
Over 365 days	1,521,094	1,355,234
	13,523,166	11,808,446

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2021, a provision of RMB733,999,000 was made against the gross amounts of trade receivables (2020: RMB442,004,000) (note 3.1(c)).

As at 31 December 2021, trade receivables of approximately RMB1,584,565,000 (31 December 2020: RMB1,835,110,000) were pledged as collateral for Group's borrowings (note 25(c) & note 25(d)).

- (b) The carrying amounts of trade and other receivables are mainly denominated in RMB.

17 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the following:

	2021	2020
Wealth management products	561,537	635,923
Hong Kong listed equity securities	40,841	165,476
Unlisted equity and debt securities	2,128,290	354,951
Others	80,727	91,469
	2,811,395	1,247,819

Notes:

- (a) Amounts recognised in profit or loss

Decreases in fair values of financial assets at FVPL amounting to RMB102,826,000 are recorded as "other gains, net" in the consolidated income statements.

- (b) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in note 3.1(e). For information about the methods and assumptions used in determining fair value, please refer to note 3.3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

18 Restricted cash

As at 31 December 2021 and 2020, the Group's restricted cash were mainly denominated in RMB. The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2021, deposits totalling RMB3,300,200,000 were pledged as collateral for bank borrowings or facilities extended to certain business development partners of the Company. Up to the report date, pledged deposits with total amount of RMB3,300,200,000 have been released. No financial exposure is expected to be arisen from these pledge arrangements. The remaining restricted cash is mainly comprised of guarantee deposits for mortgage loans, guarantee deposits for construction of pre-sold properties, deposits for accident compensation, collateral for borrowings as at 31 December 2021 and 2020.

19 Cash and cash equivalents

	2021	2020
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	22,541,502	36,802,094
Short-term bank deposits	261,214	5,123,814
	22,802,716	41,925,908
Denominated in RMB (note (a))	21,413,909	40,199,996
Denominated in other currencies	1,388,807	1,725,912
	22,802,716	41,925,908

Note:

- (a) The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

20 Assets and liabilities classified as held for sale

In November 2021, the Company decided to sell several environmental protection projects and hotel buildings. There are several interested parties and the sales are expected to be completed within one year. The following assets and liabilities were reclassified as held for sale in relation to several environmental protection projects and hotel buildings as at 31 December 2021:

	2021
Assets classified as held for sale	
Intangible assets	1,714,733
Property, plant and equipment	530,847
Right-of-use assets	116,476
Trade and other receivables	469,161
Cash and cash equivalents	40,988
Restricted cash	7,491
Deferred income tax assets	5,632
Others	10,014
Total assets of disposal group held for sale	2,895,342
	2021
Liabilities directly associated with assets classified as held for sale	
Borrowings	(636,124)
Trade and other payables	(823,814)
Deferred income tax liabilities	(42,205)
Others	(12,357)
Total liabilities of disposal group held for sale	(1,514,500)

Assets classified as held for sale during the reporting period were measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. The fair value was determined using the sales comparison approach as described in note 3.3. This is a level 2 measurement as per the fair value hierarchy set out in note 3.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

21 Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised					
As at 31 December 2021 and 2020	10,000,000,000	1,000,000			
Issued and fully paid share capital					
As at 31 December 2021 and 2020	3,917,047,500	391,705	400,253	3,021,630	3,421,883

22 Share Award Scheme

On 10 December 2013, the Board of Directors of the Company adopted a Share Award Scheme, under which shares may be awarded to employees of the Company in accordance with the terms and conditions of the Share Award Scheme.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust ("Employee Share Trust"), for the purposes of administering the Share Award Scheme and holding Awarded Shares before they vest. On 10 February 2014, the Company allotted and issued 34,470,000 new shares to the trustee to hold on trust. On 3 January 2014, 32,750,000 of which has been granted to the 116 selected employees, subject to, among others, the performance conditions of both the Group and the awardees can be fulfilled and the awardees remain employed by the Group.

The award of first 30% and second 30% Awarded Shares lapsed effective from 26 August 2015 and 23 August 2016 respectively. Following the confirmation that relevant vesting conditions have not been satisfied on 20 June 2017, the Board resolved in its meeting held on 28 August 2017 that the award of the remaining 40% Awarded Shares lapsed effective from 28 August 2017. The lapsed shares held in Share Award Scheme will not be cancelled. As at 31 December 2021, the shares under the Share Award Scheme held by the Employee Share Trustee amounted to RMB156,588,000 (2020: RMB156,588,000), which was presented within equity in the consolidated balance sheet. For the year ended 31 December 2021, no expenses in relation to the Share Award Scheme were recognised in the consolidated income statement as the performance conditions were not fulfilled and no awarded shares were vested (2020: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

23 Other reserves

	Merger reserve (note (a))	Statutory reserve and enterprise expansion fund (note (b))	Translation reserve	Others	Total
Balance as at 1 January 2021	442,395	4,389,670	5,360	(1,420,912)	3,416,513
Transfer from retained earnings	–	479,292	–	–	479,292
Currency translation difference	–	–	6,939	–	6,939
Issuance of exchangeable bond attributable to equity (note 25(e))	–	–	–	758,459	758,459
Revaluation gain on property, plant and equipment, net of tax	–	–	–	49,589	49,589
Changes in the fair value of equity investments at FVOCI, net of tax	–	–	–	(132,651)	(132,651)
Acquisition of additional interests in subsidiaries (note (c))	–	–	–	(1,494,333)	(1,494,333)
Disposal of financial assets at FVOCI	–	–	–	3,615	3,615
Capital injection from non-controlling interests (note (d))	–	–	–	1,102,816	1,102,816
Balance as at 31 December 2021	442,395	4,868,962	12,299	(1,133,417)	4,190,239
Balance as at 1 January 2020	442,395	3,904,496	(3,174)	(1,412,450)	2,931,267
Transfer from retained earnings	–	485,174	–	–	485,174
Currency translation difference	–	–	8,534	–	8,534
Revaluation gain on property, plant and equipment, net of tax	–	–	–	5,651	5,651
Changes in the fair value of equity investments at FVOCI, net of tax	–	–	–	109,997	109,997
Acquisition of additional interests in subsidiaries	–	–	–	(208,480)	(208,480)
Other transaction with non-controlling interests	–	–	–	84,370	84,370
Balance as at 31 December 2020	442,395	4,389,670	5,360	(1,420,912)	3,416,513

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

23 Other reserves (Continued)

Notes:

- (a) Merger reserve of the Group represents the difference between the share capital of subsidiaries acquired over the nominal value of the shares of the Company issued in exchange pursuant to the Group reorganisation undertaken for listing of Company on Hong Kong Stock Exchange.
- (b) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the board of directors of the PRC subsidiaries.

- (c) During the year ended 31 December 2021, the Group acquired an aggregate of 50,000,000 overseas listed shares of A-Living Smart City Services Co., Ltd (representing approximately 3.52% of the total issued share capital), at a total consideration of RMB1,335,455,000. The difference of RMB966,438,000 between the carrying value of the non-controlling interests and the consideration paid was recorded as other reserve.

During the year ended 31 December 2021, the Group acquired additional equity interests of certain subsidiaries from NCI at an aggregate consideration of RMB900,002,000. The difference of RMB527,895,000 between the carrying value of the non-controlling interests and the consideration paid was recorded as other reserve.

- (d) On 28 May 2021, A-Living Smart City Services Co., Ltd ("A-Living") entered into a placing agreement to procure placees for an aggregate of 86,666,800 new H Shares at the HK\$37.60 per H Share (the "Placing"). On 4 June 2021, A-Living received net proceeds amounted to HK\$3,242,127,000 (equivalent to RMB2,677,511,000) from the Placing after deducting related fees and expenses, among of which, RMB1,574,695,000 was recorded as non-controlling interests and RMB1,102,816,000 was recorded as other reserve.

24 Perpetual Capital Securities

Movement of the Perpetual Capital Securities are as follows:

	Principal	Distribution	Total
Balance as at 1 January 2020	13,429,012	137,855	13,566,867
Profit attributable to holders of Perpetual Capital Securities	–	1,083,780	1,083,780
Distribution made to holders of Perpetual Capital Securities	–	(1,013,154)	(1,013,154)
Balance as at 31 December 2020	13,429,012	208,481	13,637,493
Balance as at 1 January 2021	13,429,012	208,481	13,637,493
Redemption of Perpetual Capital Securities	(626,902)	–	(626,902)
Profit attributable to holders of Perpetual Capital Securities	–	983,860	983,860
Distribution made to holders of Perpetual Capital Securities	–	(979,327)	(979,327)
Balance as at 31 December 2021	12,802,110	213,014	13,015,124

On 27 March 2018, the Company issued senior perpetual capital securities with the aggregate principal amount of US\$500,000,000. Net proceeds of the perpetual capital securities (the "2018 Perpetual Capital Securities I") after deducting the issuance cost amounted to US\$491,539,000 (equivalent to approximately RMB3,107,957,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

24 Perpetual Capital Securities (Continued)

On 21 June 2018, the Company issued senior perpetual capital securities (the “2018 Perpetual Capital Securities II”) with the principal amount of US\$100,000,000. Net proceeds after deducting the issuance cost amounted to US\$98,005,000 (equivalent to approximately RMB627,151,000). On 28 June 2021, the Company redeemed the outstanding 2018 Perpetual Capital Securities II at a redemption price of US\$100,000,000 (equivalent to approximately RMB645,780,000). No redemption premium was recognised in the consolidated income statement. The difference of RMB18,878,000 between the redemption price and the principal of the redeemed Perpetual Capital Securities was mainly attributable to exchange difference and debited to retained earnings.

On 4 June 2019, the Company issued senior perpetual capital securities (the “2019 Perpetual Capital Securities”) with the principal amount of US\$700,000,000. Net proceeds after deducting the issuance cost amounted to US\$693,792,000 (equivalent to approximately RMB4,779,956,000).

On 31 October 2019, the Company issued senior perpetual capital securities (the “2019 Perpetual Capital Securities II”) with the principal amount of US\$500,000,000. Net proceeds after deducting the issuance cost amounted to US\$496,558,000 (equivalent to approximately RMB3,497,619,000).

On 25 November 2019, the Company issued senior perpetual capital securities (the “2019 Perpetual Capital Securities III”) with the principal amount of US\$200,000,000. Net proceeds after deducting the issuance cost amounted to US\$198,730,000 (equivalent to approximately RMB1,399,798,000).

The Perpetual Capital Securities do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the Perpetual Capital Securities are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of Perpetual Capital Securities at the distribution rate as defined in the subscription agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

25 Borrowings

	2021	2020
Borrowings included in non-current liabilities:		
Senior notes (note(a))		
— Senior notes issued in 2017 ("2017 Senior notes") (note(a)(i))	1,272,104	1,296,740
— Senior notes issued in 2018 ("2018 Senior notes") (note(a)(ii))	—	3,907,389
— Senior notes issued in 2019 ("2019 Senior notes") (note(a)(iii))	3,186,047	3,249,826
— Senior notes issued in 2020 ("2020 Senior notes") (note(a)(iv))	6,238,831	6,376,999
— Senior notes issued in 2021 ("2021 Senior notes") (note(a)(v))	7,363,534	—
PRC corporate bonds (note(b))	5,643,287	7,593,944
Commercial mortgage backup securities (note(c))	4,052,299	4,094,763
Asset-backed securities (note(d))	948,820	1,154,394
Exchangeable bonds (note(e))	1,119,362	—
Long-term syndicated loans		
— secured (note(f))	13,903,152	14,882,424
— unsecured (note(g))	—	1,155,245
Long-term bank borrowings		
— secured (note(f))	25,880,327	27,043,308
— unsecured (note(g))	6,958,610	8,927,955
Other borrowings		
— secured (note(f))	3,903,503	8,153,706
— unsecured (note(g))	541,052	1,720,885
Less: current portion of non-current borrowings	(26,717,380)	(30,313,830)
	54,293,548	59,243,748
Borrowings included in current liabilities:		
Short-term bank borrowings		
— secured (note(f))	643,255	591,905
— unsecured (note(g))	1,736,517	2,248,359
Short-term other borrowings		
— secured (note(f))	480,000	3,129,000
— unsecured (note(g))	3,345	2,285,924
Current portion of non-current borrowings	26,717,380	30,313,830
	29,580,497	38,569,018
Total borrowings	83,874,045	97,812,766

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

25 Borrowings (Continued)

Notes:

(a) Senior Notes

The senior notes are jointly guaranteed by certain subsidiaries of the Group and are secured by pledges of the shares of these subsidiaries. The net assets of these subsidiaries are approximately RMB2,031,682,000 as at 31 December 2021 (2020: RMB2,956,918,000).

(i) 2017 Senior Notes

On 14 August 2017, the Company issued 5.125% senior notes with an aggregated nominal value of US\$200,000,000 (equivalent to approximately RMB1,332,020,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$196,125,000 (equivalent to approximately RMB1,306,210,000). The 2017 Senior Notes will mature on 14 August 2022.

(ii) 2018 Senior Notes

On 18 July 2018, the Company issued 8.5% senior notes with an aggregated nominal value of US\$600,000,000 (equivalent to approximately RMB4,040,064,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$593,557,000 (equivalent to approximately RMB3,997,108,000). The 2018 Senior Notes matured on 18 July 2021. On 18 July 2021, the Company redeemed the outstanding senior notes in full at a redemption price equal to 100% of the principal amount of the senior notes and the accrued and unpaid interest as of the Redemption Date.

(iii) 2019 Senior Notes

On 7 March 2019, the Company issued 6.7% senior notes with an aggregated nominal value of US\$500,000,000 (equivalent to approximately RMB3,355,500,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$495,429,000 (equivalent to approximately RMB3,324,823,000). The 2019 Senior Notes matured on 7 March 2022 and the Company redeemed all the outstanding 2019 Senior Notes.

(iv) 2020 Senior notes

On 3 July 2020, the Company issued 5.750% senior notes with an aggregated nominal value of USD\$500,000,000 (equivalent to approximately RMB3,531,900,000) at face value. The net proceeds, after deducting the issuance costs, amounted to USD\$497,109,000 (equivalent to approximately RMB3,511,482,000). The notes will mature in July 2025.

On 13 October 2020, the Company issued 6.050% senior notes with an aggregated nominal value of USD\$483,000,000 (equivalent to approximately RMB3,232,868,000) at face value. The net proceeds, after deducting the issuance costs, amounted to USD\$480,039,000 (equivalent to approximately RMB3,212,904,000). The notes will mature in October 2025.

(v) 2021 Senior notes

On 17 May 2021, the Company issued 5.5% senior notes with an aggregated nominal value of US\$450,000,000 (equivalent to approximately RMB2,890,050,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$445,710,000 (equivalent to approximately RMB2,862,351,000). The notes will mature in May 2026.

On 21 July 2021, the Company issued 5.5% senior notes with an aggregated nominal value of USD\$314,000,000 (equivalent to approximately RMB2,035,819,000) at face value. The net proceeds, after deducting the issuance costs, amounted to USD\$311,051,000 (equivalent to approximately RMB2,016,701,000). The notes will mature in April 2025.

On 31 August 2021, the Company issued 4.85% senior notes with an aggregated nominal value of USD\$400,000,000 (equivalent to approximately RMB2,587,160,000) at face value. The net proceeds, after deducting the issuance costs, amounted to USD\$397,740,000 (equivalent to approximately RMB2,572,547,000). The notes will mature in August 2022.

The Company, at its option, can redeem all or a portion of the Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

25 Borrowings (Continued)

Notes: (Continued)

(b) PRC Corporate Bonds

On 11 January 2016, a PRC subsidiary (the “Issuer”) of the Company issued 4.7% corporate bonds with an aggregate amount of RMB1,600,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,584,080,000. On 14 January 2019, the Issuer redeemed the bonds in an aggregate principal amount of RMB12,228,000 as the investors exercised the right to sell back. The bonds have been resold to the new investors at the coupon rate of 6.95%. On 11 January 2021 (“the Redemption Date”), the Issuer redeemed the outstanding corporate bonds in full at a redemption price equal to 100% of the principal amount of the corporate bonds and the accrued and unpaid interest as of the Redemption Date.

On 11 October 2016, the Company issued 4.6% corporate bonds with an aggregate amount of RMB1,800,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,787,250,000. On 11 October 2019, the Issuer redeemed the bonds in an aggregate principal amount of RMB570,000,000 as the investors exercised the right to sell back. On 12 October 2020, the Issuer redeemed the bonds in an aggregate principal amount of RMB608,000,000 as the investors exercised the right to sell back. The bonds have been resold to the new investors, and the bonds will mature on 11 October 2021 at the coupon rate of 5.30%. On 11 October 2021 (“the Redemption Date”), the Issuer redeemed the outstanding corporate bonds in full at a redemption price equal to 100% of the principal amount of the corporate bonds and the accrued and unpaid interest as of the Redemption Date.

On 11 October 2016, the Company issued 5.7% corporate bonds with an aggregate amount of RMB1,200,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,192,500,000. On 11 October 2021, the Company redeemed the bonds in an aggregate principal amount of RMB1,200,000,000 as the investors exercised the right to sell back. The bonds have been resold to the new investors, and the bonds will mature on 11 October 2023 at the coupon rate of 6.5%.

On 13 July 2020, the Issuer of the Company issued 6.20% non-public corporate bonds with an aggregate amount of RMB1,500,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,495,500,000. The bonds will mature on 13 July 2022.

On 19 October 2020, the Issuer of the Company issued 6.20% non-public corporate bonds with an aggregate amount of RMB1,500,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,498,440,000. The bonds will mature on 19 October 2022.

On 9 April 2021, a PRC subsidiary of the Company issued 5.9% corporate bonds with an aggregate amount of RMB1,450,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,445,650,000. The bonds will mature on 9 April 2024. The Company shall be entitled to adjust the coupon rate at the end of the first year whereas the investors shall be entitled to sell back the bonds in whole or in part.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

25 Borrowings (Continued)

Notes: (Continued)

(c) Commercial Mortgage Backed Securities

A PRC subsidiary of the Company engaged in commercial property operation entered into Commercial Mortgage Backed Securities ("CMBS"), at the coupon rate of 5.85%, arrangement with an assets management company by pledging of the receivables for certain properties under its operation as well as the self-used properties, the land use rights and the investment properties. On 10 April 2018, the CMBS was formally established with an aggregate nominal value of RMB4,600,000,000, with a 18-year maturity, amongst which RMB500,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from the CMBS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB4,066,700,000. The CMBS has been resold to the new investors at the coupon rate of 5.1%, and the CMBS will be mature on 21 January 2024.

(d) Asset-backed securities

A PRC subsidiary of the Company engaged in property development entered into Panyu asset-backed securities (the "Panyu ABS") arrangement with an assets management company by pledging of the receivables for certain properties under its management. On 31 October 2020, the Panyu ABS was formally established with an aggregate nominal value of RMB1,000,000,000, with a 2-year maturity, amongst which RMB50,000,000 was purchased by the PRC subsidiary as original holder. The investors shall be entitled to sell back the ABS in whole or in part at the end of the second year. The net proceeds from the Panyu ABS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB948,245,000.

(e) Exchangeable bonds

On 24 November 2021, a subsidiary (the "Issuer") of the Company issued 7% exchangeable bonds with an aggregated principal amount of HKD2,418,000,000 (equivalent to approximately RMB1,982,784,000), which would be exchangeable into the H shares of nominal value of RMB1.00 each of A-Living Smart City Service Co.Ltd. The exchange right in respect of exchangeable bonds might be exercised by the the bondholder, at any time during the period from (and including) 4 January 2022 up to (and including) the date which falls seven days prior to 24 November 2026, in which the exchange price will initially be HK\$27.48 per A-Living Share. The exchangeable bonds will mature in November 2026. The initial value of the liability component was calculated using a market interest rate for an equivalent non-exchangeable bond of the Company.

Movement of the exchangeable bonds is set out as follows:

Face value of the exchangeable bonds on the issue dates	1,982,784
Less: transaction costs	(33,394)
Net proceeds	1,949,390
Less: equity component (note 23)	(758,459)
Less: financial liability at FVTPL component	(68,729)
Liability component on initial recognition	1,122,202
Currency translation differences	(3,396)
Amortization of issuance cost	556
Liability component at 31 December 2021	1,119,362

(f) As at 31 December 2021, the Group's borrowings were secured by certain of its land use rights, self-used properties, trade receivables, completed properties held for sale, properties under development, investment properties and the shares of certain subsidiaries and equity interests of a joint venture.

(g) As at 31 December 2021, the Group's unsecured borrowings of RMB9,239,524,000 were jointly guaranteed by certain subsidiaries of the Group (31 December 2020: RMB14,075,291,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

25 Borrowings (Continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	2021	2020
6 months or less	20,805,901	27,468,076
6–12 months	23,973,733	24,121,806
1–5 years	39,094,411	46,222,884
	83,874,045	97,812,766

The carrying amounts of the borrowings with the respective effective interest rates:

	2021	Effective interest rate	2020	Effective interest rate
	RMB'000		RMB'000	
Senior notes	18,060,516	6.32%	14,830,954	8.05%
Borrowings excluding Senior notes	65,813,529	5.76%	82,981,812	6.31%
	83,874,045		97,812,766	

The carrying amounts and fair value of the non-current borrowings are as follows:

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Senior notes (note(ii))	18,060,516	11,782,070	14,830,954	15,286,699
PRC public corporate bonds (note(ii))	1,446,711	1,106,350	1,599,997	1,600,901
PRC non-public corporate bonds (note(iii))	2,996,576	2,996,576	2,995,109	2,995,109
Exchangeable bonds (note(iv))	1,119,362	1,238,961	–	–
Bank borrowings, syndicated loans and other borrowings (note(iii))	30,670,383	30,670,383	39,817,688	39,817,688
	54,293,548	47,794,340	59,243,748	59,700,397

Notes:

- (i) The fair value of senior notes is determined directly by references to the price quotations published by the Singapore Exchange Limited and The Stock Exchange of Hong Kong Limited on 31 December 2021, the last dealing date of 2021 and is within level 1 of the fair value hierarchy.
- (ii) The fair value of RMB1,106,350,000 PRC public corporate bond is determined directly by references to the price quotations published by the China Securities Index Co., Ltd on 31 December 2021, the last dealing date of 2021 and is within level 1 of the fair value hierarchy.
- (iii) The fair values of PRC non-public corporate bonds, non-current bank borrowings, syndicated loans, other borrowings and others approximate their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted at the average borrowing rate of 5.76% (2020: 6.31%), and are within level 2 of the fair value hierarchy.
- (iv) The fair value of exchangeable bonds was valued by an independent professionally qualified valuer, who holds recognised relevant professional qualifications and has recent experience in evaluating fair value of the bonds, on 31 December 2021, the last dealing date of 2021 and is within level 2 of the fair value hierarchy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

25 Borrowings (Continued)

At 31 December 2021, the Group's borrowings were repayable as follows:

	2021	2020
Within 1 year	29,580,497	38,569,018
Between 1 and 2 years	15,614,680	29,228,594
Between 2 and 5 years	34,879,704	26,237,042
Over 5 years	3,799,164	3,778,112
	83,874,045	97,812,766

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2021	2020
RMB	46,309,626	57,737,426
HK dollar	15,823,976	18,534,946
US dollar	20,554,366	19,574,067
MYR	532,151	472,632
MOP	653,926	1,493,695
	83,874,045	97,812,766

The Group has the following undrawn borrowing facilities:

	2021	2020
Floating rate:		
— Expiring beyond one year	3,847,973	4,141,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

26 Trade and other payables

	2021	2020
Trade payables (note(a))	24,949,589	24,819,387
Other payables due to:		
— Third parties (note(b) and note(e))	18,021,197	20,327,349
— Related parties (note 45(c) and note (e))	15,143,842	12,914,816
— Non-controlling interests (note(e))	4,408,032	5,445,480
Staff welfare benefit payable	1,133,293	1,588,807
Accruals	1,165,556	1,441,036
Advances from disposal of equity interests (note(c))	1,223,000	7,050,760
Other taxes payable (note(d))	6,785,703	5,926,507
Total trade and other payables	72,830,212	79,514,142
Less: other payables — non current portion	(4,572,361)	(4,284,452)
Trade and other payable — current portion	68,257,851	75,229,690

Notes:

(a) The ageing analysis of the trade payables of the Group based on invoice date as at 31 December 2021 and 2020 is as follows:

	2021	2020
Within 90 days	15,830,600	15,796,936
Over 90 days and within 180 days	7,516,904	7,400,392
Over 180 days and within 365 days	971,214	982,715
Over 365 days	630,871	639,344
	24,949,589	24,819,387

- (b) The other payables to third parties mainly include: (i) the deposits received from third parties for potential equity cooperation in certain property development projects; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured and repayable according to terms and conditions mutually agreed with the counter parties.
- (c) Amounts of RMB1,223,000,000 represented advances from disposal of certain equity interest according to respective agreements with several independent third parties (31 December 2020: RMB7,050,760,000).
- (d) Amounts of RMB4,422,736,000 represented value added tax payable of advanced proceeds received from customers (31 December 2020: RMB3,874,957,000).
- (e) Amounts included current cash advances of RMB6,214,794,000 with interest bearing among 4.8% to 12.0% per annum (31 December 2020: RMB884,200,000, 7% to 7.5%) and non-current cash advances of RMB78,822,000 with interest bearing among 9.0% to 10.0% per annum (31 December 2020: RMB1,108,174,000, 5.9% to 10.1%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

27 Financial liabilities at fair value through profit or loss

As at 31 December 2021, the Group had the following financial liabilities at fair value through profit or loss:

	2021	2020
Non-current portion:		
— Derivative financial instruments	363,722	26,002
— Put options	130,591	75,233
	494,313	101,235
Current portion:		
— Put options	107,358	19,542
— Derivative financial instruments	—	984,881
	107,358	1,004,423

The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 December 2021 were US\$783,000,000, approximating to RMB4,992,173,000 in total (2020: US\$2,400,000,000, approximating to RMB15,659,760,000).

During the year ended 31 December 2021, decrease in fair value of derivative financial instruments of RMB156,080,000 have been recorded in “finance cost, net” in the consolidated income statement (note 34).

28 Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2021	2020
Deferred income tax assets to be recovered after more than 12 months	1,794,830	1,321,456
Deferred income tax assets to be recovered within 12 months	481,858	289,463
Set-off of deferred tax liabilities pursuant to set-off provisions	(111,492)	(218,638)
	2,165,196	1,392,281
Deferred income tax liabilities to be settled after more than 12 months	(4,125,322)	(4,262,574)
Deferred income tax liabilities to be settled within 12 months	(47,808)	(43,195)
Set-off of deferred tax liabilities pursuant to set-off provisions	111,492	218,638
	(4,061,638)	(4,087,131)
Deferred income tax liabilities, net	(1,896,442)	(2,694,850)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

28 Deferred income tax (continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Deferred tax assets – write-down of completed properties held for sale and properties under development	Temporary differences arising from trade and other receivables and contract assets	Deferred tax assets – unrealised profit on intra-group transactions	Deferred tax liabilities – excess of carrying amount of investment properties and property, plant and equipment over the tax bases	Deferred tax liabilities – excess of carrying amount of intangible assets over the tax bases	Deferred tax liabilities – excess of fair value of financial assets over the tax bases	Deferred tax liabilities – excess of carrying amount of land use right over the tax bases	Net
At 1 January 2020	800,530	247,579	65,400	421,542	(1,681,257)	(159,593)	(58,102)	(1,829,010)
Acquisition of subsidiaries	75,398	–	10,253	–	–	(243,781)	–	(683,122)
Disposal of subsidiaries	–	–	–	–	–	3,061	–	3,061
(Charged)/credited to the consolidated income statement	(41,288)	21,914	141,670	(132,079)	(50,433)	33,323	3,048	(161,960)
Charged to other comprehensive income	–	–	–	–	(1,884)	–	(21,935)	(23,819)
At 31 December 2020	834,640	269,493	217,323	289,463	(1,733,574)	(366,990)	(76,989)	(2,694,850)
Acquisition of subsidiaries (note 40)	7,272	–	23,803	–	(536)	(172,897)	–	(151,249)
Disposal of subsidiaries	(80,710)	–	(1,107)	–	–	8,338	–	337,521
Credited/(charged) to the consolidated income statement (note 35)	273,254	261,642	109,486	76,240	(38,399)	4,751	(22,296)	566,619
Re-measurement of deferred tax — change in the tax rate of the Company	419	–	1,102	–	(671)	–	(67)	783
Charged to other comprehensive income	–	–	–	–	(16,530)	–	24,691	8,161
Classified as held for sale (note 20)	(5,632)	–	–	–	–	42,205	–	36,573
At 31 December 2021	1,029,243	531,135	350,607	365,703	(1,789,710)	(484,593)	(74,661)	(1,896,442)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

28 Deferred income tax (continued)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of RMB1,580,565,000 (31 December 2020: RMB1,229,179,000) in respect of tax losses amounting to RMB6,322,260,000 (31 December 2020: RMB4,916,716,000) that can be carried forward against future taxable income. Tax losses of approximately RMB331,496,000, RMB744,416,000, RMB1,861,484,000, RMB1,453,460,000 and RMB1,931,404,000 will expire in 2022, 2023, 2024, 2025 and 2026 respectively.

Deferred income tax liabilities of RMB2,247,425,000 (31 December 2020: RMB2,340,384,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings amounted to RMB44,948,511,000 (31 December 2020: RMB46,807,680,000) of certain subsidiaries. Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to the oversea intermediate holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

29 Other gains, net

	2021	2020
Gains from disposal of subsidiaries (note 38)	4,261,335	2,425,511
(Losses)/gains from disposal of joint ventures and associates	(66,266)	226,314
Gains on disposal of right-of-use assets, property, plant and equipment and investment properties	701,272	45,396
Fair value gains on investment properties (note 7)	230,261	196,906
Net fair value (losses)/gains on financial assets/liabilities at FVPL	(1,980)	56,659
Fair value gains/(losses) on put options written on non-controlling interests	2,330	(8,214)
Remeasurement gains resulting from joint ventures and an associate transferred to subsidiaries (note 10)	4,222	819,891
Impairment losses on investments accounted for using the equity method (note 10)	(313,733)	–
Exchange gains/(losses), net (note (a))	11,280	(56,174)
Miscellaneous	11,656	34,137
	4,840,377	3,740,426

Note:

- (a) Amounts mainly represent the gains or losses of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss related to borrowings which are included in the "finance costs, net" (note 34).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

30 Other income

	2021	2020
Interest income (note(a))	818,833	855,231
Interest income from related parties (note 45(b))	361,944	442,261
Government grants	242,538	264,321
Penalty income	69,352	70,545
Miscellaneous	49,033	37,496
	1,541,700	1,669,854

Note:

(a) Interest income was mainly derived from bank deposit.

31 Other expenses

	2021	2020
Charitable donations	142,887	164,639
Compensation expenses	92,408	191,271
Miscellaneous	44,098	44,134
	279,393	400,044

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

32 Expenses by nature

	2021	2020
Cost of properties sold — including construction cost, land cost and capitalised interest	40,722,304	46,397,944
Employee benefit expenses — including directors' emoluments (note 33)	8,861,540	7,679,434
— Property development	3,000,228	2,988,672
— Property management	5,267,411	4,064,100
— Others	593,901	626,662
Cost of inventories consumed by property management services and other non-property development businesses	2,337,356	1,574,899
Depreciation (note 6 & note 8)	940,118	940,071
Amortisation (note 9)	365,275	372,557
Write-down of completed properties held for sale and properties under development	742,256	423,124
Impairment of goodwill (note 9 & note(a))	29,885	723,802
Impairment of property, plant and equipment (note 6 & note(a))	—	42,238
Auditors' remunerations	27,580	27,798
— Audit services	23,780	19,955
— Non-audit services	3,800	7,843
Advertising costs	877,666	853,301
Commission fee	1,762,892	1,094,424
Cleaning expenses	1,482,974	825,090
Other taxes	182,729	309,118
Other levies on sales of properties	207,605	355,786
Utilities	389,667	226,173
Security charges	1,239,800	688,776
Maintenance costs	542,477	370,357
Operating lease payments (note 8)	84,069	156,442
Consulting fees	254,276	480,670
Others	62,706	220,297
Total cost of sales, selling and marketing costs and administrative expenses	61,113,175	63,762,301

Note:

- (a) The impairment losses of goodwill and property plant and equipment are included in administrative expenses in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

33 Employee benefit expenses

	2021	2020
Wages and salaries	7,365,359	6,245,448
Bonuses	273,365	642,065
Pension costs — statutory pension (note(a))	547,600	271,519
Staff welfare	189,935	175,206
Medical benefits	114,486	77,512
Other allowances and benefits	370,795	267,684
	8,861,540	7,679,434

Notes:

- (a) Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

- (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2020: two) directors whose emoluments are reflected in the analysis shown in note 50. The emoluments payable to the remaining two (2020: three) individuals during the year are as follows:

	2021	2020
Salary	6,900	10,471
Bonus	2,289	6,626
Contribution to pension scheme	16	457
	9,205	17,554

The emoluments fell within the following bands:

	Number of individuals 2021	2020
Emolument bands (in HK dollar)		
HK\$4,000,001 — HK\$ 4,500,000	—	—
HK\$4,500,001 — HK\$ 5,000,000	1	—
HK\$5,000,001 — HK\$ 5,500,000	—	—
HK\$5,500,001 — HK\$ 6,000,000	—	—
HK\$6,000,001 — HK\$ 6,500,000	—	1
HK\$6,500,001 — HK\$ 7,000,000	1	1
HK\$7,500,001 — HK\$ 8,000,000	—	1

- (c) During the years ended 31 December 2021 and 2020, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices.
- (d) No other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking during the year ended 31 December 2021 (2020: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

34 Finance costs, net

	2021	2020
Interest expense:		
— Bank borrowings, syndicated loans and other borrowings	5,078,521	5,339,273
— Senior notes and exchangeable bonds	1,094,054	1,203,299
— PRC Corporate Bonds, ABS and CMBS	663,026	793,759
— Lease liabilities	35,673	39,426
Less: interest and exchange losses capitalised	(4,569,301)	(5,299,929)
Exchange gains from borrowings	(1,043,616)	(2,684,273)
Changes in fair value of derivative financial instruments (note 27)	156,080	1,648,655
	1,414,437	1,040,210

35 Income tax expenses

	2021	2020
Current income tax:		
— PRC corporate income tax	3,784,720	4,606,185
— PRC land appreciation tax	4,166,312	4,139,808
— PRC withholding income tax	415,162	315,098
Deferred income tax (note 28)		
— PRC corporate income tax	(567,402)	161,960
	7,798,792	9,223,051

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

35 Income tax expenses (Continued)

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home countries or regions of the Group entities as follows:

	2021	2020
Profit before income tax	16,896,829	21,471,928
Tax calculated at tax rates applicable to profits in the respective entities of the Group	3,857,372	5,202,236
Tax effects of:		
— Tax effect of super deduction items	(35,309)	(22,783)
— Share of profits of investment accounted for using the equity method reported net of tax	(198,560)	(396,408)
— Income not subject to income tax (note(a))	(22,051)	(18,060)
— Expenses not deductible for income tax (note(b))	230,587	674,747
— PRC land appreciation tax deductible for calculation of income tax purposes	(1,041,578)	(1,034,952)
— Adjustments for current tax – change in the tax rate of a subsidiary of the Group (note(c))	(55,994)	–
— Tax losses for which no deferred income tax asset was recognised	482,851	363,365
PRC corporate income tax	3,217,318	4,768,145

Notes:

- (a) Income not subject to income tax for the years ended 31 December 2021 and 2020 mainly comprise the interest income of bank deposits.
- (b) Expenses not deductible for income tax for the year ended 31 December 2021 mainly comprise administrative expense of domestic companies over deduction limits, impairment of goodwill, donations made to non-official public welfare institutions, the losses of securities transactions, exchange losses and expenses of the group entities in Hong Kong and Malaysia (2020: same).
- (c) The effective income tax rate was 17% for the year ended 31 December 2021 (2020: 21%). In April 2021, a subsidiary of the Group obtained the Certificate of High and New Technology Enterprise before annual tax filing of 2020 with three year valid period from 2020 to 2022. Accordingly, the income tax rate applicable to the Company for 2020 to 2022 is 15%. The impact of the change in the applicable tax rate was credited to the income tax expenses in the year ended 31 December 2021.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

35 Income tax expenses (Continued)

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") effective on 1 January 2008.

Certain subsidiaries of the Group obtained the Certificate of High-New Technical Enterprise. According to the corporation Income Tax Law of the PRC, corporations which obtain the Certificate of High-New Technical Enterprise are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to these companies during the year ended 31 December 2021 was 15% (year ended 31 December 2020: 15%).

A subsidiary of the Group has enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15% during the year ended 31 December 2021. Certain subsidiaries of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% in certain years.

Certain subsidiaries of the Group in the PRC provide environmental protection services and these companies enjoy the policy of "Three exemption and three half corporate income tax". Certain subsidiaries of the Group in the PRC are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% in certain years (year ended 31 December 2020: 15%).

PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower of 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

During the year ended 31 December 2021, certain immediate holding companies of the PRC subsidiaries of the Group became qualified as Hong Kong resident enterprises and have been fulfilling the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in the consolidated financial statements. The profit of the group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which is not subject to Hong Kong profits tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

36 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2021	2020
Profit attributable to shareholders of the Company	6,712,036	9,474,597
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	3,882,578	3,882,578
Basic earnings per share (RMB per share)	1.729	2.440

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2021 and 2020, there was no diluted potential ordinary share, diluted earnings per share equally to basic earnings per share.

37 Dividends

	2021	2020
Interim dividend paid of HK\$0.50 (2020: HK\$0.50) per ordinary share (note(a))	1,619,328	1,731,773
Less: Dividend for shares held for Share Award Scheme	(14,139)	(15,240)
	1,605,189	1,716,533
Final dividend for the year ended 31 December 2021 (2020: HK\$0.60 per ordinary share) (note(b))	—	1,972,664
Less: Dividend for shares held for Share Award Scheme	—	(17,359)
	—	1,955,305

Notes:

- (a) An interim dividend in respect of the six months ended 30 June 2021 of HK\$0.50 per ordinary share, approximately HK\$1,958,524,000 (equivalent to RMB1,619,328,000) was declared by the Board of Directors of the Company (six months ended 30 June 2020: HK\$1,958,524,000 equivalent to RMB1,731,773,000).
- (b) A final dividend in respect of 2020 of HK\$0.60 per ordinary share approximately HK\$2,350,229,000 (equivalent to RMB1,972,664,000) was declared at the Annual General Meeting on 12 May 2021, of which HK\$20,682,000 (equivalent to RMB17,359,000) was declared for shares held by Share Award Scheme. The final dividend has been distributed out of the Company's retained earnings.

The Board of Directors did not propose any final dividend for the year ended 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

38 Disposal of subsidiaries

During the year ended 31 December 2021, the Group disposed of certain equity interests in several subsidiaries (the “Disposed Projects”) to independent third parties at considerations of RMB4,990,716,000 in total. The Group lost control over the Disposed Projects and according to the shareholders agreements, the Group is eligible to exercise joint control or significant influence over the Disposed Projects together with relevant buyers. The Group accounted for the Disposed Projects as joint ventures and associates, recorded disposal gain of RMB4,261,335,000 during the year ended 31 December 2021. Details of the disposal transactions are as follows:

	2021
Disposal considerations	
— Cash received	4,990,716
— Remaining unpaid acquisition consideration of a subsidiary disposed of	60,774
— Consideration receivable	5,000
— Fair value of remaining equity interests in the Disposed Projects	5,416,628
	10,473,118
Less:	
— total net assets of the Disposal Projects	(6,211,783)
Gains from disposal of subsidiaries	4,261,335
Cash proceeds from disposal, net of cash disposed of	
Cash consideration received	4,990,716
Less:	
— cash and cash equivalents in the Disposal Projects	(2,371,211)
— advances from disposal of the subsidiaries received in prior years	(4,687,716)
Net cash outflow on disposals	(2,068,211)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

39 Cash flow information

(a) Cash generated from operations

	2021	2020
Profit for the year	9,098,037	12,248,877
Adjustments for:		
Taxation (note 35)	7,798,792	9,223,051
Interest income (note 30)	(1,180,777)	(1,297,492)
Depreciation of property, plant and equipment (note 6)	606,339	657,879
Amortisation of intangible assets (note 9)	365,275	372,557
Depreciation of right-of-use assets (note 8)	333,779	282,192
Write-down of completed properties held for sale and properties under development (note 32)	742,256	423,124
Impairment of goodwill (note 9)	29,885	723,802
Write-down of property, plant and equipment (note 32)	–	42,238
Net impairment losses on financial and contract assets	500,245	566,679
Reversal of impairment loss of property, plant and equipment	–	(72,731)
Gains on disposal of land use rights, investment properties and property, plant and equipment (note 29)	(701,272)	(45,396)
Net exchange losses/(gains) (note 29)	(11,280)	56,174
Fair value gains on investment properties (note 29)	(230,261)	(196,906)
Share of post-tax profits of investments accounted for using the equity method (note 10)	(794,239)	(1,585,630)
Impairment losses on investments accounted for using the equity method (note 10 and note 29)	313,733	–
Finance costs, net (note 34)	1,414,437	1,040,210
Gains from disposal of subsidiaries (note 29)	(4,261,335)	(2,425,511)
Remeasurement gains resulting from joint ventures and an associate transferred to subsidiaries (note 29)	(4,222)	(819,891)
Net fair value losses/(gains) on financial assets and liabilities at FVPL (note 29)	1,980	(56,659)
Fair value (gains)/losses on put options written on non-controlling interests (note 29)	(2,330)	8,214
Losses/(gains) from disposal of joint ventures and associates (note 29)	66,266	(226,314)
Revenue from operating concessions construction	(1,123)	(11,656)
Changes in working capital:		
Property under development and completed properties held for sales	(3,949,801)	(1,044,484)
Prepayments for acquisition of land use rights	6,176,865	2,323,300
Restricted cash	(882,390)	(465,182)
Trade and other receivables	(6,126,716)	(10,064,500)
Trade and other payables and accruals	(4,782,772)	8,012,962
Contract assets	(1,946,023)	(1,528,845)
Contract liabilities	10,861,619	2,086,590
Cash generated from operations	13,434,967	18,226,652

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

39 Cash flow information (Continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the year presented.

Net debt

	2021	2020
Cash and cash equivalents	22,802,716	41,925,908
Financial assets at FVPL	2,811,395	1,247,819
Borrowings — repayable within one year	(29,580,497)	(38,569,018)
Borrowings — repayable after one year	(54,293,548)	(59,243,748)
Other payables — related parties	(15,143,842)	(12,914,816)
Other payable — non-controlling interests and third parties	(9,143,842)	(5,445,480)
Lease liabilities	(564,476)	(636,938)
Dividends payable	(89,939)	(53,718)
Net debt	(83,201,372)	(73,689,991)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

39 Cash flow information (Continued)

(b) Net debt reconciliation (Continued)

The reconciliation of liabilities arising from financial activities is as follows:

	Borrowings	Other payables – related parties	Other payable – non- controlling interests and third parties	Lease liabilities	Dividends payable	Total
As at 1 January 2020	96,669,702	8,193,454	3,200,722	572,737	592	108,637,207
Cash flows						
— Inflow from financing activities	61,861,169	5,720,870	4,492,935	–	–	72,074,974
— Outflow from financing activities	(61,293,771)	(1,143,007)	(2,248,177)	(274,422)	(3,581,260)	(68,540,637)
Non-cash changes						
— Exchange gain and financing amortisation recognised	(2,295,150)	–	–	39,426	–	(2,255,724)
— Acquisition of subsidiaries	3,888,152	(198,685)	–	13,966	–	3,703,433
— Disposal of a subsidiary	(995,000)	342,184	–	–	–	(652,816)
— Addition of lease liabilities	–	–	–	285,231	–	285,231
— Accrued dividends	–	–	–	–	3,581,260	3,581,260
— Other non-cash movements	(22,336)	–	–	–	53,126	30,790
As at 31 December 2020	97,812,766	12,914,816	5,445,480	636,938	53,718	116,863,718
Cash flows						
— Inflow from financing activities	42,952,498	5,573,809	7,639,745	–	–	56,166,052
— Outflow from financing activities	(52,236,082)	(3,541,834)	(3,942,044)	(324,525)	(4,212,809)	(64,257,294)
Non-cash changes	–	–	–	–	–	–
— Exchange gain and financing amortisation recognised	(627,514)	–	–	35,673	–	(591,841)
— Acquisition of subsidiaries	244,718	–	–	37,930	–	282,648
— Disposal of a subsidiary	(2,776,500)	442,051	–	(26)	–	(2,334,475)
— Disposal of a joint venture	–	(245,000)	–	–	–	(245,000)
— Classified as held for sale	(636,124)	–	–	–	–	(636,124)
— Classified as derivatives	(68,729)	–	–	–	–	(68,729)
— Classified as other reserves	(758,459)	–	–	–	–	(758,459)
— Addition of lease liabilities	–	–	–	178,486	–	178,486
— Accrued dividends	–	–	–	–	4,249,030	4,249,030
— Other non-cash movements	(32,529)	–	–	–	–	(32,529)
As at 31 December 2021	83,874,045	15,143,842	9,143,181	564,476	89,939	108,815,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

40 Business combination

During the year ended 31 December 2021, the Group completed several acquisitions of equity interests in certain companies, mainly included property development companies and property management companies, at consideration of RMB1,910,248,000 in aggregate. Goodwill of RMB1,027,350,000 and identifiable net assets of RMB882,898,000 were recognised. The directors of the Company consider that none of these subsidiaries acquired during the year were significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed. Details of the purchase consideration, the net asset acquired and goodwill are as follows:

	Total
Consideration	
Cash paid	1,209,117
Liabilities assumed by the Group in exchange for control of the acquirees	200,000
Fair value of investments in joint ventures held before business combination (note 10)	501,131
	1,910,248
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	475,416
Financial assets at fair value through profit or loss	27,850
Financial assets at fair value through other comprehensive income	5,025
Property, plant and equipment	322,848
Investments accounted for using the equity method (note 10)	662
Investment properties	110,337
Properties under development	663,320
Other intangible assets	635,991
Right-of-use assets	34,634
Inventories	39,476
Trade and other receivables	1,744,428
Trade and other payables	(1,495,326)
Contract liabilities	(639,009)
Lease liabilities	(37,930)
Borrowings	(244,718)
Current income tax liabilities	(28,493)
Deferred income tax assets	31,075
Deferred income tax liabilities	(182,324)
Total identifiable net assets	1,463,262
Non-controlling interests	580,364
Identifiable net assets attributable to the Company	882,898
Goodwill (note 9)	1,027,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

40 Business combination (Continued)

Net cash outflow arising on acquisition during the year ended 31 December 2021:

	Total
Cash and cash equivalents in the subsidiaries acquired	475,416
Less: total cash considerations	(1,209,117)
Add: cash considerations payable as at 31 December 2021	35,727
Add: cash considerations paid in prior year	103,275
Less: cash considerations paid of companies acquired in the previous years	(709)
Cash outflow in the year	(595,408)

The acquired businesses contributed revenues of RMB2,017,622,000 and net profits of RMB85,137,000 to the Group for the period from the respective acquisition dates to 31 December 2021.

If the acquisitions had occurred on 1 January 2021, the Group's consolidated pro-forma revenue and net profit for the year ended 31 December 2021 would have been RMB74,093,387,000 and RMB9,169,180,000, respectively.

No contingent liability has been recognised for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

41 Financial guarantee

	2021	2020
Guarantee in respect of mortgage facilities for certain purchasers (note(a))	51,823,659	51,377,753
Guarantee in respect of borrowings of associates (note(b) and note 45(b))	2,189,666	1,108,608
Guarantee in respect of borrowings of joint ventures (note(c) and note 45(b))	8,271,345	5,111,404
Guarantees in respect of borrowings of third parties (note (d))	7,479,486	1,677,116
	69,764,156	59,274,881

Notes:

- (a) The Group has cooperated with certain financial institutions to arrange mortgage loan facilities for its purchasers of properties and to provide guarantees to secure obligations of such purchasers for repayments. As at 31 December 2021, the outstanding guarantees amounted to RMB51,823,659,000 (2020: RMB51,377,753,000). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associate was RMB1,282,040,000 as at 31 December 2021 (2020: RMB2,785,022,000).

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the joint ventures was RMB6,410,348,000 as at 31 December 2021 (2020: RMB11,853,245,000).

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

- (b) Several subsidiaries of the Group and other shareholders of associates have provided certain guarantees in proportion of their shareholding in associates in respect of loan facilities amounting to RMB3,461,207,000 (2020: RMB2,242,750,000). As at 31 December 2021, the Group's share of the guarantees amounted to RMB2,189,666,000 (2020: RMB1,108,608,000).
- (c) Several subsidiaries of the Group and joint venture partners have provided certain guarantees in proportion of their shareholding in certain joint ventures in respect of loan facilities amounting to RMB12,903,536,000 (2020: RMB10,389,523,000). As at 31 December 2021, the Group's share of the guarantees amounted to RMB8,271,345,000 (2020: RMB5,111,404,000).
- (d) As at 31 December 2021, the Group provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB7,479,486,000 (31 December 2020: RMB1,677,116,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

42 Subsidiary with material non-controlling interests

Nature of investment in the subsidiary with material non-controlling interests.

Name of entity	Place of business/country of incorporation	% of ownership interest
雅生活智慧城市服務股份有限公司 A-Living Smart City Services Co., Ltd.	PRC/foreign invested enterprise	54.31 %

(i) Summarised balance sheet

	As at 31 December 2021 RMB'000	2020 RMB'000
Current assets	13,410,959	9,100,125
Current liabilities	(6,756,820)	(4,865,170)
Current net assets	6,654,139	4,234,955
Non-current assets	6,770,418	4,874,828
Non-current liabilities	(513,629)	(452,383)
Non-current net assets	6,256,789	4,422,445
Net assets	12,910,928	8,657,400
Accumulated NCI	7,039,500	4,723,501

(ii) Summarised statement of comprehensive income

	Year ended 31 December 2021 RMB'000	2020 RMB'000
Revenue	14,080,089	10,026,147
Profit for the year/period	2,565,569	1,972,734
Other comprehensive income	3,764	931
Total comprehensive income	2,569,333	1,973,665
Profit allocated to NCI	1,287,099	1,023,773
Dividends declared to NCI	(510,076)	(388,687)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

42 Subsidiary with material non-controlling interests (Continued)

(iii) Summarised cash flows

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Cash flows from operating activities	2,644,535	2,620,481
Cash flows used in investing activities	(4,410,380)	(894,130)
Cash flows generated from/(used in) financing activities	1,102,740	(876,106)
Net (decrease)/increase in cash and cash equivalents	(663,105)	850,245

43 Commitments

	2021	2020
Contracted but not provided for		
— Property development activities	21,751,212	23,313,880
— Acquisition of land use rights	3,568,142	8,244,205
— Property, plant and equipment	546,523	829,206
	25,865,877	32,387,291

44 Future minimum rental payments receivable

The Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	2021	2020
Not later than one year	146,096	119,813
Later than one year and not later than five years	334,426	315,876
Over five years	155,828	216,109
	636,350	651,798

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions

(a) Name and relationship with related parties

Name	Relationship
Full Choice Investments Limited	The ultimate holding Company of the Group
Top Coast Investment Limited	The intermediate holding Company of the Group
The Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei, and Mr. Chan Cheuk Nam (the "Founding Shareholders")	The Founding Shareholders are also the directors of the Company
Zhongshan Changjiang Golf Course (note(ii)) 中山長江高爾夫球場	Controlled by the Founding Shareholders
Zhongshan Agile Changjiang Hotel Co., Ltd. (note(ii)) 中山雅居樂長江酒店有限公司	Controlled by the Founding Shareholders
Hainan Agile Hanhai Hotel Management Co., Ltd (note(ii)) 海南雅居樂瀚海酒店管理有限公司	Controlled by the Founding Shareholders
Foshan Changzhong Real Estate Development Co., Ltd. (note(ii)) 佛山市昌重房地產開發有限公司	Associate of the Group
Foshanshi Sanshuiqu Qingmei Real Estate Co.,Ltd. (note(ii)) 佛山市三水區擎美房地產有限公司	Associate of the Group
Foshan Yaxu Real Estate Development Co., Ltd. (note(ii)) 佛山雅旭房地產開發有限公司	Associate of the Group
Fuzhou Shengquan Real Estate Development Co., Ltd. (note(ii)) 福州盛全房地產開發有限公司	Associate of the Group
Xinxingxian Country Garden Real Estate Development Co., Ltd. (note(ii)) 新興縣碧桂園房地產開發有限公司	Associate of the Group
Sichuan Yacan Real Estate Development Co., Ltd. (note(ii)) 四川雅燦房地產開發有限公司	Associate of the Group
Jinzhongshi Jinhong Yubao Real Estate Development Co., Ltd. (note(ii)) 晉中市錦洪裕寶房地產開發有限責任公司	Associate of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Nantong Xinya Real Estate Development Co., Ltd. (note(ii)) 南通新雅房地產開發有限公司	Associate of the Group
Sichuan Yaheng Real Estate Development Co., Ltd. (note(ii)) 四川雅恒房地產開發有限公司	Associate of the Group
Nantongshi Tongzhouqu Dongju Land Co., Ltd. (note(ii)) 南通市通州區東居置業有限公司	Associate of the Group
Handan Yurong Real Estate Development Co., Ltd. (note(ii)) 邯鄲裕榮房地產開發有限公司	Associate of the Group
Wuxi Yahui Real Estate Development Co., Ltd. (note(ii)) 無錫雅輝房地產開發有限公司	Associate of the Group
Huizhou Meiteng Project Management Co., Ltd. (note (ii)) 惠州美騰項目管理有限公司	Associate of the Group
Chengdu Xueling Corporation Management Co., Ltd. (note(iii)) 成都雪瓚企業管理有限公司	Associate of the Group
Kunming Yaxin Real Estate Development Co., Ltd. (note(ii)) 昆明雅欣房地產開發有限公司	Associate of the Group
Guangzhou Yajing Investment Co., Ltd. (note (ii)) 廣州雅景投資有限公司	Associate of the Group
Changzhou Jinya Real Estate Development Co., Ltd (note (ii)) 常州勁雅房地產開發有限公司	Associate of the Group
Zhejiang Ivlong Eco Technology Co., Ltd. (note(ii)) 浙江綠龍生態科技有限公司	Associate of the Group
Guangzhou Yahong Real Estate Development Co., Ltd. (note (ii)) 廣州雅宏房地產開發有限公司	Associate of the Group
Guangzhou Haiya Investments Co., Ltd. (note (ii)) 廣州海雅投資有限公司	Associate of the Group
Guangzhou zhongjian Longyuetai Real Estate Co., LTD (note (i) and note (iii)) 廣州中建瓏悦台置業有限公司	Associate of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Guangzhou Yajing Real Estate Development Co., Ltd (note (ii)) 廣州雅景房地產開發有限公司	Associate of the Group
Hefei Hailun Shanzhu Real Estate Investment Co., Ltd (note (iii)) 合肥海倫善築置業投資有限公司	Associate of the Group
Xuzhou Dexin Xuyun Real Estate Co., Ltd (note (i) and note (iii)) 徐州德信徐運置業有限公司	Associate of the Group
Xuzhou Runyao Real Estate Co., Ltd. (note (i) and note (iii)) 徐州潤耀地產有限公司	Associate of the Group
Xuzhou Weituo Real Estate Development Co., Ltd. (note (i) and note (iii)) 徐州威拓房地產開發有限公司	Associate of the Group
Guangzhou Lihe Real Estate Property Development Co., Ltd. (note(ii)) 廣州利合房地產開發有限公司	Joint venture of the Group
Tianjin Jinnan Xincheng Real Estate Development Co., Limited (note(iii)) 天津津南新城房地產開發有限公司	Joint venture of the Group
Zhongshan Yahong Real Estate Development Co., Ltd. (note(ii)) 中山市雅鴻房地產開發有限公司	Joint venture of the Group
Guangzhou Huadu Yazhan Realty Development Co., Ltd. (note(iii)) 廣州花都雅展房地產開發有限公司	Joint venture of the Group
Changsha Shangcheng Land Co., Ltd. (note(iii)) 長沙上城置業有限公司	Joint venture of the Group
Guangxi Fuya Investments Co., Ltd. (note(ii)) 廣西富雅投資有限公司	Joint venture of the Group
Charm Talent Limited 煌迪有限公司	Joint venture of the Group
Foshan Yazhan Property Development Co., Ltd. (note(iii)) 佛山雅展房地產開發有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Zhongshan Zhili Land Co., Ltd. (note(ii)) 中山市志力置業有限公司	Joint venture of the Group
Zhongshan Minsen Real Estate Development Co., Ltd. (note(ii)) 中山市民森房地產發展有限公司	Joint venture of the Group
Hainan Yahong Travel Property Co., Ltd. (note(iii)) 海南雅宏旅遊置業有限公司	Joint venture of the Group
Zhongshan Yingxuan Real Estate Development Co., Ltd. (note(iii)) 中山市盈軒房地產開發有限公司	Joint venture of the Group
Beijing Zhonggang International Real Estate Development Co., Ltd. (note(ii)) 北京中港國際房地產開發有限公司	Joint venture of the Group
Foshan Zhongjiao Real Estate Development Co., Ltd. (note(ii)) 佛山中交房地產開發有限公司	Joint venture of the Group
Foshan Xiangsong Land Co., Ltd. (note(ii)) 佛山香頌置業有限公司	Joint venture of the Group
Hefei Changzhe Real Estate Development Co., Ltd. (note(ii)) 合肥昌哲房地產開發有限公司	Joint venture of the Group
Jinan Yajun Real Estate Development Co., Ltd. (note(ii)) 濟南雅隼房地產開發有限公司	Joint venture of the Group
Lianyungangshi Ganglong Land Co., Ltd. (note(ii)) 連雲港市港龍置業有限公司	Joint venture of the Group
Jinan Yaheng Real Estate Development Co., Ltd. (note(ii)) 濟南雅恒房地產開發有限公司	Joint venture of the Group
Xuzhou Chuanda Real Estate Development Co., Ltd. (note(ii)) 徐州川達房地產開發有限公司	Joint venture of the Group
Jiangmenshi Meishun Real Estate Development Co., Ltd. (note(ii)) 江門市美順房地產開發有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Zhongshan Haide Real Estate Development Co., Ltd. (note (i) and note (ii)) 中山市海德房地產開發有限公司	Joint venture of the Group
Gongyi Agile Land Co., Ltd. (note (i) and note (ii)) 鞏義雅居樂置業有限公司	Joint venture of the Group
Yangzhou Yahao Business Management Co., Ltd. (note (i) and note (ii)) 揚州雅昊商務管理有限公司	Joint venture of the Group
Hainan Yihai Rongsheng Real Estate Development Co., Ltd. (note (i) and note (ii)) 海南伊海榮盛房地產開發有限公司	Joint venture of the Group
Huizhou Zhongyuan Enterprise Co., Ltd. (note (i) and note (ii)) 惠州市仲元實業有限公司	Joint venture of the Group
Qidong Hilme Trading Co., Ltd. (note (i) and note (ii)) 啟東希爾美貿易有限公司	Joint venture of the Group
Qidong Bolme Trading Co., Ltd. (note (i) and note (ii)) 啟東博爾美貿易有限公司	Joint venture of the Group
Guangdong Xinmeiju Real Estate Development Co., Ltd. (note (i) and note (ii)) 廣東新美居房地產發展有限公司	Joint venture of the Group
Yangzhou Yayue Real Estate Development Co., Ltd. (note (i) and note (ii)) 揚州雅悅房地產開發有限公司	Joint venture of the Group
Tianjin Yayi Real Estate Development Co., Ltd. (note (i) and note (ii)) 天津雅逸房地產開發有限公司	Joint venture of the Group
Shaoxing Xiangya Real Estate Development Co., LTD (note (i) and note (ii)) 紹興祥雅房地產開發有限公司	Joint venture of the Group
Nanjing Bijie Real Estate Development Co., Ltd. (note (i) and note (ii)) 南京碧捷房地產開發有限公司	Joint venture of the Group
Jianyang Hexu Real Estate Development Co., LTD (note (i) and note (ii)) 簡陽合煦房地產開發有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Chongqing Meinan Land Co., Ltd. (note (i) and note (ii)) 重慶美南置業有限公司	Joint venture of the Group
Zhongshan Yachen Corporation Management Co., Ltd. (note (i) and note (iii)) 中山雅辰企業管理有限公司	Joint venture of the Group
Chongqing Beijia Corporation Co., Ltd. (note (i) and note (ii)) 重慶碯家企業管理有限公司	Joint venture of the Group
Hangzhou Dongliang Enterprise Management Co., LTD (note (i) and note (iii)) 杭州東良企業管理有限公司	Joint venture of the Group
Kaifeng Guokong Songdu Land Co., Ltd. (note(ii)) 開封國控宋都置業有限公司	Joint venture of the Group
Jiaxing Xingya Real Estate Development Co., Ltd. (note(ii)) 嘉興興雅房地產開發有限公司	Joint venture of the Group
Xuzhou Yafeng Real Estate Development Co., Ltd. (note(ii)) 徐州雅豐房地產開發有限公司	Joint venture of the Group
Xingyang Agile City Construction Co., Ltd. (note(ii)) 滎陽雅居樂城市建設有限公司	Joint venture of the Group
Xingyang Agile Enterprise Co., Ltd. (note(ii)) 滎陽市雅居樂實業有限公司	Joint venture of the Group
Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd. (note(ii)) 梅州中南昱晟房地產開發有限公司	Joint venture of the Group
Jiangxi Jianda Investment Co., Ltd. (note(ii)) 江西建大投資有限公司	Joint venture of the Group
Fujian Chuxin Eco Technology Co., Ltd. (note(ii)) 福建省儲鑫環保科技有限公司	Joint venture of the Group
Jinzhong Xiya Real Estate Development Co., Ltd. (note(ii)) 晉中熙雅房地產開發有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Jinan Junsheng Real Estate Development Co., Ltd. (note(ii)) 濟南隼盛房地產開發有限公司	Joint venture of the Group
Wuhu Yaxu Real Estate Development Co., Ltd. (note(ii)) 蕪湖雅旭房地產開發有限公司	Joint venture of the Group
Chenzhou Agile Real Estate Development Co., Ltd. (note(ii)) 郴州雅居樂房地產開發有限公司	Joint venture of the Group
Chongqing Jinbi Agile Real Estate Development Co., Ltd. (note(iii)) 重慶金碧雅居房地產開發有限公司	Joint venture of the Group
Kaifeng Fenghui Land Co., Ltd. (note (ii)) 開封豐輝置業有限公司	Joint venture of the Group
Shenyang Agile Enterprise Management Consultation Co., Ltd. (note (ii)) 沈陽雅居樂企業管理諮詢有限公司	Joint venture of the Group
Shenyang Yasong Real Estate Development Co., Ltd. (note (ii)) 沈陽雅頌房地產開發有限公司	Joint venture of the Group
Huizhou Huiyang Agile Real Estate Development Co., Ltd. (note (ii)) 惠州市惠陽雅居樂房地產開發有限公司	Joint venture of the Group
Tianjin Ruiya Real Estate Development co., Ltd. (note(iii)) 天津瑞雅房地產開發有限公司	Joint venture of the Group
Chongqing Huayu Yefeng Enterprise Development Co., Ltd. (note (ii)) 重慶華宇業豐實業有限公司	Joint venture of the Group
Guangzhou Hongsheng Hengju Investment Partnership Enterprises (Limited Partnership) (note (ii)) 廣州鴻晟恒鉅投資合夥企業(有限合夥)	Joint venture of the Group
Xingyang Yaheng Land Co., Ltd. (note (ii)) 滎陽市雅恒置業有限公司	Joint venture of the Group
Huizhou Yajian Real Estate Development Co., Ltd. (note (ii)) 惠州市雅建房地產開發有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Henry Fischer Real Estate Co., Limited. (note (ii)) 亨利世家置業有限公司	Joint venture of the Group
Meixian Jinhaimao Real Estate Development Co., Ltd (note (ii)) 眉縣金海茂房地產開發有限公司	Joint venture of the Group
Huizhou Egret Lake Tourist Tour Industry Opening Co., Ltd (note (ii)) 惠州白鷺湖旅遊實業開發有限公司	Joint venture of the Group
Xuzhou Jialefang Land Development Co., Ltd (note (ii)) 徐州佳樂房地產開發有限公司	Joint venture of the Group
Haimen Xinya Real Estate Development Co., Ltd (note (ii)) 海門市信雅房地產開發有限公司	Joint venture of the Group
Weihai Yalan Investment and Development Co., Ltd (note (ii)) 威海雅藍投資開發有限公司	Joint venture of the Group
Wuxi Yayuan Real Estate Development Co., Ltd (note (ii)) 無錫雅遠房地產開發有限公司	Joint venture of the Group
Nanjing Yinyan Real Estate Development Co., Ltd (note (ii)) 南京銀雁房地產開發有限公司	Joint venture of the Group
Xi'an Agile Industrial Development Co., Ltd (note (ii)) 西安雅居樂實業發展有限公司	Joint venture of the Group
Guangzhou Baiquan Construction Engineering Co., Ltd (note (ii)) 廣州佰全建築工程有限公司	Joint venture of the Group
Shanwei Agile Real Estate Development Co., Ltd (note (i) and note (ii)) 汕尾市雅居樂房地產開發有限公司	Joint venture of the Group
Zhuhai Yahan Real Estate Development Co., Ltd (note (ii)) 珠海市雅瀚房地產開發有限公司	Joint venture of the Group
Zhongshan Yachen Real Estate Development and Operation Co., Ltd (note (ii)) 中山市雅琛房地產開發經營有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Guangxi Yashun Real Estate Development Co., Ltd (note (iii)) 廣西雅順房地產開發有限公司	Joint venture of the Group
Guangxi Yakai Real Estate Development Co., Ltd (note (ii)) 廣西雅凱房地產開發有限公司	Joint venture of the Group
Beihai Yagang Real Estate Development Co., Ltd (note (ii)) 北海雅港房地產開發有限公司	Joint venture of the Group
Tongxiang Anyue Real Estate Co., Ltd (note (iii)) 桐鄉市安悅置業有限公司	Joint venture of the Group
Beihai Yaguang Real Estate Development Co., Ltd (note (iii)) 北海雅廣房地產開發有限公司	Joint venture of the Group
Guangzhou Zhenmei Architectural Design Co., Ltd (note (iii)) 廣州臻美建築設計有限公司	Joint venture of the Group
Henan Yafu Real Estate Co., Ltd (note (iii)) 河南雅福置業有限公司	Joint venture of the Group
Prism Ray Investment Limited (note (i))	Joint venture of the Group
Beihai Yazheng Real Estate Development Co., Ltd (note (ii)) 北海雅正房地產開發有限公司	Joint venture of the Group
Guangzhou Quanhui Enterprise Service Co., Ltd (note (iii)) 廣州全慧企業服務有限公司	Joint venture of the Group
Zhuhai Yahao Real Estate Development Co., Ltd (note (iii)) 珠海市雅灝房地產開發有限公司	Joint venture of the Group
Huizhou Yachuang Real Estate Development Co., Ltd (note (ii)) 惠州市雅創房地產開發有限公司	Joint venture of the Group
Qidong Yahong Real Estate Development Co., Ltd (note (i) and note (ii)) 啟東市雅宏房地產開發有限公司	Joint venture of the Group
Wuxi Yaxiang Real Estate Development Co., Ltd (note (iii)) 無錫雅祥房地產開發有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Shijiazhuang Qingda Real Estate Development Co., Ltd (note (ii)) 石家莊青達房地產開發有限公司	Joint venture of the Group
Foshan Zhaoyu Real Estate Development Co., Ltd (note (i) and note (ii)) 佛山市兆裕房地產開發有限公司	Joint venture of the Group
Chongqing Beitianqin Enterprise Management Consulting Co., Ltd (note (i) and note (iii)) 重慶北天秦企業管理諮詢有限公司	Joint venture of the Group
Henan Yajing Real Estate Co., Ltd (note (i) and note (ii)) 河南雅景置業有限公司	Joint venture of the Group
Changzhou Jiahong Nancheng Real Estate Development Co., Ltd (note (ii)) 常州嘉宏南城置業發展有限公司	Joint venture of the Group
Tianjin Hean Investment Co., Ltd (note (iii)) 天津和安投資有限公司	Joint venture of the Group
Heyuan Jiangya Real Estate Development Co., Ltd (note (i) and note (ii)) 河源市江雅房地產開發有限公司	Joint venture of the Group
Changzhou Jiamao Real Estate Development Co., Ltd (note (i) and note (iii)) 常州嘉茂置業發展有限公司	Joint venture of the Group
Changzhou Jiahong Zhichen Real Estate Development Co., Ltd (note (i) and note (iii)) 常州嘉宏致辰置業發展有限公司	Joint venture of the Group
Xiamen Yazhan Real Estate Development Co., Ltd (note (ii)) 廈門雅展房地產開發有限公司	Joint venture of the Group
Shaoxing Xiangsheng Hongxing Real Estate Development Co., Ltd (note (i) and note (iii)) 紹興祥生弘興房地產開發有限公司	Joint venture of the Group
Wuxi Xinshi Yajia Real Estate Development Co., Ltd (note (i) and note (ii)) 無錫新石雅嘉置業發展有限公司	Joint venture of the Group

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Yiwu Haichuang Real Estate Development Co., Ltd (note (i) and note (ii)) 義烏海創房地產開發有限公司	Joint venture of the Group
Gongqing-Aliving Investment Management Partnership (note (ii)) 共青城雅生活投資管理合夥企業(有限合夥)	Controlled by a key management personnel of the Group
Gongqing-Yagao Investment Management Partnership (note (ii)) 共青城雅高投資管理有限公司	Controlled by a key management personnel of the Group
Atlas (China) Co., Ltd. ("Atlas (China)") (note (ii)) 寰圖(中國)有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Beijing) Business Development Co., Ltd (note (ii)) 寰圖(北京)商務發展有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Shanghai) Business Services Co., Ltd (note (ii)) 寰圖(上海)商務服務有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Guangzhou) Business Development Co., Ltd (note (ii)) 寰圖(廣州)商務發展有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Xi'an) Business Services Co., Ltd (note (ii)) 寰圖(西安)商務服務有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Guangzhou) Business Services Co., Ltd (note(i) and note (ii)) 寰圖(廣州)商業服務有限公司	Significantly influenced by the close family member of the Founding Shareholders
Huanhui (Tianjin) Business Management Second Branch Co., Ltd (note (i) and note (ii)) 寰匯商業管理(天津)有限公司廣州第二分公司	Significantly influenced by the close family member of the Founding Shareholders

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Atlas (Shenzhen) Business Development Co., LTD (note (i) and note (ii)) 寰圖(深圳)商務發展有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Guangzhou) Business Development First Branch Co., Ltd (note (i) and note (ii)) 寰圖(廣州)商務發展發有限公司第一分公司	Significantly influenced by the close family member of the Founding Shareholders
Zhongshan Boting Business Management Co., Ltd. (note (i) and note (ii)) 中山市柏霆商業管理有限公司	Significantly influenced by the close family member of the Founding Shareholders
Poseidon Management Company Limited (note (i))	Significantly influenced by the close family member of the Founding Shareholders
陳思楊 (Mr. Chen Si Yang)	The close family member of the Founding Shareholders

Note:

- (i) The additional companies represent the new investment in associates and joint ventures of the Group during the period.
- (ii) The names of the companies represent management's best efforts at translating the Chinese names of these companies, as no English names have been registered or available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(b) Transactions with related parties

- (i) During the years ended 31 December 2021 and 2020, the Group had the following transactions with related parties, which were carried out in the normal course of the Group's business:

	2021	2020
Office service fee charged by Atlas (China) (note(a))	324,469	469,419
Golf facilities service fee charged by Zhongshan Changjiang Golf Course (note(a))	12,714	14,033
Restaurant and hotel service fees charged by Zhongshan Agile Changjiang Hotel Co., Ltd. (note(a))	1,929	3,925
	339,112	487,377
	2021	2020
Rental income from Atlas (China) (note (a))	104,474	74,462
	2021	2020
Loans made to related parties		
— Associates	673,522	1,359,267
— Joint ventures	1,362,431	1,445,632
	2,035,953	2,804,899
	2021	2020
Repayment of loans by related parties		
— Associates	216,967	448,195
— Joint ventures	658,018	643,762
	874,985	1,091,957
	2021	2020
Interest income from (note(b))		
— Associates	223,931	184,322
— Joint ventures	138,013	257,939
	361,944	442,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(b) Transactions with related parties (Continued)

- (i) During the years ended 31 December 2021 and 2020, the Group had the following transactions with related parties, which were carried out in the normal course of the Group's business: (Continued)

	2021	2020
Provision of construction services to		
— Associates	122,435	93,179
— Joint ventures	2,187,480	1,878,710
	2,309,915	1,971,889

Key management compensation

Key management includes executive directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	2021	2020
— Salaries and other short-term employee benefits	31,239	41,592
— Retirement scheme contributions	161	147
	31,400	41,739

Notes:

- (a) Office service fee, golf facilities services fee, restaurant and hotel services fee and rental fees were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the respective related parties and the Group.
- (b) Interest income were charged in accordance with the terms of the loan contracts signed between the respective related parties and the Group.
- (ii) The Group have provided guarantees for borrowings of certain joint ventures and associates of RMB10,461,011,000 as at 31 December 2021 (31 December 2020: RMB6,220,012,000) (note 41).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

45 Related party transactions (Continued)

(c) Balances with related parties

As at 31 December 2021 and 2020, the Group had the following significant trade and non-trade balances with related parties:

	2021	2020
Trade receivables due from (note(i))		
— Joint ventures	2,278,591	1,518,844
— Associates	54,880	36,620
	2,333,471	1,555,464
Other receivables due from (note(i))		
— Joint ventures	18,584,260	14,666,332
— Associates	1,146,336	619,764
— Other related parties	274,951	493,892
	20,005,547	15,779,988
Loan and interest receivables due from (note(ii))		
— Associates	2,921,548	2,578,279
— Joint ventures	2,151,897	2,811,982
	5,073,445	5,390,261
Payables due to (note(i))		
— Associates	2,142,727	1,828,029
— Joint ventures	10,831,054	10,984,608
— Other related parties	2,170,061	102,179
	15,143,842	12,914,816
Contract liabilities		
— Associates	849	10,648
— Joint ventures	74,188	304,284
— Other related parties	—	10
	75,037	314,942

Notes:

- (i) The balances are cash advances and trade receivables in nature, which are unsecured and interest free.
- (ii) The balances are loan receivables and interest from associates and joint ventures, which are unsecured and interest bearing. The effective interest rate ranges from 4.35% to 15% per annum.

46 Ultimate holding company

The directors of the Company consider Full Choice Investments Limited, a company incorporated in Hong Kong, to be the ultimate holding company of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries

(a) Particulars of principal subsidiaries of the Group at 31 December 2021 are set out below:

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Directly held by the Company						
Eastern Supreme Group Holdings Limited	British Virgin Islands (the "BVI")/ limited liability Company	USD\$50,000	Investment holding/ Hong Kong	100%	100%	–
Indirectly held by the Company						
雅生活智慧城市服務股份有限公司 A-Living Smart City Services Co., Ltd. (note(i))	PRC/foreign invested enterprise	RMB1,333,334,000	Property management/ Mainland China	–	54.31%	45.69%
雅居樂地產置業有限公司 Agile Property Land Co., Ltd.	PRC/wholly foreign owned enterprise	RMB50,000,000	Management consultant/ Mainland China	–	100%	–
中山雅居樂雍景園房地產有限公司 Zhongshan Agile Majestic Garden Real Estate Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	HK\$1,428,571,429	Property development/ Mainland China	–	100%	–
廣州番禺雅居樂房地產開發有限公司 Guangzhou Panyu Agile Realty Development Co., Ltd. (note(ii) and note(iii))	PRC/wholly foreign owned enterprise	RMB500,000,000	Property development/ Mainland China	–	100%	–
廣州花都雅居樂房地產開發有限公司 Guangzhou Huadu Agile Realty Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	RMB455,000,000	Property development/ Mainland China	–	100%	–
佛山市南海區雅居樂房地產有限公司 Foshan Nanhai Agile Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	RMB300,000,000	Property development/ Mainland China	–	100%	–
中山市凱茵豪園房地產開發有限公司 Zhongshan Greenville Realty Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	RMB208,163,265	Property development/ Mainland China	–	100%	–
中山市雅建房地產發展有限公司 Zhongshan Ever Creator Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	RMB251,020,408	Property development/ Mainland China	–	100%	–
廣州雅居樂實業投資有限公司 (前稱廣州雅居樂房地產開發有限公司) Guangzhou Agile Industrial Investment Co., Ltd. (formerly named: Guangzhou Agile Real Estate Development Co., Ltd.) (note(iii))	PRC/wholly foreign owned enterprise	US\$21,690,000	Property development/ Mainland China	–	100%	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2021 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non- controlling interests (%)
佛山市雅居樂房地產有限公司 Foshan Agile Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	US\$117,500,000	Property development/ Mainland China	–	100%	–
南京雅居樂房地產開發有限公司 Nanjing Agile Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	US\$118,900,000	Property development/ Mainland China	–	100%	–
河源市雅居樂房地產開發有限公司 Heyuan Agile Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	HK\$270,000,000	Property development/ Mainland China	–	100%	–
海南清水灣控股有限公司 Hainan Clearwater Bay Holdings Limited	BVI/Limited liability company	US\$69	Investment holding/ BVI	–	100%	–
海南雅居樂房地產開發有限公司 Hainan Agile Real Estate Development Co., Ltd. ("Hainan Agile") (note(iii))	PRC/foreign invested enterprise	HK\$3,187,540,000	Property development/ Mainland China	–	100%	–
海南雅恒房地產發展有限公司 Hainan Yaheng Real Estate Development Co., Ltd. ("Hainan Yaheng") (note(iii))	PRC/foreign invested enterprise	HK\$1,770,000,000	Property development/ Mainland China	–	100%	–
廣州從化雅居樂房地產開發有限公司 Guangzhou Conghua Agile Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	HK\$570,000,000	Property development/ Mainland China	–	100%	–
四川雅居樂房地產開發有限公司 Sichuan Agile Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	HK\$780,000,000	Property development/ Mainland China	–	100%	–
佛山市三水雅居樂房地產有限公司 Foshan Sanshui Agile Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	HK\$200,000,000	Property development/ Mainland China	–	100%	–
陝西昊瑞房地產開發有限責任公司 Shanxi Haorui Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB210,000,000	Property development/ Mainland China	–	100%	–
上海靜安城投重慶置業有限公司 Shanghai Jing'an Chengtou Chongqing Land Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	HK\$300,000,000	Property development/ Mainland China	–	100%	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2021 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
雅恒數字(上海)商業管理有限公司 (前稱上海雅恒房地產開發有限公司) Yaheng Digital (Shanghai) Business Management Co., Ltd. (formerly named Shanghai Yaheng Real Estate Development Co., Ltd.) (note(ii) and note(iii))	PRC/wholly foreign owned enterprise	RMB810,000,000	Property development/ Mainland China	–	100%	–
廣州雅居樂酒店有限公司 Guangzhou Agile Hotel Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	HK\$7,000,000	Hotel operation/ Mainland China	–	100%	–
佛山市雅居樂酒店有限公司 Foshan Agile Hotel Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	HK\$10,000,000	Hotel operation/ Mainland China	–	100%	–
廣州雅恒房地產開發有限公司 Guangzhou Yaheng Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	US\$203,877,551	Property development/ Mainland China	–	100%	–
中山市雅信房地產開發有限公司 Zhongshan Yaxin Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB220,000,000	Property development/ Mainland China	–	100%	–
中山市雅創房地產開發有限公司 Zhongshan Yachuang Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB350,000,000	Property development/ Mainland China	–	100%	–
廣州雅生房地產開發有限公司 Guangzhou Yasheng Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB100,000,000	Property development/ Mainland China	–	100%	–
中山市雅景房地產開發有限公司 Zhongshan Yajing Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB310,000,000	Property development/ Mainland China	–	100%	–
廣州雅粵房地產開發有限公司 Guangzhou Yayue Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	HK\$1,000,000,000	Property development/ Mainland China	–	100%	–
廣州雅騰房地產開發有限公司 Guangzhou Yateng Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	HK\$100,000,000	Property development/ Mainland China	–	100%	–
佛山市三水雅居樂雅苑景園房地產有限公司 Foshan Sanshui Agile Majestic Garden Real Estate Co., Ltd. (note(iii))	PRC/limited liability Company	RMB300,000,000	Property development/ Mainland China	–	100%	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2021 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
廣東西樵商貿廣場有限公司 Guangdong Xiqiao Commerce Plaza Co., Ltd. (note(iii))	PRC/limited liability Company	RMB30,000,000	Property development/ Mainland China	–	100%	–
南京江寧雅居樂房地產開發有限公司 Nanjing Jiangning Agile Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	US\$119,800,000	Property development/ Mainland China	–	100%	–
遼寧雅居樂房地產開發有限公司 Liaoning Agile Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	US\$59,990,000	Property development/ Mainland China	–	100%	–
西安雅居樂物業投資管理有限公司 Xi'an Agile Property Investment Management Co., Ltd. (note(iii))	PRC/limited liability Company	RMB650,000,000	Property development/ Mainland China	–	100%	–
佛山市順德區雅居樂房地產有限公司 Foshan Shunde Agile Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB450,000,000	Property development/ Mainland China	–	100%	–
南京雅建置業有限公司 Nanjing Yajian Land Co., Ltd. (note(iii))	PRC/limited liability Company	RMB450,000,000	Property development/ Mainland China	–	100%	–
常州雅居樂房地產開發有限公司 Changzhou Agile Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	US\$418,367,347	Property development/ Mainland China	–	100%	–
騰沖雅居樂旅遊置業有限公司 Tengchong Agile Resort Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	RMB550,000,000	Property development/ Mainland China	–	100%	–
海南雅航旅遊置業有限公司 Hainan Yahang Travel Property Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	RMB1,122,450,000	Property development/ Mainland China	–	100%	–
西雙版納雅居樂旅遊置業有限公司 Xishuangbanna Agile Resort Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	RMB500,000,000	Property development/ Mainland China	–	100%	–
瑞麗雅居樂旅遊置業有限公司 Ruili Agile Resort Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	RMB304,000,000	Property development/ Mainland China	–	100%	–
西安曲江雅居樂房地產開發有限公司 Xi'an Qujiang Agile Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB664,000,000	Property development/ Mainland China	–	70%	30%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2021 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
佛山市順德區雅新房地產開發有限公司 Foshan Shunde Yaxin Real Estate Development Co., Ltd. (note(iiii))	PRC/limited liability Company	RMB450,000,000	Property development/ Mainland China	–	100%	–
揚州雅居樂房地產開發有限公司 Yangzhou Agile Real Estate Development Co., Ltd. (note(iiii))	PRC/foreign invested enterprise	HK\$1,130,000,000	Property development/ Mainland China	–	100%	–
來安雅居樂房地產開發有限公司 Lai'an Agile Real Estate Development Co., Ltd. (note(iiii))	PRC/limited liability Company	RMB50,000,000	Property development/ Mainland China	–	100%	–
無錫雅居樂房地產開發有限公司 Wuxi Agile Real Estate Development Co., Ltd. (note(iiii))	PRC/limited liability Company	RMB400,000,000	Property development/ Mainland China	–	100%	–
上海松江雅居樂房地產開發有限公司 Shanghai SongJiang Agile Real Estate Development Co., Ltd. (note(iiii))	PRC/wholly foreign owned enterprise	RMB903,000,000	Property development/ Mainland China	–	100%	–
昆山市富恒房地產開發有限公司 Kunshan Fuheng Real Estate Development Co., Ltd. (note(iiii))	PRC/limited liability Company	RMB130,000,000	Property development/ Mainland China	–	100%	–
中山市雅尚房地產開發有限公司 Zhongshan Yashang Real Estate Development Co., Ltd. (note(iiii))	PRC/limited liability Company	RMB300,000,000	Property development/ Mainland China	–	100%	–
杭州余杭雅居樂房地產開發有限公司 Hangzhou Yuhang Agile Real Estate Development Co., Ltd. (note(iiii))	PRC/limited liability Company	RMB30,000,000	Property development/ Mainland China	–	100%	–
南京濱江雅居樂房地產開發有限公司 Nanjing Binjiang Agile Real Estate Development Co., Ltd. (note(iiii))	PRC/limited liability Company	RMB2,080,722,000	Property development/ Mainland China	–	100%	–
鄭州雅居樂房地產開發有限公司 Zhengzhou Agile Real Estate Development Co., Ltd. (note(iiii))	PRC/limited liability Company	RMB100,000,000	Property development/ Mainland China	–	60%	40%
佛山市南海區雅恒房地產開發有限公司 Foshan Nanhai Yaheng Real Estate Development Co., Ltd. (note(iiii))	PRC/limited liability Company	RMB200,000,000	Property development/ Mainland China	–	100%	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2021 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non- controlling interests (%)
武漢長凱物業發展有限公司 Wuhan Changkai Property Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB621,148,000	Property development/ Mainland China	–	100%	–
中山市雅盈房地產開發有限公司 Zhongshan Yaying Real Estate Development Company Limited (note(iii))	PRC/limited liability Company	RMB1,000,000	Property development/ Mainland China	–	100%	–
北京雅晟房地產開發有限公司 Beijing Yasheng Real Estate Development Co., Ltd. (note(iii))	PRC/wholly foreign owned enterprise	RMB1,000,000,000	Property development/ Mainland China	–	100%	–
中山市世光創建置業有限公司 Zhongshan Shiguang Chuangjian Zhiye Company Limited (note(iii))	PRC/limited liability Company	RMB100,000,000	Property development/ Mainland China	–	100%	–
重慶雅恒房地產開發有限公司 Chongqing Yaheng Real Estate Development Co. Ltd (note(iii))	PRC/limited liability Company	RMB600,000,000	Property development/ Mainland China	–	100%	–
重慶雅錦房地產開發有限公司 Chongqing Yajin Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB100,000,000	Property development/ Mainland China	–	100%	–
成都雅頌房地產開發有限公司 Chengdu Yasong Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB824,577,000	Property development/ Mainland China	–	100%	–
蘇州雅居樂置業有限公司 Suzhou Agile Land Co., Ltd. (note(iii))	PRC/limited liability Company	RMB32,000,000	Property development/ Mainland China	–	100%	–
廣州雅悅房地產開發有限公司 Guangzhou Yayue Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB200,000,000	Property development/ Mainland China	–	100%	–
漢中龍騰雅居房地產開發有限公司 Hanzhong Longteng Yayu Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB50,000,000	Property development/ Mainland China	–	100%	–
河南雅同置業有限公司 Henan Yatong Land Co., Ltd. (note(iii))	PRC/limited liability Company	RMB209,402,000	Property development/ Mainland China	–	100%	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2021 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non- controlling interests (%)
海南雅海旅遊發展有限公司 Hainan Yahai Travel Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB646,073,000	Property development/ Mainland China	–	100%	–
山西雅居晉明房地產開發有限公司 Shanxi Yaju Jinming Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB55,555,556	Property development/ Mainland China	–	71.25%	28.75%
海南雅誠房地產開發有限公司 Hainan Yacheng Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	HK\$40,820,000	Property development/ Mainland China	–	100%	–
昆明雅龍房地產開發有限公司 Kunming Yalong Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB400,000,000	Property development/ Mainland China	–	50%	50%
合肥雅坤房地產開發有限公司 Hefei Yakun Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB125,000,000	Property development/ Mainland China	–	100%	–
佛山雅建房地產開發有限公司 Foshan Yajian Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB10,055,451	Property development/ Mainland China	–	100%	–
南京雅寧房地產開發有限公司 Nanjing Yaning Real Estate Development Co., Ltd. (note(iii))	PRC/limited liability Company	RMB50,291,692	Property development/ Mainland China	–	100%	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

47 Subsidiaries (Continued)

- (a) Particulars of principal subsidiaries of the Group at 31 December 2021 are set out below: (Continued)

Structured entity	Principal activities
The Company's Employee Share Trust	Purchases, administers and holds the Company's shares in respect of the Share Award Scheme set up for the benefit of eligible employees

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

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

Note:

- (i) A-Living Smart City Services Co., Ltd. is a listed company in Hong Kong Main Board. As at 31 December 2021, the Group held an amount of 35,000,000 listed shares pledged as collateral for the Group's issuance of exchangeable bonds.
- (ii) As at 31 December 2021, Guangzhou Panyu Agile Realty Development Co., Ltd issued PRC corporate bonds and asset-backed securities, and Yaheng Digital (Shanghai) Business Management Co., Ltd. issued commercial mortgage backed securities (note 25). Other subsidiaries of the Company listed above have not issued any debt securities.
- (iii) The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

48 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	2021	2020
Assets		
Non-current assets		
Investments in subsidiaries	448,520	448,520
Total non-current assets	448,520	448,520
Current assets		
Amounts due from subsidiaries	66,821,634	72,416,026
Other receivables and prepayments	156,906	155,492
Cash and cash equivalents	324,084	888,592
Financial assets at fair value through profit or loss	1,607	–
Total current assets	67,304,231	73,460,110
Total assets	67,752,751	73,908,630
Equity		
Equity attributable to shareholders of the Company		
Share capital and premium	3,421,883	3,421,883
Shares held for Share Award Scheme	(156,588)	(156,588)
Retained earnings (note(a))	1,863,340	2,064,961
	5,128,635	5,330,256
Perpetual Capital Securities	13,015,124	13,637,493
Total equity	18,143,759	18,967,749
Liabilities		
Non-current liabilities		
Borrowings	19,371,394	21,584,569
Financial liabilities at fair value through profit or loss	363,722	26,002
Total non-current liabilities	19,735,116	21,610,571
Current liabilities		
Borrowings	16,573,154	20,489,290
Amounts due to subsidiaries	12,917,523	11,355,462
Other payables and accruals	383,199	500,677
Financial liabilities at fair value through profit or loss	–	984,881
Total current liabilities	29,873,876	33,330,310
Total liabilities	49,608,992	54,940,881
Total equity and liabilities	67,752,751	73,908,630

The balance sheet of the Company was approved by the Board of Directors on 10 May 2022 and was signed on its behalf by:

Chen Zhuo Lin

Chan Cheuk Hung

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

48 Balance sheet and reserve movement of the Company (Continued)

Balance sheet of the Company (Continued)

Note (a): Reserve movement of the Company

	Retained earnings
At 1 January 2020	1,481,250
Profit for the year	3,744,078
Dividends declared relating to 2020	(3,160,367)
At 31 December 2020	2,064,961
At 1 January 2021	2,064,961
Profit for the year	3,390,371
Dividends declared relating to 2021	(3,591,992)
At 31 December 2021	1,863,340

49 Events after the balance sheet date

- (a) On 10 January 2022, the Company announced that certain agreements entered into by independent third parties for the sale of 14 non-core properties during the period from 1 July to 31 December 2021, including five hotels and relevant land use rights, two shopping malls, three sales offices, three residential commercial facilities and one apartment, at a total consideration of approximately RMB2,800,000,000, a sum of which approximately RMB1,149,000,000 as deposits has been received in 2021. Pursuant to the terms and conditions of the relevant contracts, the Group is expected to have cash collection of approximately RMB1,651,000,000 in 2022. The Group intends to use the net proceeds from the sale of properties as general working capital of the Group, which was recorded in contract liability in the consolidated balance sheet. Up to the report date, the transactions have not been completed.
- (b) Pursuant to several agreements entered into by an independent third party purchaser (the "Purchaser"), and relevant subsidiaries of the Company in November 2021, January and March 2022, it was agreed that the Purchaser would purchase the specified equity interests of relevant environmental protection projects, at an aggregate consideration of RMB1,791,250,000, of which RMB446,660,000 from the assignment of the shareholders' loan. As earnest monies for their respective acquisition of equity interests, the Purchaser has paid a total of RMB1,003,000,000 to the Group that was treated as advanced payment for disposal of equity interests in December 2021, which was recorded in trade and other payables in the consolidated balance sheet. Up to the report date, the transactions have been completed.
- (c) Respectively on 13 and 18 January 2022, 28 February 2022 and 2 March 2022, the Company redeemed all the outstanding 2019 Senior Notes at a total redemption price of US\$500,000,000 (equivalent to approximately RMB3,167,550,000).
- (d) On 21 and 28 January 2022, pursuant to the agreements entered into between an independent third party and the relevant subsidiaries of the Company, it was agreed that the disposal of the equity interests of two joint venture and two associates of the Group will be made at a total consideration of RMB2,843,869,000, of which approximately RMB749,712,000 was from the assignment of the shareholders' loan. Up to the report date, the transactions have been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

50 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

For the year ended 31 December 2021:

	Fees	Salary	Bonus	Housing allowance and contribution to a retirement benefit scheme	Total
Mr. Chen Zhuo Lin	4,624	—	—	15	4,639
Mr. Chan Cheuk Hung	3,298	—	—	15	3,313
Mr. Huang Fengchao	428	5,223	—	140	5,791
Mr. Chen Zhongqi*	428	4,253	—	86	4,767
Mr. Chan Cheuk Yin	428	—	—	—	428
Madam. Luk Sin Fong, Fion	428	—	—	—	428
Mr. Chan Cheuk Hei	428	—	—	—	428
Mr. Chan Cheuk Nam	428	—	—	—	428
Dr. Cheng Hon Kwan (note(ii))	428	—	—	—	428
Mr. Kwong Che Keung, Gordon (note(i))	428	—	—	—	428
Mr. Hui Chiu Chung, Stephen (note(i))	428	—	—	—	428
Mr. Wong Shiu Hoi, Peter (note(ii))	428	—	—	—	428
	12,202	9,476	—	256	21,934

* Mr. Chen Zhongqi resigned on 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

50 Benefits and interests of directors (Continued)

(a) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2020:

	Fees	Salary	Bonus	Housing allowance and contribution to a retirement benefit scheme	Total
Mr. Chen Zhuo Lin	4,642	–	–	16	4,658
Mr. Chan Cheuk Hung	3,311	–	–	16	3,327
Mr. Huang Fengchao	433	4,200	3,430	211	8,274
Mr. Chen Zhongqi	433	4,200	3,224	70	7,927
Mr. Chan Cheuk Yin	433	–	–	–	433
Madam. Luk Sin Fong, Fion	433	–	–	–	433
Mr. Chan Cheuk Hei	433	–	–	–	433
Mr. Chan Cheuk Nam	433	–	–	–	433
Dr. Cheng Hon Kwan (note(ii))	433	–	–	–	433
Mr. Kwong Che Keung, Gordon (note(ii))	433	–	–	–	433
Mr. Hui Chiu Chung, Stephen (note(ii))	433	–	–	–	433
Mr. Wong Shiu Hoi, Peter (note(ii))	433	–	–	–	433
	12,283	8,400	6,654	313	27,650

Note (i): Independent non-executive directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

50 Benefits and interests of directors (Continued)

(b) Directors' retirement benefits

During the year ended 31 December 2021, there were no additional retirement benefit received by the directors except for the attribution to a retirement benefit scheme as disclosed in note(a) above (2020: same).

(c) Directors' termination benefits

During the year ended 31 December 2021, there was no termination benefits received by the directors (2020: same).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2021, no consideration was paid for making available the services of the directors of the Company (2020: same).

(e) Information about loans, quasi-loans and other dealings in favour of directors

During the year ended 31 December 2021, there was no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors.

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

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

FIVE-YEAR FINANCIAL SUMMARY

Consolidated Assets, Equity and Liabilities

	31 December 2021 RMB'000	31 December 2020 RMB'000	31 December 2019 RMB'000	31 December 2018 RMB'000	31 December 2017 RMB'000
ASSETS					
Non-current assets	98,698,937	93,269,661	82,467,376	63,537,676	50,713,988
Current assets	217,860,802	220,495,397	190,764,449	166,908,111	112,643,678
Total assets	316,559,739	313,765,058	273,231,825	230,445,787	163,357,666
EQUITY AND LIABILITIES					
Total equity	89,431,277	76,969,722	65,336,476	54,980,933	44,176,230
Non-current liabilities	63,683,953	68,184,764	60,227,794	55,086,714	35,708,002
Current liabilities	163,444,509	168,610,572	147,667,555	120,378,140	83,473,434
Total liabilities	227,128,462	236,795,336	207,895,349	175,464,854	119,181,436
Total equity and liabilities	316,559,739	313,765,058	273,231,825	230,445,787	163,357,666

FIVE-YEAR FINANCIAL SUMMARY (CONTINUED)

Consolidated Income Statements

	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Operation					
Revenue	73,027,763	80,245,252	60,239,097	56,144,926	51,607,059
Cost of sales	(54,006,694)	(56,142,868)	(41,881,111)	(31,471,009)	(30,919,581)
Gross profit	19,021,069	24,102,384	18,357,986	24,673,917	20,687,478
Selling and marketing costs	(3,102,342)	(2,384,710)	(2,026,178)	(2,318,044)	(2,258,938)
Administrative expenses	(4,004,139)	(5,234,723)	(3,998,883)	(2,909,554)	(2,045,528)
Net impairment (losses)/ reversal on financial and contract assets	(500,245)	(566,679)	(149,574)	(97,250)	1,234
Other gains, net	4,840,377	3,740,426	4,802,164	1,986,253	40,049
Other income	1,541,700	1,669,854	1,282,537	1,040,034	570,485
Other expenses	(279,393)	(400,044)	(228,300)	(257,002)	(396,633)
Operating profit	17,517,027	20,926,508	18,039,752	22,118,354	16,598,147
Finance cost, net	(1,414,437)	(1,040,210)	(2,529,824)	(2,744,353)	(898,674)
Share of post-tax profits of investments accounted for using the equity method	794,239	1,585,630	1,086,246	27,098	169,341
Profit before income tax	16,896,829	21,471,928	16,596,174	19,401,099	15,868,814
Income tax expenses	(7,798,792)	(9,223,051)	(7,362,928)	(11,043,282)	(9,088,536)
Profit for the year	9,098,037	12,248,877	9,233,246	8,357,817	6,780,278
Profit attributable to:					
Shareholders of the Company	6,712,036	9,474,597	7,511,794	7,125,007	6,025,244
Holders of Perpetual Capital Securities	983,860	1,083,780	850,225	676,906	472,663
Non-controlling interests	1,402,141	1,690,500	871,227	555,904	282,371
	9,098,037	12,248,877	9,233,246	8,357,817	6,780,278
Earnings per share from continuing operations attributable to the shareholders of the Company for the year (expressed in Renminbi per share)					
— Basic	1.729	2.440	1.935	1.835	1.552
— Diluted	1.729	2.440	1.935	1.835	1.552

CORPORATE INFORMATION

Board of Directors

Mr. Chen Zhuo Lin* (*Chairman and President*)
Mr. Chan Cheuk Yin** (*Vice Chairperson*)
Madam Luk Sin Fong, Fion** (*Vice Chairperson*)
Mr. Chan Cheuk Hung*
Mr. Huang Fengchao*
Mr. Chen Zhongqi* (resigned on 31 December 2021)
Mr. Chan Cheuk Hei**
Mr. Chan Cheuk Nam**
Dr. Cheng Hon Kwan# *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon#
Mr. Hui Chiu Chung, Stephen# *JP*
Mr. Wong Shiu Hoi, Peter#

* Executive Directors

** Non-executive Directors

Independent Non-executive Directors

Board Committees

Audit Committee

Mr. Kwong Che Keung, Gordon (*Committee Chairperson*)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Hui Chiu Chung, Stephen *JP*
Mr. Wong Shiu Hoi, Peter

Remuneration Committee

Dr. Cheng Hon Kwan *GBS, OBE, JP* (*Committee Chairperson*)
Mr. Kwong Che Keung, Gordon
Mr. Hui Chiu Chung, Stephen *JP*
Mr. Wong Shiu Hoi, Peter
Madam Luk Sin Fong, Fion

Nomination Committee

Mr. Hui Chiu Chung, Stephen *JP* (*Committee Chairperson*)
Dr. Cheng Hon Kwan *GBS, OBE, JP*
Mr. Kwong Che Keung, Gordon
Mr. Wong Shiu Hoi, Peter
Madam Luk Sin Fong, Fion

Risk Management Committee

Mr. Huang Fengchao (*Committee Chairperson*)
Mr. Chan Cheuk Hung
Mr. Chen Zhongqi (ceased on 31 December 2021)
Mr. Wong Shiu Hoi, Peter

Company Secretary

Mr. Cheung Lap Kei

Authorised Representatives

Mr. Chen Zhuo Lin
Mr. Cheung Lap Kei

Auditor

PricewaterhouseCoopers

Legal Advisors

as to Hong Kong law:

Sidley Austin LLP
Iu, Lai & Li Solicitors & Notaries

as to PRC law:

Jingtian & Gongcheng

as to BVI and Cayman Islands laws:

Conyers Dill & Pearman

as to US and English laws:

Sidley Austin LLP

Principal Bankers

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
China Everbright Bank Company Limited
Shanghai Pudong Development Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
China Merchants Bank Co., Ltd.
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

CORPORATE INFORMATION (CONTINUED)

Registered Office

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

Principal Place of Office in the PRC

33/F., Agile Center
26 Huaxia Road
Zhujiang New Town
Tianhe District, Guangzhou
Guangdong Province
PRC
Postal Code: 510623

Principal Place of Business in Hong Kong

18/F., Three Pacific Place
1 Queen's Road East
Hong Kong

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
Telephone : (852) 2980 1333
Facsimile : (852) 2861 1465

Investor Relations

Capital Markets Department
E-mail : ir@agile.com.cn
Telephone : (852) 2847 3383
Facsimile : (852) 2780 8822

Website

www.agile.com.cn

Listing Information

A Equity Securities

- (1) The Company's ordinary shares (stock code: 3383) are listed on the Main Board of Hong Kong Stock Exchange.
- (2) A-Living's H shares (stock code: 3319) are listed on the Main Board of Hong Kong Stock Exchange.
- (3) Qingdao Huaren Property Co., Ltd.[^] (青島華仁物業股份有限公司) (a direct non-wholly owned subsidiary of A-Living)'s ordinary shares (stock code: 832319) are listed on the National Equities Exchange and Quotations.

B Debt Securities

- (1) The Company's debt securities listed on the Official List of SGX:
 - (i) 4.85% senior notes in an aggregate principal amount of US\$400 million due 2022 (ISIN code: XS2382274376)
 - (ii) 5.125% senior notes in an aggregate principal amount of US\$200 million due 2022 (ISIN code: XS1659119629)
 - (iii) 5.5% senior notes in an aggregate principal amount of US\$314 million due 2025 (ISIN code: XS2361426559)
 - (iv) 5.75% senior notes in an aggregate principal amount of US\$500 million due 2025 (ISIN code: XS2194361494)
 - (v) 6.05% senior notes in an aggregate principal amount of US\$483 million due 2025 (ISIN code: XS2243343204)
 - (vi) 5.5% senior notes in an aggregate principal amount of US\$450 million due 2026 (ISIN code: XS2343627712)
- (2) The Company's debt securities listed on the Shanghai Stock Exchange:
 - (i) non-public domestic corporate bonds in an aggregate principal amount of RMB1,200 million due 2023 with a coupon rate of 5.7% (corporate bond code: 135883) (RMB1,200 million of which has been repurchased on 11 October 2021 and has been resold following the completion of the said repurchase)
- (3) The debt securities of Guangzhou Panyu Agile Realty Development Co., Ltd.[^] (廣州番禺雅居樂房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company incorporated in China) listed on the Shanghai Stock Exchange:
 - (i) non-public domestic corporate bonds in an aggregate principal amount of RMB1,500 million due 2022 with an initial coupon rate of 6.2% (corporate bond code: 167129)
 - (ii) non-public domestic corporate bonds in an aggregate principal amount of RMB1,500 million due 2022 with an initial coupon rate of 6.2% (corporate bond code: 167752)
 - (iii) public domestic corporate bonds in an aggregate principal amount of RMB1,450 million due 2024 with an initial coupon rate of 5.9% (corporate bond code: 175934) (RMB692.407 million of which has been repurchased on 11 April 2022)
- (4) The debt securities of Farsail Goldman International Limited (an indirect wholly-owned subsidiary of the Company incorporated in the British Virgin Islands) listed on the Official List of SGX:
 - (i) 7.00% exchangeable bonds in an aggregate principal amount of HK\$2,418 million due 2026 (ISIN code: XS2406577911)

CORPORATE INFORMATION (CONTINUED)

C Capital Securities

The Company's capital securities listed on the Official List of SGX:

- (1) senior perpetual capital securities in an aggregate principal amount of US\$500 million with an initial distribution rate of 6.875% (ISIN code: XS1785422731)
- (2) senior perpetual capital securities in an aggregate principal amount of US\$700 million with an initial distribution rate of 8.375% (ISIN code: XS2003471617)
- (3) senior perpetual capital securities in an aggregate principal amount of US\$500 million with an initial distribution rate of 7.875% (ISIN code: XS2071413483)
- (4) senior perpetual capital securities in an aggregate principal amount of US\$200 million with an initial distribution rate of 7.75% (ISIN code: XS2081524675)

Financial Calendar

Unaudited interim results announcement	18 August 2021
Payment of interim dividend	16 September 2021
Unaudited annual results announcement	31 March 2022
Audited annual results announcement	10 May 2022
AGM	28 June 2022

Closure of Register of Members and Other Key Dates

The Company's register of members will be closed during the following periods:

To determine the identity of Shareholders who are entitled to attend and vote at the AGM

Latest time for lodging transfer documents of shares	: 4:30 p.m. on Wednesday, 22 June 2022
Period of closure of register of members	: Thursday, 23 June 2022 to Tuesday, 28 June 2022 (both dates inclusive)
Record Date	: Tuesday, 28 June 2022

To qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the latest time for lodging transfer document of shares.

Annual General Meeting

The AGM will be held on Tuesday, 28 June 2022. Notice of the AGM will be set out in the Company's circular dated 17 May 2022 and will be despatched together with this annual report to the Shareholders. Notice of the AGM and the proxy form will also be published on the Company's website (www.agile.com.cn) and Hong Kong Stock Exchange's website (www.hkex.com.hk). The said notice will also be published on SGX's website (www.sgx.com).

Dividends

Interim dividend	HK50.0 cents per Share
Proposed final dividend	Nil

Despatch of Corporate Communications

This annual report is available in both Chinese and English versions. Printed copies in either or both languages will be delivered to Shareholders in accordance with their indicated preference. This annual report is also published on the Company's website (www.agile.com.cn), Hong Kong Stock Exchange's website (www.hkex.com.hk) and SGX's website (www.sgx.com). Registered Shareholders may at any time choose to change their choice of language or means of receipt of the Company's corporate communications free of charge by filling the specified forms and send to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited. For Shareholders whose Shares are being held through brokers or custodians, they should inform their respective brokers or custodians to effect the change.

For environment protection reasons, the Company encourages Shareholders to view this annual report posted on the aforesaid websites.

[^] for identification purposes only

GLOSSARY

Agile or Company	Agile Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of Hong Kong Stock Exchange
Articles	the Articles of Association of the Company
A-Living	A-Living Smart City Services Co., Ltd.^ (雅生活智慧城市服務股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of Hong Kong Stock Exchange (stock code: 3319), and an indirect non-wholly owned subsidiary of the Company
AGM	annual general meeting of the Company to be held on 28 June 2022
BBS	Bronze Bauhinia Star
Board	board of Directors of the Company
BVI	British Virgin Islands
Changjiang Hotel Company	Zhongshan Agile Changjiang Hotel Co., Ltd.^ (中山雅居樂長江酒店有限公司), a Company incorporated in the PRC with limited liability
Chen's Family Trust	a family trust established by Top Coast as former trustee and the beneficiaries of which are the Founding Shareholders
China or PRC	The People's Republic of China. For the purpose of this annual report, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan region
connected person	has the meaning ascribed to it under the Listing Rules
Directors	directors of the Company
ESG	environmental, social and governance
Employee Share Trustee	Bank of Communications Trustee Limited
Founding Shareholders	Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam
Full Choice	Full Choice Investments Limited, a company incorporated in Hong Kong with limited liability on 8 August 2016, being the current trustee of Chen's Family Trust
GBS	Gold Bauhinia Star

GFA	gross floor area
Group	the Company and its subsidiaries
HK\$/HKD	Hong Kong dollar(s), the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 622 of the laws of Hong Kong)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
HSBC	The Hongkong and Shanghai Banking Corporation Limited
INED(s)	Independent non-executive Director(s) of the Company
JP	Justice of the Peace
Last AGM	annual general meeting of the Company held on 12 May 2021
Listing Rules	The Rules Governing the Listing of Securities on Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
NED(s)	Non-executive Director(s) of the Company
OBE	Officer of British Empire
RMB	Renminbi, the lawful currency of PRC
SCB	Standard Chartered Bank (Hong Kong) Limited
Securities Dealing Code for Directors	A code for securities transactions by Directors adopted by the Company
SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

GLOSSARY (CONTINUED)

Share(s)	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
Share Award Scheme	a share award scheme adopted by the Company on 10 December 2013
Shareholder(s)	holder(s) of Shares
SGX	Singapore Exchange Securities Trading Limited
then CG Code	the then Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules as applicable for the Company's year ended 31 December 2021
Top Coast	Top Coast Investment Limited, a company incorporated in BVI with limited liability on 17 May 2005, being the former trustee of Chen's Family Trust
US	United States of America
US\$/USD	United States dollar(s), the lawful currency of US
%	per cent

[^] for identification purposes only

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