GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

2021 ANNUAL REPORT

Contents


「第一次」声动鞍山
富力 璀璨之

ABOUT R&F

As one of China's largest and most well-known property developers, Guangzhou R&F Properties Co., Ltd. ("R&F" or the "Company", together with its subsidiaries, collectively the "Group") founded in 1994 and headquartered in Guangzhou. After over twenty years of rapid development, the Company is a conglomerate primarily engaged in property development, as well as diversified businesses including hotel development, commercial operation and architectural and engineering design. The Group's total sales amounted to approximately RMB120.2 billion in 2021. As of the end of 2021, the Group has a land bank of approximately 50 million sq.m. and owns 93 deluxe hotels in operation, managed by well-known hotel management groups. Meanwhile, the Group has a total GFA of approximately 1.9 million sq.m. of investment properties under operation. The Group's businesses cover over 145 cities and regions. For more than 20 years, the Group has adhered to a development strategy of "create a quality living with heartbeat of the city", creating beautiful places to live and work, and striving to become a world leader in building quality of life.

	2021	2020	% Changes
OPERATING RESULTS (RMB'000)			
Revenue	**76,230,335**	85,891,778	-11%
Gross (loss)/profit	**(2,167,205)**	20,388,492	-111%
(Loss)/profit for the year attributable to owners of the Company	**(16,469,189)**	9,004,814	-283%
Basic (losses)/earnings per share (RMB)	**(4.3890)**	2.5313	-273%
Dividends per share (RMB)	**0.10**	1.00	-90%
FINANCIAL POSITION (RMB'000)			
Cash	**21,103,818**	39,948,714	-47%
Total assets	**398,542,334**	442,185,215	-10%
Total liabilities	**315,683,693**	350,179,872	-10%
FINANCIAL RATIOS			
Net assets per share (RMB)	**18.7**	23.9	-22%
Dividend payout ratio (%)	**(2.3)**	40.6	-106%
Return on equity (%)	**(18.7)**	10.7	-276%
Net debt to total equity ratio (%)	**130.0**	130.2	0%

In reviewing the last 12-month that passed, financial year 2021 was unprecedented in terms of challenges brought on by persistent COVID-19 pandemic, macroeconomic policies and financial difficulties surfacing at companies, leading to financial distress and significant reduction of liquidity. The turbulent operating conditions have made it difficult for management to adopt a long-term and consistent strategy as operating conditions became increasingly more difficult as the year progressed. Credit defaults from private and public corporates emerged late in 2020, have raised concerns and negative sentiment from commercial banks, investors, and consumers that typically would not be one-dimensional across the property sector. Commercial banks grew increasingly risk adverse as they began raising restricted deposits to secure any available liquidity from pre-sales against loans extended. Commercial banks were also more cautious when extending new project loans and credit limits, the net effect being a reduction of loans provided. From an investors' perspective who historically invested risk in return for a steady interest income stream, were now withdrawing capital as principal repayments became uncertain. On the consumers' side, buyers' demand for property purchases remained strong, but factors such as economic uncertainty, job security, mortgage risk, and developer defaults impacted overall pre-sale levels as consumers adopted a wait-and-see attitude. All the above factors impacted the overall operating environment for the Group and peers throughout 2021. The result of these impacts has led to a deterioration in financial results and difficulty in financial management. The Group's strategy in 2021 had to quickly adopt to market conditions by seeking alternative funding sources, accept compromises in pre-sales profitability, and accelerate asset sales, the latter of which has been particularly successful over the past 12-month. The ability to source alternative liquidity channels has been paramount to allow the Group to continue to mitigate financial risk, lower total indebtedness and improve overall financial leverage.

PRIMARY FOCUS ON LIQUIDITY AND REDUCING FINANCIAL LEVERAGE

With the introduction of guidance for China's property developers to adhere to financial credit metrics that govern borrowing limits, the Three Red Lines, the Group has been actively reducing its absolute levels of debt at an unprecedented pace that in turn has significantly reduced financial leverage ratios. The reduction of liabilities in 2021 has been consistent with the Group's strategy over the past years to improve overall financial risk by redeeming absolute total liabilities and reducing reliance on high cost short-term financing. At the end of 2019, the Group's total borrowing was RMB197.1 billion, and net debt to equity ratio was 199%. Over the last two financial years, the Group's borrowing has been reduced significantly to RMB128.8 billion, as at 31 December 2021, or a significant reduction of 35%. Total borrowing in 2021 fell by RMB30.9 billion, or 19%, and net debt to equity ratio of 130%. The significant reduction in absolute amount of borrowing has been a result of the Group's constant effort to adopt a stringent liquidity management, reduced capital expenditures, and execute on asset sales which is expected to continue in 2022.

ACCELERATED ASSET SALES STRATEGY

A strategy successfully executed in 2021 was asset disposals. The scale and pace of asset sales was unprecedented and testament to management's commitment to adjusting its strategy according to market conditions. In 2021, asset sales provided a significant amount of liquidity despite uncertainty of completion and being able to agree commercial. Amidst negative market backdrop and seller liquidity risk, asset sales tended to favour buyer terms. However, the Group completed two major transactions in 2021 that delivered significant liquidity at terms in line with market, demonstrating the asset quality still within the Group.

One of the major asset disposals occurred in December where the Group disposed of its remaining 30% interest in Guangzhou International Airport R&F Integrated Logistics Park to the initial purchasers, Blackstone Group. As the original purchase was within 12-month, the amalgamation of the initial purchase implied a 100% sale of the asset for RMB7.3 billion. The assets are in Huadong County, Huadu District, Guangzhou. The project covers a total area of 1,470 mu, with a planned total construction area of over 1.2 million sq.m.. Approximately 889,820 sq.m. of rentable area of high-standard warehouses, plants and cold storage are currently completed, and there are also completed supporting facilities, and a net undeveloped land area for warehouse is about 210 mu.

The scale of the logistics park sale was a landmark transaction in terms of asset type and valuation, demonstrating the quality investment assets within the Group that can be monetised. The successful completion under current market conditions is testament to the Group's commitment to monetising non-core assets to enhance liquidity. The Group will continue to explore other non-core assets to dispose of over the next 12-month to extract maximum value.

FINANCIAL SUPPORT AND COMMITMENT FROM MAJOR SHAREHOLDERS

As available liquidity was scarce and market access to new financing significantly reduced, the Group sought access to other sources of capital. Whilst asset sales was key in 2021, the Group's major shareholders made undisputable commitments to supporting the Group by injecting additional capital to repay debt maturities and working capital. On 20 September, the Group publicly announced that it was to receive financial support from major shareholders, Dr. Li Sze Lim and Mr. Zhang Li, each being an executive director and substantial shareholder of the Group, of approximately HKD8.0 billion collectively on an interest-free basis. Although historically the major shareholders have provided financial support to the Group, the size and timing was more significant when taking into the account the absence of financial liquidity and backdrop of corporate defaults and deteriorating operating conditions, without which, the Group would have not been able to meet significant liquidity requirements in 2021.

PRUDENT MANAGEMENT OF OPERATING LIQUIDITY AND CONSERVATIVE LAND BANKING TO OFFSET DETERIORATION IN PRE-SALES

Similar to recent years, 2021 capital expenditure has declined steadily, in line with availability of liquidity and market conditions. Any available liquidity has been directed to construction capital expenditure for completion, delivery and increasing the saleable resources to generate future operating cashflow. In 2021, total capital expenditure for new land was only RMB3.0 billion, a decrease of 80% versus 2020. Despite a scaling down of capital expenditure on new land bank, the Group still has significant land bank for development of 49.97 million sq.m. of total saleable area, sufficient for the next few years. The abundant land bank resources available is also expected to generate RMB713.1 billion of saleable resources in coming years.

BUSINESS HIGHLIGHTS OF 2021

Due to unfavourable operating environments, the Group recorded lower financial results in 2021, primarily as market sentiment and operating conditions saw a sharp decline across all aspects of the sector. As generating liquidity was the primary focus, the Group had to make profitability sacrifices and focus on selling properties where demand was still strong despite poor market conditions. In 2021, total gross contracted sales were RMB120.2 billion, equating to 9.41 million sq.m. of GFA. Total revenue declined to RMB76.2 billion, comprising of 8.31 million sq.m. of GFA recognised at an average selling price of RMB8,300 per sq.m.. Due to lower ASPs recognised and one-time write-off in inventory, gross profit margins decreased, and after taking into account higher operating expenses, the Group recorded a net loss during the year. Whilst 2021 results did not reflect a normal operating trend, the Group continues to strive for robust financials as it navigates liquidity over profitability in the short-term as the sector continues to weather volatile operating conditions due to evolving policies and ongoing pandemic.

In 2021, another consequence of deteriorating market conditions is asset valuations experienced negative adjustments in value as there was uncertainty over an ability to monetise property at current selling prices. This adjustment was reflecting in inventory and financial assets owned by the Group whereby there was a one-time write-down of asset value of around RMB15 billion which affected earnings. As conditions begin to stabilise and slowly return to normal, we would not expect a further deterioration of asset value experienced over the past 12-month in 2022. Furthermore, as market conditions see selling prices recover, the Group will be able to release gains to offset valuation write-downs in inventory.

THE OUTLOOK FOR 2022

CONTINUE TO NAVIGATE OPERATING UNCERTAINTY

Pre-sales in the first quarter did not see a meaningful recovery despite policy makers restating their goal to maintain a steady and healthy property sector. China's Central Government's approach for the property sector adopted a slightly different tone with an emphasis more on stability, a broad statement that included property development for living and not speculation, corporates addressing debt obligations in an orderly manner, and maintaining an orderly banking system and social responsibility that have historically supported or relied on China's property sector. Despite the stable policy reassurance, operating environments are expected to remain difficult in the near-term to allow time for the sector to adjust accordingly and manage abrupt changes in financial. However, we expect that the second half of 2022 will be more constructive with steady pick up in pre-sales and orderly financial management as the property sector will remain a key component of China's growth strategy.

To overcome potential volatilities in operating conditions, the Group will focus on pre-sales of properties as the primary driver to generating liquidity to maintain steady operating cash flows. During 2022, the Group has over 200 projects for pre-sale with expected RMB220 billion of saleable resources. With abundant land bank available for development, the Group will look to continue to replenish saleable resources to maintain a steady and healthy growth profile in the coming years.

CONTINUE TO EXECUTE NON-CORE ASSET SALE STRATEGY

Whilst market conditions in 2021 were difficult, the Group managed to complete several notable landmark transactions, providing market confidence the Group was committed to dispose of non-core assets in favour of immediate liquidity when most needed. The Group still retains a sizeable portfolio of investment properties and hotel portfolio with considerable asset value whereby strategic disposals can extract sizeable funds for deployment to reducing liabilities and support the Group's sustainable property development. In 2022, the Group has also disposed of non-core assets overseas through block sales and accelerated pre-sale plans for overseas development projects with the intention of applying capital for reducing liabilities and replenishing working capital. As market prices begin to normalise, and buyer and seller expectations' gaps narrow, the Group expects the ability to close more assets sales can be achieved in 2022 to provide an additional source of capital.

ACKNOWLEDGEMENTS

We are all facing unprecedented times brought on by the pandemic over the past few years, reducing travel and creating unexpected barriers that otherwise would have been broken down though face-to-face communication and direct dialogue. In terms of China's property sector, our peers and we have been forced to quickly adjust to sudden changes in market and financing conditions that have been relied on for decades. Amidst challenges facing our sector and external factors, our management and staff have endured long periods of stress, demanding endless commitment to stay focused on overall goals, whilst keeping near-term obligations in check, and for that, I would like to express my greatest appreciation to our employees and management.

To our shareholders and investors, your resounding patience allows management to execute on our strategies and make decisions to achieve a common goal, I would like to express my gratitude. It's been a difficult 2021, but we remain optimistic and committed to overcome challenges and returning to stability.

Li Sze Lim
Chairman

Zhang Li
Co-chairman and Chief Executive Officer

Contracted Sales

The Group's total contracted sales in 2021 were approximately RMB120.2 billion with 9,414,600 sq.m. sold. The average selling price was approximately RMB12,800 per sq.m.. The contracted sales were generated from 198 projects in 112 cities of 27 provinces (including municipalities and autonomous regions) and 4 overseas countries. On a province and regions basis, contracted sales of Guangdong, Shanxi, Hainan, Zhejiang, Shaanxi, Tianjin, Jiangsu, Beijing, Chongqing and Shandong were the highest top 10, which contributed approximately RMB85.07 billion, accounting for approximately 71% of total contracted sales of the Group. In terms of city, contracted sales of tier-1 and tier-2 cities accounted for 67% of total contracted sales. Tier-3 and below cities contributed 31% of total contracted sales and overseas contributed 2%. On the type of property basis, 70% of contracted sales were generated from high-rise residential properties, 6% from villa and 24% from commercial properties and others, including office, apartment and retail, etc..

Details of the Group's 2021 total contracted sales by geographical distribution are set out below:

Region	Area	Approximate total value (RMB million)	+/- vs. 2020 (%)	Approximate total saleable area sold (Thousand sq.m.)	+/- vs. 2020 (%)
Northern China	Tianjin	6,839.7	18%	580.7	17%
	Beijing	6,403.1	-14%	247.8	-7%
	Shandong	4,695.5	1%	498.8	4%
	Hebei	3,836.5	-45%	388.9	-49%
	Liaoning	3,150.9	-35%	415.5	-28%
	Henan	1,975.2	1%	147.5	-19%
	Heilongjiang	1,316.6	-41%	124.7	-8%
Northwestern China	Shanxi	9,443.2	-25%	1,017.8	-17%
	Shaanxi	6,847.2	-30%	544.7	-25%
	Inner Mongolia	3,967.6	-48%	501.6	-50%
	Xinjiang	1,208.4	58%	116.8	64%
	Gansu	911.1	-12%	57.2	-13%
Southern China	Guangdong	20,287.7	4%	1,018.2	-22%
	Guangxi	399.7	-33%	63.1	-23%
Eastern China	Zhejiang	8,838.2	-50%	478.3	-53%
	Jiangsu	6,790.4	-31%	433.7	-30%
	Anhui	2,593.6	-5%	315.7	-5%
	Shanghai	2,071.4	6%	44.2	4%
Southwestern China	Chongqing	6,032.8	-22%	639.7	-27%
	Sichuan	2,184.9	70%	209.6	7%
	Guizhou	800.7	5%	113.9	29%
	Yunnan	539.3	-36%	45.0	-33%
Hainan	Hainan	8,890.2	-14%	454.6	-30%
Central Southern China	Jiangxi	3,662.9	-2%	417.6	14%
	Fujian	1,650.7	-39%	152.9	-42%
	Hunan	1,222.4	-26%	150.3	-15%
	Hubei	725.2	32%	98.6	105%
Overseas	Australia	1,192.5	175%	69.4	84%
	United Kingdom	908.9	76%	6.5	75%
	Malaysia	420.3	-50%	24.7	-43%
	Cambodia	391.9	-26%	36.6	-5%
Total		**120,198.7**	**-20%**	**9,414.6**	**-23%**

Region	Approximate total value (RMB million)	+/- vs. 2020 (%)	Approximate total saleable area sold (Thousand sq.m.)	+/- vs. 2020 (%)
Northern China	28,217.5	-17%	2,403.9	-17%
Northwestern China	22,377.5	-29%	2,238.1	-28%
Southern China	20,687.4	3%	1,081.3	-22%
Eastern China	20,293.6	-37%	1,271.9	-37%
Southwestern China	9,557.7	-10%	1,008.2	-18%
Hainan	8,890.2	-14%	454.6	-30%
Central Southern China	7,261.2	-16%	819.4	-4%
Overseas	2,913.6	25%	137.2	11%
Total	**120,198.7**	**-20%**	**9,414.6**	**-23%**

Properties Under Development

In response to changing market conditions, the Group was flexible in its approach to managing its properties under development during the year, aiming to ensure efficient deployment of its resources and to avoid accumulating excessive inventories. The Group started the year with approximately 32,559,000 sq.m. of total GFA under development, and during the year started construction of approximately 2,174,000 sq.m. of total GFA. During the year, the Group completed 8,574,000 sq.m. of total GFA of development properties with 6,470,000 sq.m. of total saleable area, and completed 220,000 sq.m. of total GFA of investment properties. By the end of 2021, the Group's total GFA under development is approximately 25,939,000 sq.m..

The following is the position as at 31 December 2021:

Area	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)
Northern China	4,275,000	2,888,000
Eastern China	2,123,000	1,428,000
Northwestern China	5,718,000	4,170,000
Southern China	5,907,000	4,103,000
Southwestern China	2,081,000	1,352,000
Central Southern China	2,901,000	2,044,000
Hainan	844,000	494,000
Overseas	1,045,000	721,000
Sub-total	**24,894,000**	**17,200,000**
Investment Properties	1,045,000	848,000
Total	**25,939,000**	**18,048,000**

Land Bank

In 2021, the Group continued to apply the same conservative criteria as its general direction towards land acquisitions. The general principles on land assessment of the Group during the year were total price being reasonable, fulfillment of profit forecast and quickness of turnover. The Group acquired 5 plots of land in 4 cities and regions with additional total saleable area of approximately 837,000 sq.m.. The Group's total land bank at 2021 year-end was total GFA of approximately 64,719,000 sq.m. and total saleable area of approximately 49,967,000 sq.m., distributed across 94 cities and regions in China and overseas cities. Details are given below:

Location	**Approximate total GFA (sq.m.)**	**Approximate total saleable area (sq.m.)**
Development Properties		
Northern China	15,297,000	11,919,000
Eastern China	5,623,000	4,205,000
Northwestern China	12,717,000	9,629,000
Southern China	7,524,000	6,132,000
Southwestern China	5,450,000	4,297,000
Central Southern China	6,555,000	5,445,000
Hainan	2,881,000	2,452,000
Overseas	6,261,000	3,835,000
Sub-total	**62,308,000**	**47,914,000**
Investment Properties	**2,411,000**	**2,053,000**
Total	**64,719,000**	**49,967,000**

Property Investment

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties, theme park and etc.. The Group's investment properties portfolio as at 31 December 2021 is approximately 3,857,300 sq.m. in total GFA, among which total GFA of investment properties under operation is approximately 1,879,300 sq.m., and total GFA under development or planning is approximately 1,978,000 sq.m.. During this period, theme park Hainan R&F Ocean Paradise is opened. The park is divided into 5 major themed areas and 8 major animal exhibits, with more than 40 sets of international amusement rides, facilities and equipment. There is also the Blue Ocean Conservation and Rescue Center, also called 3A grade hospital in the animal kingdom, with functions such as rescue, medical treatment, scientific research and educational issues.

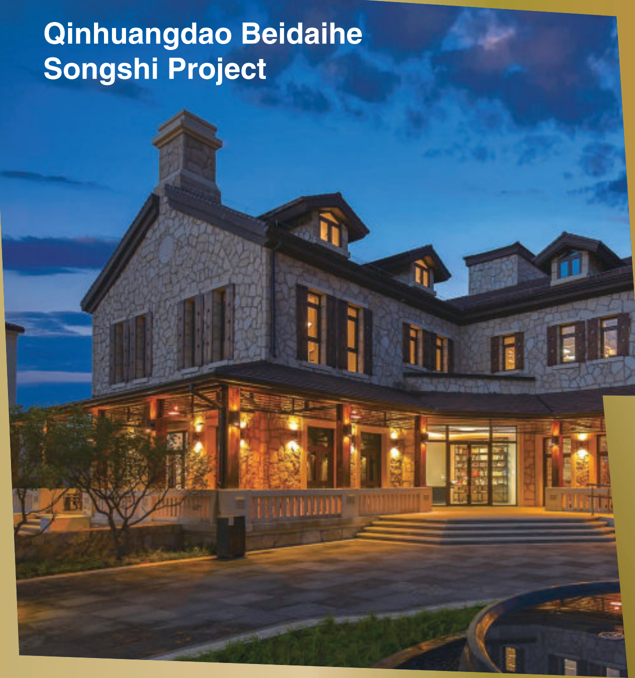
Hotel Operation

As of 31 December 2021, the Group has 93 hotels under operation, with total GFA of 4,103,700 sq.m. and 28,192 hotel rooms. The 93 hotels are managed by well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups. The Group has a total of 134 hotels, with 41 hotels under development and planning and 93 hotels under operation. During the period, the Group opened 3 hotels: The Ritz-Carlton, Harbin, Beijing Marriott Hotel Yanqing and Element Beijing Yanqing. Ritz-Carlton, Harbin is located in the central business district of Harbin, close to high-end office buildings, luxury residential areas and large shopping centers, with total GFA of 66,200 sq.m. and 368 hotel rooms. Beijing Marriott Hotel Yanqing and Element Beijing Yanqing are located in the central business district of Yanqing, with rich natural landscape resources around. At the same time, Yanqing is the main competition zone of Beijing Winter Olympics. The two hotels have 325 and 252 hotel rooms each, with total GFA of 44,100 and 25,500 sq.m. respectively.

Outlook

For 2022, the Group will have approximately RMB220 billion saleable resources from over 200 projects. For 2022, the Group plans to deliver approximately 6,481,000 sq.m. saleable area of development properties. The details are set out below:

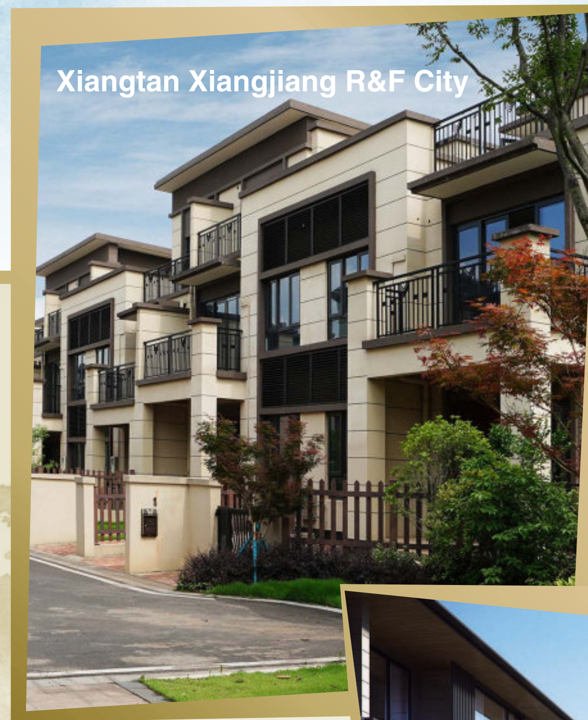
	To be completed in 1st half of 2022		To be completed in 2nd half of 2022		To be completed in Full Year 2022	
Location	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**	**Approximate GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Northern China	810,000	671,000	874,000	813,000	1,684,000	1,484,000
Eastern China	490,000	343,000	455,000	325,000	945,000	668,000
Northwestern China	178,000	161,000	934,000	874,000	1,112,000	1,035,000
Southern China	222,000	202,000	392,000	356,000	614,000	558,000
Southwestern China	771,000	697,000	235,000	222,000	1,006,000	919,000
Central Southern China	203,000	188,000	406,000	343,000	609,000	531,000
Hainan	124,000	118,000	404,000	339,000	528,000	457,000
Overseas	4,000	4,000	647,000	384,000	651,000	388,000
JV (Attributable)	240,000	188,000	307,000	253,000	547,000	441,000
Sub-total	**3,042,000**	**2,572,000**	**4,654,000**	**3,909,000**	**7,696,000**	**6,481,000**
Investment Properties	531,000	531,000	70,000	70,000	601,000	601,000
Total	**3,573,000**	**3,103,000**	**4,724,000**	**3,979,000**	**8,297,000**	**7,082,000**


Qinhuangdao Beidaihe Songshi Project


Tianjin R&F Jinmen Lake


Beijing Tongzhou R&F Center


Guangzhou Nansha R&F Tianhaiwan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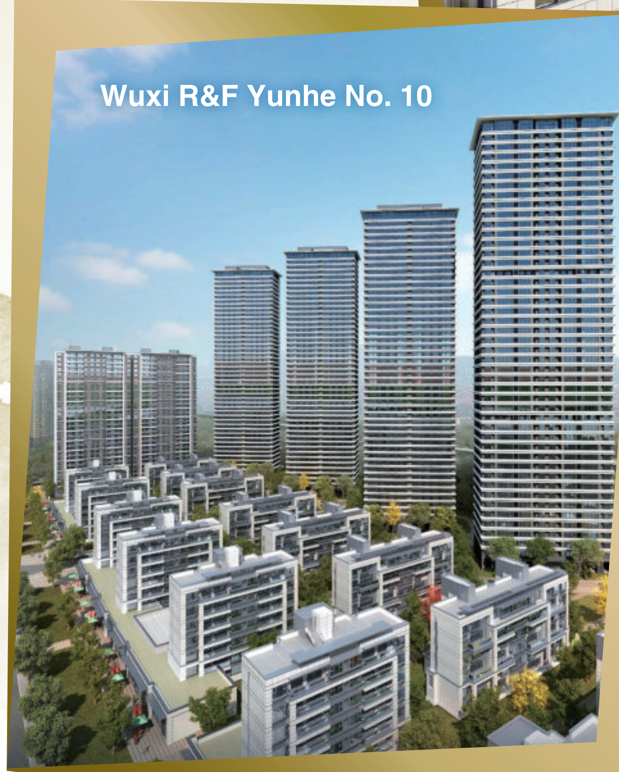
Taiyuan R&F Yipin


Beijing R&F Shoukai Campus One


Wuxi R&F Yunhe No. 10


Shenyang R&F International Finance Center

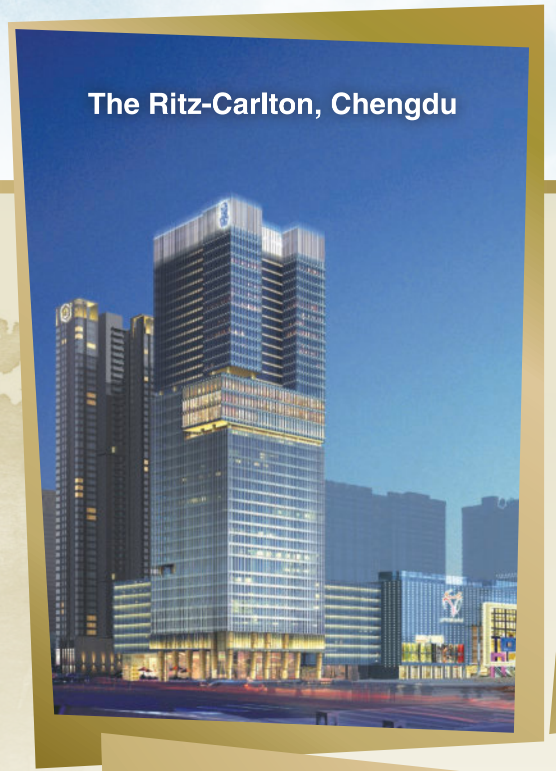
OUR PROPERTY PORTFOLIO

Guangzhou R&F Haizhu City

Malaysia Johor R&F Princess Bay Shore

Phnom Penh R&F City

Ganzhou R&F Modern City

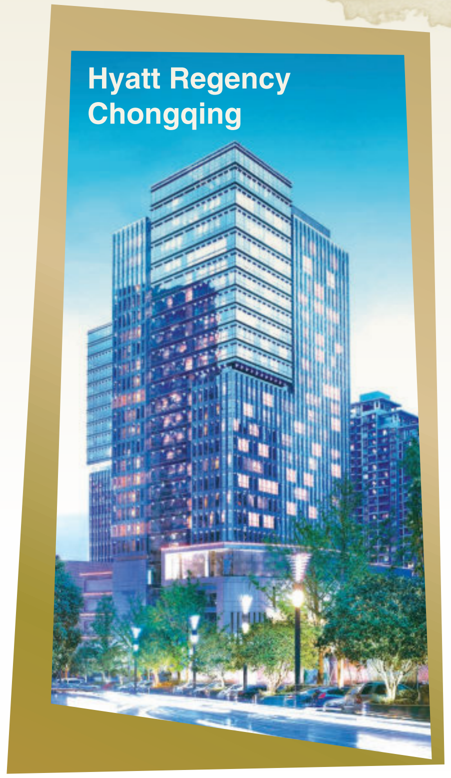


The Ritz-Carlton, Chengdu

Beijing Marriott Hotel Yanqing & Element Beijing Yanqing

Conrad Guangzhou

Double Tree Resort by Hilton Huizhou



Hyatt Regency Chongqing

MAP

Overseas

Northern China – Beijing, Tianjin, Henan, Hebei, Shandong, Liaoning and Heilongjiang;
Eastern China – Shanghai, Zhejiang, Jiangsu and Anhui;
Central Southern China – Fujian, Jiangxi, Hunan and Hubei;
Southern China – Guangdong and Guangxi;
Northwestern China – Shanxi, Shaanxi, Inner Mongolia, Gansu and Xinjiang;
Southwestern China – Sichuan, Guizhou, Yunnan and Chongqing;
Hainan – Hainan;
Overseas – Malaysia, Australia, Cambodia, Korea and United Kingdom.

INVESTOR RELATIONS

To allow investors to make an informed assessment of The Company and attain a high level of governance, maximize shareholder awareness and protect investors' legal right, the Company places great importance on opinions from the capital markets, therefore we continue to maintain an effective dialogue with our industry analysts and corporate investors through regular information disclosure and active communication. In 2021, investor relations of Group is committed to maintenance of long-term relationship with existing shareholders and bond investment institutions through an active and open dialogue, also contact and expand the potential investment institutions constantly. We regularly provide updates on our operations and financial position clearly through close contact with investment community.

In regard to communication and interaction with investors, the Company values every opportunity to engage in open conversation with the investment community. Affected by COVID-19 in 2021, regular investor site visits and face-to-face meetings were restrained, but the Company has actively held conference calls, and participated in investor conferences to make available ourselves for every opportunity to interact with investors in order to provide updates on industry developments, upcoming trends, the overall macro environment and understand how the Company will tackle the future challenges. In 2021, we attended numbers of online global conferences, post-result analyst meetings and non-deal roadshows ("NDR").

During the year, the Company announced the 2020 Annual Results and the 2021 Interim Results. Due to the COVID-19, online meetings were preserved to replace the offline analyst and press meetings. The Chairman being accompanied by the management, answered related questions in detail for investors and the press. Moreover, the Company sought opportunities to interact in depth with many institutional investors that from various places like Hong Kong, Singapore, London and New York one by one through NDR after the results presentation via online conferences.

In 2021, the company has primarily focused on liquidity and reducing financial leverage. During the period, asset sales provided a significant amount of liquidity. One of the major asset disposals was that the Group disposed of its' remaining 30% interest in Guangzhou International Airport R&F Integrated Logistics Park to the initial purchasers, Blackstone Group. Together with the initial purchase, it implied a 100% sale of the asset for RMB7.3 billion. The Group's major shareholders made undisputable commitments to supporting the Group by injecting additional capital. On 20th September, the Group publicly announced that it was to receive financial support from major shareholders, Dr. Li Sze Lim and Mr. Zhang Li, each being an executive director and substantial shareholder of the Group, of approximately HKD8.0 billion collectively on an interest-free basis. Such asset sales and shareholder support are conducive to the group's reduction of financial risk, total debt and overall financial leverage.

The Company would like to thank all investors and shareholders who have provided feedback and constructive suggestions to the Company to take onboard, also thank them for their long-term support for our Company. We would also like to thank the property research community for their hard work in providing transparent and detailed analysis for the sector and the Company. We look forward to another year of cooperation and delivering the highest level of standard of investor relations to the investor.

ABOUT THIS REPORT

This is the 6th consecutive annual report of the Environmental, Social and Governance (the "ESG Report") of Guangzhou R&F Properties Co., Ltd. ("R&F Properties", "R&F" or the "Company"). By disclosing the environmental and social performance of R&F and its subsidiaries (the "Group" or "We"), we aim to enhance stakeholders' understanding of the Group's sustainable development strategy. The Board of the Company has reviewed this report and confirmed that the content is accurate, true and complete.

REPORTING GUIDELINES

This report has been prepared in accordance with the core option of the Global Reporting Initiative Sustainability Reporting Standards ("GRI"), in compliance with the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and it discloses the actual situation of the Group. During the year, the Group conducted materiality analysis and disclosed the statistical methods in this report to implement the reporting principles of materiality, quantitative and consistency.

REPORTING SCOPE AND BOUNDARY

This report focuses on disclosure of the Group's environmental and social performance during the period from 1 January 2021 to 31 December 2021. Unless otherwise stated, the social performance data in this report covers the entire Group; the environmental performance data cover operations managed by in-house commercial management companies countrywide and hotels in operation, all of the Group's office operations and projects under construction fully controlled by affiliated construction companies across the country. The 2021 environmental performance data cover a total of 13 commercial projects, 88 hotel projects, 122 projects under construction and all office operations.

FEEDBACK

During the preparation of this report, interests of different stakeholders are considered as far as possible, aiming to strike a balance. We strive to disclose the concerns of all stakeholders to ensure that this report is balanced, clear and comprehensible. The Group is committed to continuously improving the content and disclosure of the report. If you have any questions or suggestions regarding this report, please feel free to contact us via the following methods.

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CHAIRMAN'S MESSAGE

Dear Stakeholders,

The world continues to face many challenges in 2021. The ongoing COVID-19 pandemic has had a significant impact on the global economy, business operations and social livelihood. In the face of unstable external environment and challenges, the Group remained committed to integrating sustainable development into its daily operations, from construction business, commercial management, hotel business to office management business segments. We hope to share our ESG performance and development in 2021 with our stakeholders through this ESG Report.

ADDRESSING CLIMATE CHANGE

To align with the national strategic goal of carbon neutrality and to mitigate the impact of its business operations on climate change, the Group continues to improve the disclosure of risks and opportunities related to climate change. We use climate change scenarios to analyse physical and transitional risks in order to develop solutions. Through improving the environment management system and implementing several energy conservation and emissions reduction measures, the Group minimizes the impact on the environment of its operations, while continuously raising employees' attention to climate change.

DEVELOPING GREEN BUILDINGS

In response to the national requirements for increasing the proportion of green buildings, R&F Properties has been actively developing green buildings in recent years. In order to achieve environment friendliness and effective use of resources over the entire life cycle of construction projects, we incorporate low-carbon, energy-saving and environment protection elements in project design, construction materials procurement and construction. The Group is also committed to promoting urban renewal and creating a sustainable green community through building facilities and improving space utilization. As of the end of 2021, the Group had a total of 210 projects applying green building design requirements, with a total GFA of nearly 24.5 million sq.m., of which a total of 161 projects were awarded the Green Building Label. During the year, the Group's Dalian R&F Dongdi Wanpan project, Chengmai R&F Mangrove Bay project and other projects were awarded one-star green building certification.

UPHOLDING INTEGRITY

The Group strives to maintain a clean working environment to ensure business integrity and sustainable development of the Company. Adhering to the main strategy of "prevention first and fighting against corruption as second", the Group regularly supervises the work of various departments and focuses on operations of employees in specific positions. At the same time, we are committed to raising employees' awareness of business ethics and encouraging integrity through various educational activities, including creating anti-corruption educational animation and publications. In 2021, the Group held more than 23 training sessions on integrity and anti-corruption. The total number of employees trained exceeded 4,271, covering the Board, management and employees in different positions.

ENSURING HEALTH AND SAFETY

The Group attaches great importance to its obligation to provide a healthy and safe working environment for its employees. We manage various functional departments under our construction business through the Safety Production Committee, and implement a safety production responsibility system, which means the designated person is fully responsible for safety in production within his/her jurisdiction. In addition, the Group has set safety targets for the construction business segment, including work-related fatalities and annual work-related injury rate not exceeding 24‰. In 2021, all safety targets were met. For projects under construction, the Group conducts regular assessments to ensure that construction safety measures meet the standards and effectively protect the occupational health and safety of employees. In the face of the COVID-19 pandemic, the Group has implemented various preventive measures and strengthened disinfection and cleaning of all business premises, aiming to provide employees with all-round protection against the pandemic.

Last but not least, on behalf of the Group, I would like to express my gratitude to all stakeholders for their continuous support to R&F Properties, so that we can have a positive impact on communities, cities and residents where we operate, contribute to sustainable development, and join hands with all parties to build a better future.

Li Sze Lim
Chairman
Guangzhou R&F Properties Co., Ltd.

5 August 2022

MAJOR ACHIEVEMENTS AND HONOURS IN 2021

Awards received by the Group during the year are listed below. These demonstrate recognition of the Group's economic, environmental and social performance.

Category	Award/Achievement	Awarding Entity
Economic Contribution	2021 Business New Strength Pioneer List – Most Competitive Digital Enterprise	China Business Journal and China Economic Future
	2021 TOP 10 of China Real Estate Developers	China Real Estate Association, Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Centre
	2021 TOP 10 of Urban Renewal among China Real Estate Developers	
	2021 TOP 10 of China Commercial Real Estate Developers	
	8^{th} in Best 10 of China H-shares Real Estate Listed Companies in 2021	China Real Estate Association, China Property Management Institute, Shanghai E-House Real Estate Research Institute, China Real Estate Appraisal Centre
	2021 Best 20 of China Real Estate Listed Companies with Comprehensive Strengths	
	2021 TOP 10 Brands of China Real Estate Companies	Beijing China Index Academy
	19^{th} in China Top 100 Real Estate Developers in 2021	China Enterprise Appraisal Association, Institute for Real Estate Research, Tsinghua University, China Index Academy, China Real Estate TOP 10 Research Team, China Index Holding (CIH)
	TOP 10 developers in terms of Operating Efficiency among the 2021 China TOP 100 Real Estate Developers	
	2021 China mainland TOP 10 Real Estate Companies Listed in Hong Kong by Comprehensive Strength	China Real Estate TOP 10 Research Team, China Index Holding (CIH), China Index Academy
	2021 China mainland TOP 10 Real Estate Companies Listed in Hong Kong by EVA (Economic Value Added)	
	2021 China TOP 10 Listed Real Estate Companies by Commercial Operation	
	20^{th} in TOP 100 Chinese Real Estate Companies in 2021	Guandian Index Academy
	4^{th} in TOP 10 of Urban Renewal among Chinese Real Estate Companies	
	21^{st} in TOP 30 Chinese Real Estate Companies with Brand Value in 2021	
	2021 TOP 30 Chinese Real Estate Companies by Management and Team	
	2021 Best City Operator of Urban Renewal	www.thepaper.cn

Category	Award/Achievement	Awarding Entity
Product Responsibility	2021 TOP 30 Outstanding Real Estate Companies	Guandian Index Academy
	97^{th} in TOP 500 Chinese Private Enterprises in 2021	All-China Federation of Industry and Commerce
	36^{th} in TOP 100 Chinese Private Enterprises in Service Industry in 2021	
	698^{th} in Forbes Global 2000 in 2021	Forbes
	Golden-Brick Competitiveness of Real Estate-2021 Outstanding Achievement Enterprise	21^{st} Century Business Herald
	Golden-Brick Competitiveness of Real Estate-2021 New Landmarks of City Complex – Guangzhou R&F Peak of Cloud	
	China Urban Sustainable Development Driver Award-Outstanding Enterprise of 2021	Real Estate Biweek
	China Urban Sustainable Development Driver Award-Brand Value of 2021 – Guangzhou R&F New City	
Employee Care	2021 University Students' Favourite Employer in China	51job
Community Engagement	Power of Revitalization – 2021 Guangdong Rural Revitalization Excellent Case Promotion Activity	South Media Group
	R&F Group's "Promoting the Economic Industrialization of Countryside and Industry-City Integration for Rural Development" was listed as one of the excellent cases	
	Outstanding Contribution to Social Responsibility of the Year 2021	Civil Affairs Bureau of Guangzhou Municipality, Guangzhou Daily Group, Guangzhou Charity Association, Guangdong Charity Federation
	Most Influential Charity Enterprise	
	Charity Donation-Fiver-Star Unit	
	Poverty Alleviation and Care Unit	General Affairs Office of Guangzhou Municipal People's Government
	Golden Cicada Creative Awards for Cross-Field Brands-Towards a Better Future by R&F and MINIEV	China Advertising Association Of Commerce, Tiger Roar Award Committee, house.ifeng.com
	Award for Enterprises with the Most Brand Value	Trip.com Group

SUSTAINABLE DEVELOPMENT MANAGEMENT

BOARD STATEMENT

Since its establishment, the Group has always adhered to the corporate mission of "creating value for customers, setting benchmarks for cities and creating a better society", and has integrated sustainable development into its day-to-day management. The concept of social responsibility of the Group is to achieve mutual growth. We join hands with investors, employees, business partners, supply chains, communities, regulatory authorities, environmental protection groups, etc. to create value for the society and undertake corporate social responsibility while promoting sustainable development of the Group in an orderly manner.

The Group's Board is the highest decision-making body for environmental, social and governance work, and is fully responsible for overseeing the overall ESG strategic direction of the Group, ensuring a sound and effective ESG risk management system and internal control system. The Board is also responsible for reviewing and approving the Group's annual ESG report.

In terms of implementation of specific policies and environment-related measures, all functional departments and operating institutions of the Group have the responsibility to cooperate with the Board in ESG work and promote sustainable development and governance of the Group. Relevant units include functional departments such as enterprise management center, supervision center, engineering supervision and management center, cost control center, human resources and administration center, investment management center and asset management center, as well as operating institutions such as commercial companies, hotels and construction companies.

Under the Group's requirements and unified guidance, each department and subsidiary is responsible for collection of annual ESG information and data, and is responsible for separately communicating with relevant stakeholders to understand stakeholders' expectations for sustainable development of relevant segments. All collected information is submitted to the Group for regular review and internal progress tracking.

Sustainability risks oversight

The Audit Committee of the Group is responsible for risk management and internal control of the Group, including identification of potential ESG risks, which is conducted semi-annually. The results are reported to the Board, to facilitate review of the effectiveness of the Group's internal risk management and internal control systems. Details of such reviews are set out in the Corporate Governance Report. During the year, the results of the Group's risk assessment showed that ESG-related risks did not pose significant risks to the Group. The Group will continue to monitor the level of ESG risks and improve the level of sustainable development and management.

Supporting the United Nations Sustainable Development Goals

As a corporate citizen, the Group actively aligns its environmental targets with the United Nations Sustainable Development Goals. During the year, the Group conducted an analysis of the value chain of its business to combine the same with the United Nations Sustainable Development Goals. We also tried to identify potential risks and opportunities for the Group arising from environmental and other factors.

After analysis, the Group has identified a total of nine sustainable development goals that are closely related to its development and implemented specific measures for moving toward attainment of these nine goals during the year. The following table shows these objectives and actions. For details, please refer to the corresponding sections.

Section		Sustainable Development Goals	Actions in 2021
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Operate with Integrity and Honesty**	16.5-Reduce all forms of corruption and bribery	The Group creates a clean and honest working environment by improving the anti-corruption supervision structure and reporting system. We also continue to strengthen anti-corruption education and strive to eliminate all forms of corruption in our business operations.
3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	**Safeguarding Health and Safety**	3.d – Strengthen early detection system, reduce risks, and strengthen the ability to manage health risks 8.8 – Promote a safe and secure working environment for all employees	The Group has extended the occupational safety and health management to all business segments, with a special emphasis on occupational safety and health management structure and management measures in the construction segment. The Group has also implemented management policies and measures applicable to the sub-contractors simultaneously, striving to provide a safe working environment for the Group's employees and all workers at the construction sites.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	**Reduction of Emissions for Blue Sky**	9.1 – Develop quality, reliable, sustainable and resilient infrastructure 12.2 – Achieving sustainable management and efficient use of natural resources 12.5 – Reduce waste generation 13.1 – Strengthen resilience and adaptation to climate-related hazards and natural disasters 13.3 – Increasing awareness of climate change mitigation and adaptation	In response to the national call, the Group continues to develop green buildings, explores environmental management of the construction projects for their entire life cycles. Steps are taken to actively improve the impact of business operations on the environment and build sustainable facilities for the community.
11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Creating Value for Customers**	11.1 – Ensure proper, safe and affordable housing and basic services for all 12.a – Adopt sustainable production and consumption patterns	The Group attaches great importance to quality management and combines various quality inspection methods to ensure project quality and safety. We also emphasize sustainable supply chain management, maintain good communication and cooperation with suppliers, and gradually integrate the concept of green procurement into supply chain management.
8 DECENT WORK AND ECONOMIC GROWTH	**Create Career for Employees**	8.5 – All employees should have full and productive employment, decent work, equal pay for equal work 8.7 – Prohibition of child labour	The Group creates a fair and impartial working environment for its employees and is committed to enhancing their sense of achievement and satisfaction at work. Employment of any child labour is strictly prohibited in our business operations.
1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING 11 SUSTAINABLE CITIES AND COMMUNITIES	**Building a Better Society**	1. A – End all poverty 3.3 – Combating infectious diseases 11.3 – Strengthen the capacity for comprehensive and sustainable human residences planning and management	The Group actively strives to discharge its corporate social responsibility and participates in a number of poverty alleviation works. During the year, the Group is currently focused on taking measures to cope with the COVID-19 pandemic and is working with all sectors of society to eliminate poverty and fight against the pandemic. In addition, we actively support urban renewal and contribute to the construction of a sustainable living environment.

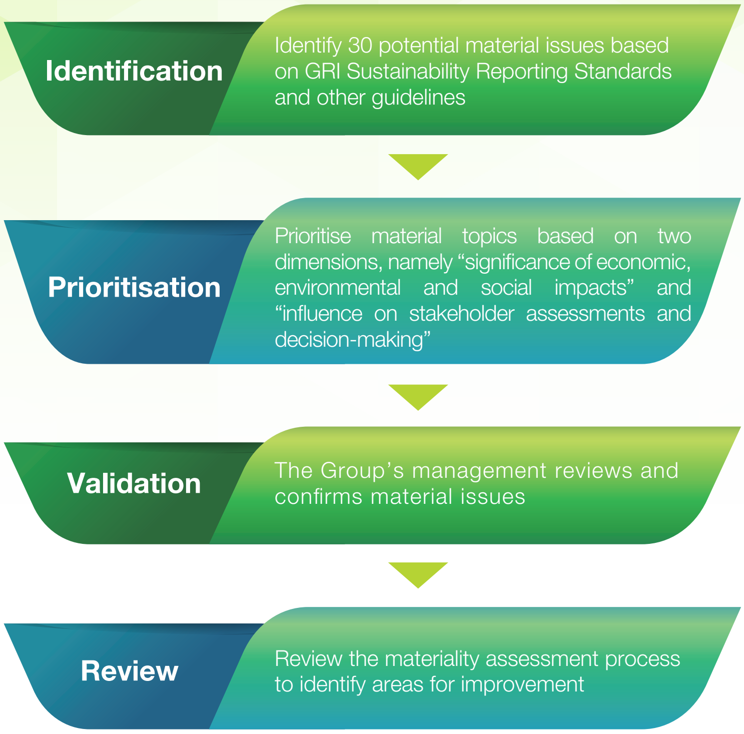
STAKEHOLDER ENGAGEMENT

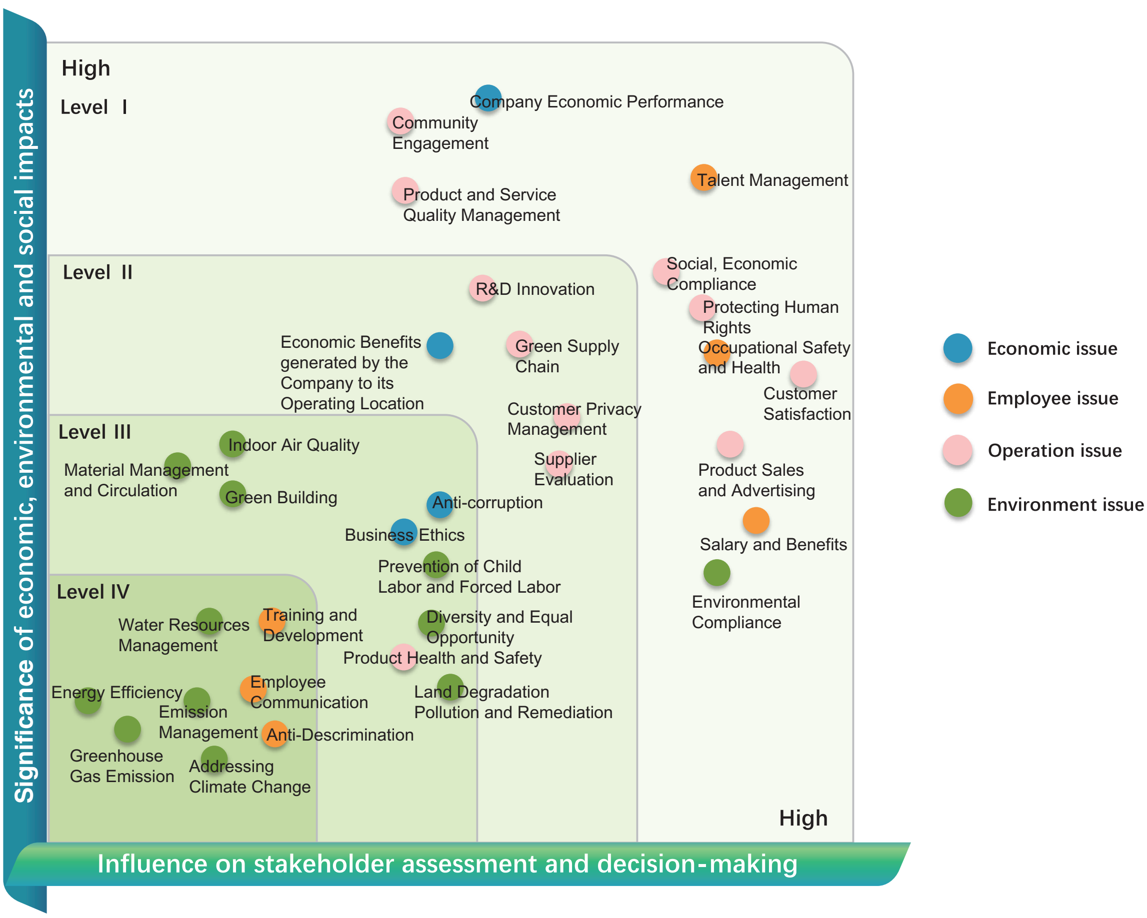
The Group understands that greater participation of stakeholders is essential for a corporation to improve its sustainable development. We attach great importance to effective communication with various stakeholders, establish various channels to understand their concerns and expectations, and these suggestions are viewed as important considerations for the Group to formulate sustainable development strategies.

Materiality Assessment

With reference to the ESG Reporting Guide of the Stock Exchange, the Global Reporting Initiative Sustainability Reporting Standards and the best practices among peer industries, the Group prepared a pool of sustainability issues and conducted an assessment to identify material issues that are closely related to the Group's operations.

The Group invited stakeholders including employees, customers and suppliers to participate in assessment and identification of material issues. While understanding the views of stakeholders, the Group also combined the management's knowledge of the Group, the industry and the macro environment to sort out material issues that are important to the Group's operations.





By analyzing the scores of each potential material issue in the two dimensions of "significance of economic, environmental and social impacts" and "influence on stakeholders' assessment and decision-making", we built a materiality matrix. Issues located in the first level of the matrix are identified as material issues, which achieved a higher score in the assessment of both dimensions, or a very high score in one of the dimensions.

	Impact and Scope							
Material Issue	Employee	Shareholder/ Investor	Customer	Supplier/ Contractor	Government/ Regulatory Authorities	Community	GRI Standard	Section
Water resources management		✓	✓	✓	✓	✓	GRI 205	Operate with Integrity and Honesty
Energy efficiency		✓	✓	✓	✓	✓	GRI 205	Operate with Integrity and Honesty
Greenhouse gas emissions		✓	✓	✓	✓	✓	G4-CRE8	Reduce Emissions for the Blue Sky
Emissions management		✓	✓	✓	✓	✓	GRI 102	Create Value for Customers
Combating climate change		✓	✓	✓	✓	✓	GRI 416	Create Value for Customers
Training & development	✓	✓	✓	✓			GRI 102	Create Value for Customers
Employees communicate	✓						GRI 401	Build Career for Employees
Anti-discrimination	✓						GRI 404	Build Career for Employees

OPERATE WITH INTEGRITY AND HONESTY

The Group adheres to core values of "Integrity, Responsibility, Pragmatism and Inclusiveness", and focuses on cultivating honesty and integrity in employees. The Group sets out the requirements for all employees to comply with in the "Code of Integrity" and specific requirements for employees in specific positions, covering procedures such as sales planning, cost control, auditing, tendering, procurement, construction management and design management.

The Group has set up a Monitoring Center, with monitoring centres at the Group branch and regional/subsidiary levels, for supervision. The department implements a vertical management model. Under the direct leadership of the head of the Group, supervision is in accordance with relevant internal rules, regulations and management system. During the year, the Monitoring Center and its branches formulated different monitoring focuses according to the regional characteristics, and systematically carried out work on case investigation, project cost monitoring, project quality monitoring, material and equipment quality investigation, price inspection, bidding inspection, administrative efficiency supervision, and daily inspection, etc. The Company avoided losses of nearly RMB66,000,000 in violation of regulations and disciplines and involved in neglect of duty.

The Group continues to incorporate "fraud risk" into its semi-annual risk assessment, and regularly evaluates the anti-corruption mechanism and fraud prevention efforts. During the year, the Group's risk assessment results indicated a relatively low fraud risk, and thus it constitutes no critical risk to the Group.

WHISTLE-BLOWING MECHANISM AND WHISTLE-BLOWERS PROTECTION

The Group has set up various reporting channels such as hotline, mailbox and email to encourage employees to report any suspicious cases involving unethical behaviour to the Monitoring Center. All cases are thoroughly investigated and handled seriously, and all records are properly kept. In addition, we also attach great importance to protection of whistle-blowers, and set out specific protection measures for whistle-blowers in internal documents to maximize protection of legitimate rights and personal safety of employees.

WHISTLE-BLOWERS PROTECTION SYSTEM:

- Strictly keep personal details of whistle-blowers confidential
- Prohibit leaking of reporting materials to the reported unit or the individual
- The identity of the whistle-blower shall not be exposed during the investigation process
- Safeguard the personal rights and other legitimate rights and interests of whistle-blowers
- Shall not obstruct, suppress or retaliate against whistle-blowers

ANTI-CORRUPTION TRAINING

Under the concept of "prevention first and tackling as supplementary", the Group imparts various forms of integrity education such as journal learning, integrity presentations and seminars to enhance employees' awareness of honesty and integrity.

In March 2021, the Group's Human Resources and Administration Center collaborated with the Monitoring Center organized a kick-off meeting of the "R&F Integrity" journal and a one-month series of activities throughout the Group, held in various formats, including presentations, seminars, visits to integrity bases and speech contests. Many employees were inspired to furnish thousands of reflective articles on anti-corruption based on such experiences, dozens of which were selected for publication in the first and second issues of the 2021 "R&F Integrity" journal. In addition, the vivid case analysis and unique monitoring and exploration are both informative and readable and were well received by employees.

The Monitoring Center produced two anti-corruption animations based on real cases in southwest China and east China. Such innovative publicity mode is more interesting and easier to be spread, arousing resonance among employees of different levels and backgrounds, effectively deepening their understanding of job-related crimes and their awareness of anti-corruption issues.

During the year, the Group provided a total of 23 training lectures for employees, covering all regional companies, and subsidiaries, with a total of 4,271 participants (including online courses).

SAFEGUARD HEALTH AND SAFETY

The Group values the health and safety of its employees. Whether it is construction, commercial management, hotel business, or office management, we integrate occupational health and safety management into our daily operations and strive to provide a safe working environment for our employees.

MANAGEMENT APPROACH

Compared with other business sectors, the construction business faces relatively higher occupational health and safety risks. Therefore, the Group pays special attention to its management structure and daily supervision. By establishing a production safety organization, implementing a safety inspection system and clarifying safety responsibilities, the Group strives to provide employees with comprehensive occupational health and safety protection from the source to each production process. In addition, the Group extends the occupational health and safety management requirements to service contractors.

CONSTRUCTION SAFETY

Implementing the Group's production safety policy of "Safety First, Prevention Foremost, and Comprehensive Management", we have established a Production Safety Committee (the "Safety Committee") by Guangzhou Tianli Construction Engineering Co., Ltd. ("Tianli Construction"). Adhering to the production safety responsibility system, responsibilities of production safety are assigned to each position, executing the Group's production safety policy. In particular, the chairman or general manager of each subsidiary acts as the first person in charge and is fully responsible for production safety. As the highest decision-maker of the occupational health and safety of the Company, the Safety Committee is responsible for managing the safety department, regional safety group and project safety group, and effectively communicates the Group's safety guidelines from top to bottom.

	Department/Organization	Production Safety Responsibilities
	Chairman or general manager	first person in charge, fully responsible for safety production
Company-level	Production Safety Committee	the highest decision-maker of the occupational health and safety of the Company, researching on critical issues
Regional-level	Safety Leadership Group	Group leader: regional general managers develop, supervise and inspect management system
Project-level	Production Safety Group	Implement safety management measures and organise project safety inspections

Safety Management Structure of Tianli Construction

Safety Targets for Construction Business	Achievements in 2021
Annual work-related fatality rate and work-related injury rate not exceeding 24‰	Achieved
Safety training coverage rate of employees and contractors of construction units 100%	Achieved

In addition, the Group conducts quarterly assessment on all projects under construction and adopts the "Project Safety and Civilization Assessment Form" to evaluate performance in four areas, namely safety management, safety education, civilized construction and data management. We require the responsible unit to rectify any substandard project and arrange for a re-inspection.

In order to strengthen the safety management of the construction site, protect employee safety and the property safety of the Company, and ensure smooth progress of construction and production. Tianli Construction has signed the Safety Production Management Agreement (the "Agreement") with sub-contractors to convey safety construction policies and responsibilities. The Group requires sub-contractors to provide three-level safety education and safe production skills training for workers carrying out construction work, and to keep track. Only workers who have completed safety education are allowed to enter the construction site. The Agreement also sets up safety targets, requiring sub-contractors to ensure that no major injury or fatal accident rate and the monthly minor injury rate is below 2% during the construction period.

SAFETY TARGETS AND TRAINING

To strengthen and standardize the safety management in hotel business, reduce operational risks and ensure safety management, the Group implements a safety management responsibility system at all levels. Taking Sheraton Changzhou Xinbei Hotel as an example, we have set up occupational safety commitments and targets to strictly prevent and control accidents.

Occupational Safety Commitments and Targets of Sheraton Changzhou Hotel	
Control the rate of safety accidents below 3%	Achieved
Ensure there are no major and abnormal safety hazards, and timely rectify general and large safety hazards	Achieved
Organize safety training, covering all employees	Achieved

In 2021, the Group provided a series of safety training programmes covering different topics for employees, amounting to a total of 256,528 person-times and 375,924 training hours.

PROTECT EMPLOYEES' WELLBEING

The Group provides free medical examination for all employees every year, and provides services such as hepatitis B and pandemic vaccination based on actual needs. During the epidemic, we closely monitored the trend of the epidemic, analyzed the potential impact of the current situation on employees in a timely manner, and implemented effective epidemic prevention measures to ensure physical and mental health of employees. During the year, there was no major outbreak of epidemic in the workplace.

The Group's hotel business has a sound occupational health and safety management system. For example, InterContinental Tangshan has established an accountability system for the prevention and control of occupational hazards. The general manager is directly responsible for complying with regulations and policies, and supervising implementation of various measures to ensure health and safety of employees during the work process. The human resources department provides relevant training for employees and organizes regular health examinations for employees who are exposed to occupational hazards in their positions. The security department is responsible for distribution and regular checking of protective equipment while other department managers are responsible for ensuring employees follow the operating procedures and the correct use of protective equipment.

Occupational Health and Safety Training Activities

GENERAL CONSTRUCTION SAFETY TRAINING

Tianli Construction regularly organizes training activities for workers on construction safety, including the use of protective equipment, five common types of accidents on construction sites, etc., to enhance workers' awareness of occupational health and safety.


Kitchen staff work safety training


Fire safety review training for employees

OCCUPATIONAL HEALTH AND SAFETY TRAINING

Grand Hyatt Guangzhou has an annual training program. In addition to providing safety training for new employees, regular Safety-themed training is also held for employees in kitchens, restaurants and security departments. At the same time, we also organize fire safety review training to strengthen employees' occupational health and safety awareness in all aspects.

FIRE DRILL

Xiangshui Bay Marriott Resort & Spa held a fire drill during the year to simulate the real fire situation, deepening employees' memories of fire response so as to strengthen employees' ability to respond to emergencies.

REDUCE EMISSIONS FOR A BLUE SKY

Adhering to the development strategy of "keeping up with the pulse of the city and creating a better life", R&F is committed to promoting sustainability of the environment. The Group strictly complies with laws and regulations of the PRC and implements a series of energy conservation and emission reduction measures to reduce the direct impact of its business operations on the environment. The Group pays attention to the risks and opportunities brought by climate change to its business and formulates corresponding measures. We also actively develop environmentally friendly green buildings to reduce emissions for ensuring a blue sky.

ENVIRONMENTAL MANAGEMENT SYSTEM FOR CONSTRUCTION BUSINESS

The Group has established a comprehensive environmental management system, which is directly led by the management of the Group and requires all relevant departments to regulate their own operations according to the environmental management methods and measures formulated by the headquarters, with a view to continuously improving the overall environmental performance of the Group through cooperation of all departments. The Group complies with ISO14001 standards and encourages its branches to actively improve their environmental management. At present, Tianli Construction has obtained ISO14001 environmental management system certification.

Among various businesses of the Group, the construction business has a relatively large and direct impact on the environment. Therefore, environmental management of this business is the top priority of the Group's internal management. In addition, Tianli Construction, a subsidiary of the Group, has formulated pollution prevention, energy conservation and emission reduction measures in accordance with ISO14001 environmental management standards and relevant laws and regulations, and is committed to minimizing the impact of construction on the environment. In addition, Tianli Construction has established a safe and civilized construction management system. The General Manager directly leads the environmental management during the construction period, and the production team is responsible for implementation of specific on-site environmental protection work. In order to strengthen management, the Group has established a safety production supervision and inspection system and regularly conducts civil construction inspections on projects. At the same time, the Group has also set up internal targets for emissions of pollutants. By implementing the responsibility system of achieving environmental protection targets, the environmental protection indicators are allocated to relevant units and individuals at all levels in the form of responsibility statement, which is included in the supplier contract and job position responsibility system.

The Group has formulated a series of internal environmental management tools such as Quality and Environmental Management Manual, Energy Conservation Management Plan and Pollutant Control Procedures, and is committed to reducing the impact of its operations on the environment. It strictly abides by all national and local laws and regulations. In 2021, there was no instance of non-compliance with relevant laws and regulations that have a significant impact on the Group relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. In 2022, our goal is to continue to achieve 100% compliance with environmental protection laws and regulations and ensure there is no violation of laws and regulations that have a significant impact on the Group relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

GREENHOUSE GAS EMISSIONS

During the year, the Group's total GHG emissions were 510,867 tCO_2e, and the emission intensity was 0.01 tCO_2e/m^2.

Major sources of the Group's greenhouse gas emissions are indirect emissions from the use of purchased electricity and heat (Scope 2). During the year, emissions from major sources were 386,333 tCO_2e equivalent, accounting for approximately 76% of total emissions. Direct emissions (Scope 1) from the use of fuel and refrigerants are 124,534 tCO_2e.

The Group reduces greenhouse gas emissions through energy saving measures and improving equipment energy efficiency. For details, please refer to the section headed "Energy Consumption".

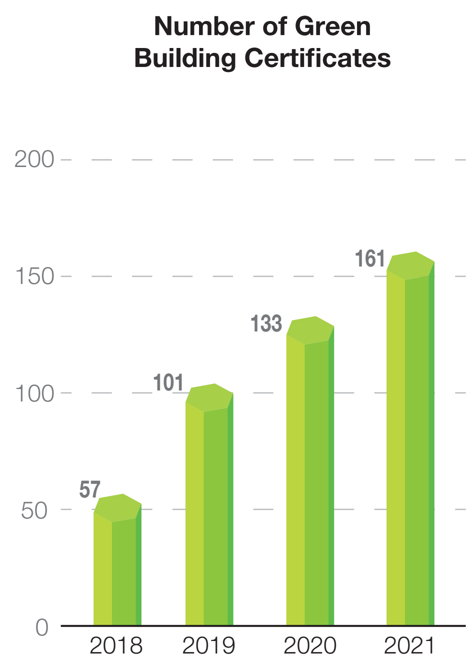
* 2020 data cover 10 commercial projects, 89 hotel projects, 70 projects under construction undertaken by the Group and all the Group's office operations in the PRC; 2021 data cover 13 commercial projects, 88 hotel projects, 122 projects under construction and all the Group's office operations in the PRC.

GREEN BUILDING

The Group actively responds to the national goal of increasing the proportion of green buildings. Through planning and design and product research, the Group strives to integrate environmental protection and energy conservation elements into the entire life cycle of buildings.

At the product design stage, the Group organizes a joint review by multiple departments to analyze and optimize various aspects of the project, including incorporating low-carbon, energy-saving and environmental protection elements into the design and construction of the project. We improve the overall environmental performance of the project through architectural design, use of construction materials, interior space design and energy system improvement, and strictly control the environmental management in the entire life cycle of the building. We adopt Building Information Modelling (BIM) technology to comprehensively plan and manage the life cycle of buildings.

During the year, the Group signed a cooperation agreement with Yinlu Green Building Carbon Reduction Platform to lead the green transformation and upgrading of the real estate industry through green building technology and 5G technology.



As at the end of 2021, the Group had 210 projects with a total GFA of approximately 24.5 million sq.m. that adopted green building design requirements. Of these, 161 projects were certified as green buildings, including the China Building Design Mark and LEED certification. During the year, 23 new green projects with a total GFA of over 1.6 million sq.m. were certified.

Beijing Tongzhou R&F Center - Two-Star Green Building and LEED Platinum Certification

- Adopts sensor lighting control for stairs and front rooms, and centralized intelligent lighting control system for public places lighting such as garage, corridor and outdoor landscape
- Adopts first-level water efficiency sanitary appliances to make good use of water resources
- Adopts municipal reclaimed water recycling technology for landscape irrigation, waterscape water replenishment, road washing and garage washing

Beijing Shokai R&F No. 10 International – Two-Star Green Building

East Plot

- Adopts high-strength and environmentally friendly construction materials
- The heat supply system is equipped with an automatic heat control system and temperature monitoring device to reduce energy consumption through temperature adjustment
- Set up sunken green space and permeable paving to save rainwater

Beijing Shokai R&F No. 10 International – Two-Star Green Building

West Plot

- Set up roof greening system
- Adopt insulation materials for exterior walls and roofs to reduce heat energy consumption
- The air conditioning system adopts multi-connected machines and strengthens the processing of fresh air to reduce concentration of PM2.5 in the indoor fresh air

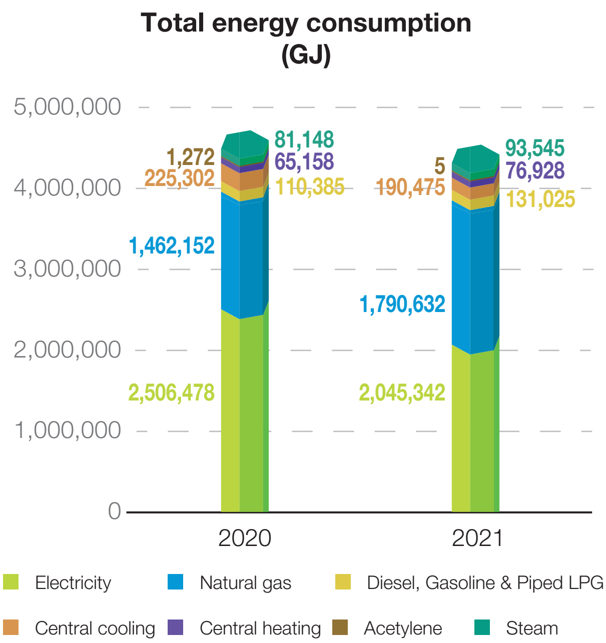
URBAN RENEWAL

During the year under review, the Group continued to commit to and accelerate promotion of urban renewal, creating a sustainable green community for the city through improvement of building facilities and space utilization. At present, urban renewal projects are still the focus of the Group's potential land reserves. R&F Group has established urban renewal projects to be converted into land reserves and obtained development rights, which will continue to transform more urban renewal projects. The urban renewal projects can effectively convert land reserves and increase land reserves and saleable resources in a more cost-effective manner.

As of the end of 2021, the Group has signed contracts for more than 64 urban renewal projects nationwide, with a total planned GFA of more than 72 million sq.m., a future saleable area of more than 35 million sq.m. and a future saleable value of more than RMB1,000 billion. The proportion of first-and second-tier cities reached 93%, and the Greater Bay Area reached 76%. In the future, R&F Group will continue to meet the needs of social development and strike a balance between enhancing urban value and pursuing sustainable growth.

ENERGY CONSUMPTION

The Group's businesses include property management and hotel operations. The resources used include electricity, gasoline, diesel, LPG, natural gas and central cooling. In 2021, total energy consumption of the projects covered by this report was 4,327,953 GJ. Electricity is the Group's major energy source, accounting for 47% of total energy consumption.



* 2020 data covers 10 commercial projects, 89 hotel projects, 70 projects under construction undertaken by the Group and all the Group's office operations in the PRC; 2021 data covers 13 commercial projects, 88 hotel projects, 122 projects under construction and all the Group's office operations in the PRC.

In response to the need for energy conservation and emissions reduction, the Group has strengthened its energy conservation work and required all subsidiaries and departments to carefully follow and implement the Group's Energy Conservation Management Plan. In hotel business, we timely replace old equipment and introduce more equipment that meet the latest energy-saving standards and with energy-saving labels to improve energy efficiency. This not only helps save electricity consumption and reduce operating costs, but also improve customer satisfaction.

The following table sets out the energy-saving measures implemented by some of the Group's hotels and the results achieved in 2021:

Doubletree By Hilton Chongqing Wanzhou

- Installed high and low voltage transfer switches for the three boilers in the hotel.
- It is estimated that we can save 8,000 m^3 of natural gas per year, which can reduce the cost by about RMB25,000.

Wanda Vista Quanzhou

- Set the temperature in the back office area at 25℃, which helps to reduce electricity consumption for air conditioning.
- Use curtains for shading in order to reduce the heat in idle rooms.
- Remote control of air conditioning equipment with BAS intelligent system, automatic adjustment of air temperature and air volume according to the site temperature.
- To clean and maintain the air conditioning equipment in a timely manner, regularly inspect and maintain the air conditioning ducts to keep them warm and reduce the loss of cooling capacity.

Wanda Realm Shangrao

- Undertake lighting retrofit in the hotel with halogen lights and replacing them with LED lights.
- Set up an energy saving committee to carry out nightly energy saving checks and form written records to ensure that water, electricity, gas, air conditioning and other equipment are turned off as needed.
- Encourage departments and individuals who make outstanding contributions to energy conservation with awards.

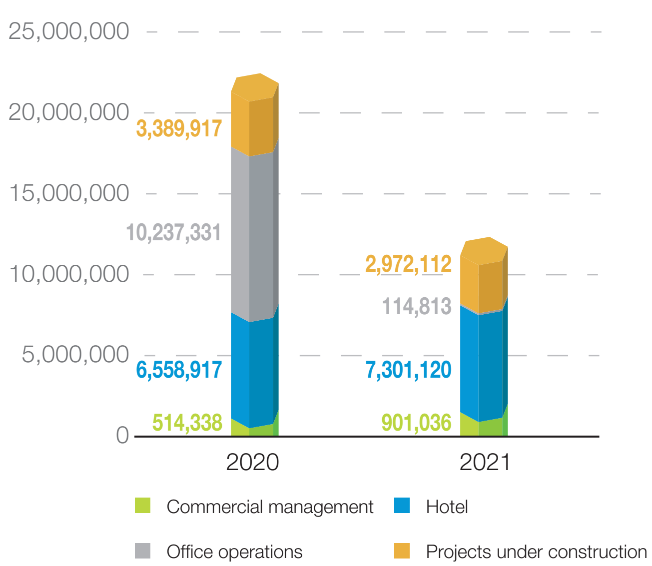
The Group hopes to replace 100% of lamps in its hotels and commercial management companies with LED lamps that meet the latest energy-saving requirements and have energy-saving product certification labels. At the same time, the Group plans to strengthen training of employees on electricity conservation, establish a culture of electricity conservation and improve the relevant management mechanism to reduce the use of electricity.

WATER CONSUMPTION

In 2021, total water consumption of the Group in commercial management, hotel services, office premises and projects under construction was 11,289,081 m^3, and the water usage intensity was 0.232 m^3 per m^2. The Group has no problem in sourcing water that is fit for the purpose.

The Group requires its subsidiaries and departments to reduce water consumption and protect water resources during operations. The following table sets forth the water conservation measures and results implemented by some of the Group's businesses in 2021.

Total Water Consumption (m^3)



Water Saving Measures at Sheraton Changzhou Xinbei Hotel

- Manual treatment of linen with heavy dirt before washing, which can be washed as light dirty linen. This method can greatly save the washing time and washing water.
- Making appropriate adjustments to the valve of the face cage head of the guest room to reduce the discharge of water.
- Carry out proper maintenance of hotel equipment to prevent leakage.
- The pool circulating water is recycled to 40% by the pool bottom water reclaimer and to 60% by the overflow water tank. After treatment, it enters the pool. At the same time, adjusting water tanks are installed to reduce daily water replenishment.

The Group plans to complete renovation of water consumption facilities in all its hotels to reduce water consumption.

In order to improve the utilization efficiency of water resources, the Group reuses wastewater at construction sites. Water used in automatic sprinkler car wash tank can be recycled after treatment, which greatly reduces water consumption.

EMISSIONS MANAGEMENT

The Group has formulated the "Pollutant Control Procedures" to actively manage emissions of exhaust gas, wastewater and solid waste generated during operations so as to reduce the impact of its operations on the environment.

In 2021, sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matter (PM) generated by the Group's vehicles were 0.0571 tonnes, 6.7853 tonnes and 0.5541 tonnes, respectively.

Waste generated from the Group's operations mainly comes from construction, hotel and business management projects, including construction waste, food waste, greening waste and domestic waste. In 2021, a total of 45.42 tonnes of hazardous waste, 260,120.68 tonnes of construction waste and 838,360.88 tonnes of other general waste (including food waste, greening waste and domestic waste) were generated, of which 28.55% of general waste was recycled.

Due to generation of dust and noise during construction, the Group implements environmental management practices and strengthens inspection at construction sites, monitors and inspects environmental indicators, and adopts mitigation measures, such as water spraying to reduce dust, and shading strong noise with sound insulation shed equipment.

Case of controlling dust

The fog cannon can be adjusted up and down and left and right to emit water mist for rapid dust removal and air quality purification. Compared to ordinary sprinkler trucks, the fog cannon emits a wider area of water mist and uses less water, resulting in greater utilisation of water resources and greater efficiency.

The Group also adopts BIM technology to conduct life cycle management of the construction environment through digitalisation, so as to avoid waste of construction raw materials at the source and during the process. For surplus materials, the Group has established the Management System for Recycling and Reuse of Tailings and Wastes to re-process reusable construction tailings and wastes to improve materials utilization.

Air pollution

- Concrete hardened pavement at the construction site
- Regular watering and dust reduction during construction
- Covering measures for dust prone construction materials, or store them in warehouses
- Set up vehicle washing and scrubbing table at the exit of the site

Wastewater treatment

- Implement rainwater and sewage diversion to ensure separate use of rainwater and sewage networks
- Recycle water used in public pools by filtering and using it for green irrigation
- Set up sedimentation tanks at construction sites to ensure that sewage is discharged into municipal sewers only after sedimentation

Noise pollution

- Adopt low noise concrete vibrating bar
- Use soundproof canopy to block strong noise
- Strictly follow relevant regulations on construction noise management, and arrange construction time reasonably

Waste management

- Temporary storage site for separating and storing construction waste and domestic waste
- Recycle recyclable waste oil and manage chemicals
- Establish special chemical warehouses and make them leak proof
- Prohibit toxic and hazardous waste as earth backfill and hand it over to professional units for processing
- Set up a separate dedicated warehouse for flammable and explosive products

Emissions Management Measures implemented at Tianli Construction Site in 2021

The Group also requires its hotels to take appropriate measures to ensure that visible fumes and unpleasant odour or other forms of polluting sources are avoided. At the same time, we engage a third party with relevant professional qualifications to help monitor oil fume emissions at our hotels.

Grand Hyatt Guangzhou

- A third party engineering consultant with relevant professional qualifications was hired to install two 24 hour smoke monitoring systems and upload the measurement results to the Municipal Environmental Protection Bureau simultaneously.

ECOLOGICAL CONSERVATION

The Group ensures that ecology and biodiversity are protected at all stages of construction projects. In landscape design, we carefully select suitable species to avoid introduction of foreign and invasive species and maintain local ecological balance. Before project construction, we conduct environmental impact assessment in accordance with laws and regulations to ensure that the project will not cause serious damage to the ecology. During the construction process, we take ecological restoration measures, such as repairing contaminated water and implementing slope greening projects.

Hainan R&F Ocean Paradise, funded by the Group, launched the Blue Ocean Conservation Plan, built Hainan's first marine animal hospital with the most comprehensive functions and the Blue Ocean Conservation and Rescue Center, and actively promoted marine ecological conservation. The Blue Ocean Conservation and Rescue Center cooperated with marine research institutes outside China to study and improve the conservation level of marine life and promote conservation awareness through popular science education activities.

The Group has built the Hainan Mangrove Bay Wetland Conservation Park, which has become a 2,200 mu natural conservation zone. Haikou R&F Club Tourism Development Co., Ltd., a subsidiary of the Group, joined Chengmai Wetland Conservation Association in 2020 to promote wetland conservation and education. During the year, members and staff of the association actively participated in conservation activities of Mangrove Bay Wetland Park to help clean up the water algae in the wetland park and maintain the wetland ecosystem.

COMBATING CLIMATE CHANGE

In order to identify and mitigate risks brought by climate change to the Group's operations, the Group started disclosing climate change-related information for the first time in 2018, according to recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In 2021, we continued to improve our disclosure, using two climate scenarios to analyze physical and transitional risks, in order to analyse climate risks in greater detail and to come closer to disclosure requirements of stakeholders on climate-related financial conditions.

GOVERNANCE

Climate-related issues are managed by the Group's sustainability governance structure. The Group's management conducts climate change risk assessment semi-annually to identify risks associated with the Group's business. We incorporate climate-related risks into the Group's risk management framework. The Board oversees risk identification and mitigation plans. The Group also conducts materiality assessment every year and material issues, including climate-related issues, are selected by the management and stakeholders of the Company.

In 2021, the Group formulated a climate change policy to guide the management work related to climate change, including the Group's direction and actions in mitigating and adapting to climate change.

RISK MANAGEMENT

The management from each department conducts analysis with reference to the climate change scenarios of the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), identifies physical and transitional risks under different scenarios according to the degree of risk impact and the possibility of risk occurrence, and builds a climate change risk matrix.

In order to meet the government's regulatory requirements on climate change and carbon emissions, R&F Group continues to pay attention to changes in relevant regulations and has set internal environmental and carbon emission targets accordingly. During our operations, we adopt green building technologies and adopt energy-saving measures whenever possible.

In order to cope with the impact of frequent extreme weather incidents on the Group's operations, we have established a sound emergency management system, and regularly hold emergency drills and provide special training for employees. In order to raise employees' awareness of climate change, we also organize themed activities for different environmental protection festivals, such as China Tree Planting Day and World Environment Day.

STRATEGIES

With reference to different climate change scenarios, the Group has analysed the impact of the following climate risks on the Group.

	Risk Type	Impact Aspect	Risk Description	Impact Analysis
Physical risks	Frequent extreme weather	Business Operations	• Extreme weather incidents damage projects under construction or completed projects • Extreme weather affects normal operations of some businesses such as the hotels segment	• Decrease in revenue: some business operations are affected • Increase in expenditure: repairing damaged houses
		Supply Chain	• Impact on normal supply of materials and soaring prices of construction materials • Difficulties in transporting construction materials affect the speed of project construction by construction contractors	• Increase in operating costs: delay in completion of construction, increase in construction costs and building construction costs
		Investors	• Extreme weather devastates real estate projects under construction or completed projects, causing significant losses to enterprises and affecting the Company's share price	• Decrease in share price of the Company and increase in finance costs
	Sea level rise	Business Operations	• Coastal houses are vulnerable to flooding; reserved land may be eroded	• Increase in expenditure: repairing damaged houses • Decrease in value of assets: decrease in value of reserved land

	Risk Type	Impact Aspect	Risk Description	Impact Analysis
Transition risks	Technology risk	Business Operations	• Increased investment in green buildings by peers, and existing projects are exposed to replacement risks	• Decrease in sales volume of existing property projects
		Supply Chain	• Supply chain cannot support construction requirements that need to cope with more adverse weather conditions in the future	• Increase in operating expenses: increase procurement costs for sourcing new suppliers
	Market risk	Business Operations	• Change in property buyers' preferences, such as preference for green buildings, decrease in popularity of seaview houses, etc. • Changes in consumer taste on travel destination affecting occupancy rates of existing hotels	• Decrease in demand for seaview houses or other specific real estate projects and decrease in the price of such projects • Decrease in revenue from specific businesses such as hotel operations
		Investors	• Changes in investors' investment preferences as they may have a preference for real estate developers focusing on green buildings	• Increase in financing costs for traditional construction projects
	Reputational risk	Business Operations	• Corporate reputation damage due to failure to meet compliance requirements for climate change	• Increase in finance costs
	Policy and legal risks	Business Operations	• More stringent disclosure requirements for greenhouse gas emissions • The government may put forward requirements for enterprises to invest in land and project construction in response to climate change • Stricter environmental regulations may subject enterprises to higher risks of claims or litigation	• Increase in administrative expenses: enterprises need to increase investment in information disclosure; Increase in land acquisition, site selection costs and construction costs • Increase in compensation costs: claims or litigation arising from non-compliance

CREATING VALUE FOR CUSTOMERS

SMART REAL ESTATE

R&F Data Platform

- Manage plots, projects, differences, property types and buildings, standardise the naming criteria and classification principles, and clarify the rights and responsibilities for data maintenance at each stage
- Integrate business systems to centrally manage the entry and distribution of project data, avoiding multiple maintenance of the same data to ensure data consistency and improve update efficiency
- Establish a project analysis system for information interaction and data precipitation; conduct value analysis, balance production and marketing management, to monitor management indicators in real time and to assist management decisions

Vsign Application

- Centralised and standardised management of internal non process approval documents, with the ability to record the entire approval process and to manage the approval documents in a way that is traceable and evidence based
- Sign and approve internal documents online, breaking the space restriction; sign on mobile phone anytime and anywhere to save time and improve the efficiency of business collaboration
- To ensure information security, staff OA account must be logged in before signing, and the original handwriting of signatures and endorsements must be retained to effectively prevent fraud and ensure security

RPA (Robot Process Automation)

- Using process robots to reduce repetitive manual work. 56 automated processes have been launched cumulatively with over 240,000 runs, saving nearly 15,000 hours of manual work
- Currently, the online process covers human resources, IT, marketing, design and property, and RPA contracting robots have been launched in 15 regions to help local contracting centres to conduct online contracting, increasing the efficiency by up to 10 times and reducing the waiting time of customers by 50%

Digitalisation of Marketing

- ✓ In 2021, the Group launched a new sales platform, strengthening the standards for staff management standards and optimising business processes
- ✓ The next-generation management platform reconstructs the customer acquisition system, connects to the online customer source pipeline and covers multiple platforms, enabling house consultants to connect to online customer sources in real time, accelerating the online and digital transformation of marketing

Digitalisation of Urban Renewal

- ✓ During the year, the Group, in conjunction with the Guangzhou Urban Renewal Group, completed the construction of a pilot "City Cloud" platform to provide digital support for future urban renewal projects
- ✓ The platform enables standardisation for urban regeneration; supports the aggregation of project results and unified data resource monitoring; uses standardised data collection and calculation to reduce errors and improve operational efficiency

Digitalisation of Pipeline Control

- ✓ Risk control system of real estate marketing is based on leading-edge face recognition technology for intelligent management of the sales pipeline, with non-sensitive burst and capture, advanced algorithms for accurate recognition, and automatic early warning of system risk
- ✓ Comprehensively upgrade the real estate commission management system. Implement nationwide hierarchical control of commissions, integrate the prediction, calculation and distribution of sales, and optimize the incentive plan for marketing staff

Digitalisation of Plan Management

- ✓ The Group's plan management system was launched in September 2018, and during the year, the Group's Enterprise Management Centre conducted a comprehensive upgrade of the system to strengthen fine management and further enhance digitalization
- ✓ Refine the management of batch reporting by nodal function lines to further clarify the division of labour and responsibilities, laying the foundation for subsequent delicacy management by function

In order to enhance the level of refinement of management and to establish a unified standard to manage property projects, the Group's Corporate Management Centre, in conjunction with various business departments, launched the construction of R&F's data platform and a number of digital projects.

In 2021, the Group initiated the construction of a rapid development platform to meet diverse management needs through "zero" code or low-code capabilities, reducing the cost and shortening the time spent on initialising the digitalisation life cycle, building up the Group's own digital R&D capability system. The Centre engaged two leading cloud computing service providers, Huawei and Microsoft, in the first half of the year, providing a solid base for the Group's multi-cloud strategy. In this way, it has formed a multi-cloud infrastructure with R&F's data centre at its core, interconnected through China Enterprise Cloud Network to Ali Cloud, Huawei Cloud and Microsoft Cloud, together forming a multi-location and multi-centre multi-cloud infrastructure system. After completion of the system, our Centre will act as the Group's internal cloud supplier to support the digital infrastructure resources and service demands of various business segments, regional companies and subsidiaries, enhancing the efficiency of resource utilization.

PROJECT QUALITY MANAGEMENT

The Group is committed to providing customers with a comfortable and high-quality commercial and residential environment through continuous improvement of project quality management. During the year, we revised internal systems such as the "R&F One-to-one Household Inspection Implementation Approach", "R&F Management Measures for Landscaping Project" and "R&F Management Measures for Pile Foundation Project" and improved management methods of project quality at all stages. In addition, the Group has also formulated various measures to ensure project quality.

- **Quality Assurance for Projects under Construction**

  The Group has a dedicated inspection team to check the quality of projects under construction. The team is composed of professional and technical personnel from relevant departments including the Engineering Supervision Centre and the engineering technology department and conducts inspection and evaluation in various aspects such as structural engineering, decoration and waterproof construction for projects under construction in accordance with relevant national standards. The results are reported by the Engineering Supervision Centre to the Group's management, which hands out rewards and punishment, after review and based on internal regulations.

- **"Individual Inspection for Each Household"**

  The Group has established a "one-household-one-inspection" working system to ensure the quality of residential projects. Two months prior to the delivery of the project, the General Manager or the Deputy General Manager of the regional company organizes the engineering technology department/supervisor, the property management company and the social work unit to set up a working group to carry out house-by-house, room-by-room and section-by-section inspections according to the relevant quality acceptance standards. For items that fail the inspection, the working group requires the construction unit to rectify within a specified period, and then conduct a review and re-inspection. The Engineering Supervision Centre is responsible for the final certification of each household of the regional companies to ensure that all projects meet the standards before confirming the delivery procedures.

- **Quality Return Visit, Comprehensive Acceptance Assessment**

  The Group has set up a quality control team headed by the General Manager and led by the Deputy General Managers in-charge of engineering, design, supply and other departments. Within the first six months after the project is completed and verified, the quality control team organizes relevant parties such as representatives of relevant units, departments and owners to conduct a comprehensive return visit and comprehensive acceptance assessment of the project quality. Based on the results, awards and punishment are handed out by the Project Supervision and Management Centre, in accordance with relevant regulations of the Group. Apart from evaluating regular items such as functionality, structural safety, waterproofing, decorations and equipment safety, we also seek views of owners and property management staff. In response to the key issues in complaints of the properties, the Group guarantees to provide timely and effective solutions and keep records to avoid recurrence of similar problems.

- **Maintenance Management**

  We provide our customers with warranties for a certain period. During the warranty period, the Property Projects Department is responsible for developing and following up on the best repair solutions; for problems that occur after the period and are covered by the maintenance, the Property Service Group takes over the duty and conducts centralized management.

  During the year, the Group's new project, Harbin R&F Jiangwan New Town Public Building District, was awarded the Gold Award of China's Construction Engineering Steel Structure. It has become a regional benchmark building, adding new momentum to diversity of cities in Northeast China.

Harbin R&F Jiangwan New Town – Public Building District
A benchmark project in thee region, including 11 riverside residential buildings, super Grade A offices, shopping centres and five-star hotels of nearly 110,000 sq.m., dedicated to the development of the city

CUSTOMER SATISFACTION

To further improve service quality, the Group timely identifies customer needs and feedback through customer satisfaction surveys, and quickly locates problems and defects, so as to continuously improve the quality of products and services in a targeted manner. Customer satisfaction surveys are conducted at least once a year for all projects managed and led by the Group, with special projects receiving focused attention and more frequent surveys, as appropriate.

After completion of the survey, the Engineering Supervision Centre is responsible for preparing and compiling the "Special Report on Customer Satisfaction", and submit the special report based on the current period's return visits and customer satisfaction survey to the Chairman of the Group on a quarterly basis for notification, followed by rewards and punishments according to relevant systems. Accordingly, the Engineering Supervision Centre requires the General Manager or Deputy General Manager of the regional company to formulate and implement corrective and preventive measures and improvement plans based on the comments and suggestions. Rectification are also tracked and supervised.

During the year, the Group conducted four customer satisfaction surveys, with an average score of 83 out of 100, which was higher than that of the previous year.

The Group has also standardized the process for handling customers' demands to ensure that all can be addressed in a timely and proper manner. Upon receipt of a customer's request, it is handled within 30 minutes and the results are reported to the customer. For complicated issues that cannot be handled within 30 minutes, a potential plan is reported to the customer within 24 hours with an agreed schedule. For emergency situations such as blockage of drainage pipes and bursting of water pipes, the staff concerned goes to the site immediately (within 8 minutes). Emergency/major complaints are immediately reported to the person-in-charge of the Property Service Centre and the quality management department.

The Group requires that return visits for resolved complaints be completed within 48 hours and recorded in the management system. Managers are required to log in to the "Customer Service Manager" in the system every day to check, monitor and facilitate the handling progress of customer demands.

Customer complaint handling procedures

CUSTOMERS' HEALTH AND SAFETY

The Group has long been committed to providing a healthy and safe living environment for all kinds of customers. For hotel customers, we ask a third-party evaluation agency to regularly evaluate and test the safety of the hotel's building facilities and food safety to ensure that the fire safety facilities function properly and that food safety standards are met. Towards the end of each year, the Group will propose the "Emergency Plan Drill Plan" for the next year, requiring the Group's service providers to organize regular training to enhance employees' emergency response and better protect the safety of our customers.

INFORMATION PROTECTION

The Group is committed to protecting customer privacy. Apart from internal files such as Client Records Management Practice Note, we also urge and require service contractors to protect the privacy of the customers. Paper and electronic files containing customer information are under specific management by the property management company. In addition, they are prohibited from providing customer information to any other entities and individuals.

ADVERTISING

In order to ensure accuracy and compliance of marketing narratives, the Group has established the Design Specification Standards and Management System, which strictly prohibits untrue content in advertisements and ensures authenticity and accuracy. In addition, the Group also stipulates that no infringement of others' intellectual property rights is allowed in design, use of materials and publicity.

SUSTAINABLE SUPPLY CHAIN

The Group is committed to establishing long-term and stable relationships with suppliers and strengthening the management of suppliers through a mature mechanism on development, access and evaluation. In addition to the "Guidelines on Shortlisting and Evaluating Suppliers" and the "R&F Procurement Management Approach" as the basis for selection and evaluation by relevant departments, the Group also incorporates social and environmental requirements into supplier assessment, including major occupational safety and health accidents, safety management capability, and safety equipment provision. The Group also procures environmentally friendly paper certified by the Forest Stewardship Council (FSC), among others, to promote sustainable development of the supply chain.

Maintaining good communication with suppliers is conducive to maintaining a stable supply chain and promoting sustainable development. To this end, the Group has established various supplier communication channels to collect opinions and suggestions from suppliers and give timely response.

The Group continues to incorporate "supply chain risk" into the Group's semi-annual risk assessment. During the year, risk assessment results showed that the "Supply Chain Risk" index was low and did not constitute a key risk to the Group.

Supplier Development	1. Develop suppliers in multiple channels 2. Adopt risk-avoidance measures, such as prohibiting suppliers with affiliation or relationship or business with from participating in unified materials and equipment procurement
Supplier Access	1. Reputation Verification: Exclude suppliers with quality defects, illegal acts and bad reputation in the past two years 2. Information Review: Review the "Pre-qualification Preview Documents" and its appendices, excluding suppliers whose qualifications and products do not meet the pre-qualification standards 3. On-site Evaluation: The evaluation team conducts on-site inspection on suppliers' performance, technology, quality of products, and compliance
Supplier Assessment	1. Annual evaluation on suppliers' qualifications and performance 2. Qualification Evaluation: Review suppliers' capabilities in their operations, certifications, and production equipment, etc. 3. Performance Evaluation: Review suppliers' quality of supply, delivery, after-sales service, and customer complaint handing, etc.

Supplier Management Process

BUILDING A CAREER FOR EMPLOYEES

BUILDING A CAREER FOR EMPLOYEES

The Group attaches great importance to talent development and is committed to building a stable and sustainable talent pool. The Group conducts "human resources" risk assessment every six months and invites relevant departments and subsidiaries to review the performance of human resources allocation, salary and welfare structure and employee training, so as to continuously optimize the talent management system. During the year, the "Human Resources" risk index was low and did not constitute a key risk to the Group.

Acquisition Reserve

The Group adheres to the concept of "openness, fairness, justice and legality" in the recruitment process, and recruits talents through campus, social recruitment and other channels.

The Group has planned a series of talent development projects. Our campus recruitment program "R&F Star Program" invites graduates from renowned universities from various regions to join our team. At the same time, the Group cultivates and identifies outstanding talents with development potential through activities such as job rotation, mentoring and "R&F Star Improvement Camp". Outstanding students from the campus recruitment program can join the "Management Trainee Program" and become project managers or department managers after systematic training.

Employee Benefits

Maintaining the competitiveness of the Group's employees in the talent market, R&F Group provides employees with competitive remuneration and benefits, including employee holidays, housing discounts, social insurance, provident fund, etc. Remuneration of employees includes basic salary, year-end double pay and performance-based bonus. The Group has established various types of periodic performance appraisal mechanisms to comprehensively evaluate the ability and quality of employees and their work performance, so that employees' remuneration is linked to performance appraisal, which is also the main basis for employees' internal promotion or salary adjustment.

Cultivation and Retention

Through career development planning, the Group promotes employees to improve their personal capabilities based on the principles of systematic, long-term and dynamic. New employees, together with counsellors, mentors and department heads, set short-term and long-term goals for personal career development when they join the Company. Taking into account factors such as business needs, employees' own expectations, skills and job requirements, we provide employees with opportunities to allow full play to their strengths.

To better understand the training needs of each department, the Group collects the training plan for the coming year from employees and departments every year, and each department may adjust the training plan according to the actual situation.

Systematic Principle
Establish corresponding career development channels for different employees with different expertise

Dynamic Principle
Adjust according to the Group's future development, organizational structure, and employees' development needs at different times

Long-term Principle
The career development plan of employees shall go through all career stages of the employees

The Group organises various training programs every year to help employees achieve their career development goals while meeting business needs and building a team with continuous competitiveness. During the year, the overall percentage of employees trained was 100%, and the average training hours per employee was 40 hours. The training covered a variety of topics, including urban renewal, management marketing, cost management, etc. For details of employee training, please refer to the table headed "Performance Data Summary".

Training Formulation
The human resources department of each region and subsidiary is responsible for establishing the Company's training system and internal trainer team, formulating and implementing the training plan

Training Formats
Centralized teaching, specialized lectures, course videos, outdoor activities, on-site teaching, job rotation, site visits, departmental internal sharing sessions, cross-department exchange, continuing education courses, etc.

Training Content
- General quality
- Professional skills
- Leadership management

Training Purpose
- Onboarding training for new employees
- Job competency training
- Specialized training

Training Methods
- Internal training
- External training
- Self-learning

Key Training Projects in 2021

1. Urban Renewal Empowerment Training

In order to support development of urban renewal, the Group has established the “Urban Renewal Talent Development Center” in 2021 to precisely meet the strategic development needs of the Group’s urban renewal business, cultivate talents for urban renewal projects, focus on construction of a talent supply chain and efficient operations mechanism, and successively held the “practical training camp for general managers of primary and secondary linkage reserve”, “national urban renewal business empowerment training” and “industry introduction and innovation learning forum”, with 6,000 online and offline participants.

2. Marketing Management Empowerment Training

In order to cope with the current marketing pace, adapt to the market development needs in the new era, and facilitate the development of the Group’s marketing business, the Group has established the “Marketing Empowerment Center” in 2021. With the goal of developing innovative marketing management and cultivating a team of high-quality and sustainable marketing management talents, the Group successively held the “Digital Marketing Elite Training Camp” and the “Marketing Reserve Elite Training Camp”, with 20,000 online and offline participants.

Key Training Projects in 2021

3. Cost Management Empowerment Training

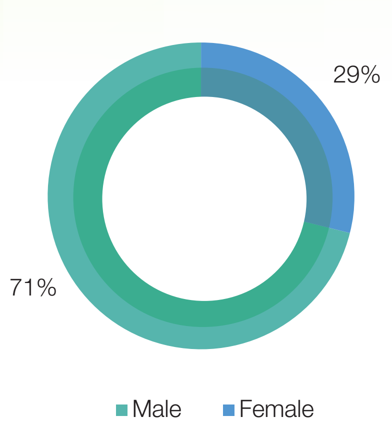
In order to meet the strategic development needs of the Group, we have further strengthened cost control capability, comprehensively built a cost system knowledge learning platform, and comprehensively improved the quality of cost management personnel. The Group has created an efficient and systematic learning model tailored to promote "learning through examinations, learning through training, application through learning, and practice through knowledge". The Group also held "Scientific Management and Control of Cost Reduction and Efficiency Reduction – Cost Management Series Training" and organized 16 lectures by professionals, including targeted coaching, brainstorming, and cost management methodology, attracting 8,000 online and offline participants. We also organized five business examinations for cost management personnel with 800 participants.

Staff Composition

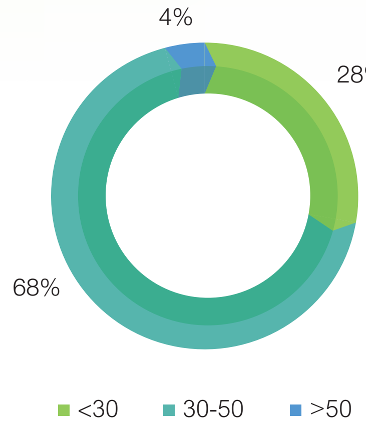
As of the end of 2021, the Group had a total of 35,207 full-time employees, of which approximately 21% were based in Guangzhou. Total turnover rate for the year was 10%. Details of employee data are set out in the "Performance Data Summary" table.

The Group adopts a zero tolerance approach to employment of child labour or any kind of forced labour in any business unit. During the recruitment process, the Human Resources Department verifies the identity card of the applicant and confirms whether it meets the age of employment. If any age non-compliance is found, the Group handles it with care, terminates the employment relationship of both parties immediately and provides support to them.

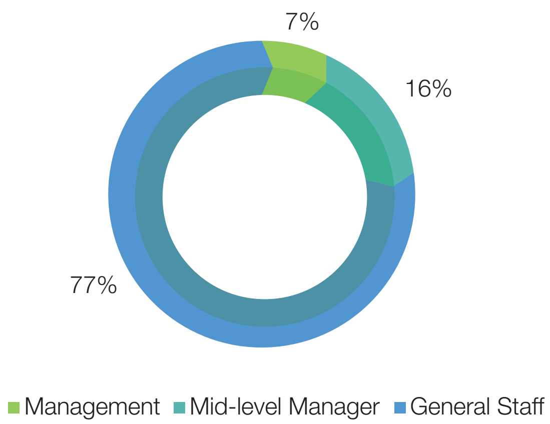
Gender Profile



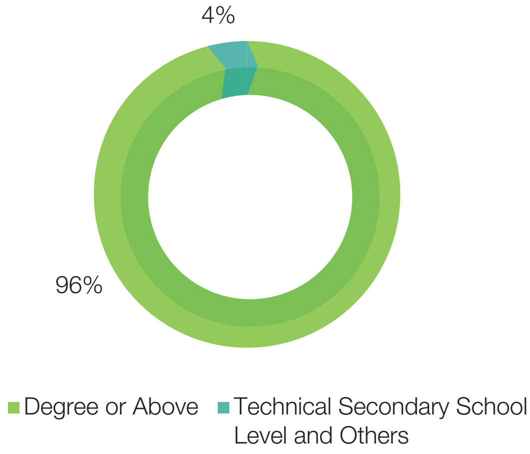
Age Profile



Function Profile



Education Profile



BUILDING A BETTER SOCIETY

While maintaining steady growth, the Group always keeps in mind its corporate social responsibility. We work together with investors, employees, business partners, communities, regulatory authorities and other stakeholders to carry out a series of charity activities to promote the Group's social responsibility work in an orderly manner. To date, R&F Group's public welfare activities have covered targeted poverty alleviation, rural revitalization, caring for vulnerable groups in the society, assisting in urban construction, and disaster relief, etc., accumulating the donation amount of more than RMB700,000,000 in total. In 2021, the COVID-19 pandemic has brought many challenges. The Group is highly concerned about the epidemic and has joined hands with the community to fight the epidemic.

FIGHT THE EPIDEMIC TOGETHER

In 2021, the shadow of the COVID-19 pandemic has not yet faded. As a responsible enterprise, R&F Group has always been paying close attention to the epidemic and responded quickly by donating anti-epidemic materials to the frontline in a timely manner. On 17 June, representatives of the Party Committee and volunteers of R&F Group and Guangzhou Traffic Radio Station donated a total of 900 pieces of aid package to Guangdong Provincial Hospital of Traditional Chinese Medicine, Liwan District Hospital of Traditional Chinese Medicine and Baiyun District Helong Police Station.

RURAL REVITALIZATION COMMON PROSPERITY

As a first-class enterprise with a sense of social responsibility, R&F Group has been paying attention to development of rural areas in China for many years and has successively left its footprint of helping the poor in Guangdong, Guizhou, Tibet and other places. In 2021, R&F Properties entered Zhongkai Village in Lingshan Town of Haikou City to renovate the local community. With the support of the government of Meilan District of Haikou City, we joined hands with Hainan Academy of Agricultural Sciences and other authoritative institutions to transform the large-scale wasteland surrounding Zhongkai Village and both sides of Jiangdong Avenue into high-quality farmland. With world-class advanced concepts, we have built the "Jiangdong Garden" project integrating agriculture, science and education, cultural tourism and other functions. On 30 June, at the "Poverty Alleviation Day" event in Guangdong, R&F Group actively responded to the call and promised to donate RMB100,000,000.

R&F Group adheres to people-oriented philosophy. Through pooling of land as shares and employee stock ownership plan, the two cooperation modes of "rental guarantee + dividend distribution" and "basic salary + dividend distribution" have been established, which have enabled villagers to obtain income in addition to their harvest and enhanced their risk resistance capacity. In addition, the Company also develops relevant local industries to create more high-quality employment opportunities for villagers. We firmly believe in the idea of "providing one post and changing one family", and therefore promote industrial poverty alleviation projects to help local people achieve common prosperity. The results of the early projects were encouraging. The Company was encouraged to plan for more agricultural projects, expand the industrial scope to more villages, and create more jobs for local villagers.

EDUCATION FOR CHILDREN

The Group is committed to protecting and caring for children in need, and does its best to create an environment conducive to their physical and mental health. In 2021, R&F Group donated RMB1,000,000 to the "Hope Project Education Fund" of Guangdong Youth Foundation, a public welfare project of R&F Group, and won the honorary title of "Caring Unit". During the year, opening ceremony of the 12^{th} Southern Guangdong Club of Hope Project, which was supported by R&F Properties, was successfully held in Guangzhou. Since the first Southern Guangdong Family Reunion Day, R&F Group has been participating in the event, and has helped 34,746 poor children to complete their studies, with a subsidy amount of more than RMB53,000,000. Adhering to the concept of "creating extraordinary creation, supreme goodness and symbiotic growth", the Group has always been concerned about the health, growth and education of children, and pragmatically practices public welfare undertakings.

MEMBERSHIP AND CHARTERS

While we fully own our corporate social responsibility, it is essential to work with different parties to bring about the best social contribution. As such, R&F or its subsidiaries participate in work of the following organisations or associations. The Group also supports international initiatives in sustainable development, including the International Labour Convention and the United Nations' Sustainable Development Goal.

Environment	Economic	Community	Industry
• European Endangered Species Programme • Chengmai Mai Wetland Protection Association • Society of Entrepreneurs and Ecology	• Guangzhou Chamber of Commerce of Private Enterprises • Chinese Chamber of Commerce • American Chamber of Commerce in South China	• Guangzhou Charity Association • Guangdong Charity Federation • Guangdong Anti Drug Foundation • The fourth council of Guangzhou Justice and Courage Foundation • Guangdong Youth Development Foundation	• Guangzhou Real Estate Trade Association • Guangdong Real Estate Association • Guangdong Real Estate Chamber of Commerce • China Real Estate Chamber of Commerce • Guangzhou Urban Renewal Association • Guangdong Province Old Town Old factory Old Village Recreation Association

APPLICABLE LAWS AND REGULATIONS

Topics	Applicable Laws and Regulations	Compliance
Environment	• Environmental Protection Law of the People's Republic of China • Atmospheric Pollution Prevention and Control Law of the People's Republic of China • Water Pollution Prevention and Control Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes • Energy Conservation Law of the People's Republic of China • Law of the People's Republic of China on Appraising of Environment Impacts • Regulations on the Administration of Construction Project Environmental Protection • Soil Pollution Prevention and Control Law of the People's Republic of China • Soil Pollution Prevention and Control Law	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to the emission of gas and greenhouse gases, the discharge to the water or land, and the generation of hazardous or harmless waste.
Employment	• Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China • Provisions on the Prohibition of Using Child Labour • Law of the People's Republic of China on the Protection of Minors	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to employment and labour practices and the use of child on forced labour.
Safety	• Production Safety Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to occupational health and safety. During the year, the Group did not have any serious work-related injuries and work-related fatalities.
Product Responsibility	• Construction Laws of the People's Republic of China • Law of the People's Republic of China on Urban Real Estate Administration • City Planning Law of the People's Republic of China • Advertising Law of the People's Republic of China	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to the health and safety, advertising, labelling and privacy of products and services.
Anti-corruption	• Criminal Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China • Hong Kong Prevention of Bribery Ordinance	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to the prevention of bribery, extortion, fraud and money laundering.

PERFORMANCE DATA SUMMARY

Environmental Management

Indicators	2021 total				2020 total			
	Commercial management[1]	Hotel[2]	Office operations[3]	Projects under construction[4]	Commercial management[5]	Hotel[6]	Office operations[7]	Projects under construction[8]
Resources Consumption								
Electricity (kWh)	82,721,430	419,771,960	8,475,149	57,182,068	44,081,591	372,800,270	194,201,064	85,160,918
Gasoline (litres)	N/A	10,492	1,645,131	316,508	N/A	8,542	1,644,797	79,343
Diesel (litres)	35,470	31,094	434,881	1,317,968	1,520	66,671	300,419	369,944
Piped LPG (m^3)	N/A	974,066	N/A	N/A	N/A	1,651,043	N/A	N/A
LPG (kg)	N/A	42,854	12,032	43,263	N/A	36,590	8,975	6,864
Steam (tonnes)	N/A	35,105	N/A	N/A	N/A	30,452	N/A	N/A
Natural gas (m^3)	2,751,516	42,247,493	19,949	2,000	1,081,910	36,434,597	41,011	N/A
Acetylene (litres)	N/A	N/A	N/A	82,652	N/A	N/A	N/A	141,593
Central cooling (kWh)	24,129,493	28,780,270	18,657,641	N/A	25,939,629	23,845,863	12,798,514	N/A
Central heating (kWh)	N/A	21,368,839	N/A	N/A	N/A	16,690,741	1,408,674	N/A
Total energy consumption (GJ)	493,037	3,471,498	98,647	264,771	294,251	3,018,178	815,496	323,970
Energy intensity (GJ/m^2)	0.262	0.846	0.847	0.006	1.403	0.756	7.003	0.011
Water Consumption								
Tap water (m^3)	901,036	7,301,120	114,813	2,972,112	514,338	6,558,917	10,237,331	3,389,917
Intensity of tap water (m^3/m^2)	0.478	1.779	0.986	0.070	2.453	1.643	87.907	0.110
Use of Raw Materials								
Steel bars (tonnes)	N/A	1	N/A	176,483	N/A	N/A	N/A	337,303
Concrete (m^3)	N/A	127.8	N/A	1,950,329	N/A	N/A	N/A	3,863,761
H-shaped Iron (tonnes)	N/A	N/A	N/A	30.0	N/A	N/A	N/A	17.8
Wooden board (tonnes)	N/A	6.9	N/A	N/A	N/A	N/A	N/A	70,000
Use of Refrigerants								
R134a (kg)	427.0	2,915.7	N/A	N/A	457.5	2,999.5	176.8	N/A
R22 (kg)	470.0	1,104.1	N/A	N/A	N/A	1,310.2	480.5	N/A
R22a (kg)	N/A	30.0	N/A	N/A	N/A	134.3	N/A	N/A
R410a (kg)	N/A	386.2	N/A	N/A	N/A	613.9	90.0	N/A
R404a (kg)	N/A	2,187.2	N/A	N/A	N/A	2,054.2	N/A	N/A
R134 (kg)	N/A	71.2	N/A	N/A	N/A	40.3	N/A	N/A
R32 (kg)	N/A	60.0	N/A	N/A	N/A	14.0	30.0	N/A
K404A (kg)	N/A	150.5	N/A	N/A	N/A	N/A	N/A	N/A

Indicators	2021 total Commercial management[1]	Hotel[2]	Office operations[3]	Projects under construction[4]	2020 total Commercial management[5]	Hotel[6]	Office operations[7]	Projects under construction[8]
Greenhouse Gas Emissions								
Direct emissions (Scope I) (tCO_2e)	7,424	109,377	5,600	2,132	2,938	95,656	6,458	1,200
Indirect emissions (Scope II) (tCO_2e)	60,024	286,252	5,171	34,887	37,672	331,332	160,881	77,891
Total emissions (tCO_2e)	67,448	395,629	10,771	37,019	40,610	426,988	167,339	79,091
Intensity of total emissions (tCO_2e/m^2)	0.036	0.096	0.092	0.001	0.194	0.107	1.437	0.003
Air Pollutants								
Sulphur oxides (SOx) (tonnes)	N/A	N/A	0.031	0.026	N/A	N/A	0.025	0.007
Nitrogen oxides (NOx) (tonnes)	N/A	N/A	5.451	1.335	N/A	N/A	6.991	0.610
Particulate matters (PM) (tonnes)	N/A	N/A	0.429	0.125	N/A	N/A	0.673	0.059
Waste								
Hazardous Waste								
Total hazardous waste (tonnes)	0.02	45.40	N/A	N/A	0.32	41.91	N/A	N/A
Intensity of hazardous waste (kg/m^2)	0.00001	0.011	N/A	N/A	0.002	0.011	N/A	N/A
General Waste								
Construction waste (tonnes)	963.0	2,577.0	2,653.0	253,927.6	N/A	N/A	N/A	128,404.4
Non-inert waste (tonnes)	N/A	N/A	350.0	442,347.6	99.0	686.2	204.3	2,525,034.3
Food waste (tonnes)	4,100.4	312,815.3	258.0	32,717.7	4,184.0	609,331.9	35,945.3	226,196.0
Greening waste (tonnes)	165.0	274.9	15.4	4,875.0	309.5	627.8	14,784.3	43,933.6
Domestic waste (tonnes)	9,858.8	352,948.9	1,280.9	119,050.7	83,236.5	108,962.8	243,678.6	688,006.1
Intensity of non-hazardous waste produced ($tonnes/m^2$)	0.008	0.163	0.039	0.020	0.419	0.180	2.530	0.113
Non-hazardous waste recycled (tonnes)	1.5	239,353.6	20.0	N/A	4.8	18,234.8	75.3	863.9

2021 environmental data reporting boundary:

1. Cover 13 commercial projects in operation in 2021
2. Cover 88 hotel projects in operation in 2021
3. Cover the Group's all office operations in 2021
4. Cover 122 projects under construction fully controlled by the Group in 2021

2020 environmental data reporting boundary:

5. Cover 10 commercial projects in operation in 2020
6. Cover 89 hotel projects in operation in 2020
7. Cover the Group's all office operations in 2020
8. Cover 70 projects under construction fully controlled by the Group in 2020

EMPLOYEES MANAGEMENT

	2021 Total	2020 Total
Total Headcount	**35,207**	**38,824**
By Gender		
Male	71%	71%
Female	29%	29%
By Employee Category		
Management	7%	7%
Mid-level manager	16%	16%
General staff	77%	77%
By Age		
< 30	28%	33%
30-50	68%	63%
> 50	4%	4%
By Geographical Distribution		
Guangzhou	21%	21%
Other areas	79%	79%
By Education Background		
University or above	96%	96%
Secondary school and others	4%	4%
Overall Turnover Rate	**10%**	**8%**
Turnover Rate by Age		
< 30	4%	3%
30-50	6%	5%
> 50	0%	0%
Turnover Rate by Gender		
Male	6%	6%
Female	3%	2%
Turnover Rate by Geographical Distribution		
Guangzhou	4%	2%
Other areas	6%	7%
Training Performance		
Training hours	1,398,070	1,435,046
Average training hours	40	37
Average training hours by Gender		
Male	40	38
Female	39	35

	2021 Total	2020 Total
Average training hours by Employment Level		
Management	51	43
Mid-level manager	44	37
General staff	40	36
Occupational Health and Safety Training		
Total training person-time	256,528	966,051
Toral training hours	375,924	1,849,993
Occupational Health and Safety Performance		
Employees of the Group		
Number of industrial accidents	0	0
Number of industrial accidents annual rate	0%	0%
Number of serious occupational injuries (excluding fatalities)	0	0
Number of serious occupational injuries annual rate	0%	0%
Lost days due to work injury	9,500	N/A
Lost days due to work injury as a percentage of total workdays	0.13%	N/A

COMMUNITY ENGAGEMENT

	2021 Total	2020 Total
Community Investment		
Charitable donations (RMB)	86,732,963	52,103,574
Voluntary work (hours)	350	300

CONTENT INDEX

This content index includes the GRI Sustainability Reporting Standard and the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
General Disclosure				
Organizational Profile	102-1	–	Name of organization	Annual Report Cover Page
	102-2	–	Activities, brands, products, and services	Annual report 'About R&F'
	102-3	–	Location of headquarters	Annual Report 'Corporate Information'
	102-4	–	Operational Location	Annual Report 'Our Property Portfolio'
	102-5	–	Ownership and legal form	Company limited
	102-6	–	Markets served	Annual Report 'Our Property Portfolio'
	102-7	–	The scale of the organization	Annual Report 'Business Review'
	102-8	B1.1	Information on employees and other workers	Create Career for Employees
	102-9	B5.1	Supply Chain	Create Value for Customers
	102-10	–	Significant changes to the organization and its supply chain	No significant change
	102-11	–	Precautionary Principle or approach	Reduce Emissions for the Blue Sky
	102-12	–	External initiatives	Contribute to a Harmonious Society
	102-13	–	Membership of associations	Contribute to a Harmonious Society
Strategy	102-14	–	Statement from the Senior Decision Maker	Chairman's Message
Ethics and Integrity	102-16	–	Value, Principles, Standards and Conduct	Sustainability Management
Governance	102-18		Governance Structure	Sustainability Management
Stakeholder Engagement	102-40	–	List of stakeholder groups	Sustainability Management
	102-41	–	Collective negotiation agreement	Sustainability Management
	102-42	–	Identification and selection of stakeholders	Sustainability Management
	102-43		Approach to Stakeholder Engagement	Sustainability Management
	102-44	–	Material topics and concerns raised	Sustainability Management
Reporting Practices	102-45	–	Entities included in the consolidated financial statements	Annual Report 'Consolidated Financial Statements'
	102-46	–	Defining report content and topic boundaries	About this report
	102-47	–	List of Material Topics	Sustainability Management
	102-48	–	Restatements of information	About this report
	102-49	–	Changes in the Report	About this report

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
	102-50	–	Reporting Period	About this report
	102-51	–	Date of the latest report	April 2020
	102-52	–	Reporting cycle	About this report
	102-53	–	Contact Information for Issues in the Report	About this report
	102-54	–	Statement of Reporting in accordance with GRI Standards	About this report
	102-55	–	GRI Content Index	About this report
	102-56	–	External Assurance	No external assurance has been conducted for this ESG Report
Environment				
Green Building	103	A3	Policies that reduce the issuer's significant impact on the environment and natural resources	Reduce Emissions for the Blue Sky
		A3.1	Describe the significant impact of business activities on the environment and natural resources and actions taken to manage the impact	Reduce Emissions for the Blue Sky
SOCIAL				
Talent Management	103 401-2	B1 B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Building a Career for Employees, Applicable Laws and Regulations
	401-1	B1.2	Employee turnover rate by gender, age group and geographical region	Performance Data Summary

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Training and Development	103	B6	Policies on improving employees' knowledge and skills in performing job duties. Describe training activities	Building a Career for Employees
	404-1	B3.2	Average training hours completed per employee by gender and employee category	Performance Data Summary
Product Health and Safety	103	B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Creating Value for Customers, Applicable Laws and Regulations
		416-2	Violations involving the health and safety impact of products and services	
Product and Service Quality Management	103	B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Creating Value for Customers, Applicable Laws and Regulations
		B6.4	Description of quality assurance process and recall procedures	Creating Value for Customers
Customer Satisfaction	103	B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Creating Value for Customers, Applicable Laws and Regulations
		B6.2	Number of products and service relating complaints received and how they are dealt with	Creating Value for Customers

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Economy				
Company Economic Performance	103		Explain how the organization manages the material topic and its impact	Letter to Shareholders, Financial Review Section
	201-1		Direct economic value generated and distributed	
Business Ethics	103		Explain how the organization manages the material topic and its impact	Operate with Integrity and Honesty
Anti-corruption	103	B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Operate with Integrity and Honesty, Applicable Laws and Regulations
	205-3	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Operate with Integrity and Honesty
		B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	
		B7.3	Description of anti-corruption training provided to directors and employees	
OTHER ISSUES				
Environment				
Energy		A2	Policies on the efficient use of resources, including energy, water, and other raw materials	Reduce Emissions for the Blue Sky, Performance Data Summary
	302-1 302-3	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in' 000s) and intensity (e.g. per unit of production volume, per facility)	
	302-4	A2.3	Description of energy use efficiency initiatives and results achieved	

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Water resources		A2	Policies on the efficient use of resources, including energy, water, and other raw materials	Reduce Emissions for the Blue Sky, Performance Data Summary
	303-1	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	
		A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Performance Data Summary
Emissions		A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Reduce Emissions for the Blue Sky, Performance Data Summary
	305-1 305-2 305-4	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	
	305-7	A1.1	The types of emissions and respective emissions data	
	306-3	A1.5	Description of measures to mitigate emissions and results achieved	
Effluents and Waste		A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Reduce Emissions for the Blue Sky, Performance Data Summary
		A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	
		A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Climate Change		A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Climate Change
SOCIAL				
Health and Safety		B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Safeguarding Health and Safety, Applicable Laws and Regulations
		B2.1	Number and rate of work-related fatalities	Performance Data Summary, Safeguarding Health and Safety
		B2.2	Lost days due to work injury	
		B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	
Development and Training		B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Building a Career for Employees
		B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	
	404-1	B3.2	The average training hours completed per employee by gender and employee category	Performance Data Summary
Labour Standards		B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Building a Career for Employees
		B4.1	Description of measures to review employment practices to avoid child and forced labour	
		B4.2	Description of steps taken to eliminate such practices when discovered	

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Supply Chain Management		B5	Policies on managing environmental and social risks of the supply chain	Creating Value for Customers
		B5.1	Number of suppliers by geographical region	
		B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	
		B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	
		B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	
Product Responsibility		B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Creating Value for Customers, Applicable Laws and Regulations
		B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Creating Value for Customers
		B6.2	Number of products and service relating complaints received and how they are dealt with	
		B6.3	Description of practices relating to observing and protecting intellectual property rights	
		B6.4	Description of quality assurance process and recall procedures	
		B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	
Local communities		B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Building a Better Society
		B8.1	Focus areas of contribution	
		B8.2	Resources contributed to the focus area	

HKEx Appendix 27 "Comply or explain" provisions

Revenue

The revenue of the Group mainly derived from property development, rental of investment properties and hotel operation. During the year, the Group's revenue from property development decreased by 12% to RMB69.001 billion, from RMB78.568 billion in the previous year. This revenue was based on delivery of 8,305,000 sq.m. of sale properties in the year which was approximately 9% less than the 9,167,000 sq.m. delivered in the previous year. Overall average selling price was approximately RMB8,300 per sq.m. (2020: RMB8,600 per sq.m.). Based on revenue distribution by cities, Hainan had the highest revenue among all cities where the Group operated. It accounted for 9% of the total revenue. In the terms of amount, revenue in Hainan amounted to RMB6.550 billion. Taiyuan's revenue ranked second with revenue amounted to RMB6.427 billion for the year and Hangzhou ranked third with revenue amounted to RMB4.058 billion.

Rental income from property investment decreased by 8% to RMB1.067 billion, from RMB1.158 billion. Revenue from hotel operations increased to RMB5.070 billion from RMB4.463 billion in the previous year, with the stabilization of COVID-19 epidemic, the hotel operation of the Group had continued to improve in 2021.

The following table is the summary of revenue from property development:

City/Country	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Hainan	6,550	465,400	14,100
Taiyuan	6,427	713,500	9,000
Hangzhou	4,058	166,100	24,400
Tianjin	2,776	413,900	6,700
Chongqing	2,639	494,300	5,300
Baotou	2,595	485,200	5,300
Beijing	2,448	142,800	17,100
Yueqing	2,146	144,400	14,900
Wuxi	1,826	179,100	10,200
Xian	1,674	134,400	12,500
Jiaxing	1,603	82,600	19,400
Harbin	1,583	182,300	8,700
Yancheng	1,550	195,300	7,900
Taizhou	1,336	132,600	10,100
Putian	1,108	179,600	6,200
Ningbo	1,099	104,300	10,500
Weinan	1,079	209,600	5,100
Zouping	1,069	129,300	8,300
Shenyang	1,046	185,600	5,600
Guangzhou	1,023	66,900	15,300
Meixian	1,002	214,200	4,700
Huhhot	951	121,300	7,800
Australia	943	27,000	35,000
Qinhuangdao	912	119,900	7,600
Huzhou	848	104,500	8,100
Huizhou	834	110,600	7,500
Zibo	780	63,000	12,400
Shanghai	741	35,400	20,900
Wuhan	623	53,500	11,600
Jiujiang	619	92,800	6,700

City/Country	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Zhenjiang	614	41,700	14,700
Lu'an	596	95,000	6,300
Xiangtan	557	102,900	5,400
Heze	556	109,800	5,100
Malaysia	538	41,900	12,800
Handan	507	116,100	4,400
Changzhi	498	71,000	7,000
Weihai	496	67,800	7,300
Tongliao	476	114,900	4,100
Jiande	472	67,000	7,100
Anshan	468	100,100	4,700
Fuzhou	427	23,700	18,000
Datong	420	76,900	5,500
Tangshan	392	75,100	5,200
Shijiazhuang	387	71,500	5,400
Cambodia	382	40,100	9,500
Urumqi	373	56,300	6,600
Guiyang	362	68,800	5,300
Jiangmen	359	52,400	6,900
Wenzhou	342	36,500	9,400
Ulanqab	333	71,200	4,700
Tieling	313	68,300	4,600
Zhuhai	301	28,400	10,600
Linfen	300	67,200	4,500
Nanchang	296	30,200	9,800
Chuzhou	277	48,500	5,700
Foshan	247	56,800	4,300
Meishan	243	61,900	3,900
Chengdu	240	43,700	5,500
Shangrao	232	33,300	7,000
Dalian	230	45,300	5,100
Huaibei	230	30,200	7,600
Dezhou	228	37,500	6,100
Qingyuan	226	47,000	4,800
Qingdao	220	32,300	6,800
Tianmen	216	47,800	4,500
Baoji	204	62,100	3,300
Gangzhou	200	17,600	11,300
Fuzhou	156	24,700	6,300
Leshan	129	29,500	4,400
Puyang	124	29,900	4,200
Other	946	212,700	4,400
Total	**69,001**	**8,305,000**	**8,300**

Cost of Sales

Cost of sales of the Group primarily represents the costs incurred directly for the Group's property development activities. The component of cost of sales includes land and construction costs, capitalised finance costs and levy and business tax. In 2021, cost of sales of the Group was RMB78.398 billion, representing an increase of 20% when compared with RMB65.503 billion in the previous year. The increase was mainly due to approximately RMB12.986 billion of impairment provision for inventory made in the year.

During the year, land and construction costs made up 90% of the Group's total costs (excluded the amount of impairment provision for inventory). In the terms of costs per sq.m., land and construction costs increased to RMB6,431 from RMB5,830. Capitalised interest included in the cost of sales amounted to RMB5.414 billion, 7.8% as a percentage of revenue from sale of properties. The cost of sales also included RMB555 million (2020: RMB594 million) in levy and business tax.

Gross Profit

Overall gross margin of property development for the year was 13.9%, as compared to 25.2% in the previous year. The decrease was due to the adjustments made on average selling price to accelerate the pace of the sales which subsequently affected the Group's gross profit margin. The top five cities ranked by revenue in the year, Hainan, Taiyuan, Hangzhou, Tianjin and Chongqing, accounted for 32.5% of the total revenue. The gross margins of the cities were 29%, 12%, 16%, 6% and 29% respectively.

Other Income and Other Gains – net

Other income and other gains – net mainly consists of the interest income, revaluation gain and fair value gains on investment properties, as well as gains on disposals of subsidiaries and certain equity interests in an associate. During the year, other income and gains decreased by 76% to RMB1.729 billion in 2021 from RMB7.298 billion in 2020. The decrease mainly due to lower revaluation gains on investment properties transferred from completed properties held for sale and properties under development.

Selling and Marketing Expenses and Administrative Expenses

Selling and marketing expenses of the Group for the year ended 31 December 2021 amounted to RMB3.650 billion (2020: RMB3.259 billion) and as a percentage of revenue increased to 4.8% from 3.8% in 2020. The increase mainly due to the Group increased its property marketing activities in response to the challenging market environment during the year. Administrative expenses of the Group slightly decreased to RMB6.002 billion from RMB6.226 billion in 2020. The main component of administrative expenses was personnel costs.

Finance Costs – net

Finance costs – net being interest expenses incurred in the year after deduction of amounts capitalised to development costs, increased by 73% to RMB4.165 billion (2020: RMB2.409 billion) as the foreign exchange gain significantly decreased by 95% to RMB133 million from RMB2.855 billion due to the appreciation of exchange rate of RMB to US dollars in 2020. Total interest expenses incurred in the year decreased from RMB14.434 billion in the prior year to RMB12.969 billion, which was in line with the decrease of average borrowings outstanding. Together with RMB5.414 billion charged to the cost of sales related to capitalised interest, the total finance costs incurred during the year amounted RMB9.579 billion (2020: RMB7.180 billion).

Share of Results of Associates and Joint Ventures

The share of results of associates were mainly derived from the Group's 35% interests in Zhengzhou Wulong New Town and R&F Jianye Shangyue Court projects. The share of results of joint ventures were mainly from 25% interests in Tianjin Jinnan New Town project, 50% interests in Huzhou R&F Greenland West Lake Mansion Project, 50% interests in Beijing CCCc R&F Yajun Project and 50% interests in Fuyang Dahe Chengzhang Project. These five projects mentioned had a combined turnover of RMB12.724 billion.

Income Tax Expenses

Land appreciation tax (LAT) of RMB1.056 billion (2020: RMB3.801 billion) and enterprise income tax of RMB3.585 billion (2020: RMB4.005 billion) brought the Group's total income tax expenses for the year to RMB2.992 billion. As a percentage of turnover, LAT decreased to 1.4% from 4.4% in 2020.

Profitability

The Group recorded a net loss of RMB16.353 billion for the year ended 31 December 2021 as compared to a net profit of approximately RMB9.146 billion for the year ended 31 December 2020. The net loss is mainly attributable to the decrease in revenue from property development and decline in gross profit margin recorded by the Group for the year ended 31 December 2021 as a result of the challenging conditions in the real estate industry, as well as impairment provision for inventory was made in the year due to lower selling prices of the projects which the Group operated.

Cash Flow

	Note	**2021 (RMB'000)**	2020 (RMB'000)
Net cash generated from operating activities	1	**13,235,082**	19,324,332
Net cash (used in)/generated from investing activities	2	**(3,445,235)**	2,885,119
Net cash used in financing activities	3	**(29,144,758)**	(19,415,258)
Net (decrease)/increase in cash and cash equivalents		**(19,354,911)**	2,794,193
Exchange losses		**(59,318)**	(25,646)
Cash at 1 January		**25,672,822**	22,904,275
Cash at 31 December		**6,258,593**	25,672,822

1 Lower operating cash inflow mainly due to decrease in pre-sale proceeds.

2 Cash receipt from the repayments of advances to related parties decreased.

3 Increase in repayments to bank borrowings, domestic bonds and senior notes.

Financial Resources, Liquidity and Liabilities

As at 31 December 2021, the Group's total cash including amounts restricted for specified usage was RMB21.10 billion (31 December 2020: RMB39.95 billion), of which 85% was denominated in Renminbi and 15% was denominated in other currencies (mainly in US dollar, HK dollar, Australian dollar, Malaysian Ringgit and British pound).

As at 31 December 2021, the Group's total borrowing was RMB128.84 billion (31 December 2020: RMB159.73 billion). The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes, 3) domestic bonds, and 4) trust loans and others, each accounted for 46%, 25%, 11% and 18% respectively (31 December 2020: 51%, 22%, 12% and 15% respectively). The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB112.36 billion (2020: RMB139.21 billion) was unutilised.

The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year, between 1 and 5 years and beyond 5 years accounted for 48%, 38% and 14% of total debts respectively. Bank loans repaid in the year amounted to RMB29.24 billion while new bank loans of RMB9.0 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2021 was 5.86% (2020: 5.78%).

The gearing ratio is measured by the net borrowings (total borrowing less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2021, the gearing ratio was 130.0% (31 December 2020: 130.2%).

The Group conducts its business primarily in Renminbi and non-Renminbi borrowings accounted for approximately 34% of total borrowings. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2021, the Group has not entered into any foreign exchange hedging transactions.

As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore USD senior notes, domestic bonds and other borrowings further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place.

Debt Profile

	Due within				
	1 year	2 years	3-5 years (RMB million)	over 5 years	Total
Bank borrowings	23,391	9,421	11,001	16,558	60,371
Domestic bonds	8,884	4,962	–	–	13,846
Senior notes	8,726	13,504	9,793	–	32,023
Other borrowings	21,203	325	272	799	22,599
	62,204	28,212	21,066	17,357	128,839

Charge on assets

As at 31 December 2021, assets with total carrying values of RMB112.84 billion and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounting to RMB75.46 billion (31 December 2020: RMB 96.34 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's jointly controlled entities and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31 December 2021, such guarantees totaled RMB102.94 billion, which was comparable with last year (31 December 2020: RMB 102.09 billion).

Material Disposal

Pursuant to an agreement dated 9 November 2020 entered into, among others, R&F Properties (HK) Company Limited ("R&F HK", a wholly-owned subsidiary of the Company) and Sonic Holdings I Limited ("Sonic"), R&F HK and Sonic will respectively hold 30% and 70% interests in Sonic Holdings II Limited (the "Surviving Company", which indirectly holds interests in Guangzhou International Airport R&F Integrated Logistics Park).

Pursuant to an agreement dated 6 December 2021 entered into between R&F HK and Sonic, R&F HK has agreed to sell and Sonic has agreed to purchase 30% of the issued shares of the Surviving Company.

Save as disclosed above, there were no material disposals for the year ended 31 December 2021.

Employee and Emolument Policies

As of 31 December 2021, the Group had approximately 35,207 employees (31 December 2020: 38,824). The total staff costs incurred were approximately RMB3.512 billion during the financial year ended 31 December 2021. The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also linked with business performance and profitability of the Company and the market conditions. Directors and senior management would not be involved in deciding their own remuneration.

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The corporate governance practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency and full accountability to shareholders. Throughout the year ended 31 December 2021, the Company complied with all relevant laws and the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

THE BOARD

The board of directors (the "Board") is charged with providing overall leadership for and effective control over the Company in a way that maximizes financial performance and shareholder value. The Board formulates business policies and strategies for the Group, including dividend policy and risk management strategies. It is also responsible for implementing internal controls and monitoring their effectiveness. The day-to-day execution of the Board's policies and strategies is delegated to the Company's executive directors and a team of designated senior management. For better formulation of the Company's long-term strategic policy, the Company authorized the formation of a specific function in 2015, of which is supported by senior management. Mr. Zheng Ercheng, an independent non-executive director of the Company, and Dr. Li Sze Lim and Mr. Zhang Li, the executive directors of the Company, are the members of that function.

The Board is well-diversified in terms of gender, industry experience, professional expertise and education background. As at 31 December 2021, the Board consisted of nine directors, including four executive directors: Dr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and chief executive officer, Mr. Zhang Hui and Mr. Xiang Lijun; two non-executive directors: Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors: Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong. Biographical details of the directors and their relationships, if any, are set out on pages 103 to 104 of this annual report.

All directors, including non-executive directors and independent non-executive directors, have devoted sufficient time and effort to the business affairs of the Company. The Board believes that the ratio of executive directors to non-executive directors is reasonable, and provides checks and balances that are sufficient to safeguard the interests of shareholders and of the Group. The Board also believes that the independent judgments offered by non-executive directors and independent non-executive directors on issues relating to the Company's strategies, performances, conflicts of interest and management processes are valuable for protecting the interests of the Company's shareholders. The term of office of all directors shall be three years. Upon maturity of the current term of office, a director shall be eligible to offer himself/herself for re-election and reappointment.

All directors of the Company have access to timely information about the Group's business and are able to make further enquiries whenever necessary. They also have unrestricted access to the advice and services of the company secretary, who is responsible for providing directors with board papers and related materials. The Board has also agreed that any director may seek independent professional advice on issues relating to the Group's business at the Company's expense.

The Company has subscribed appropriate and sufficient insurance coverage on directors' liabilities in respect of legal actions against the directors arising out of corporate activities.

Chairman and Chief Executive Officer

The Chairman, Dr. Li Sze Lim, provides leadership and oversees the Board's jobs and performances. He is responsible for the Board's effectiveness by ensuring that all key issues are discussed within the Board in a timely and informed manner, and that the Board adopts good corporate governance practices.

The Chairman from time to time holds meetings with independent non-executive directors without the presence of executive directors.

Mr. Zhang Li, the Co-chairman, is also the chief executive officer of the Company. He is responsible for the execution of all business policies, strategies, objectives and plans adopted by the Board.

The role of the chief executive officer is separate from that of the Chairman.

Independent Non-executive Directors

Pursuant to the requirement of Rule 3.10 of the Listing Rules, the Company has three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. The Company has received from each of the independent non-executive directors an annual confirmation of independence. The nomination committee of the Board has also conducted an annual review of the independence of all independent non-executive directors of the Company. The Board is of the view that all the independent non-executive directors satisfied the requirement of independence as set out in Rule 3.13 of the Listing Rules and considers all of them to be independent.

The Company has maintained an updated list of its directors identifying their roles and functions on websites of the Company and the Stock Exchange. Independent non-executive directors are identified in all corporate communications that disclose the names of directors.

BOARD MEETINGS

The Board held four meetings during the year under review, and the attendance records of the directors are set out below:

Directors	Meetings attended/Total
Executive Directors	
Li Sze Lim	4/4
Zhang Li	4/4
Zhang Hui	4/4
Xiang Lijun	4/4
Non-executive Directors	
Zhang Lin	4/4
Li Helen	4/4
Independent Non-executive Directors	
Zheng Ercheng	4/4
Ng Yau Wah, Daniel	4/4
Wong Chun Bong	4/4

During these Board meetings, the directors discussed matters relating to business policies and strategies, corporate governance, financial, risk management and internal control systems. They also reviewed the interim and annual financial results and other relevant matters. All directors are urged to participate in these Board meetings in person, but those who are unable to attend in person can also participate via electronic means. According to the articles of association of the Company (the "Articles of Association"), directors participating by electronic means are deemed to have physically attended the Board meeting.

Notice for Board meetings are given to all directors at least 14 days prior to the date of a meeting. All directors are given the opportunity to include any matter they would like to discuss in the agenda.

The company secretary assists the Chairman in preparing the agenda for the Board and Board committees' meetings and ensure that all applicable rules and regulations are followed. He also prepares detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all or related directors for comment as soon as practicable. All Board members are given a copy of the final approved minutes.

Should a matter being considered involves a potential conflict of interest for a director, the director concerned will abstain from voting.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparation of the financial statements for the financial year ended 31 December 2021 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

BOARD COMMITTEES

The Company currently maintains three Board committees with defined terms of reference which are posted on the websites of the Company and the Stock Exchange. The meetings of the Board committees adopt the practices used in the Board meetings.

Audit Committee

The audit committee was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee is made up of three members: a non-executive director, Ms. Li Helen, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. The chairman of the committee is Mr. Wong Chun Bong, who has professional accounting qualifications and expertise in financial management.

The Board is responsible for presenting a clear and balanced assessment of the Group's performance, results and prospects. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. It is also tasked with coordinating with external auditors in respect of the annual audit on matters such as the scope of the audit and any issues arising from it; making recommendations to the Board on appointing or removing external auditors; and considering their remuneration and terms of engagement.

The audit committee held two meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the reappointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2020 and the interim results for the six months ended 30 June 2021 of the Company and discussed with the management and/or the Company's auditor the accounting policies and practices adopted by the Group, internal control, risk management and financial reporting matters of the year.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Wong Chun Bong	2/2
Li Helen	2/2
Zheng Ercheng	2/2

Remuneration Committee

The remuneration committee was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee comprises three directors: Dr. Li Sze Lim, an executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel. Mr. Zheng Ercheng is the chairman of the committee.

The remuneration committee is responsible for formulating and recommending to the Board on policy regarding remuneration-related matters including, among others, bonus structures and provident funds. The Company's remuneration policy is designed to ensure that the remuneration offered to employees, including executive directors and senior management, is based on factors such as levels of skill, knowledge, responsibility and involvement in the Company's affairs. The remuneration of executive directors is also linked to the Company's business performance and profitability in the context of the prevailing market conditions. The committee makes recommendations to the Board on the remuneration packages of executive directors and senior management. Individual director and senior management are not involved in determining their own levels of remuneration.

During the year, the remuneration committee held one meeting, in which it reviewed the Company's remuneration policies, its terms of service contracts, and the performance of executive directors and senior management.

For the year ended 31 December 2021, the remuneration (before taxation) of the senior management by band is set out below:

Remuneration band (RMB)	Number of person
0-4,000,000	7
4,000,001-8,000,000	1

Further particulars regarding the directors' emoluments as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in Note 43 to the financial statements.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Zheng Ercheng	1/1
Li Sze Lim	1/1
Ng Yau Wah, Daniel	1/1

Nomination Committee

The nomination committee has been established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee comprises three directors: Dr. Li Sze Lim, an executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. Dr. Li Sze Lim is the chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implementing the policy approved by the Board. The nomination policy sets out the procedures and criteria for selecting and recommending candidates for directorship. Specific responsibilities of the nomination committee include, among others, review the structure, size and composition of the Board according to the Board diversity policy (the "Board Diversity Policy"), identify and nominate candidates to fill casual vacancies of directors and make recommendations to the Board in respect of succession planning. The Board Diversity Policy specifies that the selection of candidates for appointment to the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, length of service or professional experience. The nomination committee will review such policy, as appropriate, to ensure its effectiveness.

During the year, the nomination committee held one meeting, and the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Li Sze Lim	1/1
Zheng Ercheng	1/1
Wong Chun Bong	1/1

During the year under review, the nomination committee had reviewed the structure, size and composition of the Board and considered the retirement and re-appointment of the directors in the Company's general meeting.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") which sets out, inter alia, the factors in determining dividend payment. The Board will review the Dividend Policy, as appropriate, in order to maintain a balance between the expectations of shareholders and prudent capital management.

CORPORATE GOVERNANCE FUNCTIONS

In the year, the Board had:

(a) developed and reviewed the Company's policies and practices on corporate governance;

(b) reviewed and monitored the training and continuous professional development of directors and senior management;

(c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(d) reviewed and monitored the code of conduct applicable to employees and directors; and

(e) reviewed the Company's compliance with the Code and disclosure in the Corporate Governance Report.

DIRECTORS' TRAINING

The Company would provide a comprehensive induction package to each newly appointed director to ensure that he/she has a proper understanding of the Group's operations and is sufficiently aware of his/her responsibilities and obligations under the relevant statutes, laws, rules and regulations.

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary provides the directors with updates on latest changes and developments in the Listing Rules, corporate governance practices and other relevant legal and regulatory requirements from time to time.

During the year, all directors are provided with training materials on regulatory matters. A summary of training of directors is as follow:

Name of Directors	Type of Continuous Professional Development Training on corporate governance, regulatory development and other relevant topics
Executive Directors	
Li Sze Lim	√
Zhang Li	√
Zhang Hui	√
Xiang Lijun	√
Non-executive Directors	
Zhang Lin	√
Li Helen	√
Independent Non-executive Directors	
Zheng Ercheng	√
Ng Yau Wah, Daniel	√
Wong Chun Bong	√

SUPERVISORY COMMITTEE

The supervisory committee of the Company consists of three members, including two supervisors who represent shareholders, Mr. Zhao Xianglin and Mr. Zhang Yucong, and one who represents employees, Mr. Chen Liangnuan. The supervisors effectively performed their supervisory duties relating to the Company's operations.

During the year, the supervisory committee held two meetings, and the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Chen Liangnuan	2/2
Liang Yingmei *(resigned on 3 December 2021)*	2/2
Zhao Xianglin	2/2
Zhang Yucong *(appointed on 3 December 2021)*	N/A

RE-ELECTION OF DIRECTOR

All directors and supervisors have entered into a service contract with the Company for a specific term of three years. They are all subject to retirement from office by rotation and re-election at the general meeting once every three years in accordance with the Articles of Association.

The term of office of Ms. Zhang Lin, a non-executive director of the Company, has expired on 30 May 2022, she, being eligible, has offered herself for re-election at the forthcoming 2021 annual general meeting ("AGM").

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2021.

AUDITOR'S REMUNERATION

BDO Limited ("BDO") is the Company's external auditor. During the year, the firm had not been engaged to perform any other work that could have conflicted with its role as auditor of the Company or otherwise compromised its independence.

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of BDO as the external auditor of the Group until the date of the next AGM, pending approval by shareholders at the forthcoming 2021 AGM. During the year, the remuneration paid to BDO in respect of audit services was RMB7 million whilst no non-audit services was performed. Audit services include the review of financial information.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Board, with the assistance of the audit committee, is responsible for maintaining the internal control and risk management systems effectively to protect the Group's assets and its shareholders' interests. The Company's internal control and risk management systems are embedded within its various operational departments.

The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an internal audit function. The Group's system of internal control includes a well-established corporate structure and an organization with clearly defined lines of responsibility and authority, which are set out in writing in an operation manual where appropriate. Each department is responsible for its daily operations, and is required to implement the strategies and policies adopted by the Board. Each department has a responsibility to effectively use the Company's resources so as to avoid misappropriation or damage to assets, and to prevent errors and fraud. The Board has set up some independent monitoring departments to assist it to closely monitor the implementation of the Company's internal control system on an ongoing basis and assessing their effectiveness. The scope of surveillance covers project development, tendering, sales and leasing, financial reporting, human resources and computer systems. The monitoring departments have not identified any material errors, frauds or non-compliance of the Group's policies and procedures based on its work during the year.

The Board, as a pivotal component of an effective risk governance framework, enhances its accountability with regard to risk management. A risk management system is well-established and implemented throughout the Group. The Board, with the assistance of audit committee, collect the information from the reporting procedure of the risk management system. Risks that would significantly affect the Group are identified, assessed and prioritised. Plans are then established to mitigate those risks that are significant.

The Company takes every precaution in its handling of inside information. The Company has implemented a set of guidelines formally adopted by the Board on 20 March 2014 which aims to prevent inadvertent or selective dissemination of inside information and above all, to ensure compliance of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), in relation to the disclosure of inside information.

The Board oversees the internal control and risk management systems on an ongoing basis and has conducted an interim and annual review of the effectiveness of the internal control and risk management systems of the Group for the six months ended 30 June 2021 and for the year ended 31 December 2021. It believes that the existing internal control and risk management systems are effective and adequate, and the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate.

COMPANY SECRETARY

The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. For the year under review, he has confirmed that he has undertaken enough hours of relevant professional training.

SHAREHOLDERS' RIGHTS

The proceedings of the AGM are reviewed periodically to ensure that shareholders' rights are maintained. Notice of the AGM, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders prior to the date of the meeting in accordance with the relevant rules and regulations.

Voting of shareholders at general meeting will be taken by poll in accordance with the Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the shareholders at the beginning of general meeting to ensure that shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of general meeting in respect of each substantial issue. The poll results will be posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

Pursuant to the Articles of Association, an extraordinary general meeting and class meeting can be convened on the requisition of shareholders, either individually or jointly, holding 10% or more of the paid up capital of the Company carrying the right of voting at such meeting of the Company. Such requisition must be in writing and the Board will follow up to convene such meeting within 30 days.

According to the Articles of Association, shareholders individually or jointly holding 3% or more of the voting shares of the Company may submit in writing interim proposals to the convenor 10 days before the date of the convening of the shareholders' general meeting.

The convenor shall, within 2 days upon receipt of such proposals, review the proposals and serve a supplementary notice of the shareholders' general meeting to announce the content of the interim proposals.

Procedures in relation to the nomination of directors by shareholders have been published on the website of the Company.

INVESTORS AND SHAREHOLDERS RELATIONS

The Company aims to maintain amicable relationships with its shareholders and investors, and to enhance the transparency of its business operations. It disseminates information about its business operations to investors and shareholders in a timely manner using a variety of channels and methods. In addition to publishing interim and annual reports, the Company occasionally meets with analysts and holds press conferences. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff. In addition, the corporate website is another channel through which the Company provides up-to-date information.

The AGM also serves as an important channel of communication between directors and shareholders. The chairman of the Board personally chairs the AGM to ensure shareholders' views are communicated to the Board. During the AGM, the chairman of the Board and the chairman/members of the Board committees are present to answer any queries from shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

GENERAL MEETINGS

In 2021, the Company held two general meetings including the 2020 AGM and one extraordinary general meeting held on 3 December 2021 (the "EGM").

Attendance of the directors at the general meetings is set out below:

Name of Directors	2020 AGM	The EGM
Executive Directors		
Li Sze Lim	√	√
Zhang Li	√	√
Zhang Hui	√	√
Xiang Lijun	√	√
Non-executive Directors		
Zhang Lin	√	√
Li Helen	√	√
Independent Non-executive Directors		
Zheng Ercheng	√	√
Ng Yau Wah, Daniel	√	√
Wong Chun Bong	√	√

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details is as follows:

Company Secretary
Guangzhou R&F Properties Co., Ltd.
Room 6303, The Center,
No. 99 Queen's Road Central, Hong Kong
Telephone: (852) 2511 6675
Fax: (852) 2511 9087

CONSTITUTIONAL DOCUMENTS

During the year, the Articles of Association was amended with details set out in the circular to the Shareholders dated 12 May 2021 and approved by the Shareholders in the 2020 AGM.

REPORT OF THE DIRECTORS

The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2021. The audited financial statements were approved by the directors on 5 August 2022.

PRINCIPAL ACTIVITIES

The Group's principal activity is the development of quality residential and commercial properties for sale mainly in China, and its target customers are members of China's large and growing middle class. The Group also develops hotels, office buildings and shopping malls in Beijing, Guangzhou and other cities, which are held as investment properties.

An analysis of the Group's revenue and total assets during the financial year, by business segment, is set out in Note 5 to the financial statements.

A list of principal subsidiaries, joint ventures and associates, together with their places of operation and incorporation, their issued capital and registered capital, is set out in Notes 11, 12 and 13 to the financial statements.

RESULTS

The profit of the Group for the year ended 31 December 2021 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 113 to 223 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 225 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the management discussion and analysis during the year are set out on pages 16 to 82 of this report and the paragraphs below.

Policy Risk

As an important pillar for various economic indicators and drivers of growth across industries, the property industry is more susceptible to the impact of macro-economic and industrial policies.

It is important for the Company to proactively adapt itself to changes in policies, and improve its risk control, business management standards on an ongoing basis and formulate reasonable business strategies. With the introduction of guidance for China's property developers to adhere to financial credit metries that govern borrowing limits, the Three Red Lines, the Group has been actively reducing its absolute levels of debt that in turn has significantly reduced financial leverage ratios.

Business Risk

The Group has adopted a prudent land banking approach with the current land bank scale being adequate. In recent years, the Group has concentrated land investments and land banking in higher tier cities and the Greater Bay Area where upsize potential is higher. In 2021, the Company continues to actively develop valuable land and has acquired 5 plots of land in 4 cities and regions, increasing the land bank resources.

Market Risk

The Company implements a steady business development strategy by actively developing a diversified market in cities in China. Although buyers' demand for property purchases remained strong, factors such as economic uncertainty, job security and mortgage risk impacted overall pre-sale levels as consumers adopted a wait-and-see attitude.

Financial Risk

The Company raises funds mainly through internal resources, bank borrowings and debt issues in the capital markets. Restrictions in access to bank borrowings, funds derived from internal resources and revenue from presales/sales of commodity housing falling short of project construction requirements, or inability to issue debt in the capital markets will affect the property project development plans of the Company and hence the business development of the Company.

In 2021, the Group has raised capital through USD senior notes and commercial loans. Asset sales also provided a significant amount of liquidity.

As a PRC property development and investment company listed on the Main Board of the Stock Exchange, the Company shall comply with the relevant rules and regulations of both of the PRC and Hong Kong. On the corporate level, the Group complies with the requirements under the Companies Ordinance in Hong Kong and PRC, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code.

QUALIFIED OPINION ISSUED BY THE INDEPENDENT AUDITOR

As a result of the possible effects of the matter described in the section headed "Basis for qualified opinion – Deferred income tax assets" in the "Independent Auditor's Report" on page 108 of this annual report, the Company's independent auditor, BDO Limited (the "Auditor"), expressed a qualified opinion on the Group's consolidated financial statements for the year ended 31 December 2021 (the "Qualified Opinion").

As at 31 December 2021, the Group recognised deferred income tax assets arising from unused tax losses and deductible temporary differences of certain group entities under different operating segments of the Group of RMB2.887 billion (the "Relevant Deferred Income Tax Assets"), and during the year ended 31 December 2021, the Group recognised deferred income tax credit of RMB161 million (the "Relevant Deferred Income Tax Credit") in respect of these unused tax losses and deductible temporary differences in the consolidated income statement. These amounts were included in deferred income tax assets and income tax expenses of RMB13.366 billion and RMB2.992 billion respectively as disclosed in the consolidated balance sheet and consolidated income statement.

The Group's management (the "Management") has provided to the Auditor their plan to support the utilization of the unused tax losses and deductible temporary differences of these group entities and believed that it is probable that sufficient taxable profit will be available against which these unused tax losses and deductible temporary differences can be utilized by these group entities in future. The Management's plan included, among others, making arrangements in order for these group entities to generate taxable profits arising from other income (other than profit generated from sales of properties) which mainly included profit from disposal of assets or equity interest, charging intra-group brand royalties, platform fees, or advertising fee, etc.

However, due to the disruption and delay in the financial reporting and audit processes of the Group caused by, among other matters, the impact of COVID-19 pandemic, and taking into account the recent volatility of the property industry in the PRC, the Management could not timely formulate the detailed steps and execution timetable for the above utilization plan in order to enable the Auditor to form a view that such plan could comply with the requirements of the relevant accounting standard to support the recognition of the Relevant Deferred Income Tax Assets. As a result, the Auditor took the view that the Management had not provided them with sufficient audit evidence to determine whether the Relevant Deferred Income Tax Assets of RMB2.887 billion as at 31 December 2021 and the Relevant Deferred Income Tax Credit of RMB161 million credited to the consolidated income statement for the year were appropriate.

There is no disagreement by the Management with the position taken by the Auditor regarding the Qualified Opinion.

The Management will continue to consider taking appropriate actions to address the Qualified Opinion. This will include, among others, performing a detailed assessment and formulating a detailed execution plan to assess whether sufficient taxable profit will be available against which these unused tax losses and deductible temporary differences can be utilized by the relevant group entities in the future, and discussing with the Auditor on a timely and regular basis to address the Qualified Opinion. Subject to the foregoing, to the extent that any of the Relevant Deferred Income Tax Assets cannot be utilized in the future in accordance with the detailed execution plan, such part of the Relevant Deferred Income Tax Assets will be derecognized in order to resolve the issue of the Qualified Opinion in the coming year.

The board of directors of the Company (the "Board") and the audit committee of the Company (the "Audit Committee") have reviewed the relevant information provided by the Management in respect of the situation and basis of the Management's view on the recognition of the Relevant Deferred Income Tax Assets and the Relevant Deferred Income Tax Credit in the consolidated balance sheet and consolidated income statement, including the plan proposed by the Management to utilize the unused tax losses and deductible temporary differences of the relevant group entities.

The Audit Committee also discussed and understood the concerns of the Auditor that they were not able to obtain adequate audit evidence in compliance with the requirements of the relevant accounting standard in order to support the Management's decision in recognizing the Relevant Deferred Income Tax Assets and the Relevant Deferred Income Tax Credit in the consolidated balance sheet and consolidated income statement.

The Board and the Audit Committee confirmed that they have reviewed and agreed with the Management's position and basis of assessment on major judgmental areas, including the recognition of the Relevant Deferred Income Tax Assets and the Relevant Deferred Income Tax Credit in the consolidated balance sheet and consolidated income statement, on the basis that the Management's proposed utilization plan is probable and the Management will continue to formulate and execute a detailed utilization plan in the coming year, and the Board and the Audit Committee have no disagreement with the Auditor's position regarding the Qualified Opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

As set out in note 2.1(c) to the consolidated financial statements as contained in this annual report, the Group recorded a loss attributable to the owners of the Company of RMB16.469 billion for the year ended 31 December 2021. As at 31 December 2021, the Group's total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB137.171 billion, out of which RMB70 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB21.104 billion. Moreover, as at 31 December 2021, the Group was unable to repay certain bank and other borrowings of RMB7.007 billion according to their scheduled repayment dates, and subsequent to 31 December 2021, the Group was unable to repay certain bank and other borrowings of RMB10.029 billion that are due for repayment from January 2022 and up to the date of approval of the consolidated financial statements, being 5 August 2022. As at 5 August 2022, certain bank and other borrowings with an aggregate principal amount of RMB15.127 billion had not been repaid on schedule or otherwise renewed or extended, and cross-default of certain bank and other borrowings with an aggregate principal amount of RMB14.756 billion might have been or might potentially be triggered. Furthermore, the Group has been involved in certain litigations, details of which are set out in note 44 the consolidated financial statements as contained in this annual report. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern (the "Going Concern Issue").

The Auditor's audit opinion is not modified in respect of the Going Concern Issue.

In view of such circumstances, the Management has given careful consideration to the future liquidity and performance of the Group and its available sources of financing within the next 18 months from 31 December 2021 in assessing whether the Group will have sufficient financial sources to continue as a going concern and the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements. The Management has formulated plans and measures to mitigate the liquidity pressure and to improve the financial position of the Group, details of which are set out in note 2.1(c) to the consolidated financial statements as contained in this annual report (the "Plans"). Subject to, among others, successful implementation of the Plans, including but not limited to discussions with the relevant lenders to renew or extend the outstanding borrowings, acceleration of pre-sales and sales of properties and collection of outstanding sales proceeds, control of administrative costs and unnecessary capital expenditures, and settlement of outstanding litigations, the Management takes the view that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next 18 months from 31 December 2021. The Board has discussed the Going Concern Issue with the Management and is satisfied that on the basis of successful implementation of the Plans, it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Audit Committee has discussed with the Board and the Management regarding the Going Concern Issue, and on the basis that the Group has successfully restructured its series of senior notes of an aggregate amount of USD4.944 billion, equivalent to RMB33.103 billion, in July 2022 and the Management has been actively discussing with the relevant lenders on renewal and/or extension of outstanding borrowings with certain progress in recent months, agreed with the position taken by the Management and the Board regarding the Going Concern Issue. The Audit Committee also discussed and understood the concerns of the Auditor that uncertainties exist as to whether Management will be able to achieve its plans and measures as described above. There is no disagreement by the Board, the Management nor the Audit Committee with the position taken by the Auditor regarding the Going Concern Issue.

INTERIM DIVIDEND

The Board declared an interim dividend for the six months ended 30 June 2021 of RMB0.10 per share, or a Hong Kong dollar equivalent of HK$0.120033 per share.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: RMB0.62 per share).

AGM AND CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AGM

The 2021 AGM of the Company will be held on Friday, 16 September 2022 and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Friday, 16 September 2022, the register of members of the Company will be closed from Friday, 9 September 2022 to Friday, 16 September 2022, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all the share transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 8 September 2022.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

(a) USD Senior Notes

The Company had repaid any and all remaining portion of the outstanding aggregate principal amount of US$375,000,000 of the 8.75% senior notes due 2021 issued by Easy Tactic Limited ("Easy Tactic", an indirect wholly-owned subsidiary of the Company) by its maturity date, which was 10 January 2021.

On 25 January 2021, the Company announced that a tender offer was being made to repurchase the US$800,000,000 7% senior notes due 2021 (the "2021 Notes") issued by Easy Tactic. The tender offer was completed on 3 February 2021. The total acceptance amount of the tender offer was US$332,561,135.24 including US$325,146,000 in the principal amount and the remainder as accumulated interest and redemption premium. The notes repurchased pursuant to the tender offer had been cancelled. Subsequently, the Company had repaid any and all remaining portion of the outstanding aggregate principal amount of US$474,854,000 of the 2021 Notes by its maturity date, which was 25 April 2021.

On 21 September 2021, the Company made on-market repurchase of (i) the US$600,000,000 5.875% senior notes due 2023 issued by Easy Tactic (the "2023 Notes") and (ii) the US$300,000,000 9.125% senior notes due 2022 issued by Easy Tactic (the "2022 Notes") in the aggregate principal amount of US$25,000,000. The notes repurchased were cancelled. After completion of the cancellation and as at 31 December 2021, the outstanding principal amount of the 2023 Notes and the 2022 Notes was US$587,000,000 and US$288,000,000, respectively.

The Company had repaid all of the outstanding aggregate principal amount of US$200,000,000 of the 8.875% senior notes due 2021 issued by Easy Tactic by its maturity date, which was 27 September 2021.

(b) Corporate Bonds

The following corporate bonds are redeemed by the Company for the year ended 31 December 2021:

Corporate Bonds (as at 1 January 2021)	Issue Date	Redemption Date	Redemption Value	Remaining Value (as at 31 December 2021)
RMB4,000,000,000 corporate bonds	4 December 2018	4 December 2020	RMB3,998,750,000 *(Note 1)*	RMB4,000,000,000 *(Note 1)*
RMB7,020,000,000 corporate bonds	3 January 2019	3 January 2021	RMB7,019,717,000 *(Note 2)*	RMB4,250,283,000 *(Note 2)*
RMB6,000,000,000 corporate bonds	11 January 2016	11 January 2021	RMB6,000,000,000	Nil
RMB3,600,000,000 corporate bonds	22 January 2016	22 January 2021	RMB3,600,000,000	Nil
RMB950,000,000 corporate bonds	7 April 2016	7 April 2021	RMB946,781,000 *(Note 3)*	RMB950,000,000 *(Note 3)*
RMB1,580,000,000 corporate bonds	9 May 2019	9 May 2021	RMB1,579,799,000	RMB201,000
RMB1,314,000,000 corporate bonds	16 May 2016	16 May 2021	RMB394,000,000 *(Note 4)*	RMB995,000,000 *(Note 4)*
RMB60,000,000 corporate bonds	27 June 2018	27 June 2021	RMB60,000,000	Nil
RMB38,000,000 corporate bonds	18 September 2018	18 September 2021	RMB38,000,000	Nil
RMB1,669,800,000 corporate bonds	19 October 2016	19 October 2021	RMB549,800,000	RMB1,120,000,000

Note 1: On 4 January 2021, RMB3,998,750,000 of the corporate bonds were resold.

Note 2: On 2 February 2021, RMB4,250,000,000 of the corporate bonds were resold, and the remaining unsold amount of RMB2,769,717,000 corporate bonds were cancelled.

Note 3: On 11 May 2021, RMB946,781,000 of the corporate bonds were resold.

Note 4: On 11 June 2021, RMB75,000,000 of the corporate bonds were resold, and the remaining unsold amount of RMB319,000,000 corporate bonds were cancelled.

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

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchase. The percentage of revenue attributable to the Group's five largest customers combined was less than 30% of the Group's total revenue.

DONATIONS

During the year, the total amount of charitable donations made by the Group was approximately RMB86.73 million (2020: RMB52.10 million).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The detailed changes in property, plant and equipment, and investment properties of the Group for the year are set out in Notes 7 and 9 to the financial statements, respectively.

PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in Note 16 to the financial statements.

COMPLETED PROPERTIES HELD FOR SALE

Details of the completed properties held for sale of the Group during the year are set out in Note 17 to the financial statements.

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2021 are set out in Note 26 to the financial statements.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report was or is there any permitted indemnity provision being in force for the benefit of any of the directors of the Company or an associated company.

MANAGEMENT CONTRACTS

No contracts 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.

CAPITALISED BORROWING COSTS

Borrowing costs capitalised by the Group during the year amounted to approximately RMB8.680 billion (2020: approximately RMB9.227 billion).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2021 are set out on pages 226 to 242 of this annual report.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company during the year up to 31 December 2021 are set out in Note 24 to the financial statements.

DISTRIBUTABLE RESERVES

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises ("CAS") or as determined under the Hong Kong Financial Reporting Standards ("HKFRS"). As at 31 December 2021, the Company's distributable reserves were approximately RMB2.403 billion, being the smaller of the distributable reserves as determined under CAS and HKFRS.

SHARE CAPITAL

On 28 May 2021, the shareholders of the Company has approved the capitalisation of capital reserve, pursuant to which RMB2,814,275,508 out of the capital reserve of the Company were applied to the registered capital of the Company resulting in the registered capital of the Company being increased from RMB938,091,836 to RMB3,752,367,344 and the per value of each share being increased from RMB0.25 to RMB1.00 without increasing the number of shares.

Details of movements in the share capital of the Company during the year up to 31 December 2021 are set out in the statement of changes in equity on pages 117 to 118 of this annual report.

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company during the year were:

Executive Directors
Dr. Li Sze Lim
Mr. Zhang Li
Mr. Zhang Hui
Mr. Xiang Lijun

Non-executive Directors
Ms. Zhang Lin
Ms. Li Helen

Independent Non-executive Directors
Mr. Zheng Ercheng
Mr. Ng Yau Wah, Daniel
Mr. Wong Chun Bong

Supervisors
Mr. Chen Liangnuan
Ms. Liang Yingmei *(resigned on 3 December 2021)*
Mr. Zhao Xianglin
Mr. Zhang Yucong *(appointed on 3 December 2021)*

The Company has received an annual confirmation from each of the independent non-executive directors of their independence and considered all independent non-executive directors to be independent of the Company.

The term of office of Ms. Zhang Lin, a non-executive director of the Company, has expired on 30 May 2022, and she, being eligible, has offered herself for re-election at the forthcoming 2021 AGM.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the directors and supervisors of the Company and the senior management of the Group are set out on pages 103 to 107 of the annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and supervisors of the Company has entered into a service contract with the Company for a term of three years. None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the relevant agreements disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" below, there were no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or joint ventures was a party, and in which a director or a supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following directors had interests in the following businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group (other than those businesses where the directors were appointed as director of the businesses concerned to represent the interests of the Company/Group):

	Businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group		
Name of director	**Name of entity**	**Description of business**	**Nature of the interest of the director in the entity**
Li Sze Lim	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns partial parking spaces in Beijing	Shareholder
Zhang Li	Fushengli	Owns partial parking spaces in Beijing	Shareholder

Dr. Li Sze Lim and Mr. Zhang Li have confirmed that Fushengli has no intention of engaging in any business (save as disclosed) which competes or is likely to compete with the Group. The Company's directors are of the view that the Company is capable of carrying on its business independently of Fushengli.

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2021 were as follows:

		Number of shares				
Director/ Supervisor	Class of shares	Personal	Spouse or child under 18	Corporate interest	Total number of shares held at the end of the period	Approximate percentage of interests in the total share capital Note
Li Sze Lim	H share	1,066,092,672	5,000,000	16,000,000	1,087,092,672	28.97%
Zhang Li	H share	1,022,146,272	20,000,000		1,042,146,272	27.77%
Zhang Hui	H share	1,894,800			1,894,800	0.05%
Xiang Lijun	H share	1,800,000			1,800,000	0.05%
Li Helen	H share	1,003,600			1,003,600	0.03%
Ng Yau Wah, Daniel	H share	588,000			588,000	0.02%
Chen Liangnuan	H share	20,000,000			20,000,000	0.53%

Note:

The Company's total number of issued shares as at 31 December 2021 was 3,752,367,344 H shares.

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
	Easy Tactic Limited ("Easy Tactic") (Note 3)	Corporate	N/A	N/A
Zhang Li	Tianfu (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
	Easy Tactic (Note 4)	Corporate	N/A	N/A
Li Helen	Easy Tactic (Note 5)	Corporate	N/A	N/A

Notes:

1. Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

2. Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is 51% and 49% owned by Guangdong South China Environmental Protection Investment Co., Ltd. and Sparks Real Estate Holdings Limited respectively. Each of Dr. Li Sze Lim and Mr. Zhang Li owns 49% of Guangdong South China Environmental Protection Investment Co., Ltd.. Sparks Real Estate Holdings Limited is beneficially owned by Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

3. Dr. Li Sze Lim (a), through his spouse, has an interest in (i) US$14,000,000 of the US$375 million 8.625% senior notes due 2024 issued by Easy Tactic, a wholly-owned subsidiary of the Company; (ii) US$10,000,000 of the US$875 million 8.125% senior notes due 2023 issued by Easy Tactic; (iii) US$49,500,000 of the US$450 million 8.125% senior notes due 2024 issued by Easy Tactic; (iv) US$50,000,000 of the US$400 million 8.625% senior notes due 2024 issued by Easy Tactic; and (v) US$5,000,000 of the US$360 million 12.375% senior notes due 2022 issued by Easy Tactic; (b) through Fusion Capital Limited which is owned by him and his spouse as to 50% each, has an interest in (i) US$1,000,000 of the US$288 million 9.125% senior notes due 2022 issued by Easy Tactic; and (ii) US$1,000,000 of the US$725 million 5.75% senior notes due 2022 issued by Easy Tactic; and (c) through Parkford Assets Management Limited which is 100% owned by him, has an interest in (i) US$1,000,000 of the US$288 million 9.125% senior notes due 2022 issued by Easy Tactic; and (ii) US$2,500,000 of the US$725 million 5.75% senior notes due 2022 issued by Easy Tactic.

4. Mr. Zhang Li has an interest in US$10,800,000 of the US$725 million 5.75% senior notes due 2022 issued by Easy Tactic.

5. Ms. Li Helen, through Pleasant View Limited which is 100% owned by her, has an interest in (i) US$500,000 of the US$375 million 8.625% senior notes due 2024 issued by Easy Tactic; (ii) US$1,000,000 of the US$400 million 8.625% senior notes due 2024 issued by Easy Tactic; (iii) US$500,000 of the US$360 million 12.375% senior notes due 2022 issued by Easy Tactic; (iv) US$1,500,000 of the US$675 million 11.75% senior notes due 2023 issued by Easy Tactic; and (v) US$500,000 of the US$325 million 11.625% senior notes due 2024 issued by Easy Tactic.

Save as disclosed above, as at 31 December 2021, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, so far as the directors are aware, there are no persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Group did not adopt any share option scheme during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Company has not provided any financial assistance to or guarantee for facilities granted to affiliated companies (within the definition under Chapter 13 of the Listing Rules) which together in aggregate would exceed the relevant percentage of 8%, requiring disclosure under the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The following transactions between certain connected persons (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with Chapter 14A of the Listing Rules.

(1) CONNECTED TRANSACTIONS

During the year ended 31 December 2021, the Group entered into transactions with related parties as disclosed in Note 41 "Significant related-party transactions" to the consolidated financial statements. These related-party transactions included the following transactions which constituted connected transactions under the Listing Rules.

(a) Connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements:

1. Purchase of environment drinking water system from Guangzhou Canton-Rich Environmental Inc.;

2. Purchase of installation services from 廣州鉅融機電工程有限公司.

(b) Connected transactions subject to the reporting, announcement and independent shareholders' requirements:

1. Joint Venture Arrangement with Major Shareholders

   As disclosed in the Company's announcement dated 29 September 2021 (the "Connected Transaction Announcement"), on 29 September 2021, the Company entered into an agreement (the "Agreement") in relation to a joint venture arrangement (the "Joint Venture Arrangement") with Dr. Li Sze Lim and Mr. Zhang Li (the "Major Shareholders").

   Pursuant to the Agreement, the Company and the Major Shareholders agreed to the formation of one or more investment vehicles (the "JV Companies") which will be held as to 51% by the Company or its wholly-owned subsidiary and as to 49% by the Major Shareholders or companies wholly-owned by them. The proportion of total commitment attributable to the Company and the Major Shareholders to the JV Companies will be up to RMB10.8 billion and RMB10.4 billion respectively.

The Company considers that the Joint Venture Arrangement demonstrates the commitment and confidence of the Major Shareholders to the development and prospects of the Group, and the Joint Venture Arrangement will make the Group's financial structure more optimal and healthier which will be beneficial to its long-term development.

Each of the Major Shareholders is an executive director and a substantial shareholder of the Company. The transactions contemplated under the Agreement constituted connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Company's commitment exceeds 5%, the Joint Venture Arrangement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the percentage ratios applicable to the Company's commitment exceeds 25% but are all less than 75%, the Joint Venture Arrangement also constituted a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Agreement and the transactions contemplated thereunder are approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 3 December 2021.

Details of the above connected transaction are set out in the Connected Transaction Announcement.

Save for the above connected transactions, there were no other connected transactions in the year.

(2) CONTINUING CONNECTED TRANSACTIONS

(a) Agreements of Continuing Connected Transactions

On 5 February 2021, the Company entered into an agreement (the "Agreement") with 廣州富星投資諮詢有限公司(Guangzhou Fuxing Investment Consultation Co., Ltd.*) ("Guangzhou Fuxing"), pursuant to which Guangzhou Fuxing and its subsidiaries are engaged to provide various services to the Group, including basic residential property management services, non-owner value-added services, basic commercial property management services and commercial operation and management services. The Agreement has a term commencing from 1 January 2021 up to and including 31 December 2021 (both days inclusive).

The annual cap of the service fees payable by the Group for the transactions contemplated under the Agreement for the year ended 31 December 2021 shall not exceed RMB1,350,000,000. For the year ended 31 December 2021, the annual fee paid by the Company to Guangzhou Fuxing and its subsidiaries under the Agreement was approximately RMB553,850,000, which is within the annual cap of RMB1,350,000,000.

The price and the terms of the above transaction have been determined in accordance with the pricing policies and guideline set out in the relevant announcement dated 5 February 2021.

At as the date of the Agreement, Guangzhou Fuxing is owned as to 50% by Dr. Li Sze Lim and as to 50% by Mr. Zhang Li. Each of Dr. Li and Mr. Zhang is an executive director and a substantial shareholder and hence a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. As such, the transactions under the Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the transactions under the Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Agreement are subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Guangzhou Fuxing has ceased to be a connected person of the Company with effect from 4 November 2021.

(b) Annual Review of Continuing Connected Transactions

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive directors have reviewed the above continuing connected transactions and confirmed that they have been entered into:

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

(ii) on normal commercial terms or better; and

(iii) according to the Agreement governing it on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2021 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect the continuing connected transactions disclosed by the Group on page 100 of the Annual Report in accordance with Rule 14A.56 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The connected transactions and continuing connected transactions disclosed above also constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions made during the year ended 31 December 2021 is disclosed in Note 41 to the financial statements.

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned connected transactions or continuing connected transactions.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

BDO has been appointed as the new auditor of the Company to fill the casual vacancy following the resignation of PricewaterhouseCoopers on 29 April 2021.

The financial statements of the Group for the year ended 31 December 2021 have been audited by BDO and it has indicated its willingness to be continuously in office. A resolution will be proposed by the Board at the AGM to re-appoint the firm as the auditor of the Company until the close of the next AGM.

By order of the Board
Li Sze Lim
Chairman

Guangzhou, China
5 August 2022

* *For identification purpose only*

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During 2021, the Supervisory Committee (the "Committee") carried out its supervisory duties conscientiously and diligently in accordance with PRC Company Law and the Company's Articles of Association to protect the interests of shareholders.

Ms. Liang Yingmei resigned as a supervisor with effect from 3 December 2021 and Mr. Zhang Yucong was appointed as a supervisor with effect from 3 December 2021. The Committee now consists of three members: Mr. Chen Liangnuan, who was elected amongst the Company's employees; and Mr. Zhao Xianglin and Mr. Zhang Yucong, both independent supervisors representing shareholders' interests. A member of the Committee attended the Board meeting at which the Company's 2021 final results were approved, and will also attend the upcoming 2021 AGM.

Throughout the year, members of the Committee monitored the performance of the Company's directors and senior management, and reviewed all material policies formulated and important decisions taken. The Committee considers that the directors and senior management have conducted the Company's business diligently and honestly with the aim of advancing its stated corporate goals, and that they have acted in the best interests of the Company and its shareholders and in compliance with the laws and regulations of the PRC and the Company's Articles of Association.

The Committee has reviewed the financial statements for the year ended 31 December 2021, which were prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company's auditor, BDO Limited. The Committee has also reviewed the report of the directors to be presented by the Board at the forthcoming 2021 AGM. The Committee considers that the financial statements reflect a true and fair view of the Company's financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance and achievement of the Company in 2021, and has great confidence in its future.

By order of the Supervisory Committee
Chen Liangnuan
Convenor

Guangzhou, China
5 August 2022

EXECUTIVE DIRECTORS

Li Sze Lim（李思廉）, SBS, JP, HonDBus (Macq), aged 65, is the Chairman of the Company

Dr. Li is the founder of the Group, the Chairman, an executive director, a member of the remuneration committee and the chairman of the nomination committee of the Company. He is responsible for the strategic direction of the Group and also specially responsible for the sales and financial management function. Dr. Li obtained his bachelor degree in mathematics in 1978 from the Chinese University of Hong Kong and was awarded a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2018. He was a merchant when starting his career in the real estate business in 1993. In August 1994, Dr. Li and Mr. Zhang Li together founded the Company. He owns over 20 years of experience in real estate development and investment. Dr. Li is the chairman of the Council of Guangdong Chamber of Real Estate, the president of China Real Estate Developers and Investors Association, the president of Guangzhou Real Estate Association and Guangzhou Real Estate Institute, a member of the Twelfth Executive Committee of the All-China Federation of Industry and Commerce, a vice chairman of All-China General Chamber of Industry and Commerce, the chairman of the board of directors of New Home Association and a director and part-time professor of Jinan University. Dr. Li was awarded a Silver Bauhinia Star from the Hong Kong Special Administrative Region on 1 July 2019. Dr. Li is the brother of Ms. Li Helen who is a non-executive director of the Company. Save as disclosed above, Dr. Li is also a director of certain subsidiaries of the Company.

Zhang Li（張力）aged 69, is the Co-chairman and Chief Executive Officer of the Company

Mr. Zhang is the founder of the Group, the Co-chairman, an executive director and chief executive officer of the Company. He is mainly responsible for land acquisition, construction development, cost control and managing daily operations. Mr. Zhang started his career in the construction and renovation business. Prior to founding the Company, he was the Secretary of Youth League Committee of Guangzhou 2nd Light Industry Bureau and the Head of production department of Guangzhou Baiyun District Township Enterprise Administration. In 1993, Mr. Zhang began to engage in real estate development and in August 1994, together with Dr. Li Sze Lim, founded the Company. Mr. Zhang owns over 20 years of experience in real estate development and investment. Mr. Zhang is a member of the 11th, 12th and 13th National Committee of the Chinese People's Political Consultative Conference, the president of China Real Estate Chamber of Commerce and a director and part-time professor of Jinan University. Mr. Zhang is the brother of Ms. Zhang Lin who is a non-executive director of the Company. Mr. Zhang ceased to be chairman and executive director of Kinetic Development Group Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange, on 16 June 2022. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries of the Company.

Zhang Hui（張輝）aged 48, is an Executive Director and a vice chairman of the Company

Mr. Zhang is an executive director and a vice chairman of the Company. Mr. Zhang graduated from South China University of Technology with a bachelor degree majoring in architecture. From 2002 to 2005, Mr. Zhang held several positions in the Company, including vice chief engineer and chief engineer of the Company. He was appointed as vice general manager of the Company in 2005 and as general manager of Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd., both subsidiaries of the Company, in 2007, principally in charge of project development in Beijing. Mr. Zhang has been appointed as a vice president of the Company since December 2010. He was appointed as chairman of Great Northern region and chairman of R&F (Beijing) Properties Development Co., Ltd. since December 2017. Mr. Zhang has been appointed as an executive director of the Company since 29 May 2020. Mr. Zhang had been appointed as a vice chairman of the Group since January 2022. He is responsible to assist the Chairman of the Group with managing the marketing, investment and financing, assets and commercial operations and overseas business of the Group. Prior to joining the Company, Mr. Zhang worked with Guangzhou Design Institute from 1998 to 2002. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries of the Company.

Xiang Lijun（相立軍）aged 50, is an Executive Director, a vice president of the Company, and chairman of Northern China region

Mr. Xiang is an executive director, a vice president and chairman of Northern China region of the Company. Upon joining the Company in 2005, Mr. Xiang had held the position of a vice general manager of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company. Since March 2013, he was appointed as a vice general manager of the Company. He has been appointed as a vice president of the Company since July 2016 and was appointed as chairman of Northwestern China region in October 2018. Mr. Xiang has been appointed as an executive director of the Company since 9 October 2020. He has been appointed as chairman of Northern China region since January 2022. Save as disclosed above, Mr. Xiang is also a director of certain subsidiaries of the Company.

NON-EXECUTIVE DIRECTORS

Zhang Lin (張琳) aged 74

Ms. Zhang is a non-executive director of the Company. Ms. Zhang graduated from the South China University of Technology having majored in electrical engineering. Ms. Zhang served as a lecturer at the South China University of Technology from 1982 to 1993 and as an associate professor in the Engineering Training Centre from 1993 to 2003. Ms. Zhang is the sister of Mr. Zhang Li.

Ms. Zhang is a non-executive director of Kinetic Development Group Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange.

Li Helen (李海倫) aged 71

Ms. Li is a non-executive director and a member of the audit committee of the Company. Ms. Li has over 25 years of experience in international trade and has held various senior executive positions with several international companies. From 1986 to 1987, she was the managing director of Sunrise Knitwear Ltd., a knitwear manufacturing company in Hong Kong and a subsidiary of Hong Kong Sales Knitwear Ltd.. From 1988 to 2005, she was the president of Great Seas Marketing Inc., a Canadian garment wholesale and distribution company. Ms. Li is the sister of Dr. Li Sze Lim.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zheng Ercheng (鄭爾城) aged 65

Mr. Zheng is an independent non-executive director, a member of the audit committee, the chairman of the remuneration committee and a member of the nomination committee of the Company. Mr. Zheng was sub-branch deputy governor and then governor of China Construction Bank, Guangzhou Branch, Tianhe Sub-branch from 1987 to 1997 and general manager of the International Business Department of the Guangzhou Branch of the China Construction Bank from 1997 to 1999. He was the general manager of the Guangzhou Branch of Cinda Asset Management Company from 1999 to 2000. Mr. Zheng has extensive experience in the China banking industry and financial sector. Mr. Zheng retired as an independent non-executive director of Kinetic Development Group Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange, on 30 May 2022.

Ng Yau Wah, Daniel (吳又華) aged 67

Mr. Ng is an independent non-executive director and a member of the remuneration committee of the Company. He obtained his bachelor degree in economics in 1978 from the York University, Canada. Mr. Ng had engaged in carpet trading and manufacturing business for more than 20 years; he was previously the executive director of International Carpet Company Limited. He is currently the executive director of Gayloy Limited, a company engaging in real estate property investment and management, leasing of property and rental of parking spaces in Hong Kong. Mr. Ng has substantial experience in property investment projects in China, Hong Kong and Malaysia.

Mr. Ng is an independent non-executive director of Anchorstone Holdings Limited (Stock code: 1592), a company listed on the Hong Kong Stock Exchange.

Wong Chun Bong (王振邦) aged 63

Mr. Wong is an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Wong is a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Institute of Chartered Accountants in England and Wales. Mr. Wong has held a range of positions relating to the provision of assurance, taxation, accounting and financial management services. Mr. Wong holds a higher diploma in Accountancy from the Hong Kong Polytechnic, currently known as The Hong Kong Polytechnic University. Mr. Wong is the founder of a firm of certified public accountants in Hong Kong and an experienced practising accountant. He is a member of the Council and also an ex-member of the Court of The Hong Kong Polytechnic University. He was the ex-chairman of the Executive Committee of the Association of Chartered Certified Accountants in Hong Kong.

Mr. Wong is an independent non-executive director of Glory Sun Financial Group Limited (Stock code: 1282) and Glory Sun Land Group Limited (Stock code: 299), companies listed on the Hong Kong Stock Exchange.

SUPERVISORS

Chen Liangnuan（陳量暖）aged 72

Mr. Chen is a supervisor of the Company. Mr. Chen graduated from Shanghai Textile College in 1977. From 1977 to 1996, Mr. Chen had served as the general manager or party secretary of various textile factories in Guangzhou. Mr. Chen joined Guangzhou Tianli Construction Co., Ltd. ("Tianli") in 1996 as its general manager and is now its supervisor. Tianli is a wholly-owned subsidiary of the Company. Mr. Chen was also the chairman of Tianli, Foshan Lizun Metal Products Co., Ltd.（佛山力尊金屬製品有限公司）and Guangzhou Tianyin Landscape Engineering Co., Ltd.（廣州天盈園林工程有限公司）. Save as disclosed above, Mr. Chen is also a director of certain subsidiaries of the Company. Mr. Chen was appointed as an independent non-executive director of Kinetic Development Group Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange, on 30 May 2022.

Zhao Xianglin（趙祥林）aged 80

Mr. Zhao is a supervisor of the Company (representative of shareholders). Mr. Zhao graduated from Yangzhou University in 1964 with a higher education diploma. From 1969 to 2002, Mr. Zhao was a senior teacher at the Affiliated High School of Yangzhou University ("AHSYU"). During Mr. Zhao's tenure at AHSYU, he was also the head of the Music Curriculum Development Team, vice-president of the Labor Union and the director of the Office of School Sponsored Enterprises of AHSYU. From 1998 to 2002, Mr. Zhao was a member of the Political Consultative Conference of the City of Yangzhou. Mr. Zhao is very experienced in supervising the functioning of sizable enterprises.

Zhang Yucong（張宇聰）aged 64

Mr. Zhang is a supervisor of the Company (representative of shareholders). Mr. Zhang obtained a vocational college's degree in industrial accounting from Guangzhou Amateur Finance College in October 1984. He was conferred as a senior economist by China Construction Bank in December 1997. Prior to November 2001, Mr. Zhang consecutively worked in China Construction Bank with his last position as the deputy director in China Construction Bank (Guangzhou branch) and China Cinda Asset Management Co., Ltd.（中國信達資產管理股份有限公司）(Guangzhou office) as the deputy officer. From November 2001 to March 2004, he worked as deputy general manager in the Company, a vice chairman in Beijing R&F Properties Development Co., Ltd.（北京富力城房地產開發有限公司）and a vice chairman in R&F (Beijing) Properties Development Co., Ltd.（富力（北京）地產開發有限公司）. From June 2004 to August 2010, he worked as the chairman in Guangzhou Fuxing Investment Co., Ltd.（廣州市富興投資有限公司）and a general manager in Guangzhou Yinxiang Guarantee Co., Ltd.（廣州市銀翔擔保有限公司）. From August 2010 to August 2014, he worked as a deputy general manager in Cinda Real Estate Co., Ltd.（信達地產股份有限公司）, a real estate company whose shares are listed in the Shanghai Stock Exchange (stock code: 600657). From June 2014 to April 2016, he worked as a deputy general manager in Cinda Real Estate Co., Ltd.（信達地產股份有限公司）, an executive director in Guangzhou Cinda Property Investment Co., Ltd.（廣州信達置業投資有限公司）and an executive director in Shenzhen Cinda Real Estate Co., Ltd.（深圳信達置業有限公司）.

SENIOR MANAGEMENT

Zhu Ling（朱玲）aged 55, is the Chief Financial Officer of the Company

Ms. Zhu graduated from Research Center for International Management at Tsinghua University majoring in financial accounting and capital operation and Tianjin University of Finance and Economics majoring in financial management in 2007 and 2009 respectively. She is an associate member of The Association of International Accountants. Prior to joining the Company, Ms. Zhu had worked with, among others, Guangzhou Suburban District Sugar Tobacco and Liquor Company（廣州郊區糖煙酒公司）, China National Aero-Technology Import & Export Corporation Guangzhou Hangcheng Company（中國航空技術進出口公司廣州航城公司）as chief financial officer or financial manager. Ms. Zhu had held the positions of financial controller and vice general manager of the Company since February 1995 and became the chief financial officer of the Company since October 2005. Save as disclosed above, Ms. Zhu is also a director of a subsidiary of the Company.

Wang Heng（王珩）aged 52, is a vice president of the Company

Ms. Wang graduated from Shanghai Jiaotong University. Ms. Wang joined the Company in 1995 and has held several positions in the Company, such as manager of human resources and administration department, director of human resources and administration department and secretary of the Board of the Company. Ms. Wang was appointed as secretary of the Board of the Company in 2001, vice general manager of the Company in 2003. She has been appointed as vice president of the Company since December 2010. Save as disclosed above, Ms. Wang is also a director of certain subsidiaries of the Company.

Liu Zhen（劉臻）aged 56, is a vice president of the Company

Prior to joining the Company, Mr. Liu had worked with Guangdong Guangxin Project Management Co., Ltd. (廣東廣信監理工程有限公司) and Guangdong Xinyu Construction Decoration Engineering Co., Ltd. (廣東信譽建築裝飾工程有限公司). Since joining the Company in 2002 and until 2008, Mr. Liu held several positions in the Company, such as project manager and general manager of the Company's engineering department. In 2008, Mr. Liu was appointed as a vice general manager of the Company. In 2009, he was appointed as a vice general manager of the Company and chairman of Guangdong Hengli Engineering Co., Ltd. (廣東恒力建設工程有限公司), a subsidiary of the Company. In March 2013, he was appointed as a vice general manager of the Company and general manager of Southern China region. He has been appointed as a vice president of the Company and general manager of Southern China region since July 2016 and was appointed as chairman of Southern China region in October 2018. Since July 2020, he has been appointed to be responsible for the Group's engineering supervision and management centre, audit centre and tender centre. Save as disclosed above, Mr. Liu is also a director of certain subsidiaries of the Company.

Zhao Feng（趙渢）aged 52, is a vice president of the Company and chairman of Hainan R&F Properties Development Co., Ltd.

Prior to joining the Company, Mr. Zhao had held the position of general manager of Guangzhou Canton-Rich Environmental Inc.. Since joining the Company in 2004 and until 2008, Mr. Zhao had held several positions in the Company, such as general manager of Shenyang Yilong Housing Development Co., Ltd., executive vice general manager and general manager of the Company's engineering department. In 2009, Mr. Zhao was appointed as a vice general manager of the Company and chairman of Hainan R&F Properties Development Co., Ltd.. Since July 2016, Mr. Zhao has been appointed as a vice president of the Company and chairman of Hainan R&F Properties Development Co., Ltd.. Save as disclosed above, Mr. Zhao is also a director of certain subsidiaries of the Company.

Zhang Yanqi（張彥琦）aged 44, is a vice president of the Company

Since 2001, Mr. Zhang had been a project manager and a vice general manager of the Company's engineering department, assistant to chairman of Beijing R&F Properties Development Co., Ltd., a subsidiary of the Company, general manager for northern region of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company, and a vice general manager of the Company. Mr. Zhang has been appointed as a vice president of the Company since October 2014.

Yang Ye（楊曄）aged 42, is a vice president of the Company, chairman of Southern China region, chairman of the Group's Urban Renewal Group of the Greater Bay Area and chairman of Guangzhou region

Mr. Yang graduated from Changsha University of Science & Technology and South China University of Technology with a bachelor degree in architecture and a master degree in urban planning respectively. Prior to joining the Company, Mr. Yang worked with the Artman Group Canada. Upon joining the Company in 2006, Mr. Yang held the positions of assistant to chief engineer and vice chief engineer of the Company. He was appointed as the general manager of Hangzhou R&F Properties Development Co., Ltd. in 2012, as the vice general manager of the Company, general manager of Eastern China region and general manager of Hangzhou R&F Properties Development Co., Ltd. in 2015, as the vice general manager of the Company, general manager of Eastern China region and chairman of Shanghai R&F Properties Development Co., Ltd. in 2016, as a vice president of the Company in March 2017 and as chairman of Eastern China region in October 2018. He has been appointed as chairman of Southern China region and chairman of the Group's Urban Renewal Group of the Greater Bay Area since July 2020, and chairman of Southern China region, chairman of the Group's Urban Renewal Group of the Greater Bay Area and chairman of Guangzhou region since August 2021. Save as disclosed above, Mr. Yang is also a director of certain subsidiaries of the Company.

Xie Wei（謝威）aged 50, is a vice president of the Company and chairman of Central Southern China region

Mr. Xie graduated from Wuhan University of Technology with a master degree in Engineering. Prior to joining the Company, Mr. Xie had held the position of general manager of Guangdong Hopson Yuehua Properties Development Co., Ltd. (廣東合生越華房地產開發有限公司). Upon joining the Company in 2010, Mr. Xie held the positions of vice general manager of the Company's engineering department, assistant to general manager of Southern China region. In 2013, he was appointed as a general manager of Fuzhou R&F Properties Development Co., Ltd.. In 2017, he was appointed as a vice general manager of the Company, general manager of Central Southern China region and the chairman of the companies of Fujian, Jiangxi and Wuhan. In May 2018, he was appointed as a vice president of the Company. Mr. Xie was appointed as the chairman of Central Southern China region in October 2018. Mr. Xie is currently a vice president of the Company and chairman of Central Southern China region. Save as disclosed above, Mr. Xie is also a director of certain subsidiaries of the Company.

Hu Jie（胡杰）aged 47, is a vice general manager and secretary of the Board of the Company

Mr. Hu graduated from Jinan University with a master degree in finance. Prior to joining the Company, he had worked with China Southern Securities Co., Ltd. and Ping An Securities Limited engaging in investment banking business. Upon joining the Company in 2002, Mr. Hu held the position of manager of investment department, in charge of company restructuring, listing and major investment as well as financing. He has been appointed as secretary of the Board of the Company since June 2007. In February 2019, he was appointed as vice general manager of the Company. Mr. Hu is currently a vice general manager and secretary of the Board of the Company.

Mr. Hu is an independent non-executive director of Mobvista Inc. (Stock code: 1860), a company listed on the Hong Kong Stock Exchange.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF GUANGZHOU R&F PROPERTIES CO., LTD.

(incorporated in the People's Republic of China with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together the "Group") set out on pages 113 to 223, which comprise the consolidated balance sheet as at 31 December 2021, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR QUALIFIED OPINION

Deferred income tax assets

As at 31 December 2021, the Group recognised deferred income tax assets arising from unused tax losses and deductible temporary differences of certain group entities under different operating segments of the Group of RMB2.887 billion and during the year ended 31 December 2021, the Group recognised deferred income tax credit of RMB0.161 billion in respect of these unused tax losses and deductible temporary differences in the consolidated income statement. These amounts were included in deferred income tax assets and income tax expenses of RMB13.366 billion and RMB2.992 billion respectively as disclosed in the consolidated balance sheet and consolidated income statement.

The management has explained to us their plans to support the utilisation of the unused tax losses and deductible temporary differences of these group entities and believed that it is probable that sufficient taxable profit will be available against which these unused tax losses and deductible temporary differences can be utilised by these group entities in future. However, as of the date of the auditor's report, the management did not provide us with detailed action plans and an analysis of the likelihood of success of these plans.

Accordingly, we were unable to obtain sufficient audit evidence we considered necessary to determine whether the deferred income tax assets of RMB2.887 billion as at 31 December 2021 and the corresponding amount of RMB0.161 billion credited to the consolidated income statement for the year were appropriate. Any adjustments to the carrying amount of these deferred income tax assets and the corresponding deferred income tax credit found necessary may have a significant effect on the Group's net assets as at 31 December 2021 and its financial performance for the year then ended, and the related disclosures thereof in these consolidated financial statements.

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1 (c) to the consolidated financial statements which indicates that for the year ended 31 December 2021, the Group recorded a loss attributable to the owners of the Company of RMB16.469 billion. As at 31 December 2021, the Group's total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB137.171 billion, out of which RMB70 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB21.104 billion. Moreover, as at 31 December 2021, the Group was unable to repay certain bank and other borrowings of RMB7.007 billion according to their scheduled repayment dates, and subsequent to 31 December 2021, the Group was unable to repay certain bank and other borrowings of RMB10.029 billion that are due for repayment from January and up to the date of approval of the consolidated financial statements. As a result, certain bank and other borrowings with an aggregate principal amount of RMB29.883 billion became default or cross-default. Furthermore, the Group is being sued by various parties for various reasons. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matters described in the "Basis for Qualified Opinion" section and the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Assessment of the net realisable value of properties under development ("PUD") and completed properties held for sale ("PHS")

(Refer to Notes 2.16, 2.17, 4(d), 16 and 17 to the consolidated financial statements)

The carrying amount of PUD and PHS was RMB150.791 billion and RMB50.172 billion, respectively as at 31 December 2021 and the aggregate amount of RMB200.963 billion accounted for 50.42% of the Group's total assets as at that date. PUD and PHS are primarily residential projects located mainly in Mainland China and are stated at the lower of cost and net realisable value. The Group has made provision for losses on net realisable value for PUD and PHS of RMB6.914 billion and RMB6.072 billion, respectively in the consolidated income statement for the year ended 31 December 2021.

The determination of the net realisable value of PUD and PHS involves significant management judgement and estimation, including expected future selling prices and costs necessary to complete the sale of these properties. Forecast development costs and selling prices are inherently uncertain due to changes in market conditions. The calculation of the net realisable value for PUD and PHS at the financial reporting date is performed by the management.

We identified the assessment of the net realisable value of PUD and PHS as a key audit matter because of the significance of these properties to the Group's total assets and because the assessment of the net realisable value is inherently subjective and requires significant management judgement and estimation in relation to estimating future selling prices and future construction costs which increases the risk of material misstatement.

Our response:

Our key audit procedures included:

- Obtaining an understanding of the process and procedures in relation to the preparation and monitoring of management budgets of property development projects;

- Evaluating the management's methodology in assessing net realisable value and comparing the key estimates and assumptions adopted in the assessment with available market data and the budget plans maintained by the Group;

- Checking the calculations made by the management in arriving at the year end assessments of the net realisable value.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 25 March 2021.

Other Information in the Annual Report

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

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

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

Directors' Responsibilities 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants
Tsui Ka Che, Norman
Practising Certificate number: P05057
Hong Kong, 5 August 2022

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

		As at 31 December	
	Notes	**2021**	2020
ASSETS			
Non-current assets			
Property, plant and equipment	7	**47,079,461**	42,113,735
Right-of-use assets	8	**10,764,837**	10,846,583
Investment properties	9	**34,943,304**	33,957,965
Intangible assets	10	**1,125,285**	1,183,384
Interests in joint ventures	12	**11,085,159**	11,617,336
Interests in associates	13	**3,323,709**	1,440,026
Deferred income tax assets	28	**13,365,510**	12,610,456
Financial assets at fair value through other comprehensive income	14	**632,762**	639,850
Other financial assets	18	**1,026,645**	–
		123,346,672	114,409,335
Current assets			
Properties under development	16	**150,791,203**	164,788,269
Completed properties held for sale	17	**50,172,331**	64,029,794
Inventories		**1,306,448**	1,141,518
Trade and other receivables and prepayments	19	**45,889,192**	46,315,461
Contract assets	5	**1,229,970**	1,621,299
Tax prepayments		**4,702,700**	3,600,167
Restricted cash	20	**14,845,225**	14,275,892
Cash and cash equivalents	21	**6,258,593**	25,672,822
		275,195,662	321,445,222
Assets classified as held for sale	22	**–**	6,330,658
		275,195,662	327,775,880
Total assets		**398,542,334**	442,185,215
EQUITY			
Equity attributable to owners of the Company			
Share capital	23	**3,752,367**	938,092
Other reserves	24	**12,246,683**	15,589,427
Retained earnings		**54,189,013**	72,970,684
		70,188,063	89,498,203
Non-controlling interests		**12,670,578**	2,507,140
Total equity		**82,858,641**	92,005,343

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	As at 31 December 2021	2020
LIABILITIES			
Non-current liabilities			
Long-term borrowings	26	**66,635,262**	95,848,642
Lease liabilities	8	**392,542**	452,557
Deferred income tax liabilities	28	**10,959,434**	10,307,753
Other payables	25	**534,987**	1,343,481
		78,522,225	107,952,433
Current liabilities			
Accruals and other payables	25	**104,386,369**	106,533,115
Contract liabilities	5	**50,130,339**	48,002,504
Current income tax liabilities	29	**19,977,725**	21,167,911
Short-term borrowings	26	**8,323,963**	10,919,529
Current portion of long-term borrowings	26	**53,880,163**	52,961,902
Lease liabilities	8	**78,928**	96,448
Dividend payable		**369,981**	–
Derivative financial instruments	27	**14,000**	–
		237,161,468	239,681,409
Liabilities directly associated with assets classified as held for sale	22	**–**	2,546,030
		237,161,468	242,227,439
Total liabilities		**315,683,693**	350,179,872
Total equity and liabilities		**398,542,334**	442,185,215

The notes on pages 120 to 223 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 113 to 223 were approved by the Board of Directors on 05 August 2022 and were signed on its behalf by:

Li Sze Lim
Director

Zhang Li
Director

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

		Year ended 31 December	
	Notes	**2021**	2020
Revenue	5	**76,230,335**	85,891,778
Cost of sales	32	**(78,397,540)**	(65,503,286)
Gross (loss)/profit		**(2,167,205)**	20,388,492
Other income	30	**1,461,511**	1,200,712
Other gains – net	31	**267,773**	6,097,090
Selling and marketing costs	32	**(3,650,053)**	(3,258,776)
Administrative expenses	32	**(6,002,200)**	(6,226,248)
Net impairment losses on financial and contract assets		**(147,223)**	(172,383)
Gains on bargain purchase	6	**508,209**	66,909
Operating (loss)/profit		**(9,729,188)**	18,095,796
Finance costs – net	34	**(4,164,605)**	(2,408,771)
Share of results of joint ventures		**505,529**	292,178
Share of results of associates		**26,723**	(67,520)
(Loss)/profit before income tax		**(13,361,541)**	15,911,683
Income tax expenses	35	**(2,991,741)**	(6,765,368)
(Loss)/profit for the year		**(16,353,282)**	9,146,315
(Loss)/profit attributable to:			
– Owners of the Company		**(16,469,189)**	9,004,814
– Non-controlling interests		**115,907**	141,501
		(16,353,282)	9,146,315
Basic and diluted (losses)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB Yuan per share)	36	**(4.3890)**	2.5313

The notes on pages 120 to 223 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December 2021	2020
(Loss)/profit for the year		**(16,353,282)**	9,146,315
Other comprehensive income			
Items that will not be reclassified to profit or loss			
– Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	24	**(23,913)**	59,779
Items that may be reclassified to profit or loss			
– Share of other comprehensive income of joint ventures and associates accounted for using the equity method	24	**(72,469)**	(79,898)
– Currency translation differences	24	**(42,859)**	(9,429)
Other comprehensive income for the year, net of tax		**(139,241)**	(29,548)
Total comprehensive income for the year		**(16,492,523)**	9,116,767
Total comprehensive income attributable to:			
– Owners of the Company		**(16,608,430)**	8,975,266
– Non-controlling interests		**115,907**	141,501
		(16,492,523)	9,116,767

The notes on pages 120 to 223 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
Balance at 31 December (as previously stated)	873,842	8,258,874	68,225,177	77,357,893	2,441,232	79,799,125
Effect of changes in accounting policy	–	5,341,538	–	5,341,538	–	5,341,538
Balance at 1 January 2020	873,842	13,600,412	68,225,177	82,699,431	2,441,232	85,140,663
Comprehensive income						
Profit for the year	–	–	9,004,814	9,004,814	141,501	9,146,315
Other comprehensive income						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	59,779	–	59,779	–	59,779
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	–	(79,898)	–	(79,898)	–	(79,898)
Currency translation differences	–	(9,429)	–	(9,429)	–	(9,429)
Total other comprehensive income, net of tax	–	(29,548)	–	(29,548)	–	(29,548)
Total comprehensive income for the year	–	(29,548)	9,004,814	8,975,266	141,501	9,116,767
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	(141,199)	141,199	–	–	–
Transactions with owners						
Placing of shares	64,250	2,130,677	–	2,194,927	–	2,194,927
Disposals of subsidiaries	–	–	–	–	(7,174)	(7,174)
Changes in ownership interests in subsidiaries without change of control	–	(37,165)	–	(37,165)	(68,419)	(105,584)
Transfer to statutory reserves	–	66,250	(66,250)	–	–	–
Dividends for the year	–	–	(4,334,256)	(4,334,256)	–	(4,334,256)
Total transactions with owners	64,250	2,159,762	(4,400,506)	(2,176,494)	(75,593)	(2,252,087)
Balance at 31 December 2020	938,092	15,589,427	72,970,684	89,498,203	2,507,140	92,005,343

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	938,092	15,589,427	72,970,684	89,498,203	2,507,140	92,005,343
Comprehensive income						
Loss for the year	–	–	(16,469,189)	(16,469,189)	115,907	(16,353,282)
Other comprehensive income						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	(23,913)	–	(23,913)	–	(23,913)
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	–	(72,469)	–	(72,469)	–	(72,469)
Currency translation differences	–	(42,859)	–	(42,859)	–	(42,859)
Total other comprehensive income, net of tax	–	(139,241)	–	(139,241)	–	(139,241)
Total comprehensive income for the year	–	(139,241)	(16,469,189)	(16,608,430)	115,907	(16,492,523)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	(469,558)	469,558	–	–	–
Transactions with owners						
Capital contributions from non-controlling interests	–	(6)	–	(6)	10,047,531	10,047,525
Capital reserves transfer to registered capital	2,814,275	(2,814,275)	–	–	–	–
Transfer to statutory reserves	–	80,336	(80,336)	–	–	–
Dividends for the year	–	–	(2,701,704)	(2,701,704)	–	(2,701,704)
Total transactions with owners	2,814,275	(2,733,945)	(2,782,040)	(2,701,710)	10,047,531	7,345,821
Balance at 31 December 2021	3,752,367	12,246,683	54,189,013	70,188,063	12,670,578	82,858,641

The notes on pages 120 to 223 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December 2021	2020
Cash flows from operating activities			
Cash generated from operations	38(a)	**31,181,201**	40,832,305
Interest paid		**(12,477,100)**	(14,565,791)
Enterprise income tax and land appreciation tax paid		**(5,469,019)**	(6,942,182)
Net cash generated from operating activities		**13,235,082**	19,324,332
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,804,603)**	(1,554,160)
Purchases of intangible assets		**(40,873)**	(115,596)
Additions of right-of-use assets		**–**	(22,120)
Additions of investment properties		**(145,551)**	(583,128)
Proceeds from disposals of investment properties		**15,409**	5,756
Proceeds from disposals of property, plant and equipment		**31,080**	2,277
Proceeds from disposals of intangible assets		**–**	1,284
Proceeds from disposals of an associate		**1,000,000**	–
Investments in financial assets at FVOCI, joint ventures and associates		**(5,328,423)**	(302,900)
Acquisitions of subsidiaries, net of cash acquired		**412,923**	(384,206)
Disposal of subsidiaries, net of cash		**1,954,806**	–
Cash receipts from the repayment of advances to related parties		**3,827,855**	6,348,080
Cash advances to related parties		**(4,520,500)**	(3,070,210)
Deposits and proceeds received for disposal of subsidiaries, net of cash		**–**	1,182,224
Dividend received from a joint venture		**–**	50,010
Proceeds from disposals of financial assets at FVOCI		**72,412**	494,325
Dividends and interest received on financial assets at FVOCI and other financial assets		**60,702**	9,064
Interest received		**1,019,528**	824,419
Net cash (used in)/generated from investing activities		**(3,445,235)**	2,885,119
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		**31,018,245**	55,010,244
Repayments of borrowings		**(61,559,283)**	(86,528,066)
Increase in amounts due to a shareholder of certain joint ventures		**–**	3,933,366
Repayment to a shareholder of a joint venture		**(815,483)**	–
Repayments of principal of lease liabilities		**(98,362)**	(94,556)
Net (increase)/decrease in guarantee deposits for borrowings		**(355,863)**	609,838
Placing of shares		**–**	2,194,923
Cash advances from related parties		**6,772,604**	11,740,613
Repayments to related parties		**(8,210,795)**	(1,864,865)
Purchases of non-controlling interests		**–**	(115,040)
Capital contributions from non-controlling interests		**6,439,165**	8,836
Dividends paid to owners of the Company and non-controlling interests		**(2,334,986)**	(4,310,551)
Net cash used in financing activities		**(29,144,758)**	(19,415,258)
Net (decrease)/increase in cash and cash equivalents		**(19,354,911)**	2,794,193
Exchange losses		**(59,318)**	(25,646)
Cash and cash equivalents at beginning of year		**25,672,822**	22,904,275
Cash and cash equivalents at end of year	21	**6,258,593**	25,672,822

The notes on pages 120 to 223 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No. 10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

These consolidated financial statements are presented in RMB Yuan ("RMB"), unless otherwise stated. These consolidated financial statements were approved by the Board of Directors for issue on 5 August 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622 ("HKCO").

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of hotel buildings and financial assets at fair value through other comprehensive income, other financial assets and investment properties which are carried at fair value and assets held for sale measured at the lower of carrying amount and fair value less cost to sell.

The preparation of financial statements in conformity with HKFRSs 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

(c) Going concern basis

For the year ended 31 December 2021, the Group recorded a loss attributable to the owners of the Company of RMB16.469 billion. As at 31 December 2021, the Group's total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB137.171 billion, out of which RMB70 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB21.104 billion. Moreover, as at 31 December 2021, the Group was unable to repay certain bank and other borrowings of RMB7.007 billion according to their scheduled repayment dates, and subsequent to 31 December 2021, the Group was unable to repay certain other bank and other borrowings of RMB10.029 billion that are due for repayment from January and up to the date of approval of these consolidated financial statements. As a result, certain bank and other borrowings with an aggregate principal amount of RMB29.883 billion became default or cross-default.

Furthermore, the Group is being sued by various parties for various reasons. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing within the next 18 months from 31 December 2021 in assessing whether the Group will have sufficient financial sources to continue as a going concern and the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

(i) In June 2022, the Group announced a consent solicitation by Easy Tactic Limited (a wholly-owned subsidiary of the Company) as issuer in respect of all its series of senior notes due 2022, 2023 and 2024 for the purposes of, among others, seeking waivers of existing or potential consequential events of default under the senior notes and extending the respective maturity dates to 2025, 2027 and 2028. The consent solicitation required each series of notes to be approved by a requisite percentage of noteholders in each standalone series and all series to be passed in order to be successfully completed. The consent solicitation was passed and completed in July 2022, whereby the Group successfully restructured all series of senior notes of an aggregate amount of USD4.944 billion, equivalent to RMB33.103 billion, into three series of notes maturing in 2025, 2027 and 2028. In addition to restructuring the maturity of the notes, the issuer also received approval from noteholders to elect a paid-in-kind option for its interest payments for the next 2-years. The consent solicitation exercise was a landmark exercise to wholistically address the short-term risk and liquidity impact due to the Group resulting from senior notes amidst an unprecedent market volatility as investors became averse to China risk and the sector. The successful outcome of the consent solicitation exercise was also reflective of investors' increasing realisation of the market situation and validation of the Group's sincerity in proactively addressing the current circumstances in a fair and transparent manner. After the senior notes restructuring, management continues to stay focused on assessing changes in market conditions and policies changes to remain vigilant to ensuring that they continue to implement a longer sustainable financial management plan;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

(ii) The Group is actively in discussions with the existing lenders on the renewal of the Group's certain borrowings. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions. In the opinion of the directors, the Group will be able to extend or refinance the borrowings upon their maturity based on recently successful outcomes that have been completed post year end. The recent successful discussions have formed a basis for similar discussions and have helped advance discussions on resolving near-term maturities. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales address upcoming financial obligations and future operating cash flow requirements whilst engaging in existing lenders;

(iii) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Recent relaxation of policies with regards to pre-sale requirements have been encouraging to increase buyer interests and stimulate demand. The Group will also continue to actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts;

(iv) The Group will continue to seek suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make it relatively more attractive to potential buyers and retain a higher value in current market conditions;

(v) The Group has already made significant adjustments to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending;

(vi) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group is confident that it will be able to reach an amicable solution to address the named litigation but also dispute claims referred in litigation where the outcome is not certain at this stage;

The directors are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next 18 months from 31 December 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2021 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in Mainland China and the uncertainties to obtain continuous support by the banks and the Group's creditors, material uncertainties exist as to whether management of the Group will be able to achieve its plans and measures as described above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

(d) Adoption of amended HKFRSs – first effective on 1 January 2021

The Hong Kong Institute of Certified Public Accountants (the "HKICPA") has issued a number of amended HKFRSs that are first adopted for the current accounting period for the Group:

Standards	Subject
Amendments to HKFRS 16	Covid-19-related Rent Concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

None of these amended HKFRSs has a material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. Except for amendments to HKFRS 16 listed above, the Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

(e) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Standards	Subject	Effective for annual periods beginning on or after
Amendments to HKAS 16	Property, plant and equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual Improvements to HKFRS Standards 2018-2020	Annual Improvements to HKFRS Standards 2018-2020 affecting HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These new and amended standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting

(a) 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).

Inter-company 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.

(b) Associates

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 (see Note 2.2(d) below), after initially being recognised at cost.

(c) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, as well as the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see Note2.2(d) below), after initially being recognised at cost in the consolidated balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting (continued)

(d) Equity accounting

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 profit or loss, 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.

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 2.10.

(e) 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 Company.

When the Group ceases to consolidate or equity account for 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 profit or loss 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 profit or loss where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combination

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 profit or loss 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 profit or loss.

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 profit or loss.

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 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 who make strategic decisions.

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 RMB, which is the Company's functional and 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 profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance costs – net". All other foreign exchange gains and losses are presented in the income statement 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 profit or loss 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (continued)

(c) Group companies

The results and financial position of foreign operations (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:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this 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 at the dates of the transactions); and

(iii) all resulting exchange 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

Hotel buildings are carried at fair value at the date of revaluation, less subsequent depreciation and any subsequent accumulated impairment loss. A revaluation surplus is credited to other reserves in shareholders' equity.

All other property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Increases in the carrying amounts arising on revaluation of hotel buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (continued)

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

– Office buildings	20-30 years
– Hotel buildings	20-40 years
– Furniture, fixtures and equipment	3-5 years
– Transportation equipment	4-15 years
– Machinery	5-10 years

The asset's 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 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised within "other gains – net" in the income statement. When revalued assets are sold, any amounts included in other reserves in respect of those assets are transferred to retained earnings.

Assets under construction are stated at historical cost less accumulated impairment losses, if any. Historical cost includes direct costs of construction, amortisation of land use rights being developed and finance costs arising from borrowings used to finance these assets during the period of construction. No provision for depreciation is made on assets under construction. When the construction activities necessary to prepare the assets for their intended use are completed, 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 properties

Investment properties, principally office buildings, retail buildings and warehouse, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are recorded in the income statement as part of "other gains – net".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(b) Construction licence

Construction licence acquired in a business combination is recognised at fair value at the acquisition date. The directors of the Group are of the view that the Group has both intention and ability to renew the construction licence continuously and the useful life of the construction licence is considered as indefinite. Construction licence is tested annually for impairment and subsequently carried at cost less accumulated impairment losses.

(c) Customer contracts

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Customer contracts have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Amortisation is calculated using the straight-line method over the execution of the customer contracts.

(d) Software and others

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 five years.

The Group operates a football club. The costs associated with the acquisition of players' registrations are capitalised as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Costs associated with the acquisition of players' registrations include transfer fees, agents' fees and other directly attributable costs. These costs are amortised over the period covered by the player's contract or best estimated based on the player's physical conditions. To the extent that a player's contract is extended, the remaining book value is amortised over the remaining revised contract life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life – for example, goodwill or construction license – are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 of disposal 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 which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

2.11 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. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

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.

2.12 Investments and other financial assets

(a) 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 Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or 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 Group reclassifies debt investments when and only when its business model for managing those assets changes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (continued)

(b) Recognition and derecognition

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

(c) 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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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. The Group classified its debt instruments into the following measurement category.

- 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. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains – net". Impairment losses are presented as separate line item in the income statement. Interest income from these financial assets is included in "other income" using the effective interest rate method.

- Fair value through other comprehensive income ("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 OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains – net. Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains – net, and impairment expenses are presented as separate line item in the income statement.

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 profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (continued)

(d) 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 impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.13 Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has 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 Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

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 and joint venture are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties in the ordinary course of business, less applicable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises costs of lands and land use rights, construction costs, and capitalised finance costs incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

If a property under development becomes owner-occupied, it is reclassified as property, plant and equipment. A property under development for future use as investment property is classified as investment property under construction when there is evidence of inception of an operating lease to another party.

Properties under development 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 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

2.18 Inventories

Inventories principally comprise construction materials, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

2.19 Trade and other receivables

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

Trade and other 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 and other 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 19 for further information about the Group's accounting for trade and other receivables and Note 3.1(b) for a description of the Group's impairment policies.

2.20 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.

Bank deposits which are restricted to use are included in "restricted cash". Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 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.

2.22 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payable are presented 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 initially recognised 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 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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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

2.24 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get 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.

Other borrowing costs are expensed in the period in which they are incurred.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the reporting period in the countries where the Company and 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 and consider whether it is probable that a transaction tax authority will accept an uncertain tax treatment. 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 provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred income tax liability in relation to investment properties that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

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. Only where 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.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.26 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Employee leave entitlements

Employee entitlements to accumulating 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 that are non-cumulative are not recognised until the time of leave.

(c) Bonus entitlements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Employee benefits (continued)

(d) Retirement benefits

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 PRC government.

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 eligible 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 the MPF Scheme are held separately from those of the Group in independently administered funds.

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

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.27 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 can be reliably estimated. 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Revenue recognition

(a) Property development

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred 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 customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do 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 customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

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

For contract where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a significant financing component.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and subsequently amortised when the related revenue is recognised.

(b) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

(c) Hotel operations

Revenue from hotel operations is recognised in the accounting period in which the services are rendered.

(d) Others

For property management services contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 (Losses)/earnings per share

(a) Basic (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing:

- the (loss)/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 (losses)/earnings per share

Diluted (losses)/earnings per share adjusts the figures used in the determination of basic (losses)/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.

2.30 Dividend income

Dividends are received from financial assets measured at fair value through other comprehensive income. Dividends are recognised as other income in profit or loss 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 fair value through other comprehensive income.

2.31 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 payment 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Leases (continued)

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 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.

The Group is exposed to potential future increases in variable lease payments that are not based on index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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.

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.

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

Lease income from operating leases where the Group is a lessor is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2.32 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised by the Company's shareholders and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.33 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(All amounts in RMB Yuan 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 foreign exchange 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.

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC, Malaysia, Australia, the United Kingdom, Cambodia and Korea, and is exposed to foreign exchange risk, primarily with respect to HK dollars ("HKD") and US dollars ("USD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable HKD and USD expenditures.

The Group has not hedged its foreign exchange rate risk exposure. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The table below summarises the impact of changes in foreign exchange rates at 31 December 2021 with all other variables held constant on the Group's post-tax loss for the year.

	RMB against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax loss for the year	
Denominated in HKD		
Cash and cash equivalents	20,292	(20,292)
Trade and other receivables	28,393	(28,393)
Other payables and accruals	(97,870)	97,870
Borrowings	(102,200)	102,200
Denominated in USD		
Cash and cash equivalents	18,255	(18,255)
Restricted cash	107,967	(107,967)
Trade and other receivables	13,194	(13,194)
Borrowings	(2,012,263)	2,012,263
Accruals and other payables	(68,243)	68,243

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Great Britain Pound ("GBP") against the foreign currency	
	weaken by 5%	**strengthen by 5%**
	increase/(decrease) in post-tax loss for the year	
Denominated in HKD		
Borrowings	**(21,013)**	**21,013**

The table below summarises the impact of changes in foreign exchange rates at 31 December 2020 with all other variables held constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Cash and cash equivalents	1,105	(1,105)
Trade and other receivables	3,823	(3,823)
Other payables and accruals	(20,623)	20,623
Denominated in USD		
Cash and cash equivalents	91,300	(91,300)
Restricted cash	84,854	(84,854)
Borrowings	(1,791,393)	1,791,393

	Malaysian Ringgit ("MYR") against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Other payables and accruals	(276,327)	276,327
Denominated in RMB		
Trade and other receivables	80,116	(80,116)
Denominated in HKD		
Other payables and accruals	(19,353)	19,353

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Australian Dollar ("AUD") against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Other payables and accruals	(8,674)	8,674

	GBP against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Other payables and accruals	(3,203)	3,203
Borrowings	(25,054)	25,054
Denominated in USD		
Borrowings	(43,603)	43,603

(ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2021 and 2020, the Group's borrowings at variable rate were mainly denominated in RMB, USD, GBP, MYR, HKD and AUD.

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

The table below summarises the impact of changes in interest rate at 31 December 2021 with all other variables held at constant on the Group's post-tax loss for the year.

	Increase/(decrease) in post-tax (loss)/profit for the year	
	2021	2020
Interest rate of long-term borrowings at variable rates – increase 0.25% (2020:0.25%)	**(123,441)**	(160,364)
Interest rate of long-term borrowings at variable rates – decrease 0.25% (2020:0.25%)	**123,441**	160,364

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk

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 FVOCI.

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.

The majority of the Group's equity investments are publicly traded.

The table below summarises the impact of increases or decreases of price of the stocks, which the Group purchased, on the Group's equity as at 31 December 2021. The analysis is based on the assumption that the stock price increased by 5% or decreased by 5% with all other variables held constant, and that all the Group's equity instruments moved in line with the price of each stock.

	Increase/(decrease) in other comprehensive income, net of tax	
	2021	2020
Price of each stock – increase 5%	**28,388**	27,535
Price of each stock – decrease 5%	**(28,388)**	(27,535)

(b) Credit risk

The extent of the Group's maximum exposure to credit risk is the aggregate carrying value of cash deposits in banks, trade and other receivables and contract assets and other financial assets.

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.

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 forwarding-looking information.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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

- Trade and other receivables
- Contract assets
- Other financial assets measured as FVOCI

While restricted cash and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(i) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

Expected loss rate of trade receivables from related parties are assessed to be 0.1%. The loss allowance provision for these balances was not material during the year.

To measure the expected credit losses, trade receivables from third parties and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables from third parties are a reasonable approximation of the expected loss rates for the contract assets.

On that basis, the loss allowance for both trade receivables (excluding amounts due from related parties) and contract assets as at 31 December 2021 and 31 December 2020 was determined as follows.

At 31 December 2021	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	1.95%	4.12%	5.18%	20.09%	
Gross carrying amount – trade receivables (excluding amounts due from related parties)	3,484,134	896,145	459,734	442,937	5,282,950
Gross carrying amount – contract assets	1,252,643	–	–	–	1,252,643
Loss allowance	92,504	36,949	23,792	88,976	242,221

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

At 31 December 2020	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	1%	5%	5%	30%	
Gross carrying amount – trade receivables (excluding amounts due from related parties)	9,187,526	550,851	270,469	526,853	10,535,699
Gross carrying amount – contract assets	1,637,676	–	–	–	1,637,676
Loss allowance	108,252	27,543	13,523	158,056	307,374

The closing loss allowance for trade receivables (excluding amounts due from related parties) and contract assets as at 31 December 2021 reconcile to the opening loss allowance as follows:

	Trade receivables		Contract assets	
	2021	2020	**2021**	2020
Opening loss allowance as at 1 January	**290,997**	328,145	**16,377**	9,736
(Reversal of)/provision for loss allowance recognised in profit or loss during the year	**(71,449)**	(26,043)	**6,296**	6,641
Receivables written off during the year as uncollectable	**–**	(11,105)	**–**	–
Closing loss allowance as at 31 December	**219,548**	290,997	**22,673**	16,377

(ii) Other receivables

As at 31 December 2021, parties of other receivables from related parties have a low risk of default and a strong capacity to meet contractual cash flows. The Group has assessed that the expected credit losses for these receivables are not material under the 12 months expected losses method. Thus no loss allowance provision was recognised during the year.

The closing loss allowance for other receivables (excluding amounts due from related parties) as at 31 December 2021 reconcile to the opening loss allowance as follows:

	2021	2020
Opening loss allowance as at 1 January	**277,144**	113,380
Provision for loss allowance recognised in profit or loss during the year	**108,287**	165,872
Disposal of subsidiaries	**–**	(2,108)
Closing loss allowance as at 31 December	**385,431**	277,144

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Other receivables (continued)

For the year ended 31 December 2021, the provision for loss allowances were recognised in profit or loss in "net impairment losses on financial and contract assets" in relation to the impaired other receivables.

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

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 controlling investments in land banks, adjusting project development timetable to adapt to changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, and disposing of certain investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

The table below analyse the remaining contractual maturities at the reporting date of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Group can be required to pay.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2021					
Borrowings (Note (1))	69,709,562	31,836,847	25,413,013	20,072,592	147,032,014
Lease liabilities	102,740	71,447	189,111	193,698	556,996
Financial liabilities as included in trade and other payables and accruals (excluding accruals for staff costs and allowance and other taxes payable)	43,869,579	317,275	432,917	–	44,619,771
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	89,415,721	–	–	–	89,415,721
Guarantees in respect of borrowings of joint ventures and associates	1,336,338	1,667,602	9,295,309	1,220,162	13,519,411
Derivative financial instruments	14,000	–	–	–	14,000

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2020					
Borrowings (Note (1))	72,698,532	36,859,131	50,216,052	24,692,889	184,466,604
Lease liabilities	152,025	110,675	210,277	299,499	772,476
Financial liabilities as included in trade and other payables and accruals (excluding accruals for staff costs and allowance and other taxes payable)	48,174,639	1,351,830	–	–	49,526,469
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	91,245,194	–	–	–	91,245,194
Guarantees in respect of borrowings of joint ventures and associates	3,491,706	748,235	5,745,269	864,398	10,849,608

Note:

(1) Interest on borrowings is calculated on borrowings held as at 31 December 2021 and 2020 respectively. Floating-rate interest is estimated using the current interest rate as at 31 December 2021 and 2020 respectively.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generated from operations and may raise funding through capital market or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents and restricted cash.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management (continued)

The gearing ratios at 31 December 2021 and 2020 are as follows:

	2021	2020
Total borrowings	**128,839,388**	159,730,073
Less: cash and cash equivalents	**(6,258,593)**	(25,672,822)
restricted cash	**(14,845,225)**	(14,275,892)
Net debt	**107,735,570**	119,781,359
Total equity	**82,858,641**	92,005,343
Gearing ratio	**130%**	130%

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follow:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted 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 which maximise the use of observable market data 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.

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2021 and 2020 by level of the inputs to valuation techniques used to measure fair value.

	2021	2020
Financial assets at FVOCI		
Level 1	**567,753**	550,692
Level 3 (Note (a))	**65,009**	89,158
	632,762	639,850
Other financial assets		
Level 1	**567,753**	550,692
	1,659,407	639,850

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (continued)

(a) Financial instruments in level 3

The fair value of the Group's investment in unlisted private funds recognised as financial assets at FVOCI was revalued as at 31 December 2021 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The financial assets at FVOCI were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value change on the equity investments was included in "other comprehensive income".

See Note 7 for disclosures of hotel buildings and Note 9 for disclosures of investment properties that are measured at fair value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Enterprise income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for enterprise income taxes. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expenses or other comprehensive income in the periods in which such estimate is changed.

(b) PRC 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 sale of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) PRC land appreciation taxes (continued)

The Group is subject to land appreciation taxes in the PRC which has been included in the income tax expenses of the Group. However, the implementation of these taxes varies amongst various cities in the PRC and the Group has not finalised its land appreciation tax returns for certain years with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognised these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions for land appreciation taxes in the period in which such determination is made.

(c) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 9.

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

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

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

As at 31 December 2021, approximately RMB6,913,519,000 and RMB6,072,174,000 (2020: Nil and Nil) of impairment was provided for properties under development and completed properties held for sale, respectively.

(e) Revenue recognition for property development activities

Revenue from sales of properties in the PRC is recognised over time when the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group cannot change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. In assessing whether the Group has an enforceable right to payment for its sale contracts, the Group has obtained legal counsel's opinion regarding the enforceability of the right to payment, including an assessment on the contractual terms as well as any legislation that could supplement or override those contractual terms, and conducted an evaluation of any existence of circumstances that could restrict the Group to enforce its right to payment for specific performance. Management uses judgments, based on legal counsel's opinion, to classify sales contracts into those with right to payment and those without the right. Management will reassess their judgments on a regular basis to identify and evaluate the existence of any circumstances that could affect the Group's enforceable right to payment and the implication on the accounting for sales contracts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Revenue recognition for property development activities (continued)

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

(f) Impairment of trade and other receivables, contract assets and other financial assets

The loss allowances for trade and other receivables, contract assets and other financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.

(g) Going concern assumptions

As stated in Note 2.1(c), the directors have prepared the consolidated financial statements for the year ended 31 December 2021 based on a going concern basis. The assessment of the going concern assumption involves making judgement by the directors, about the future outcome of events or conditions which are uncertain. The Group's management formulated plans and measures to mitigate the liquidity pressure and improve the financial position of the Group and concluded that, taking into account these plans and measures, there will be sufficient funds to finance its future operations to maintain the Group as a going concern. Accordingly, the directors consider that the Group have the capability to continue as a going concern.

5. SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and other related services. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of (loss)/profit for the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2021 and the segment assets and liabilities at 31 December 2021 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	69,023,182	1,242,839	5,367,669	2,584,646	78,218,336
Recognised at a point in time	55,666,936	–	–	–	55,666,936
Recognised over time	13,356,246	–	5,367,669	2,584,646	21,308,561
Revenue from other sources – rental income	–	1,242,839	–	–	1,242,839
Inter-segment revenue	(22,122)	(175,576)	(297,906)	(1,492,397)	(1,988,001)
Revenue from external customers	69,001,060	1,067,263	5,069,763	1,092,249	76,230,335
(Loss)/profit for the year	(15,710,459)	1,627,118	(1,422,358)	(847,583)	(16,353,282)
Finance costs – net	(2,854,506)	(213,357)	(1,090,808)	(5,934)	(4,164,605)
Share of results of joint ventures	511,630	–	–	(6,101)	505,529
Share of results of associates	25,734	–	–	989	26,723
Income tax (expenses)/credits	(2,292,964)	(944,037)	333,566	(88,306)	(2,991,741)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(561,457)	–	(1,255,422)	(100,516)	(1,917,395)
Gains on bargain purchase	508,209	–	–	–	508,209
Amortisation of incremental costs for obtaining contracts with customers	(332,244)	–	–	–	(332,244)
Fair value loss on other financial assets	–	–	–	(2,036,540)	(2,036,540)
(Allowance for)/reversal of allowance for impairment losses of financial and contract assets	(154,958)	(830)	8,199	366	(147,223)
Fair value gains on investment properties – net of tax	–	508,691	–	–	508,691
Revaluation gains on investment properties transferred from completed properties held for sale – net of tax	–	145,873	–	–	145,873
Segment assets	295,421,229	35,013,291	50,162,331	2,920,566	383,517,417
Segment assets include:					
Interests in joint ventures	11,079,591	–	–	5,568	11,085,159
Interests in associates	3,242,250	–	–	81,459	3,323,709
Addition to non-current assets (other than financial instruments and deferred income tax assets)	2,257,969	145,551	863,515	437,663	3,704,698
Segment liabilities	151,798,177	46,469	1,712,892	2,349,608	155,907,146

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance (continued)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2020 and the segment assets and liabilities at 31 December 2020 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	78,603,957	1,381,823	4,562,778	3,238,121	87,786,679
Recognised at a point in time	52,015,927	–	–	–	52,015,927
Recognised over time	26,588,030	–	4,562,778	3,238,121	34,388,929
Revenue from other sources – rental income	–	1,381,823	–	–	1,381,823
Inter-segment revenue	(35,667)	(223,901)	(100,043)	(1,535,290)	(1,894,901)
Revenue from external customers	78,568,290	1,157,922	4,462,735	1,702,831	85,891,778
Profit/(loss) for the year	7,435,682	4,217,777	(1,426,860)	(1,080,284)	9,146,315
Finance costs – net	(1,034,808)	(247,857)	(832,967)	(293,139)	(2,408,771)
Share of results of joint ventures	293,531	–	–	(1,353)	292,178
Share of results of associates	(53,003)	–	–	(14,517)	(67,520)
Income tax (expenses)/credits	(5,991,593)	(1,411,342)	276,252	361,315	(6,765,368)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(456,113)	–	(1,470,210)	(103,133)	(2,029,456)
Amortisation of incremental costs for obtaining contracts with customers	(340,950)	–	–	–	(340,950)
(Allowance for)/reversal of allowance for impairment losses of financial and contract assets	(177,045)	–	2,375	2,287	(172,383)
Fair value gains on investment properties – net of tax	–	2,241,570	–	–	2,241,570
Revaluation gains on investment properties transferred from completed properties held for sale – net of tax	–	1,495,616	–	–	1,495,616
Segment assets	337,120,727	40,257,965	47,498,911	4,057,306	428,934,909
Segment assets include:					
Interests in joint ventures	11,612,128	–	–	5,208	11,617,336
Interests in associates	474,624	–	–	965,402	1,440,026
Addition to non-current assets (other than financial instruments and deferred income tax assets)	1,510,847	1,083,606	1,069,119	501,313	4,164,885
Segment liabilities	149,150,990	802,069	1,825,446	7,195,630	158,974,135

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the income statement.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance (continued)

Revenue from external customers broken down by location of the customer is shown in the table below:

	2021	2020
PRC	**74,338,001**	84,359,678
Other countries	**1,892,334**	1,532,100
Total	**76,230,335**	85,891,778

Revenues from the individual countries included in "other countries" are not material. There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2021 (2020: Nil).

(c) Segment assets

The amounts provided to the Executive Directors with respect to segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group's deferred income tax assets, financial assets at FVOCI and other financial assets are not considered to be segment assets but rather are managed on a central basis.

Reportable segments' assets are reconciled to total assets as follows:

	2021	2020
Segment assets for reportable segments	**383,517,417**	428,934,909
Deferred income tax assets	**13,365,510**	12,610,456
Other financial assets	**1,026,645**	–
Financial assets at FVOCI	**632,762**	639,850
Total assets per consolidated balance sheet	**398,542,334**	442,185,215

Non-current assets, other than financial assets at FVOCI, other financial assets and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) broken down by location of the assets, is shown in the following:

	2021	2020
PRC	**103,104,176**	98,858,050
Other countries	**5,217,579**	2,300,979
Total	**108,321,755**	101,159,029

Non-current assets in the individual countries included in "other countries" are not material.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(d) Segment liabilities

The amounts provided to the Executive Directors with respect to segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred and current income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2021	2020
Segment liabilities for reportable segments	**155,907,146**	158,974,135
Deferred income tax liabilities	**10,959,434**	10,307,753
Current income tax liabilities	**19,977,725**	21,167,911
Short-term borrowings and current portion of long-term borrowings	**62,204,126**	63,881,431
Long-term borrowings	**66,635,262**	95,848,642
Total liabilities per consolidated balance sheet	**315,683,693**	350,179,872

(e) Assets and liabilities related to contracts with customers

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

	2021	2020
Contract assets	**1,252,643**	1,637,676
Loss allowance (Note 3.1(b))	**(22,673)**	(16,377)
Total contract assets	**1,229,970**	1,621,299
Capitalised costs to obtain contracts	**1,729,869**	1,360,957
Contract liabilities – property development and sales contracts	**49,432,778**	47,594,245
Contract liabilities – hotel operations and other contracts with customers	**697,561**	408,259
Total contract liabilities	**50,130,339**	48,002,504

(i) Significant changes in contract assets and liabilities

Contract assets have increased as the progress towards complete satisfaction of the performance obligation continued to increase for certain projects. The loss allowance for contract assets increased by RMB6,296,000 to RMB22,673,000 (2020: Increased by RMB6,641,000 to RMB16,377,000) during the current reporting period.

Contract liabilities from property development and sales contracts have increased by RMB1,838,533,000 as the Group launched several campaigns near year end of 2021 to promote sales.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(e) Assets and liabilities related to contracts with customers (continued)

(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 carried-forward contract liabilities.

	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property development and sales contracts	**20,735,360**	14,943,650
Hotel operations and other contracts	**408,259**	677,182

(iii) Unsatisfied performance obligation

For sales of properties, the Group recognises revenue 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. 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 the day contracted with the customer exceeds one year, the transaction price allocated to these unsatisfied contracts is not disclosed as permitted by HKFRS15.

For hotel operation services, they are rendered in a short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts.

For property management services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obli gations for this type of contracts. The majority of the property management services contracts do not have a fixed term.

(iv) Assets recognised from costs to obtain a contract

The Group recognised assets in relation to stamp duty, sales commissions and other costs directly attributable to obtaining a contract. This is presented within trade and other receivables and prepayments in the balance sheet. The asset is amortised in a pattern consistent with the recognition of the associated revenue.

	2021	2020
Capitalised costs to obtain contracts at 31 December	**1,729,869**	1,360,957
Amortisation recognised as cost of sales during the year	**(332,244)**	(340,950)

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION

(a) Summary of acquisition

Pursuant to a sales and purchase agreement dated 21 January 2021 entered into between the Company and Caesars Korea Holding Company, LLC ("Caesars"), the Company completed the acquisition of the remaining 50% equity interest in a joint venture ("Korean Subsidiary"), which was engaging in developing a resort project in Inchon, Korea from Caesars on 21 January 2021 at a consideration of USD1,000 (approximately RMB6,000). After completion of the acquisition, the Group held 100% equity interest in the Korean Subsidiary.

On 6 September 2021, the Group acquired 49% equity interests in 太原富力興盛房地產開發有限公司 ("太原興盛") from third party company.

On 30 September 2021, the Group acquired 49% equity interests in 太原永富房地產開發有限公司 ("太原永富") from third party company.

Details of the purchase consideration, the net assets acquired are as follows:

	Korean Subsidiary	太原永富	太原興盛
Purchase consideration			
Cash paid	6	–	–
Cash to be paid	–	549,485	62,184
Previously held equity interest	438,282	502,016	10,046
Remeasurement gains on previously held equity interest	87,499	135,677	98,851
	525,787	1,187,178	171,081

The assets and liabilities recognised as a result of the acquisitions are as follows:

	Korean Subsidiary	太原永富	太原興盛
		Fair value	
Cash and cash equivalents	49,257	2,250	448,578
Property, plant and equipment	1,491,961	–	–
Properties under development	–	1,378,100	1,835,981
Trade and other receivables and prepayment	255,021	51,110	27,719
Deferred tax assets	–	1,261	–
Other payables and accruals	(742,785)	(182,342)	(1,564,042)
Deferred tax liabilities	–	(67,536)	(48,456)
Contract liabilities	(19,458)	–	(534,713)
Total identifiable net assets acquired	1,033,996	1,182,843	165,067
Gains on bargain purchase	508,209	–	–
Goodwill	–	(4,335)	(6,014)

The recognition of gains on bargain purchase was due to Caesars changed its investment strategy and retrieve from the Asia Market.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(a) Summary of acquisition (continued)

(i) Acquired receivables

	Korean Subsidiary	太原永富	太原興盛
		Fair value	
Trade receivables and other receivables and prepayment	255,021	51,110	27,719

(ii) Revenue and profit contribution

	Korean Subsidiary	太原永富	太原興盛
Acquired business contributed to the Group for the period from the acquisition date to 31 December 2021:			
– Revenue	–	–	–
– Net loss	44,343	56,416	53,644

(b) Purchases consideration – net cash flows

	Korean Subsidiary	太原永富	太原興盛
Inflow of cash to acquire subsidiaries, net of cash acquired			
Cash considerations paid	(6)	–	–
Plus: cash in the subsidiary acquired	49,257	2,250	448,578
Net inflow of cash – investing activities	49,251	2,250	448,578

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings						
	Office and others	Hotel	Furniture, fixtures and equipment	Transportation equipment	Machinery	Assets under construction	Total
At 1 January 2020							
Cost	2,024,531	34,538,353	1,948,240	664,094	995,375	4,782,422	44,953,015
Accumulated depreciation	(387,273)	(7,044,373)	(1,480,702)	(541,513)	(407,580)	–	(9,861,441)
Net book amount	1,637,258	27,493,980	467,538	122,581	587,795	4,782,422	35,091,574
Year ended 31 December 2020							
Opening net book amount as originally presented	1,637,258	27,493,980	467,538	122,581	587,795	4,782,422	35,091,574
Effect of changes in accounting policy	–	7,122,051	–	–	–	–	7,122,051
Restated opening net book amount	1,637,258	34,616,031	467,538	122,581	587,795	4,782,422	42,213,625
Additions	19,410	1,874	150,479	9,441	77,658	1,626,633	1,885,495
Acquisitions of subsidiaries	32,419	349,138	–	–	–	–	381,557
Disposals of subsidiaries	(28,298)	–	(23,301)	(1,479)	(2,721)	–	(55,799)
Assets classified as held for sale	–	–	(920)	(214)	(3,010)	–	(4,144)
Transfer to completed properties held for sale	–	–	–	–	–	(628,444)	(628,444)
Transfer to properties under development	(4,246)	–	–	–	–	(85,200)	(89,446)
Assets under construction transferred to buildings	296,243	–	–	–	–	(296,243)	–
Disposals	(32,346)	(86,290)	(1,772)	(1,671)	(457)	–	(122,536)
Depreciation	(65,491)	(1,114,566)	(150,950)	(36,666)	(70,285)	–	(1,437,958)
Exchange differences	(12,345)	–	(17,496)	1,226	–	–	(28,615)
Closing net book amount	1,842,604	33,766,187	423,578	93,218	588,980	5,399,168	42,113,735
At 31 December 2020							
Cost	2,314,990	34,880,753	2,079,278	1,015,094	1,056,238	5,399,168	46,745,521
Accumulated depreciation	(472,386)	(1,114,566)	(1,655,700)	(921,876)	(467,258)	–	(4,631,786)
Net book amount	1,842,604	33,766,187	423,578	93,218	588,980	5,399,168	42,113,735
Year ended 31 December 2021							
Opening net book amount as originally presented	1,842,604	33,766,187	423,578	93,218	588,980	5,399,168	42,113,735
Additions	495,553	–	114,038	655,439	72,055	2,108,106	3,445,191
Acquisitions of subsidiaries	–	–	–	–	–	1,386,375	1,386,375
Transfer from completed properties held for sale	29,935	–	–	–	–	–	29,935
Transfer from properties under development	1,024	–	–	–	–	1,673,995	1,675,019
Transfer to properties under development	–	–	–	–	–	(57,676)	(57,676)
Assets under construction transferred to buildings	3,206,164	907,269	–	–	–	(4,113,433)	–
Disposals	(7,715)	–	(4,184)	(827)	(17,409)	–	(30,135)
Depreciation	(73,573)	(1,086,212)	(156,006)	(116,421)	(71,490)	–	(1,503,702)
Exchange differences	(13,580)	–	(4,970)	169	(5)	39,105	20,719
Closing net book amount	5,480,412	33,587,244	372,456	631,578	572,131	6,435,640	47,079,461
At 31 December 2021							
Cost	5,980,786	42,847,726	2,107,644	1,641,253	1,033,542	6,435,640	60,046,591
Accumulated depreciation	(500,374)	(9,260,482)	(1,735,188)	(1,009,675)	(461,411)	–	(12,967,130)
Net book amount	5,480,412	33,587,244	372,456	631,578	572,131	6,435,640	47,079,461

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Depreciation expense has been charged in the following categories:

	2021	2020
Selling and administrative expenses	**737,801**	212,220
Cost of sales	**765,901**	1,225,738
	1,503,702	1,437,958

Assets under construction mainly represent construction and other costs incurred for hotel buildings and an amusement park. For the year ended 31 December 2021, borrowing costs capitalised in assets under construction amounted to RMB440,306,000 (2020: RMB286,377,000). Borrowing costs were capitalised at the weighted average rate of 6.60% for the year ended 31 December 2021 (2020: 5.83%).

Borrowings are secured by office buildings, hotel buildings and assets under construction with a carrying amount of RMB30,466,085,000 (2020: RMB29,821,903,000).

(b) Carrying amounts that would have been recognised if hotel buildings were stated at cost

If hotel buildings were stated on the historical cost basis, the amounts would be as follows:

	2021	2020
Cost	**35,725,675**	34,816,405
Accumulated depreciation	**(8,771,086)**	(7,927,571)
Net book amount	**26,954,589**	26,888,834

(c) Fair value hierarchy

An independent valuation of the Group's hotel buildings was performed by independent and professionally qualified valuers to determine the fair value of the hotel buildings as at 31 December 2019. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

When a surplus arises on revaluation, it will be credited to the profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the profit or loss.

As at 31 December 2019, all of the Group's hotel buildings were within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Valuation processes of the Group

The Group measured its hotel buildings at fair value as at 31 December 2019 with the assistance of an independent qualified valuer not related to the Group.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management.

Regarding fair value of the hotel buildings as at 31 December 2019, the finance department:

- Verified all major inputs to the independent valuation report
- Held discussions with the independent valuer
- Performed calculation when applicable

As at 31 December 2021, management did not revaluate the hotel buildings considering that the carrying amount does not differ materially from that which would be determined using fair value.

(e) Valuation techniques

Fair value of the Group's hotel buildings is mainly the remaining balance after deduction of fair value of hotel lands from the fair value of hotel properties, which include land and buildings. Valuation of hotel properties and hotel lands were performed by the independent valuer.

The fair value of hotel properties, including land and building, is generally derived using the discounted cash flow approach, which derives the fair value by discounting the future net cash flow of hotel property to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for similar type of properties.

Fair value of hotel lands is determined using the direct comparison method. The key inputs under this approach are the price per square metre from recent year sales of comparable lands in the subject localities (with similar location and size).

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(f) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value at 31 December 2019	Valuation techniques	Unobservable inputs	Range of unobservable inputs at 31 December 2019	Relationship of unobservable inputs to fair value
Hotel buildings	34,616,031	Hotel properties – Discount rates	Hotel properties – Discount rates	7.5%-8.0%	The higher the discount rates, the lower the fair value of hotel properties
			Hotel properties – Terminal capitalisation rates	5.0%	The higher the terminal capitalisation rates, the lower the fair value of hotel properties
			Hotel properties – Occupancy rates	62.0%-92.0%	The higher the occupancy rates, the higher the fair value of hotel properties
			Hotel properties – Revenue growth rates	2.5%-3.0%	The higher the revenue growth rates, the higher the fair value of hotel properties
			Hotel lands – Market price (RMB/square metre)	466-13,614	The higher the market price, the higher the fair value of hotel lands

8. LEASES

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

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2021	2020
Right-of-use assets		
Land use rights	**10,257,354**	9,675,977
Transportation equipment	**372,268**	992,882
Buildings	**135,215**	177,724
	10,764,837	10,846,583
Lease liabilities		
Current	**78,928**	96,448
Non-current	**392,542**	452,557
	471,470	549,005

There is addition to the right-of-use assets were RMB34,810,000 during the year ended 31 December 2021 (2020: RMB622,389,000).

(All amounts in RMB Yuan thousands unless otherwise stated)

8. LEASES (Continued)

(b) Amounts recognised in the consolidated income statement

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

	2021	2020
Depreciation expenses of right-of-use assets		
Land use rights	174,820	318,669
Buildings	76,406	100,921
Transportation equipment	97,754	60,683
	348,980	480,273
Less: capitalised in assets under construction	(60,772)	(63,390)
	288,208	416,883
Interest expenses (included in finance costs – net)	25,516	12,631
Expenses relating to short-term leases and leases of low-value assets (included in administrative expenses)	29,979	34,955

The total cash outflow for leases in 2021 was RMB164,040,000 (2020: RMB147,671,000).

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

The Group leases various land use rights, offices, warehouses, office equipment and transportation equipment. Rental contracts are typically made for fixed periods of 2 to 60 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 the airplanes and those with land use rights certificate.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction	Total
Year ended 31 December 2020			
Opening balance at 1 January	30,706,682	2,762,894	33,469,576
Additions	111,896	971,710	1,083,606
Disposals	(8,431)	–	(8,431)
Transfer from investment properties under construction to completed investment properties	1,887,861	(1,887,861)	–
Transfer from completed properties held for sale	734,106	–	734,106
Revaluation gains on investment properties transferred from completed properties held for sale	1,994,155	–	1,994,155
Fair value gains – net	2,029,697	955,256	2,984,953
Assets classified as held for sale	(4,294,580)	(2,005,420)	(6,300,000)
Closing balance at 31 December	33,161,386	796,579	33,957,965
Year ended 31 December 2021			
Opening balance at 1 January	**33,161,386**	**796,579**	**33,957,965**
Additions	**–**	**145,551**	**145,551**
Disposals	**(42,826)**	**–**	**(42,826)**
Transfer from completed properties held for sale	**195,975**	**–**	**195,975**
Revaluation gains on investment properties transferred from completed properties held for sale	**194,497**	**–**	**194,497**
Currency translation differences	**(196,350)**	**–**	**(196,350)**
Fair value gains – net	**671,231**	**17,261**	**688,492**
Closing balance at 31 December	**33,983,913**	**959,391**	**34,943,304**

(a) Amount recognised in the consolidated income statement for investment properties

	2021	2020
Rental income	**1,067,263**	1,157,922
Direct operating expenses from investment properties	**(154,546)**	(189,953)
Revaluation gains and fair value gains recognised in “other gains – net”	**882,989**	4,979,108

9. INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by independent and professionally qualified valuers to determine the fair value of the investment properties as at 31 December 2021 and 2020. The fair value gains or losses are included in "other gains – net" in the consolidated income statement.

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 valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between level 1, 2 and 3 during the year except for the investment properties classified as "assets classified as held for sale" which were within level 1 as at 31 December 2020.

(c) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2021 and 2020 by independent and professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties 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 chief financial officer ("CFO") and the audit committee. Discussions of valuation processes and results are held between the CFO, the valuation team and valuers 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 reports;
- Assesses property valuations movements when compared to the prior year valuation reports; and
- Holds discussion 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 CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(d) Valuation techniques

For completed office and retail buildings (2020: completed office and retail buildings), the valuations are based on the term and reversionary method, which largely used unobservable inputs and took into account the significant adjustment in term yield to account for the risk upon reversionary and the estimation in market price after expiry of current lease.

For carparks, the valuations are determined using the direct comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square metre.

For retail buildings under construction, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. Valuations are based on residual method, which is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk associated with the estimated capital value of the proposed development assuming completed as at the date of valuation.

(e) Valuation inputs and relationships to fair value

Description		Fair value at 31 December 2021	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	10,485,346	Term and reversionary method	Term yields	6.00%	The higher the term yields, the lower the fair value
				Reversionary yields	6.00%	The higher the reversionary yields, the lower the fair value
				Market price (RMB/square metre)	12,049-56,877	The higher the market price, the higher the fair value
	Retail	22,688,005	Term and reversionary method	Term yields	6.00%-7.00%	The higher the term yields, the lower the fair value
				Reversionary yields	6.00%-7.00%	The higher the reversionary yields, the lower the fair value
				Market price (RMB/square metre)	9,123-87,037	The higher the market price, the higher the fair value
	Carpark	810,563	Direct comparison method	Market price (RMB/square metre)	848-10,651	The higher the market price, the higher the fair value
Investment properties under construction	Retail	959,390	Residual method	Market price (RMB/square metre)	21,048-63,943	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	8,100-18,440	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (RMB/square metre)	6,989-23,144	The higher the developer's profit, the lower the fair value

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(e) Valuation inputs and relationships to fair value (continued)

Description		Fair value at 31 December 2020	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	9,683,995	Term and reversionary method	Term yields	6.50%-6.75%	The higher the term yields, the lower the fair value
				Reversionary yields	6.50%-6.75%	The higher the reversionary yields, the lower the fair value
				Market price (RMB/square metre)	25,611-66,644	The higher the market price, the higher the fair value
	Retail	22,742,271	Term and reversionary method	Term yields	5.70%-7.25%	The higher the term yields, the lower the fair value
				Reversionary yields	5.70%-7.25%	The higher the reversionary yields, the lower the fair value
				Market price (RMB/square metre)	4,235-97,947	The higher the market price, the higher the fair value
	Carpark	735,120	Direct comparison method	Market price (RMB/square metre)	3,318-10,012	The higher the market price, the higher the fair value
Investment properties under construction	Retail	796,579	Residual method	Market price (RMB/square metre)	20,760-77,176	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	8,100-22,950	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (RMB/square metre)	5,848-25,587	The higher the developer's profit, the lower the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. If the remaining lease term increases, the yield may decrease.

(f) Investment properties pledged as security

Borrowings are secured on investment properties for the value of RMB19,545,861,000 in 2021 (2020: RMB19,960,882,000).

(g) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly or quarterly. There are no variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

For minimum lease payments receivable on leases of investment properties, refer to Note 40.

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS

	Goodwill	Construction licence	Customer contracts	Software and others	Total
At 1 January 2020					
Cost	506,733	282,000	322,000	1,001,746	2,112,479
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(506,103)	(831,086)
Net book amount	503,750	282,000	–	495,643	1,281,393
Year ended 31 December 2020					
Opening net book amount	503,750	282,000	–	495,643	1,281,393
Additions	–	–	–	126,917	126,917
Amortisation charge	–	–	–	(174,615)	(174,615)
Disposals of subsidiaries	(4,668)	–	–	(349)	(5,017)
Disposals	–	–	–	(45,294)	(45,294)
Closing net book amount	499,082	282,000	–	402,302	1,183,384
At 31 December 2020					
Cost	502,065	282,000	322,000	1,042,465	2,148,530
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(640,163)	(965,146)
Net book amount	499,082	282,000	–	402,302	1,183,384
Year ended 31 December 2021					
Opening net book amount	**499,082**	**282,000**	**–**	**402,302**	**1,183,384**
Additions	**10,349**	**10,000**	**–**	**58,797**	**79,146**
Amortisation charge	**–**	**–**	**–**	**(125,485)**	**(125,485)**
Disposals	**–**	**–**	**–**	**(11,760)**	**(11,760)**
Closing net book amount	**509,431**	**292,000**	**–**	**323,854**	**1,125,285**
At 31 December 2021					
Cost	**512,414**	**292,000**	**322,000**	**922,188**	**2,048,602**
Accumulated amortisation and impairment	**(2,983)**	**–**	**(322,000)**	**(598,334)**	**(923,317)**
Net book amount	**509,431**	**292,000**	**–**	**323,854**	**1,125,285**

Intangible assets are amortised in the following categories:

	2021	2020
Selling and administrative expenses	**42,896**	35,906
Cost of sales	**82,589**	138,709
	125,485	174,615

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS (Continued)

(a) Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash-generating unit (CGU) identified as the construction services unit within the property development segment. The recoverable amount of the CGU as at 31 December 2021 was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations in 2021 and 2020 are as follows:

	2021	2020
Gross margin	**12%**	7%
Growth rate for the five-year period	**2%-10%**	3%-5%
Terminal growth rate	**2%**	3%
Pre-tax discount rate	**11.44%**	12.46%

Management determined budgeted gross margin and growth rates based on past performance and its expectations of the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(b) Impairment test for construction licence

The recoverable amount of construction licence based on value-in-use calculations as at 31 December 2021 was determined by estimating the value of royalty (that is, licence fee) from which the Group is exempted by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the Group and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations in 2021 and 2020 are as follows:

	2021	2020
Royalty rate	**1%**	1%
Growth rate for the five-year period	**2%-10%**	3%-5%
Terminal growth rate	**2%**	3%
Pre-tax discount rate	**11.68%**	13.74%

Management determined royalty rate and weighted average growth rates based on past performance and industry factor. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES

The following is a list of principal subsidiaries as at 31 December 2021:

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
Subsidiaries – incorporated in the PRC:							
廣州市金鼎房地產開發有限公司	31 August 1994	Limited liability company	RMB8,000,000	90%	10%	–	Property development in the PRC
廣州富力興盛置業發展有限公司	09 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Development and investment of office buildings in the PRC
廣州富力億盛置業發展有限公司	31 August 2005	Limited liability company	RMB100,000,000	90%	10%	–	Property development in the PRC
廣州富力創盛置業發展有限公司	04 November 2005	Limited liability company	RMB360,000,000	86.11%	13.89%	–	Property development in the PRC
廣州市貴麗實業發展有限公司	30 June 2000	Limited liability company	RMB20,500,000	–	100%	–	Property development in the PRC
廣東新天鴻物業發展有限公司	21 May 2008	Limited liability company	RMB592,380,000	–	75%	25%	Property development in the PRC
重慶嘉富房地產開發有限公司	12 January 2018	Limited liability company	RMB300,000,000	–	100%	–	Property development in the PRC
上海眾弘置業發展有限公司	24 September 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
梅州富力房地產開發有限公司	01 July 2013	Limited liability company	RMB550,000,000	99%	1%	–	Property development in the PRC
福州市台江富力置業有限公司	11 September 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
寧波品富房地產開發有限公司	20 October 2016	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
南昌富力盈盛置業有限公司	22 December 2016	Wholly foreign-owned enterprise with limited liability	USD124,780,000	–	100%	–	Property development in the PRC
南昌富力超盛置業有限公司	29 June 2017	Wholly foreign-owned enterprise with limited liability	USD10,000,000	–	100%	–	Property development in the PRC
贛州市富輝房地產開發有限責任公司	31 August 2018	Sino-foreign joint venture with limited liability	RMB894,135,300	95.49%	4.51%	–	Property development in the PRC
重慶富力房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	–	Property development in the PRC
廣州富力地產(重慶)有限公司	26 January 2007	Limited liability company	RMB854,500,761	94.82%	5.18%	–	Property development in the PRC
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	86.64%	–	13.36%	Property development in the PRC
上海啟富房地產開發有限公司	21 December 2017	Limited liability company	RMB200,000,000	100%	–	–	Property development in the PRC
杭州富力房地產開發有限公司	19 December 2012	Wholly foreign-owned enterprise with limited liability	USD10,000,000	–	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
杭州聯富房地產開發有限公司	19 December 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
溫州極富房地產開發有限公司	08 June 2017	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
富力南京地產開發有限公司	08 September 2010	Limited liability company	RMB500,000,000	–	100%	–	Property development in the PRC
海安極富房地產開發有限公司	08 June 2017	Limited liability company	RMB50,000,000	–	100%	–	Property development in the PRC
浙江富力房地產開發有限公司	08 January 2018	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
無錫極富房地產開發有限公司	16 December 2013	Wholly foreign-owned enterprise with limited liability	USD50,000,000	–	100%	–	Property development in the PRC
南通富力房地產開發有限公司	18 November 2016	Wholly foreign-owned enterprise with limited liability	USD40,000,000	–	100%	–	Property development in the PRC
無錫富力通達房地產開發有限公司	06 December 2016	Limited liability company	RMB200,000,000	100%	–	–	Property development in the PRC
北京富力城房地產開發有限公司	24 April 2002	Limited liability company	RMB1,394,781,578	96%	4%	–	Property development in the PRC
北京富力通達房地產開發有限公司	20 November 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
富力(北京)地產開發有限公司	27 June 2002	Limited liability company	RMB100,000,000	81%	19%	–	Property development in the PRC
淄博萬達廣場置業有限公司	27 September 2017	Limited liability company	RMB60,000,000	–	100%	–	Property development in the PRC
貴陽圜成置業有限公司	12 January 2010	Limited liability company	RMB20,000,000	100%	–	–	Property development in the PRC
天津耀華投資發展有限公司	27 September 2002	Limited liability company	RMB535,475,234	40.24%	59.76%	–	Property development in the PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	–	Property development in the PRC
天津百合灣建設有限公司	30 January 2012	Limited liability company	RMB160,000,000	–	100%	–	Property development in the PRC
包頭市富力房地產開發有限公司	18 October 2013	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB350,000,000	–	100%	–	Property development in the PRC
太原富潤房地產開發有限公司	06 September 2016	Limited liability company	RMB1,000,000,000	–	100%	–	Property development in the PRC
呼和浩特富力通達房地產開發有限公司	18 May 2017	Limited liability company	RMB30,000,000	–	100%	–	Property development in the PRC
哈爾濱富力城房地產開發有限公司	15 May 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
廣州兆晞投資有限公司	05 September 2017	Wholly foreign-owned enterprise with limited liability	RMB3,980,000,000	–	100%	–	Investment holding in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB300,000,000	90%	10%	–	Construction company in the PRC
廣東恒力建設工程有限公司	12 June 2021	Limited liability company	RMB15,000,000	–	100%	–	Construction company in the PRC
Subsidiaries – incorporated in Hong Kong:							
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD1,000,000	100%	–	–	Investment holding in Hong Kong
Subsidiaries – incorporated in British Virgin Islands (BVI):							
R&F Properties (BVI) Co., Ltd.	31 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Palace View Investments Limited	21 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Maxview Investments Limited	03 April 2006	Limited liability company	USD50,000	–	100%	–	Investment holding in BVI
General Light Investments Limited	05 July 2011	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Value Success Investments Limited	01 September 2006	Limited liability company	USD10,000	–	100%	–	Investment holding in BVI
Big Will Investments Limited	02 November 2007	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Caifu Holdings Limited	02 January 2013	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Trillion Chance Limited	31 October 2013	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Easy Tactic Limited	16 October 2013	Limited liability company	USD2	–	100%	–	Investment holding in BVI
Elegant Bloom Limited	22 May 2019	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Idea Shine Limited	30 October 2019	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Subsidiaries – incorporated in UK:							
R&F Properties (UK) Company Limited	24 August 2016	Limited liability company	GBP1	–	100%	–	Investment holding in UK
R&F Properties QS (UK) Co., Ltd.	06 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F Properties QS (UK) Development Co., Ltd.	06 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F Properties VS (UK) Co., Ltd.	30 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
Vauxhall Homes Limited	02 May 2013	Limited liability company	GBP1	–	100%	–	Property development in UK

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
Vauxhall Square (Nominee 1) Limited	08 February 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F One (UK) Limited	26 September 2013	Limited liability company	GBP100,000	–	100%	–	Property development in UK
R&F One Nine Elms (UK) Limited	26 September 2013	Limited liability company	GBP10,000	–	100%	–	Property development in UK
Subsidiaries – incorporated in Korea:							
R&F Korea Co., Ltd.	21 November 2016	Limited liability company	Korea Won ("KRW") 1,000,000,000	–	100%	–	Property development in Korea
Tian Li Korea Construction Co., Ltd.	24 May 2017	Limited liability company	KRW2,800,000,000	–	100%	–	Construction company in Korea
Tian Li Korea Interior Co., Ltd.	10 April 2019	Limited liability company	KRW1,000,000,000	–	100%	–	Construction company in Korea
Subsidiaries – incorporated in Malaysia:							
R&F Development SDN BHD	07 November 2013	Limited liability company	MYR500,000	–	100%	–	Property development in Malaysia
R&F Mega Realty SDN BHD	27 January 2014	Limited liability company	MYR2	–	100%	–	Property development in Malaysia
Tian Li Property Management SDN BHD	27 July 2014	Limited liability company	MYR1,000,000	–	100%	–	Property management in Malaysia
Tian Li Property Construction SDN BHD	27 July 2014	Limited liability company	MYR1,000,000	–	100%	–	Construction company in Malaysia
Subsidiaries – incorporated in Australia:							
R&F Property Pty Ltd	05 June 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Estate Pty Ltd	07 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Property Pty Ltd	14 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Realty Pty Ltd	14 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Estate Pty Ltd	23 September 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Development Holdings Pty Ltd	30 May 2014	Limited liability company	AUD1	–	100%	–	Investment holding in Australia
Etone Australia Holdings Pty Ltd	08 November 2016	Limited liability company	AUD100	–	100%	–	Investment holding in Australia
Etone Australia Developments Pty Ltd	09 November 2016	Limited liability company	AUD100	–	100%	–	Property development in Australia
Etone Australia Project Management Pty Ltd	09 November 2016	Limited liability company	AUD100	–	100%	–	Property management in Australia

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
R&F Realty Pty Ltd	20 June 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Property Australia Pty Ltd	30 October 2014	Limited liability company	AUD100	–	100%	–	Property management in Australia
R&F Golden Property Pty Ltd	14 July 2014	Limited liability company	AUD90	–	100%	–	Property development in Australia
R&F Golden Realty Pty Ltd	26 August 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
Subsidiaries – incorporated in Singapore:							
R&F Development Pte. Ltd.	16 April 2014	Limited liability company	Singapore Dollar ("SGD") 1	–	100%	–	Marketing development in Singapore
Subsidiaries – incorporated in Cambodia:							
R & F Properties (Cambodia) Co., Ltd.	21 June 2017	Limited liability company	Cambodia Riel ("KHR") 400,000,000	–	100%	–	Property development in Cambodia
R & F Properties MNV (Cambodia) Co., Ltd.	06 July 2017	Limited liability company	KHR2,000,000,000	–	100%	–	Property development in Cambodia
R & F Properties HS (Cambodia) Co., Ltd.	06 July 2017	Limited liability company	KHR2,000,000,000	–	100%	–	Property development in Cambodia
Glory City Consulting Management Co., Ltd.	09 August 2018	Limited liability company	KHR20,000,000	–	100%	–	Property management in Cambodia

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the revenue and total assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The accumulated non-controlling interests as at 31 December 2021 were RMB12,670,578,000 (2020: RMB2,507,140,000). The non-controlling interests in respect of each subsidiary are not individually material to the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

12. INTERESTS IN JOINT VENTURES

	2021	2020
At 1 January	11,617,336	10,795,165
Additions	83,116	1,290,163
Acquisition of the remaining equity interest in joint ventures	(950,344)	–
Disposal	–	(3,971)
Share of results	505,529	292,178
Dividends declared by a joint venture	–	(650,130)
Share of other comprehensive loss	(86,312)	(81,676)
Elimination of unrealised profits	(84,166)	(24,393)
At 31 December	11,085,159	11,617,336

(a) As at 31 December 2021, the Group's interests in joint ventures, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of profit from continuing operations for the year ended 31 December 2021 was RMB505,529,000 (2020: RMB292,178,000), of which no share of loss was recognised against receivables due from certain joint ventures (2020: Nil).

(b) Pursuant to the relevant joint venture agreements, these entities are jointly controlled by the Group and other parties. None of the participating parties has unilateral control over the entities with more than one half of the voting rights.

(c) There are no contingent liabilities relating to the Group's interests in the joint ventures.

13. INTERESTS IN ASSOCIATES

	2021	2020
At 1 January	1,440,026	644,329
Additions	3,214,786	924,441
Share of results	26,723	(67,520)
Disposal (Note (c))	(1,243,894)	(62,852)
Share of other comprehensive income	1,617	1,778
Elimination of unrealised profits	(115,549)	(150)
At 31 December	3,323,709	1,440,026

(a) As at 31 December 2021, the Group's interests in associates, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of profit from continuing operations for the year ended 31 December 2021 was RMB26,723,000 (2020: loss of RMB67,520,000).

(b) There are no contingent liabilities relating to the Group's interest in the associates.

(c) The Group disposed its 30% equity interests in an associate at consideration of RMB1,263,260,000 during the year ended 31 December 2021.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
At 1 January	**639,850**	1,042,442
Additions	**34,922**	–
Disposals	**(16,080)**	(490,903)
Fair value (losses)/gains recognised in other comprehensive income	**(25,930)**	88,311
At 31 December	**632,762**	639,850

(a) Financial assets at fair value through other comprehensive income

Financial assets at FVOCI of the Group comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

	2021	2020
Listed securities:		
– Bank of Jiujiang	**567,753**	550,692
Unlisted securities:		
– Shanghai Wuling Investment	**65,009**	89,158
	632,762	639,850

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

(b) Amounts recognised in consolidated profit or loss and other comprehensive income

During the year, the following (losses)/gains were recognised in consolidated profit or loss and other comprehensive income:

	2021	2020
(Losses)/gains recognised in other comprehensive income	**(25,930)**	88,311
Dividends from equity investments held at FVOCI recognised in profit or loss in other income	**32,861**	9,064

(c) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Financial assets at FVOCI as at 31 December 2020 and 31 December 2021 are denominated in RMB. For an analysis of the sensitivity of the assets to price risk refer to Note 3.1.

(All amounts in RMB Yuan thousands unless otherwise stated)

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2021	2020
Financial assets at amortised cost		
Trade and other receivables excluding prepayments and capitalised costs to obtain contracts	36,285,977	38,134,603
Restricted cash	14,845,225	14,275,892
Cash and cash equivalents	6,258,593	25,672,822
	57,389,795	78,083,317
Financial assets at fair value		
Financial assets at FVOCI	632,762	639,850
Other financial assets	1,026,645	–
	1,659,407	639,850
	59,049,202	78,723,167

	2021	2020
Financial liabilities at amortised cost		
Borrowings	128,839,388	159,730,073
Accruals and other payables excluding non-financial liabilities	52,681,107	49,033,660
Lease liabilities	471,470	549,005
	181,991,965	209,312,738
Financial liability at fair value		
Derivative financial instruments	14,000	–
	182,005,965	209,312,738

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

16. PROPERTIES UNDER DEVELOPMENT

	2021	2020
Amount comprises:		
Lands and land use rights	81,498,440	94,420,300
Construction costs and capitalised expenditures	57,655,251	53,388,115
Finance costs capitalised	18,551,031	16,979,854
	157,704,722	164,788,269
Less: provision for impairment of properties under development	(6,913,519)	–
	150,791,203	164,788,269

All properties under development are expected to be completed within the normal operating cycle.

The capitalisation rate used to determine the amount of finance costs eligible for capitalisation is 7.80% for 2021 (2020: 6.91%).

As at 31 December 2021, properties under development of RMB49,788,485,000 (2020: RMB59,588,974,000) were pledged as collateral for the Group's borrowings.

(All amounts in RMB Yuan thousands unless otherwise stated)

17. COMPLETED PROPERTIES HELD FOR SALE

	2021	2020
Completed properties held for sale	56,244,505	64,029,794
Less: provision for impairment of completed properties held for sale	(6,072,174)	–
Completed properties held for sale - net	50,172,331	64,029,794

As at 31 December 2021, completed properties held for sale of RMB7,813,198,000 (2020: RMB9,360,870,000) were pledged as collateral for the Group's borrowings.

18. OTHER FINANCIAL ASSETS

As at 31 December 2021, the balance represented the Group's investments in certain PRC debt securities, which were measured at fair value through other comprehensive income. As at 31 December 2021, the fair value of such PRC debt securities, which was determined by reference to "China Bond Financial Valuation Center Co., Ltd", was approximately RMB1.027 billion.

	2021	2020
At 1 January	–	–
Additions	3,063,185	–
Disposals	–	–
Fair value loss recognised in profit or loss	(2,036,540)	–
At 31 December	1,026,645	–

(a) Other financial assets include the following:

	2021	2020
Listed securities:		
– Bonds	1,026,645	–

(b) Amounts recognised in consolidated profit or loss and other comprehensive income

During the year, the following losses were recognised in consolidated profit or loss and other comprehensive income:

	2021	2020
Listed securities:		
Loss recognised in profit or loss	(2,036,540)	–

(c) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Other financial assets as at 31 December 2021 (2020: Nil) are denominated in RMB. For an analysis of the sensitivity of the assets to price risk refer to Note 3.1.

(All amounts in RMB Yuan thousands unless otherwise stated)

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2021	2020
Trade receivables – net (Note (a))	5,442,939	10,536,351
Other receivables – net (Note (b))	23,061,364	19,392,535
Prepayments (Note (d))	7,873,346	6,819,901
Capitalised costs to obtain contracts	1,729,869	1,360,957
Due from joint ventures (Note 41(ix))	5,145,475	5,450,586
Due from associates (Note 41(ix))	2,636,199	2,571,654
Due from entities jointly controlled by major shareholders of the Company (Note 41(ix))	–	183,477
Total	45,889,192	46,315,461
Less: non-current portion	–	–
Current portion	45,889,192	46,315,461

The carrying amounts of trade and other receivables approximate their fair values.

(a) Trade receivables

	2021	2020
Trade receivables – current portion		
Due from third parties	5,282,950	10,535,699
Due from joint ventures (Note 41(ix))	368,646	281,040
Due from associates (Note 41(ix))	10,891	9,858
Due from entities jointly controlled by major shareholders of the Company (Note 41(ix))	–	751
	5,662,487	10,827,348
Less: loss allowance	(219,548)	(290,997)
	5,442,939	10,536,351

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of residential properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	2021	2020
Up to 1 year	3,863,671	9,479,175
1 year to 2 years	896,145	550,851
2 years to 3 years	459,734	270,469
Over 3 years	442,937	526,853
	5,662,487	10,827,348

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

(All amounts in RMB Yuan thousands unless otherwise stated)

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (continued)

The loss allowance decreased by RMB71,449,000 to RMB219,548,000 (2020: Decreased by RMB34,178,000 to RMB290,997,000) for trade receivables during the current reporting period. Note 3.1(b) provides for details about the calculation of the allowance.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

(b) Other receivables

Other receivables mainly represented deposits for acquisitions of land use rights and subsidiaries, and other deposits and receivables for normal business activities.

Other receivables are analysed as below:

	2021	2020
Fully performing under normal business	**23,061,364**	19,392,535
Non-performing and impaired	**385,431**	277,144
Other receivables	**23,446,795**	19,669,679
Less: loss allowance	**(385,431)**	(277,144)
Other receivables – net	**23,061,364**	19,392,535

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

(d) Prepayments are mainly for acquisitions of land use rights, purchases of construction materials and other taxes excluding income taxes.

(e) The carrying amounts of the Group's trade and other receivables excluding prepayment and capitalised costs to obtain contracts and including amounts due from joint ventures, associates and entities jointly controlled by major shareholders of the Company, are denominated in the following currencies:

	2021	2020
– RMB	**32,980,954**	36,429,980
– GBP	**1,742,116**	79,090
– HKD	**567,854**	76,466
– MYR	**401,743**	325,529
– USD	**329,838**	404,102
– AUD	**261,503**	327,899
– KRW	**1,809**	490,732
– SGD	**160**	805
	36,285,977	38,134,603

(All amounts in RMB Yuan thousands unless otherwise stated)

20. RESTRICTED CASH

	2021	2020
Guarantee deposits for construction of pre-sold properties (Note (a))	8,463,238	8,407,221
Guarantee deposits for borrowings (Note (b))	3,122,399	2,766,378
Guarantee deposits for interest of senior notes (Note (c))	2,150,065	1,402,609
Others	1,109,523	1,699,684
	14,845,225	14,275,892

(a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can only be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.

(b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

(c) According to the relevant contracts, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

(d) Restricted cash is denominated in the following currencies:

	2021	2020
– RMB	12,657,922	12,282,030
– USD	2,162,227	1,716,814
– MYR	25,057	17,138
– GBP	19	229,325
– AUD	–	30,585
	14,845,225	14,275,892

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.

(All amounts in RMB Yuan thousands unless otherwise stated)

21. CASH AND CASH EQUIVALENTS

	2021	2020
Cash at bank and on hand	**6,248,356**	25,662,620
Short-term bank deposits	**10,237**	10,202
	6,258,593	25,672,822

	2021	2020
Denominated in:		
– RMB	**5,331,046**	23,520,880
– HKD	**410,725**	45,499
– USD	**373,628**	1,885,249
– AUD	**94,102**	103,820
– KRW	**21,346**	3,308
– MYR	**18,462**	69,157
– GBP	**8,635**	44,333
– SGD	**647**	574
– Macau Pataca ("MOP")	**2**	2
	6,258,593	25,672,822

The conversion of RMB, MYR, KRW and GBP denominated balances into foreign currencies and the remittance of these foreign currencies denominated bank balances and cash out of the PRC, Malaysia, South Korea and the United Kingdom are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC, Malaysian, South Korea and the United Kingdom governments.

The cash at bank balances are deposited with creditworthy banks with no recent history of default.

(All amounts in RMB Yuan thousands unless otherwise stated)

22. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 9 November 2020, the Group signed an agreement with a third party to sell 70% equity interest in certain subsidiaries which mainly held certain investment properties. The consideration is mainly by reference to the agreed fair value of the investment properties and other relevant assets and liabilities transferred. The disposal was completed on 19 January 2021. The Group still held the remaining 30% equity interests after the disposal.

The following major classes assets and liabilities relating to the aforementioned transactions had been reclassified as held for sale in the consolidated balance sheet:

	2021	2020
Assets classified as held for sale		
Property, plant and equipment	–	4,144
Investment properties	–	6,300,000
Deferred income tax assets	–	1,886
Trade and other receivables and prepayments	–	8,358
Cash and cash equivalents	–	16,270
Total assets of disposal group held for sale	–	6,330,658
Liabilities directly associated with assets classified as held for sale		
Short-term borrowings	–	(1,358,000)
Other payables and accruals	–	(315,865)
Deferred income tax liabilities	–	(872,165)
Total liabilities of disposal group held for sale	–	(2,546,030)

In accordance with HKFRS 5 the assets and liabilities of the disposal group had been written down to their recoverable amount. This is a non-recurring fair value measurement.

There had no impairment loss recognised in administrative expenses from continuing operations on the measurement of the disposal group to fair value less costs to sell.

There was no cumulative income or expense included in other comprehensive income related to the disposal group.

23. SHARE CAPITAL

	2021 Number of shares (thousands)	**2021 Share capital**	2020 Number of shares (thousands)	2020 Share capital
– domestic shares	**–**	**–**	–	–
– H shares	**3,752,367**	**3,752,367**	3,752,367	938,092
	3,752,367	**3,752,367**	3,752,367	938,092

Movement in ordinary shares:

	Number of domestic shares (thousands)	**Share capital of domestic shares**	**Number of H shares (thousands)**	**Share capital of H shares**
Balance 31 December 2019	2,207,109	551,777	1,288,258	322,065
Conversion of the unlisted domestic shares into overseas listed shares	(2,207,109)	(551,777)	2,207,109	551,777
Placing of shares	–	–	257,000	64,250
Balance 31 December 2020	–	–	3,752,367	938,092
Capital reserves transfer to registered capital	**–**	**–**	**–**	**2,814,275**
Balance 31 December 2021	**–**	**–**	**3,752,367**	**3,752,367**

As at 31 December 2021, the registered, issued and fully paid capital of the Company was RMB3,752,367,000 (2020: RMB938,092,000) divided into 3,752,367,000 (2020: 3,752,367,000) shares, comprising 3,752,367,000 H shares (2020: 3,752,367,000 H shares).

H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited. The share premium related to H shares is shown in Note 24.

On 5 October 2020, the Company has placed a total of 257,000,000 placing shares at the placing price of HKD9.82 per placing share to no less than six independent placees.

On 28 May 2021, the Company's share premium of RMB2,814,275,000 was transferred to share capital.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. OTHER RESERVES

	Share premium (Note (a))	Financial assets at FVOCI reserve (Note (b))	Statutory reserve (Note (c))	Translation reserve (Note (d))	Revaluation surplus (Note (e))	Others	Total
As at 1 January 2020	6,883,157	166,815	539,144	128,358	5,811,096	71,842	13,600,412
Placing of shares	2,130,677	–	–	–	–	–	2,130,677
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	–	(141,199)	–	–	–	–	(141,199)
Changes in ownership interests in subsidiaries without change of control	–	–	–	–	–	(37,165)	(37,165)
Fair value gains of financial assets at FVOCI, net of tax	–	59,779	–	–	–	–	59,779
Transfer to statutory reserve	–	–	66,250	–	–	–	66,250
Share of other comprehensive loss of joint ventures accounted for using the equity method	–	–	–	(79,898)	–	–	(79,898)
Currency translation differences	–	–	–	(9,429)	–	–	(9,429)
At 31 December 2020	9,013,834	85,395	605,394	39,031	5,811,096	34,677	15,589,427
At 1 January 2021	**9,013,834**	**85,395**	**605,394**	**39,031**	**5,811,096**	**34,677**	**15,589,427**
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	**–**	**–**	**–**	**–**	**–**	**(469,558)**	**(469,558)**
Changes in ownership interests in subsidiaries without change of control	**–**	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Fair value gains of financial assets at FVOCI, net of tax	**–**	**(23,913)**	**–**	**–**	**–**	**–**	**(23,913)**
Capital reserves transfer to registered capital	**(2,814,275)**	**–**	**–**	**–**	**–**	**–**	**(2,814,275)**
Transfer to statutory reserve	**–**	**–**	**80,336**	**–**	**–**	**–**	**80,336**
Share of other comprehensive loss of joint ventures accounted for using the equity method	**–**	**–**	**–**	**(72,469)**	**–**	**–**	**(72,469)**
Currency translation differences	**–**	**–**	**–**	**(42,859)**	**–**	**–**	**(42,859)**
At 31 December 2021	**6,199,559**	**61,482**	**685,730**	**(76,297)**	**5,811,096**	**(434,887)**	**12,246,683**

(a) Share premium arising from the issue and placing of H shares can be utilised in increasing paid-in capital as approved by the directors.

(b) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(c) According to the rules and regulations applicable to the Group's subsidiaries incorporated in the PRC, when distributing net profits of each year, these subsidiaries are required to transfer an amount of their net profits as reported in their statutory accounts to statutory reserves until the accumulated balance of such reserves reaches 50% of their registered capital. Depending on the nature, the statutory reserves can be used to set off accumulated losses of the subsidiaries or distribute to the owners in form of bonus issue.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. OTHER RESERVES (Continued)

(d) Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(e) Revaluation gains on hotel buildings and revaluation gains on investment properties transferred from property, plant and equipment and right-of-use assets are recognised in other comprehensive income.

25. ACCRUALS AND OTHER PAYABLES

	2021	2020
Amounts due to joint ventures (Note 41(ix))	**8,199,049**	6,351,821
Amounts due to associates (Note 41(ix))	**281,368**	325,524
Amounts due to entities jointly controlled by major shareholders of the Company (Note 41(ix))	**2,177,038**	7,305,745
Amounts due to major shareholders (Note 41(ix))	**42,111**	2,616,360
Amounts due to a shareholder of a joint venture/certain joint ventures (Note (a))	**5,213,413**	3,933,366
Construction payables (Note (b))	**50,694,180**	48,632,027
Other payables and accrued charges (Note (c))	**38,314,197**	38,711,753
Total	**104,921,356**	107,876,596
Less: non-current portion	**(534,987)**	(1,343,481)
Current portion	**104,386,369**	106,533,115

(a) In the year ended 31 December 2020, the Group disposed certain equity interests in some of its subsidiaries, which were accounted for as joint ventures by the Group immediately after the disposal, to one investor. The investor then became a shareholder of the Group's certain joint ventures.

According to other arrangements with the investor, up to 31 December 2020, the Group has also received several fund from the investor totalling RMB3,933,366,000 bearing interest from 13% to 15% per annum. The balances were secured by the Group's shares in certain wholly-owned subsidiaries and the joint ventures jointly controlled with the investor. The balances were also secured by the Group's right to receive the economic benefits deriving from one property development project, and the guarantee provided by the Company. Out of the total balance, amount of RMB1,343,481,000 was classified as non-current liabilities according to its maturity date. Remaining balances were classified as current portion.

In the year ended 31 December 2021, the investor withdrew from some of these joint ventures and served notice to demand repayments of fund previously lent to the Group. The amount of RMB1,343,481,000 was classified as current liabilities.

(b) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(c) The balance mainly represents interest payables, accruals, salary payables and other taxes payable.

(d) The carrying amounts of accruals and other payables approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS

	2021	2020
Non-current		
Long-term borrowings		
Bank borrowings (Note (a) and Note (g))		
– Secured	53,592,620	68,707,595
– Unsecured	5,338,712	7,949,411
	58,931,332	76,657,006
Domestic bonds (Note (b))		
– Unsecured	13,846,461	18,933,342
Senior notes (Note (c))		
– Secured	32,022,591	35,313,318
Other borrowings (Note (d) and Note (g))		
– Secured	14,740,141	16,971,878
– Unsecured	974,900	935,000
	15,715,041	17,906,878
Total long-term borrowings	120,515,425	148,810,544
Less: current portion of long-term borrowings	(53,880,163)	(52,961,902)
	66,635,262	95,848,642
Current		
Short-term borrowings		
Bank borrowings (Note (a) and Note (g))		
– Secured	340,187	3,840,387
– Unsecured	1,099,991	258,000
	1,440,178	4,098,387
Other borrowings (Note (d) and Note (g))		
– Secured	6,783,785	6,821,142
– Unsecured	100,000	–
	6,883,785	6,821,142
Total short-term borrowings	8,323,963	10,919,529
Current portion of long-term borrowings	53,880,163	52,961,902
Total borrowings	128,839,388	159,730,073

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(a) Bank borrowings

Interest rates on bank borrowings are repriced regularly, which gives rise to exposure of the Group's bank borrowings to interest rate changes. The contractual repricing dates are all within one year.

(i) Movements in bank borrowings are analysed as follows:

	2021	2020
At 1 January	**80,755,393**	96,533,997
Additions	**9,018,385**	25,047,547
Repayments	**(29,242,990)**	(40,225,604)
Foreign exchange gains	**(159,278)**	(600,547)
At 31 December	**60,371,510**	80,755,393

(ii) The maturity of bank borrowings is as follows:

	2021	2020
Within one year	**23,390,615**	23,687,450
Between one and two years	**9,421,230**	12,371,479
Between two and five years	**11,001,447**	24,902,988
Over five years	**16,558,218**	19,793,476
Total bank borrowings	**60,371,510**	80,755,393

(iii) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2021	2020
– RMB	**55,892,380**	71,731,006
– USD	**3,616,857**	7,786,303
– HKD	**518,849**	618,605
– WON	**175,853**	–
– MYR	**87,237**	161,726
– AUD	**80,334**	–
– GBP	**–**	457,753
	60,371,510	80,755,393

(iv) The effective interest rate of bank borrowings is 5.86% (2020: 5.78%).

(v) The carrying amounts of bank borrowings approximate their fair values.

26. BORROWINGS (Continued)

(b) Domestic bonds

(i) 2016 Public Bonds

The Company issued 60,000,000 units of corporate bonds at a par value of RMB6.0 billion in the PRC on 11 January 2016 (the "Original 2016 Public Bonds"). The Company further issued 36,000,000 units of corporate bonds at a par value of RMB3.6 billion in the PRC on 22 January 2016 (the "Additional 2016 Public Bonds I"). The interest rates of the Original 2016 Public Bonds and Additional 2016 Public Bonds I were fixed at 3.95% per annum.

On 11 January 2019, the Company adjusted the interest rates for the Original 2016 Public Bonds to 7.20% per annum for the remaining periods. On 22 January 2019, the Company adjusted the interest rates for the Additional 2016 Public Bonds I to 7.00% per annum for the remaining periods.

On 11 January 2021, the Company redeemed the remaining 60,000,000 units of Original 2016 Public Bonds at a redemption price equal to 100% of the principal amount. On 21 January 2021, the Company redeemed the remaining 36,000,000 units of Additional 2016 Public Bonds I at a redemption price equal to 100% of the principal amount.

The Company further issued 19,500,000 units of corporate bonds at a par value of RMB1.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Public Bonds II"). The interest rate of the Additional 2016 Public Bonds II was fixed at 3.48% per annum. The Additional 2016 Public Bonds II will mature after six years from the issue date.

On 2 April 2019, the Company adjusted the interest rates for the Additional 2016 Public Bonds II to 6.70% per annum for the remaining periods.

The Company further issued 9,500,000 units of corporate bonds at a par value of RMB0.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Public Bonds III" and, together with the Original 2016 Public Bonds, the Additional 2016 Public Bonds I and II, the "2016 Public Bonds"). The interest rate of the Additional 2016 Public Bonds III was fixed at 3.95% per annum. The Additional 2016 Public Bonds III will mature after seven years from the issue date.

On 7 April 2021, the Company redeemed and reissued 9,467,810 units of the Additional 2016 Public Bonds III. The interest rate was fixed at 7.0% per annum for the remaining periods.

The carrying amount of the remaining 2016 Public Bonds as at 31 December 2021 amounted to RMB2,840,340,000.

26. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(ii) 2016 Non-public Bonds

The Company issued 46,000,000 units of non-public bonds at a par value of RMB4.6 billion in the PRC on 16 May 2016 (the "Original 2016 Non-public Bonds"). The interest rate of the Original 2016 Non-public Bonds was fixed at 5.20% per annum. The Original 2016 Non-public Bonds will mature after six years from the issue date.

On 16 May 2019, the Company adjusted the interest rates for the Original 2016 Non-public Bonds to 6.80% per annum for the remaining periods. On 15 May 2020, the Company redeemed 32,860,000 units of the Original 2016 Non-public Bonds. The interest rate was fixed at 6.80% per annum for the remaining periods.

During the year ended 31 December 2021, the Company redeemed 3,940,000 units and reissued 750,000 units of the Original 2016 Non-public Bonds. The interest rate was fixed at 6.80% per annum for the remaining periods.

The Company further issued 57,000,000 units of non-public bonds at a par value of RMB5.7 billion in the PRC on 19 October 2016 (the "Additional 2016 Non-public Bonds III" and, together with the Original 2016 Non-public Bonds, the "2016 Non-public Bonds"). The interest rate of the Additional 2016 Non-public Bonds III was fixed at 4.39% per annum. The Additional 2016 Non-public Bonds III will mature after six years from the issue date.

On 19 October 2019, the Company redeemed 14,052,000 units of the Additional 2016 Non-public Bonds III at a redemption price equal to 100% of the principal amount. The interest rate was adjusted to 7.40% per annum for the remaining periods.

On 19 October 2020, the Company redeemed 28,550,000 units of the Additional 2016 Non-public Bonds III at a redemption price equal to 100% of the principal amount and reissued 2,300,000 units.

On 19 October 2021, the Company redeemed 5,498,000 units of the Additional 2016 Non-public Bonds III at a redemption price equal to 100% of the principal amount.

The carrying amount of the remaining 2016 Non-public Bonds as at 31 December 2021 amounted to RMB2,114,070,000.

26. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(iii) 2018 Non-public Bonds

The Company issued 5,000,000 units of non-public bonds at a par value of RMB0.5 billion in the PRC on 26 June 2018 (the "2018 Non-public Bonds II"). The interest rate of the 2018 Non-public Bonds II was fixed at 7.30% per annum. The 2018 Non-public Bonds II will mature after three years from the issue date.

On 24 June 2019, the Company adjusted the interest rates for the 2018 Non-public Bonds II to 6.60% per annum for the remaining periods.

On 29 June 2020, 4,400,000 units of the 2018 Non-public Bonds II was early redeemed. The Company adjusted the interest rates for the 2018 Non-public Bonds II to 6.80% per annum for the remaining periods.

On 26 June 2021, the Company redeemed the remaining 600,000 units of 2018 Non-public Bonds II at a redemption price equal to 100% of the principal amount.

The Company issued 12,000,000 units of non-public bonds at a par value of RMB1.2 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds III"). The interest rate of the 2018 Non-public Bonds III was fixed at 7.30% per annum. The 2018 Non-public Bonds III will mature after three years from the issue date.

On 16 September 2019, the Company redeemed 200,000 units of the 2018 Non-public Bonds III at a redemption price equal to 100% of the principal amount. The interest rate maintained at 7.00% per annum for the remaining periods.

On 16 September 2020, the Company redeemed 11,420,000 units of the 2018 Non-public Bonds III at a redemption price equal to 100% of the principal amount. The interest rate maintained at 7.00% per annum for the remaining periods.

On 16 September 2021, the Company redeemed the remaining 380,000 units of the 2018 Non-public Bonds III at a redemption price equal to 100% of the principal amount.

26. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(iv) 2018 Public Bonds

The Company issued 40,000,000 units of corporate bonds at a par value of RMB4 billion in the PRC on 3 December 2018 (the "Original 2018 Public Bonds"). The interest rate of the 2018 Public Bonds was fixed at 6.58% per annum. The Original 2018 Public Bonds will mature after four years from the issue date.

In 4 December 2020, the Company redeemed 39,987,500 units and reissued 8,000,000 units of Original 2018 Public Bonds. The interest rate maintained at 6.58% per annum for the remaining periods. During the year ended 31 December 2021, the Company reissued 31,866,000 units of Original 2018 Public Bonds.

The Company further issued 70,200,000 units of corporate bonds at a par value of RMB7.02 billion in the PRC on 3 January 2019 (the "Additional 2018 Public Bonds", and, together with the Original 2018 Public Bonds, the "2018 Public Bonds"). The interest rate of the Additional 2018 Public Bonds was fixed at 7.00% per annum. The Additional 2018 Public Bonds will mature after four years from the issue date.

On 28 December 2020, 70,197,170 units of the Additional 2018 Public Bonds were early redeemed at a redemption price equal to 100% of the principal amount. The interest rate maintained at 7.00% per annum for the remaining periods. During the year ended 31 December 2021, the Company reissued 42,500,000 units of the Additional 2018 Public Bonds.

The carrying amount of the remaining 2018 Public Bonds as at 31 December 2021 amounted to RMB7,824,368,000.

(v) 2019 Public Bonds

The Company issued 15,800,000 units of corporate bonds at a par value of RMB1.58 billion in the PRC on 8 May 2019 (the "2019 Public Bonds I"). The interest rate of the 2019 Public Bonds I was fixed at 5.60% per annum. The 2019 Public Bonds I will mature after four years from the issue date.

On 8 May 2021, the Company redeemed 15,797,990 units of the 2019 Public Bonds I. The interest rate maintained at 7.00% per annum for the remaining periods.

The Company further issued 4,000,000 units of corporate bonds at a par value of RMB0.4 billion in the PRC on 8 May 2019 (the "2019 Public Bonds II", and, together with the 2019 Public Bonds I, the "2019 Public Bonds"). The interest rate of the 2019 Public Bonds II was fixed at 6.48% per annum. The 2019 Public Bonds II will mature after five years from the issue date.

The carrying amount of the 2019 Public Bonds as at 31 December 2021 amounted to RMB399,841,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(vi) 2020 Non-public Bonds

The Company issued 10,000,000 units of corporate bonds at a par value of RMB1 billion in the PRC on 23 April 2020 (the "2020 Non-public Bonds"). The interest rate of the 2020 Non-public Bonds was fixed at 6.30% per annum. The 2020 Non-Public Bonds will mature after four years from the issue date.

The carrying amount of the 2020 Non-Public Bonds as at 31 December 2021 amounted to RMB667,842,000.

(viii) Fair value and movement of domestic bonds

The fair values of the 2016 Public Bonds, 2018 Public Bonds and 2019 Public Bonds as at 31 December 2021 amounted to RMB5,039,641,000 in total. The fair values were determined by reference to the price quotations published on the last trading day of the year ended 31 December 2021 and were within level 1 of the fair value hierarchy.

The fair values of the 2016 Non-public Bonds, 2018 Non-public Bonds and 2020 Non-public Bonds as at 31 December 2021 approximate their carrying amount. The fair values were based on cash flows discounted at the borrowing rate of 7.01% and were within level 2 of the fair value hierarchy.

The movements of domestic bonds are set out below:

	2021	2020
At 1 January	**18,933,342**	39,561,938
Additions	**7,666,865**	999,000
Redemption	**(13,134,350)**	(21,648,255)
Interest charged	**1,441,931**	2,883,146
Interest paid or included in other payables	**(1,061,327)**	(2,862,487)
At 31 December	**13,846,461**	18,933,342

26. BORROWINGS (Continued)

(c) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers.

(i) 2017 Notes

2017 Notes I

On 13 January 2017, a subsidiary of the Group, Easy Tactic Limited ("Easy Tactic") issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD265,000,000 with the issue price 99.146% of the principal amount (the "2017 Original Notes").

On 20 January 2017, Easy Tactic further issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD460,000,000 with the issue price 99.146% of the principal amount, plus accrued interest from (and including) 13 January 2017 to (but excluding) 20 January 2017 (the "2017 Additional Notes" and, together with the 2017 Original Notes, the "2017 Notes I"). The net proceeds of the 2017 Notes I, after deducting the transaction costs, amounted to RMB4,880,042,000.

2017 Notes III

On 17 November 2017, Easy Tactic issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD500,000,000 with the issue price 100% of the principal amount (the "2017 Notes III – Original Notes").

On 9 January 2018, Easy Tactic further issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD100,000,000 with the issue price 99.426% of the principal amount, plus accrued interest from (and including) 17 November 2017 to (but excluding) 9 January 2018 (the "2017 Notes III – Additional Notes" and, together with the 2017 Notes III – Original Notes, the "2017 Notes III"). The net proceeds of the 2017 Notes III, after deducting the transaction costs, amounted to RMB3,891,552,000.

On 24 September 2021, Easy Tactic redeemed the 2017 Notes III with principal amount of USD13,000,000 at a redemption price equal to 74.82% of the principal amount.

(ii) 2018 Notes

2018 Notes II

On 25 April 2018, Easy Tactic issued 7.000% senior notes due 25 April 2021 in the aggregate principal amount of USD600,000,000 with the issue price 100% of the principal amount (the "2018 Note II – Original Notes").

On 12 June 2018, Easy Tactic further issued 7.000% senior notes due 25 April 2021 in the aggregate principal amount of USD200,000,000 with the issue price 97.467% of the principal amount, plus accrued interest from (and including) 25 April 2018 to (but excluding) 12 June 2018 (the "2018 Note II – Additional Notes" and, together with the 2018 Note II – Original Notes, the "2018 Notes II"). The net proceeds of the 2018 Notes II, after deducting the transaction costs, amounted to RMB4,934,901,000.

During the year ended 31 December 2021, Easy Tactic redeemed all the 2018 Note II.

26. BORROWINGS (Continued)

(c) Senior notes (continued)

(ii) 2018 Notes (continued)

2018 Notes III

On 27 September 2018, Easy Tactic issued 8.875% senior notes due 27 September 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount (the "2018 Notes III"). The net proceeds of the 2018 Notes III, after deducting the transaction costs, amounted to RMB1,348,168,000.

During the year ended 31 December 2021, Easy Tactic redeemed all the 2018 Notes III.

(iii) 2019 Notes

2019 Notes I

On 10 January 2019, Easy Tactic issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD500,000,000 with the issue price 99.775% of the principal amount (the "2019 Notes I – Original Notes").

On 17 January 2019, Easy Tactic further issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount, plus accrued interest from (and including) 10 January 2019 to (but excluding) 17 January 2019 (the "2019 Notes I – Additional Notes" and, together with the 2019 Note I – Original Notes, the "2019 Notes I"). The net proceeds of the 2019 Notes I, after deducting the transaction costs, amounted to RMB4,684,987,000.

On 10 March 2020, Easy Tactic redeemed the 2019 Note I with principal amount of USD325,000,000 at a redemption price equal to 102.5% of the principal amount.

During the year ended 31 December 2021, Easy Tactic redeemed all the remaining 2019 Note I.

2019 Notes II

On 28 January 2019, Easy Tactic issued 9.125% senior notes due 28 July 2022 in the aggregate principal amount of USD300,000,000 with the issue price 99.633% of the principal amount (the "2019 Notes II"). The net proceeds of the 2019 Notes II, after deducting the transaction costs, amounted to RMB1,984,095,000.

On 24 September 2021, Easy Tactic redeemed the 2019 Notes II with principal amount of USD12,000,000 at a redemption price equal to 80.57% of the principal amount.

26. BORROWINGS (Continued)

(c) Senior notes (continued)

(iii) 2019 Notes (continued)

2019 Notes III

On 27 February 2019, Easy Tactic issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount and 8.625% senior notes due 27 February 2024 in the aggregate principal amount of USD375,000,000 with the issue price 100% of the principal amount (the “2019 Note III – Original Notes”).

On 17 June 2019, Easy Tactic further issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD425,000,000 with the issue price 98.812% of the principal amount, plus accrued interest from (and including) 27 February 2019 to (but excluding) 17 June 2019 (the “2019 Notes III – Additional Notes” and, together with the 2019 Note III – Original Notes, the “2019 Notes III”). The net proceeds of the 2019 Notes III, after deducting the transaction costs, amounted to RMB8,272,544,000.

2019 Note IV

On 11 July 2019, Easy Tactic issued 8.125% senior notes due 11 July 2024 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount (the “2019 Notes IV”). The net proceeds of the 2019 Notes IV, after deducting the transaction costs, amounted to RMB3,043,408,000.

(iv) 2020 Notes

2020 Note I

On 5 March 2020, Easy Tactic issued 8.625% senior notes due 5 March 2024 in the aggregate principal amount of USD400,000,000 with the issue price 100% of the principal amount (the “2020 Notes I”). The net proceeds of the 2020 Notes I, after deducting the transaction costs, amounted to RMB2,733,791,000.

2020 Note II

On 18 November 2020, Easy Tactic issued 12.375% senior notes due 18 November 2022 in the aggregate principal amount of USD360,000,000 with the issue price 100% of the principal amount (the “2020 Notes II”). The net proceeds of the 2020 Notes II, after deducting the transaction costs, amounted to RMB2,323,896,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(c) Senior notes (continued)

(v) 2021 Notes

2021 Note I

On 2 February 2021, Easy Tactic issued 11.750% senior notes due 2 August 2023 in the aggregate principal amount of USD500,000,000 with the issue price 100% of the principal amount (the "2021 Notes I"). The net proceeds of the 2021 Notes I, after deducting the transaction costs, amounted to RMB3,198,429,000.

2021 Note II

On 3 March 2021, Easy Tactic issued 11.625% senior notes due 3 September 2024 in the aggregate principal amount of USD325,000,000 with the issue price 100% of the principal amount (the "2021 Notes II"). The net proceeds of the 2021 Notes II, after deducting the transaction costs, amounted to RMB2,072,371,000.

2021 Note III

On 22 July 2021, Easy Tactic issued 11.75% senior notes due 2 August 2023 in the aggregate principal amount of USD175,000,000 with the issue price 98.375% of the principal amount (the "2021 Notes III"). The net proceeds of the 2021 Notes III, after deducting the transaction costs, amounted to RMB1,097,531,000.

As at 31 December 2021, all senior notes were guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.

The effective interest rate of senior notes ranged from 6.25% to 13.51% (2020: 6.25% to 13.30%).

The movements of senior notes are set out below:

	2021	2020
At 1 January	**35,313,318**	34,607,114
Issuance	**6,368,585**	5,057,687
Redemption	**(9,062,381)**	(2,255,143)
Early redemption premium charges	**7,965**	56,794
Early redemption premium paid	**(7,965)**	(56,794)
Interest charged	**3,034,902**	2,883,359
Interest paid or included in other payables	**(2,864,935)**	(2,676,120)
Foreign exchange gains	**(766,898)**	(2,303,579)
At 31 December	**32,022,591**	35,313,318

The carrying amounts of the Group's senior notes are denominated in USD.

The fair value of the senior notes as at 31 December 2021 amounted to RMB13,374,121,000 (31 December 2020: RMB33,314,668,000). The fair value is determined by reference to the price quotations published by Bloomberg on the last trading date of the year ended 31 December 2021 and is within level 1 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(d) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

(i) The movements of other borrowings are set out below:

	2021	2020
At 1 January	**24,728,020**	23,438,999
Additions	**11,523,081**	23,263,093
Disposal of a subsidiary	**–**	(1,800,000)
Repayments	**(13,610,635)**	(18,699,064)
Classified as liabilities held for sale	**–**	(1,358,000)
Interest charged	**2,672,988**	2,357,998
Interest paid or included in other payables	**(2,544,833)**	(2,398,818)
Foreign exchange gains	**(169,795)**	(76,188)
At 31 December	**22,598,826**	24,728,020

(ii) The maturity of other borrowings is as follows:

	2021	2020
Within one year	**21,203,671**	16,080,212
Between one and two years	**324,523**	6,237,141
Between two and five years	**271,632**	1,611,667
Over five years	**799,000**	799,000
Total other borrowings	**22,598,826**	24,728,020

(iii) The carrying amounts of other borrowings are denominated in the following currencies:

	2021	2020
– RMB	**14,868,057**	23,043,073
– USD	**4,277,049**	1,076,609
– HKD	**2,044,000**	–
– GBP	**1,080,726**	–
– AUD	**328,994**	608,338
	22,598,826	24,728,020

(iv) The effective interest rate of these funding arrangements ranged from 3.99% to 20% (2020: 6.25% to 12.00%).

(v) The carrying amounts of other borrowings approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(e) As at 31 December 2021, bank and other borrowings totaling RMB75,456,733,000 (2020: RMB96,341,002,000) of the Group were secured by the following assets and the Group's shares of certain subsidiaries:

	2021	2020
Right-of-use assets	**2,102,542**	1,476,342
Property, plant and equipment	**30,466,085**	29,821,903
Investment properties	**19,546,774**	19,960,882
Properties under development	**49,788,485**	59,588,974
Completed properties held for sale	**7,813,198**	9,360,870
Restricted cash	**3,122,399**	2,966,378
	112,839,483	123,175,349

As at 31 December 2021, bank and other borrowings totaling RMB3,777,617,000 (2020: RMB4,653,269,000) of the Group were secured by equity interests of certain subsidiaries.

(f) The majority of unsecured bank and other borrowings are guaranteed by the Company or certain subsidiaries of the Group. Details are as follows:

	2021	2020
Guarantors:		
The Company	**1,842,849**	3,708,837
Subsidiaries	**5,670,754**	5,433,574
	7,513,603	9,142,411

(g) Pursuant to some of the Group's borrowings' agreements, any default under the Group's borrowings will trigger the cross-default resulting in the relevant borrowings becoming repayable on demand. As at 31 December 2021, the Group was in default of certain bank and other borrowings (including those other borrowings recorded under accruals and other payables) with an aggregate amount of RMB7.007 billion which causing an aggregate principal amount of RMB21.154 billion have become cross-defaulted and repayable on demand. All cross-default borrowings are presented under current liabilities in the Group's consolidated balance sheet as at 31 December 2021.

As at the date of approval of these consolidated financial statements, certain bank and other borrowings (including those other borrowings recorded under accruals and other payables) with an aggregate principal amount of RMB15.127 billion had not been repaid on schedule or otherwise renewed or extended, which caused cross-default of certain bank and other borrowings with an aggregate principal amount of RMB14.756 billion.

(All amounts in RMB Yuan thousands unless otherwise stated)

27. DERIVATIVE FINANCIAL INSTRUMENTS

Group and Company

	2021		2020	
	Assets	Liabilities	**Assets**	Liabilities
Total derivatives				
Equity – put option	–	14,000	–	–
Total derivatives	–	14,000	–	–

The balance as at 31 December 2021 represented unlisted derivative financial instruments for the right to subscribe for put option of Guangzhou Fuhui Investment Consulting Co Ltd's share, at an exercise price of approximately RMB663 million. During the year ended 31 December 2021, there was unrealised loss RMB14,000,000 (2020: Nil) in respect of derivative financial instruments.

As at 31 December 2021, the fair value of derivative financial instruments was calculated by using Black Scholes Model which is determined by the Independence professional valuer with the following key assumptions:

Expected volatility	22%
Risk-free interest rate	2.59%
Dividend yield	0%

A higher in the expected volatility would result in an increase in the fair value of derivative financial instruments, and vice versa. A higher in the risk-free interest rate would result in a decrease in the fair value of derivative financial instruments, and vice versa.

Description	**Fair value at 31 December 2021**	**Unobservable inputs**	**Range of unobservable inputs (probability)**
Derivative financial instruments	14,000	35% share price as at 31 December 2021	RMB1.13 billion
		Exercise price	RMB0.66 billion
		Expected volatility	22%
		Risk-free interest rate	2.59%
		Dividend yield	0%
		Option life	4.75 years

(All amounts in RMB Yuan thousands unless otherwise stated)

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 12 months	**10,907,287**	8,662,079
– To be recovered within 12 months	**2,458,223**	3,948,377
	13,365,510	12,610,456
Deferred income tax liabilities:		
– To be recovered after 12 months	**(9,592,685)**	(8,707,182)
– To be recovered within 12 months	**(1,366,749)**	(1,600,571)
	(10,959,434)	(10,307,753)
Deferred income tax assets – net	**2,406,076**	2,302,703

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax liabilities:

	Timing difference in sales recognition and related cost of sales	Fair values of investment properties over the tax bases	Revaluation surplus arising from business combinations and hotel buildings	Revaluation of financial assets at FVOCI	Interest capitalisation and others	Total
As at 1 January 2020	1,940,775	5,115,782	3,240,752	29,039	1,922,022	12,248,370
(Credited)/charged to the income statement	(340,204)	1,349,700	(126,523)	–	730,028	1,613,001
Credited to other comprehensive income	–	–	–	(18,534)	–	(18,534)
Classified to liabilities held for sale	–	(872,165)	–	–	–	(872,165)
Disposal of subsidiaries	–	–	–	–	(98,490)	(98,490)
At 31 December 2020	1,600,571	5,593,317	3,114,229	10,505	2,553,560	12,872,182
At 1 January 2021	**1,600,571**	**5,593,317**	**3,114,229**	**10,505**	**2,553,560**	**12,872,182**
(Credited)/charged to the income statement	**(233,822)**	**247,107**	**355,927**	**–**	**857,280**	**1,226,492**
Credited to other comprehensive income	**–**	**–**	**–**	**(2,017)**	**–**	**(2,017)**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**(98,490)**	**(98,490)**
At 31 December 2021	**1,366,749**	**5,840,424**	**3,470,156**	**8,488**	**3,312,350**	**13,998,167**

(All amounts in RMB Yuan thousands unless otherwise stated)

28. DEFERRED INCOME TAX (Continued)

Deferred income tax assets:

	Accruals and others	Tax losses	Unrealised profit on intra-group transactions	Revaluation of financial assets at FVOCI	Revaluation deficit arising from business combinations and hotel buildings	Total
At 1 January 2020	6,538,322	3,981,430	1,037,667	–	1,035,823	12,593,242
Credited/(charged) to the income statement	1,601,340	935,656	160,491	–	(43,648)	2,653,839
Classified to assets held for sale	–	(1,886)	–	–	–	(1,886)
Acquisitions of a subsidiary	–	–	–	–	64,689	64,689
Disposal of subsidiaries	(2,712)	(93,636)	(38,651)	–	–	(134,999)
At 31 December 2020	8,136,950	4,821,564	1,159,507	–	1,056,864	15,174,885
At 1 January 2021	**8,136,950**	**4,821,564**	**1,159,507**	**–**	**1,056,864**	**15,174,885**
Credited to the income statement	**296,346**	**183,788**	**429,140**	**–**	**320,084**	**1,229,358**
At 31 December 2021	**8,433,296**	**5,005,352**	**1,588,647**	**–**	**1,376,948**	**16,404,243**

As at 31 December 2021, deferred income tax assets of RMB3,038,733,000 were offset against deferred income tax liabilities within the same tax jurisdictions (31 December 2020: RMB2,564,429,000).

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2021, the unrecognised tax losses for PRC companies are as follows:

	2021	2020
Expiry date in:		
2021	**–**	20,142
2022	**981,322**	554,820
2023	**1,078,345**	695,157
2024	**1,428,893**	457,221
2025	**2,542,828**	649,395
2026	**4,716,689**	–
	10,748,077	2,376,735

(All amounts in RMB Yuan thousands unless otherwise stated)

29. CURRENT INCOME TAX LIABILITIES

	2021	2020
Land appreciation tax liabilities	15,384,649	16,152,525
Income tax liabilities	4,593,076	5,015,386
	19,977,725	21,167,911

30. OTHER INCOME

	2021	2020
Interest income	1,019,528	824,419
Other operating income	183,607	238,321
Forfeited deposits from customers	118,531	93,244
Dividends income from financial assets at FVOCI	32,861	9,064
Others	106,984	35,664
	1,461,511	1,200,712

31. OTHER GAINS – NET

	2021	2020
Revaluation gains on investment properties transferred from completed properties held for sale	194,497	1,994,155
Fair value gains on investment properties – net	688,492	2,984,953
Gains on disposals of subsidiaries	802,294	570,825
Gains on disposal of certain equity interests in an associate	9,493	674,822
Gains/(losses) on disposals of property, plant and equipment	21,285	(1,421)
Losses on disposals of intangible assets	(15,057)	(44,010)
Unrealised loss on derivative financial instruments	(14,000)	–
Fair value loss on other financial assets	(2,036,540)	–
Others	617,309	(82,234)
	267,773	6,097,090

(All amounts in RMB Yuan thousands unless otherwise stated)

32. EXPENSES BY NATURE

Expenses by nature comprising cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2021	2020
Cost of properties sold	**63,581,409**	63,506,618
Provision for impairment of properties under development and completed properties held for sale (Notes 16 and 17)	**12,985,693**	–
Employee benefit expenses	**3,511,999**	3,867,518
Depreciation of property, plant and equipment and right-of-use assets	**1,791,910**	1,854,841
Business taxes and other levies	**950,848**	870,641
Advertising costs	**306,544**	368,119
Office expenses	**257,487**	344,147
Amortisation of intangible assets	**125,485**	174,615
Short-term lease payments and low-value lease payments	**29,979**	34,955
Auditors' remuneration		
– Audit of the Company		
– Audit services	**7,000**	7,068
– Non-audit services	**–**	2,538
– Other auditors		
– Audit services	**4,547**	–
– Non-audit services	**6,170**	–
	17,717	9,606
Others	**4,490,722**	3,957,250
	88,049,793	74,988,310

33. EMPLOYEE BENEFIT EXPENSES

	2021	2020
Wages and salaries	**2,871,401**	3,111,801
Retirement scheme contributions	**418,181**	481,736
Other allowances and benefits	**222,417**	273,981
	3,511,999	3,867,518

(a) Pensions – defined contribution plans

For each of the financial years ended 31 December 2020 and 2021, there was no forfeited contribution under the MPF Scheme and the other defined contribution retirement benefit plans of the Group which may be used by the Group to reduce the contribution payable in the future years.

(All amounts in RMB Yuan thousands unless otherwise stated)

33. EMPLOYEE BENEFIT EXPENSES (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any director (2020: Nil) whose emoluments are reflected in the analysis shown in Note 43. The emoluments payable to the five (2020: five) individuals during the year are as follows:

	2021	2020
Wages and salaries, housing allowances, other allowances and benefits in kind	**115,164**	295,316

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
Emolument bands		
HKD8,500,001 to HKD9,000,000	**1**	–
HKD9,000,001 to HKD9,500,000	**1**	–
HKD10,000,001 to HKD10,500,000	**1**	–
HKD18,500,001 to HKD19,000,000	**1**	–
HKD27,000,001 to HKD27,500,000	**–**	1
HKD38,000,001 to HKD38,500,000	**–**	1
HKD60,000,001 to HKD60,500,000	**–**	1
HKD67,500,001 to HKD68,000,000	**1**	–
HKD96,500,001 to HKD97,000,000	**–**	1
HKD109,000,001 to HKD109,500,000	**–**	1

34. FINANCE COSTS – NET

	2021	2020
Interest expenses:		
– bank borrowings	**5,793,539**	6,236,865
– domestic bonds (Note 26(b))	**1,441,931**	2,883,146
– medium-term notes	**–**	44,993
– senior notes (Note 26(c))	**3,034,902**	2,883,359
– other borrowings (Note 26(d))	**2,672,988**	2,357,998
– super & short-term commercial papers	**–**	15,183
– lease liabilities (Note 8(b))	**25,516**	12,631
	12,968,876	14,434,175
Early redemption premium for senior notes	**7,965**	56,794
Net foreign exchange gains	**(132,660)**	(2,855,120)
Less: finance costs capitalised	**(8,679,576)**	(9,227,078)
	4,164,605	2,408,771

(All amounts in RMB Yuan thousands unless otherwise stated)

35. INCOME TAX EXPENSES

	2021	2020
Current income tax		
– enterprise income tax (Note (b))	3,585,432	4,004,774
– PRC land appreciation tax (Note (c))	1,055,681	3,801,432
Deferred income tax	(1,649,372)	(1,040,838)
Total income tax expenses (Note (d))	2,991,741	6,765,368

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2020: Nil).

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the year ended 31 December 2021, the companies in the PRC, Combodia, Malaysia were primarily taxed at 25%, 20% and 24% (2020: 25%, 20% and 24%) on their taxable profits, respectively.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

(d) The tax on the Group's (loss)/profit before tax differs from the theoretical amount that would have arisen using the enacted income tax rate applicable to profits of the consolidated companies due to the following:

	2021	2020
(Loss)/profit before income tax	(13,361,541)	15,911,683
Less: land appreciation tax	(1,055,681)	(3,801,432)
	(14,417,222)	12,110,251
Calculated at tax rate of 25% (2020: 25%)	(3,604,305)	3,027,563
Effects of:		
– Different income tax rates of certain companies	76,416	(3,617)
– Share of results of joint ventures and associates	(39,903)	(56,165)
– Expenses and development costs not deductible for tax purposes	283,021	42,761
– Tax losses and other temporary difference for which no deferred income tax asset was recognised	5,462,445	463,684
– Income not subject to tax	(119,844)	(191,171)
– Gains on bargain purchase	(127,052)	(16,727)
– Others	5,282	(302,392)
Enterprise income tax	1,936,060	2,963,936
Land appreciation tax	1,055,681	3,801,432
Tax charges	2,991,741	6,765,368

35. INCOME TAX EXPENSES (Continued)

(e) The tax charges relating to components of other comprehensive income are as follows:

	2021			2020		
	Before tax	**Tax credit**	**After tax**	Before tax	Tax charges	After tax
Fair value (losses)/gains of financial assets at FVOCI	**(25,930)**	**2,017**	**(23,913)**	88,311	(28,532)	59,779

36. BASIC AND DILUTED (LOSSES)/EARNINGS PER SHARE

(Losses)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
(Loss)/profit attributable to owners of the Company	**(16,469,189)**	9,004,814
Weighted average number of ordinary shares in issue (thousands)	**3,752,367**	3,557,329
(Losses)/earnings per share (RMB per share)	**(4.3890)**	2.5313

There were no potential dilutive ordinary shares for the year ended 31 December 2021 and 2020, thus diluted (losses)/earnings per share were the same as basic earnings per share.

37. DIVIDENDS

The dividends declared in 2021 were RMB2,701,705,000 (2020: RMB4,334,256,000). The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: RMB0.62 per share).

	2021	2020
Interim dividend declared of RMB0.10 (2020: RMB0.38) per ordinary share	**375,237**	1,328,240
No final dividend proposed (2020: RMB0.62) per ordinary share	**–**	2,326,468
	375,237	3,654,708

(All amounts in RMB Yuan thousands unless otherwise stated)

38. CASH FLOW INFORMATION

(a) Cash generated from operations

	2021	2020
(Loss)/profit before income tax	**(13,361,541)**	15,911,683
Adjustments for:		
– Capitalised finance costs included in costs of sales	**5,413,917**	4,770,812
– Interest income	**(1,019,528)**	(824,419)
– Finance costs – net	**4,164,605**	2,408,771
– Depreciation	**1,791,910**	1,854,841
– Amortisation of intangible assets	**125,485**	174,615
– (Gains)/losses on disposals of property, plant and equipment	**(21,285)**	1,421
– Gains on disposals of subsidiaries	**(802,294)**	(570,825)
– Revaluation gains on investment properties transferred from completed properties held for sale	**(194,497)**	(1,994,155)
– Losses on disposals of intangible assets	**15,057**	44,010
– Dividend income from FVOCI	**(32,861)**	(9,064)
– Interest income from other financial assets	**(56,933)**	–
– Gains on disposal of a joint venture	**–**	(29)
– Gains on disposal of certain equity interests in an associate	**(9,493)**	(674,822)
– Provision for impairment of properties under development and completed properties held for sale	**12,985,693**	–
– Gains on bargain purchase	**(508,209)**	(66,909)
– Gain on acquisition of additional equity interest in joint ventures and associates	**(309,802)**	–
– Share of results of joint ventures	**(505,529)**	(292,178)
– Share of results of associates	**(26,723)**	67,520
– Fair value loss on other financial assets	**2,036,540**	–
– Unrealised loss on derivative financial instruments	**14,000**	–
– Fair value gains on investment properties	**(688,492)**	(2,984,953)
– Elimination of unrealised profits	**199,715**	24,863
Operating profit before changes in working capital	**9,209,735**	17,841,182
Changes in working capital:		
– Properties under development and completed properties held for sale	**18,576,946**	(5,271,192)
– Trade receivables	**5,094,875**	2,234,246
– Other receivables and prepayments	**(3,483,250)**	3,650,590
– Restricted cash	**666,225**	1,205,181
– Contract liabilities	**2,127,835**	9,103,056
– Accruals and other payables	**(1,402,494)**	12,726,634
– Contract assets	**391,329**	(657,392)
Cash generated from operations	**31,181,201**	40,832,305

(All amounts in RMB Yuan thousands unless otherwise stated)

38. 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 periods presented.

Net debt

	2021	2020
Cash and cash equivalents	**6,258,593**	25,672,822
Borrowings	**(128,839,388)**	(159,730,073)
Lease liabilities	**(471,470)**	(549,005)
Other payables	**(8,331,159)**	(4,835,766)
Net debt	**(131,383,424)**	(139,442,022)
Cash and cash equivalents	**6,258,593**	25,672,822
Gross debt – fixed interest rates	**(81,320,812)**	(92,277,288)
Gross debt – variable interest rates	**(56,321,205)**	(72,837,556)
Net debt	**(131,383,424)**	(139,442,022)

		Liabilities from financing activities			
	Cash and cash equivalents	Leases	Borrowings	Other payable	Total
As at 1 January 2020	22,904,275	(200,233)	(197,140,748)	(949,076)	(175,385,782)
Cash flow	2,794,193	94,556	31,517,822	(3,886,690)	30,519,881
Currency translation differences	(25,646)	–	2,980,314	–	2,954,668
Other non-cash movements	–	(443,328)	2,912,539	–	2,469,211
As at 31 December 2020	25,672,822	(549,005)	(159,730,073)	(4,835,766)	(139,442,022)
As at 1 January 2021	**25,672,822**	**(549,005)**	**(159,730,073)**	**(4,835,766)**	**(139,442,022)**
Cash flow	**(19,354,911)**	**98,362**	**30,541,038**	**(411,517)**	**10,872,972**
Currency translation differences	**(59,318)**	**–**	**1,095,971**	**–**	**1,036,653**
Other non-cash movements	**–**	**(20,827)**	**(746,324)**	**(3,083,876)**	**(3,851,027)**
As at 31 December 2021	**6,258,593**	**(471,470)**	**(128,839,388)**	**(8,331,159)**	**(131,383,424)**

(c) Significant non-cash transaction

During the year ended 31 December 2021, according to mutual agreement, there is no dividend receivable due from a joint venture of the Group offset against the Group's amount due to the same joint venture (2020: RMB600,120,000).

(All amounts in RMB Yuan thousands unless otherwise stated)

39. FINANCIAL GUARANTEE CONTRACTS

	2021	2020
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties (Note (a))	89,415,721	91,245,194
Guarantees in respect of borrowings of joint ventures (Note (b))	13,519,411	10,256,313
Guarantees in respect of borrowings of associates (Note (b))	–	593,295
Subtotal	13,519,411	10,849,608
Total	102,935,132	102,094,802

Note:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the banks over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) the satisfaction of relevant mortgage loan by the purchasers.

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 accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantees provided for joint ventures and associates for their borrowings.

40. COMMITMENTS

(a) Commitments for capital and property development activities

	2021	2020
Contracted but not provided for		
Property development activities (including land premium)	23,085,997	24,030,636
	23,085,997	24,030,636

(b) Lease commitments

The Group leases various land use rights, offices, warehouses, office equipment and transportation equipment under non-cancellable operating leases expiring within 2 to 60 years. The leases have varying terms, escalation clauses and renewal rights.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases.

(All amounts in RMB Yuan thousands unless otherwise stated)

40. COMMITMENTS (Continued)

(b) Lease commitments (continued)

Minimum lease payments under non-cancellable short-term and low-value leases not recognised in the financial statements are as follows:

	2021	2020
No later than one year	6,562	10,818
Later than one year and no later than five years	3,125	960
Later than five years	–	330
	9,687	12,108

(c) Operating lease rentals receivable

Minimum lease payments receivable on leases of investment properties are as follows:

	2021	2020
No later than one year	887,945	662,158
Later than one year and no later than five years	1,600,618	1,752,251
Later than five years	244,157	102,194
	2,732,720	2,516,603

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Dr. Li Sze Lim and Mr. Zhang Li, who own 28.97% and 27.77%, respectively as at 31 December 2021, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

i) Key management compensation

	2021	2020
Salaries and welfare benefits	26,325	71,163

(All amounts in RMB Yuan thousands unless otherwise stated)

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

ii) Provision of decoration, design and construction services

	2021	2020
Joint ventures	691,823	419,148
Associates	39,388	91,888
Entities jointly controlled by major shareholders of the Company	–	292
	731,211	511,328

iii) Purchase of property management and related service

	2021	2020
Entities jointly controlled by major shareholders of the Company	553,850	529,868

iv) Provision of guarantees for borrowings

The Group and other shareholders have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purposes. As at 31 December 2021, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(a) Bank borrowings

	2021	2020
Joint ventures	10,047,093	8,033,032
Associates	–	363,216
	10,047,093	8,396,248

(b) Other borrowings

	2021	2020
A joint venture	1,277,667	560,000
An associate	–	200,000
	1,277,667	760,000

(All amounts in RMB Yuan thousands unless otherwise stated)

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

v) Interest income on loans to related parties

	2021	2020
Joint ventures	624,634	202,954
An associate	227,053	9,131
	851,687	212,085

vi) Interest expense on borrowings from related parties

	2021	2020
A joint venture	42,376	44,729
Major shareholders	83,565	98,298
	125,941	143,027

vii) Transfer of equity interest in subsidiaries

	2021	2020
An entity jointly controlled by major shareholders of the Company	–	300,000

During the year ended 31 December 2021, the Group did not dispose any equity interests in certain subsidiaries engaging in property management business to an entity jointly controlled by major shareholders of the Company.

During the year ended 31 December 2020, the Group disposed 100% equity interests in certain subsidiaries engaging in property management business to an entity jointly controlled by major shareholders at a consideration of RMB300,000,000.

viii) Purchase of senior notes issued by the Group

	2021	2020
Immediate family member of a major shareholder	–	583,978
Entities controlled by a major shareholder	–	61,987
A director of the Company	81,750	9,787
	81,750	655,752

(All amounts in RMB Yuan thousands unless otherwise stated)

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

ix) Balances with related parties

As at 31 December 2021, the Group had the following significant balances with related parties:

	2021	2020
Due from:		
Joint ventures		
– Non-trade balances (Note (a))	**5,145,475**	5,450,586
– Trade balances	**368,646**	281,040
	5,514,121	5,731,626
Associates		
– Non-trade balances (Note (a))	**2,636,199**	2,571,654
– Trade balances	**10,891**	9,858
	2,647,090	2,581,512
Entities jointly controlled by major shareholders of the Company		
– Non-trade balances (Note (a))	**–**	183,477
– Trade balances	**–**	751
	–	184,228
	8,161,211	8,497,366
Due to:		
Joint ventures		
– Non-trade balances (Note (b))	**8,199,049**	6,351,821
Associates		
– Non-trade balances (Note (b))	**281,368**	325,524
Entities jointly controlled by major shareholders of the Company		
– Non-trade balances (Note (b))	**2,177,038**	7,305,745
– Trade balances	**593**	245,751
	2,177,631	7,551,496
Major shareholders		
– Non-trade balances (Note (b))	**42,111**	2,616,360
– Entrusted loans classified as borrowings (Note (c))	**915,000**	935,000
	957,111	3,551,360
	11,615,159	17,780,201

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

ix) Balances with related parties (continued)

(a) The non-trade balances due from related parties are interest free except for the balances with certain joint ventures and an associate amounting to RMB3,032,044,000, which bear interest from 2.25% to 8.00% per annum.

The non-trade balances due from related parties are unsecured and have no fix repayment terms.

(b) The non-trade balances due to related parties are interest free except for the balance with a joint venture amounting to RMB902,400,000, which bears interest of 4.66% per annum.

The non-trade balances due to related parties are unsecured and have no fix repayment terms.

(c) The entrusted loans provided by the major shareholders will mature in 2022 with interest rate of 9% per annum and unsecured.

(d) No provisions are held against receivables from related parties (2020: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at 31 December	
		2021	2020
ASSETS			
Non-current assets			
Right-of-use assets		**26,645**	16,467
Property, plant and equipment		**261,570**	285,479
Investment properties		**338,493**	151,772
Intangible assets		**161,627**	162,070
Investments in subsidiaries		**30,305,246**	29,072,784
Interests in joint ventures		**3,441,020**	3,361,906
Interests in associates		**178,352**	164,475
Deferred income tax assets		**969,394**	1,170,061
		35,682,347	34,385,014
Current assets			
Properties under development		**855,282**	857,359
Completed properties held for sale		**1,144,453**	1,897,697
Trade and other receivables and prepayments		**77,758,106**	76,991,634
Restricted cash		**1,777,606**	1,699,535
Cash and cash equivalents		**227,991**	7,667,658
		81,763,438	89,113,883
Assets classified as held for sale		**–**	1,233,549
		81,763,438	90,347,432
Total assets		**117,445,785**	124,732,446
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3,752,367**	938,092
Other reserves	Note (a)	**7,013,096**	9,747,035
Retained earnings	Note (a)	**2,403,199**	4,281,636
Total equity		**13,168,662**	14,966,763
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**13,678,491**	11,889,576
Lease liabilities		**8,215**	–
		13,686,706	11,889,576
Current liabilities			
Accruals and other payables		**79,143,338**	81,358,459
Contract liabilities		**3,424**	8,967
Current income tax liabilities		**807,148**	1,075,273
Dividend payable		**369,981**	–
Lease liabilities		**2,645**	–
Derivative financial instruments		**14,000**	–
Current portion of long-term borrowings		**10,249,881**	15,433,408
		90,590,417	97,876,107
Total liabilities		**104,277,123**	109,765,683
Total equity and liabilities		**117,445,785**	124,732,446

The balance sheet of the Company was approved by the Board of Directors on 5 August 2022 and were signed on its behalf by:

Li Sze Lim
Director

Zhang Li
Director

(All amounts in RMB Yuan thousands unless otherwise stated)

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Retained earnings	Other reserves
Balance as at 1 January 2020	4,820,750	7,996,875
Profit for the year	3,319,989	–
Fair value gains on financial assets at FVOCI, net of tax	–	94,636
Placement of shares	–	2,130,677
Transfer to statutory reserves	(66,250)	66,250
Transfer of gain on disposal of equity investments at FVOCI to retained earnings	141,199	(141,199)
Transfer of revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax	400,204	(400,204)
Dividends for the year	(4,334,256)	–
Balance as at 31 December 2020	4,281,636	9,747,035
Balance as at 1 January 2021	**4,281,636**	**9,747,035**
Profit for the year	**903,603**	**–**
Transfer to share capital	**–**	**(2,814,275)**
Transfer to statutory reserves	**(80,336)**	**80,336**
Dividends for the year	**(2,701,704)**	**–**
Balance as at 31 December 2021	**2,403,199**	**7,013,096**

(All amounts in RMB Yuan thousands unless otherwise stated)

43. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2021:

Name of Director	Fees	Salary	Employer's contribution to a retirement benefit scheme	Total
Executive Directors:				
Dr. Li Sze Lim	–	3,595	–	3,595
Mr. Zhang Li (Note (i))	–	3,595	–	3,595
Mr. Zhang Hui	–	1,300	–	1,300
Mr. Xiang Lijun	–	1,300	–	1,300
Non-executive Directors:				
Ms. Zhang Lin	408	–	–	408
Ms. Li Helen	408	–	–	408
Independent Non-executive Directors:				
Mr. Ng Yau Wah Daniel	309	–	–	309
Mr. Wong Chun Bong	328	–	–	328
Mr. Zheng Ercheng	309	–	–	309

For the year ended 31 December 2020:

Name of Director	Fees	Salary	Employer's contribution to a retirement benefit scheme	Total
Executive Directors:				
Dr. Li Sze Lim	–	5,166	–	5,166
Mr. Zhang Li (Note (i))	–	5,166	–	5,166
Mr. Zhang Hui	–	4,200	–	4,200
Mr. Xiang Lijun	–	13,400	–	13,400
Non-executive Directors:				
Ms. Zhang Lin	437	–	–	437
Ms. Li Helen	437	–	–	437
Independent Non-executive Directors:				
Mr. Ng Yau Wah Daniel	331	–	–	331
Mr. Wong Chun Bong	352	–	–	352
Mr. Zheng Ercheng	331	–	–	331

(All amounts in RMB Yuan thousands unless otherwise stated)

43. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(b) Supervisors' emoluments

The remuneration of every Supervisor for the year ended 31 December 2021 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

The remuneration of every Supervisor for the year ended 31 December 2020 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

Note:

(i) Mr. Zhang Li is also the Chief Executive of the Company.

(ii) During 2021, no directors waived or has agreed to waive any emoluments (2020: Nil).

(iii) During the year, no emolument was paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

(c) Directors' retirement benefits and termination benefits

Save for those disclosed in note (a) above, none of the directors received or will receive any other retirement benefits or termination benefits for the year ended 31 December 2021 (2020: same).

(d) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2021, the Group did not pay consideration to any third parties for making available directors' services (2020: same).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2021, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2020: Nil).

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

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 (2020: Nil).

44. LITIGATIONS

As at the reporting date, the Group has the following litigations with its business partners which remain outstanding:

(a) A third party ("Claimant A") as claimant initiated three separate arbitration cases against the Group for arbitration by 深圳國際仲裁院 (Shenzhen Court of International Arbitration*) ("SCIA") in relation to contractual disputes over three property development projects with claimed amounts of approximately RMB713 million, RMB1.833 billion and RMB1.590 billion, respectively, and SCIA accepted the applications for arbitration made by this claimant. A further arbitration case was initiated by another third party ("Claimant B"), which is an affiliate of Claimant A, against the Group for arbitration by SCIA in relation to contractual disputes over another property development project with claimed amount of approximately RMB1.290 billion, and SCIA accepted the application for arbitration made by this claimant. As at the reporting date, the arbitral panels in respect of the above four arbitration cases have not yet been formed and the respective dates of the arbitration proceedings have not yet been confirmed.

(b) 國興環球土地整理開發有限公司 (Guoxing Global Land Reclamation and Development Co., Ltd.*) ("Guoxing Global") as claimant filed a lawsuit against 富力(北京)地產開發有限公司 (R&F (Beijing) Property Development Co., Ltd.*) ("R&F Beijing"), a subsidiary of the Company, for adjudication by 河北省高級人民法院 (The High People's Court of Hebei Province*) (the "Hebei High People's Court") in relation to a contractual dispute over a land development project, in respect of which Guoxing Global claimed against R&F Beijing for land consolidation costs and interest thereon for a total amount of approximately RMB388 million and for legal costs incurred, and counterclaims were made by R&F Beijing against Guoxing Global. Such lawsuit was adjudicated by the Hebei High People's Court and a first instance judgement was handed down in December 2018. Subsequently, R&F Beijing sought and obtained a ruling from 中華人民共和國最高人民法院 (The Supreme People's Court of the People's Republic of China*) (the "SPC") to overturn the first instance judgement of the Hebei High People's Court and the lawsuit was reverted to the Hebei High People's Court for retrial. The Hebei High People's Court handed down its first instance retrial judgment, pursuant to which all claims and counterclaims by the parties were dismissed. Afterwards, R&F Beijing filed an appeal with the SPC in relation to, among other matters, its counterclaims against Guoxing Global and for recovery of its legal costs. As at the reporting date, the appeal with the SPC is still in progress.

(c) An investment group as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB404 million, and such lawsuit has been accepted by 廣州市黃埔區人民法院 (People's Court of Huangpu District, Guangzhou) for adjudication. As at the reporting date, the lawsuit is still in progress.

(d) A trust company as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain financing arrangement with a claimed amount of approximately RMB332 million, and such lawsuit has been accepted by 杭州市中級人民法院 (Hangzhou Intermediate People's Court) for adjudication. As at the reporting date, the lawsuit is still in progress.

* for identification purpose only

45. EVENTS AFTER REPORTING PERIOD

In addition to those disclosed elsewhere in these consolidated financial statements, the Group has the following events after reporting period:

In June 2022, the Group announced a consent solicitation by Easy Tactic Limited (a wholly-owned subsidiary of the Company) as issuer in respect of its series of senior notes due 2022, 2023 and 2024 for the purposes of, among others, seeking waivers of existing or potential consequential events of default under the senior notes and extending the respective maturity dates to 2025, 2027 and 2028. The consent solicitation was passed and completed in July 2022, whereby the Group successfully restructured all series of senior notes of an aggregate principal amount of USD4.944 billion, equivalent to RMB33.103 billion, into three series of notes maturing in 2025, 2027 and 2028, respectively. For further information, please refer to the Company's overseas regulatory announcements dated 17 June 2022, 30 June 2022, 11 July 2022 and 14 July 2022 published on the respective websites of the Company (https://www.rfchina.com) and The Stock Exchange of Hong Kong Limited (https://www.hkexnews.hk), and the announcements issued by Easy Tactic Limited on the website of The Singapore Exchange Securities Trading Limited (https://www.sgx.com).

SUPPLEMENTARY INFORMATION

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2021 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	(Loss)/profit for the year ended 31 December		**Total equity as at 31 December**	
	2021	2020	**2021**	2020
As stated in accordance with CAS	**(15,988,656)**	7,837,837	**77,854,322**	86,819,305
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gains arising from business combinations	**(1,950)**	(2,469)	**35,420**	37,370
2. Deferred taxation	**488**	617	**(8,858)**	(9,346)
3. Revaluation gains on investment properties transferred from property, plant and equipment	**(469,558)**	–	**–**	–
4. Revaluation gains on investment properties transferred from properties under development	**289,918**	1,493,853	**3,267**	–
5. Revaluation model of subsequent measurement for hotel buildings	**(183,524)**	(183,523)	**4,974,490**	5,158,014
As stated in accordance with HKFRS	**(16,353,282)**	9,146,315	**82,858,641**	92,005,343

Notes:

1. The Group adopted SSAP27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.

3. Fair value revaluation gains on transfer from property, plant and equipment to investment properties are recognised in other comprehensive income under both HKFRS and CAS. Upon disposal such investment properties, such previously recognised revaluation gains are transferred to retained earnings under HKFRS while released to income statement under CAS respectively.

4. The revaluation gains on investment properties transferred from properties under development was recognised in income statement under HKFRS, while in accordance with CAS was recognised in other comprehensive income.

5. The Group changed its accounting policies on hotel buildings to follow the revaluation model under HKAS 16 with effective from 1 January 2020.

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in RMB Yuan thousands)

CONSOLIDATED BALANCE SHEET (AS AT 31 DECEMBER)

	2021	2020	2019	2018	2017
Non-current assets	**123,346,672**	114,409,335	103,608,668	95,118,290	84,429,320
Current assets	**275,195,662**	327,775,880	323,717,650	271,075,640	213,679,620
Total assets	**398,542,334**	442,185,215	427,326,318	366,193,930	298,108,940
Non-current liabilities	**78,522,225**	107,952,433	143,224,090	118,614,185	120,549,779
Current liabilities	**237,161,468**	242,227,439	204,303,103	177,719,161	112,665,507
Total liabilities	**315,683,693**	350,179,872	347,527,193	296,333,346	233,215,286
Total equity	**82,858,641**	92,005,343	79,799,125	69,860,584	64,893,654

CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2021	2020	2019	2018	2017
Revenue	**76,230,335**	85,891,778	90,813,970	76,857,682	59,277,855
Cost of sales	**(78,397,540)**	(65,503,286)	(61,041,401)	(48,908,173)	(38,315,554)
Gross (loss)/profit	**(2,167,205)**	20,388,492	29,772,569	27,949,509	20,962,301
Other income and other gains – net	**1,729,284**	7,297,802	2,852,130	1,638,255	1,325,048
Selling and marketing costs	**(3,650,053)**	(3,258,776)	(3,292,140)	(2,556,510)	(1,814,776)
Administrative expenses	**(6,002,200)**	(6,226,248)	(6,215,897)	(5,634,288)	(3,513,480)
Net impairment losses on financial and contract assets	**(147,223)**	(172,383)	(67,270)	(27,201)	(13,502)
Gains on bargain purchase	**508,209**	66,909	–	397,226	13,107,560
Operating (loss)/profit	**(9,729,188)**	18,095,796	23,049,392	21,766,991	30,053,151
Finance costs – net	**(4,164,605)**	(2,408,771)	(5,599,527)	(5,212,327)	(1,672,979)
Share of results of joint ventures	**505,529**	292,178	611,191	288,505	(33,322)
Share of results of associates	**26,723**	(67,520)	165,208	94,177	128,170
(Loss)/profit before income tax	**(13,361,541)**	15,911,683	18,226,264	16,937,346	28,475,020
Income tax expenses	**(2,991,741)**	(6,765,368)	(8,133,054)	(8,208,961)	(7,050,765)
(Loss)/profit for the year	**(16,353,282)**	9,146,315	10,093,210	8,728,385	21,424,255
Attributable to:					
Owners of the Company	**(16,469,189)**	9,004,814	9,672,051	8,371,237	21,186,451
Holders of perpetual capital instruments	**–**	–	–	33,433	143,567
Non-controlling interests	**115,907**	141,501	421,159	323,715	94,237

PROPERTY LIST

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
China					
Guanghzou					
Guanghzou R&F Global Merchandise Center (Global Merchandise Center)	100%	Office & Retail	198,668	616,000	616,000
Guangzhou Baogang Road Project	100%	Residential & Retail	4,031	43,000	43,000
Guangzhou R&F Sky Apartment (Tangdong Project)	100%	Apartment	72,174	69,000	69,000
Guangzhou R&F Sky Apartment Xueyuan Li (Yushatan Village Project)	100%	Apartment	21,132	65,000	65,000
Guangzhou Zhongshanliu Road Project	100%	Retail	4,627	24,000	24,000
Guangzhou R&F New City (Bicun Village Project)	65%	Residential	208,482	562,000	365,000
Guangzhou R&F The Grand City (Maogang Village Project Phase 2)	45%	Residential	215,992	943,000	424,000
Guangzhou Huadu Zhongzhouxian Project	100%	Residential	34,805	104,000	104,000
Zhuhai					
Zhuhai R&F Xintiandi (Xiangzhou Hengxin Industry City Project)	68%	Residential, Apartment & Retail	16,813	285,000	192,000
Huizhou					
Huizhou R&F Hot Spring Valley (excluding Hilton Hotel)	100%	Residential & Retail	1,630,681	434,000	434,000
Huizhou R&F Bay Shore (excluding Hilton Hotel)	100%	Residential & Retail	1,318,673	1,010,000	1,010,000
Huizhou R&F Modern Plaza	100%	Residential & Retail	79,167	48,000	48,000
Huizhou R&F Huilin Hot Spring Village	100%	Residential	698,012	15,000	15,000
Huizhou R&F Shangyue Court (Jilong Town Project)	100%	Residential	110,505	134,000	134,000
Meizhou					
Meizhou R&F City	100%	Residential & Retail	832,689	393,000	393,000
Meizhou R&F Yanshan Lake	100%	Residential	218,046	372,000	372,000
Shaoguan					
Shaoguan R&F City (Wanziqianhong Project)	65%	Residential	131,419	256,000	166,000
Zhaoqing					
Zhaoqing R&F Shangyue Court (Dinghu New City 46 District Project)	100%	Residential, Apartment & Retail	46,407	103,000	103,000
Yangjiang					
Yangjiang R&F Bay Shore (Shapa Town Project)	100%	Residential	69,466	109,000	109,000
Yingde					
Yingde R&F Golden Jubilee Garden (Yinghong Town Project)	100%	Residential	69,872	151,000	151,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Lechang					
Lechang R&F Shangyue Court (Lecheng Street Project)	100%	Residential	101,593	379,000	379,000
Qingyuan					
Qingyuan China-Israel Science and Technology Town	100%	Residential & Industrial	195,572	273,000	273,000
Zhongshan					
Zhongshan R&F Center (Shiqi CBD Project)	100%	Retail	19,798	192,000	192,000
Heyuan					
Heyuan R&F Tianxi Garden (Linjiang Industry Park Project)	100%	Residential	125,684	302,000	302,000
Hainan					
Hainan R&F Bay Shore (excluding Marriot Hotel)	100%	Residential & Retail	1,702,993	275,000	275,000
Hainan R&F Mangrove Bay (excluding Hilton Hotel)	100%	Residential & Retail	4,352,042	1,510,000	1,510,000
Hainan R&F Moon Bay Shore (Wenchang Project)	100%	Residential & Retail	277,160	42,000	42,000
Hainan R&F Yuehai Bay Shore (Lingao Project)	100%	Residential & Retail	586,240	265,000	265,000
Hainan R&F The Top (Daying Mountain Project)	100%	Residential, Apartment Retail & Office	93,948	414,000	414,000
Hainan Lingshui Ocean Tour and Information Creative Park	100%	Retail	129,445	375,000	375,000
Xiangtan					
Xiangtan Xiangjiang R&F City (Xiangjiang Jiuhua Project)	100%	Residential & Retail	1,325,817	3,051,000	3,051,000
Changsha					
Changsha Xirong Plaza	33%	Residential, Apartment & Office	148,265	58,000	19,000
Changsha Furong Xintiandi	100%	Residential	32,095	340,000	340,000
Hengyang					
Hengyang Chuanshan West Road Project	50%	Residential	59,178	178,000	89,000
Wuhan					
Wuhan Meiqiao R&F Plaza	50%	Office, Apartment & Retail	21,754	239,000	120,000
Wuhan R&F Xixi Yueju (Dongxihu District Project)	100%	Residential	66,940	231,000	231,000
Wuhan R&F Lvdu Central Park	60%	Residential & Retail	107,734	346,000	207,000
Wuhan Jiangxia Technology Innovation Center	100%	Apartment, Office, Retail & Hotel	54,025	189,000	189,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Tianmen					
Tianmen R&F Cambridge Court (Huiqiao Avenue Project)	100%	Residential	79,395	69,000	69,000
Ezhou					
Ezhou R&F Golden Jubilee Yue City (Wenchang Avenue Project)	100%	Residential	54,676	108,000	108,000
Fuzhou					
Fuzhou R&F Yueshanhu (Jinshui Lake Project)	100%	Residential, Hotel & Retail	147,631	332,000	332,000
Zhangzhou					
Zhangzhou R&F Jinxiutaoyuan	100%	Residential	179,666	142,000	142,000
Nanchang					
Nanchang R&F Prosperous Palace (Honggutan Project)	100%	Residential & Retail	36,351	80,000	80,000
Jiujiang					
Jiujiang R&F Wenlan Residence	33%	Residential	40,061	119,000	40,000
Jiujiang R&F Xunyang Mansion	60%	Residential	48,135	97,000	58,000
Fuzhou					
Fuzhou R&F Shangyue Court (Nanfeng County Project)	100%	Residential	50,103	34,000	34,000
Shangrao					
Shangrao R&F Xixi Residence (Guangfeng District Project)	100%	Residential	67,017	96,000	96,000
Ganzhou					
Ganzhou R&F Modern City (excluding IP portion)	100%	Residential, Apartment & Office	363,534	846,000	846,000
Chongqing					
Chongqing R&F City	100%	Residential & Retail	1,981,995	2,810,000	2,810,000
Chongqing R&F Nanshan Mansion	100%	Residential & Retail	79,583	31,000	31,000
Chongqing R&F Bay Shore (Yubei Project)	100%	Residential & Retail	173,630	342,000	342,000
Chongqing Bailuwan (Bishan District Project)	100%	Residential	267,082	191,000	191,000
Chongqing R&F Shangyue Court (Jiangjin Luohuang Project)	100%	Residential	69,633	148,000	148,000
Leshan					
Leshan R&F Shangyue Court (Tongjiang District Project)	100%	Residential	57,294	70,000	70,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Meishan					
Meishan R&F Cambridge Court (Mindong New District Project)	100%	Residential	176,841	187,000	187,000
Luzhou					
Luzhou R&F Prosperous Palace (Naxi District Project)	100%	Residential	187,582	721,000	721,000
Guiyang					
Guiyang R&F Shangyue Court ("3535" Factory Project)	100%	Residential	76,178	495,000	495,000
Guiyang R&F Xintiandi (Jinyang Plaza Project)	100%	Apartment & Retail	64,379	83,000	83,000
Kaili					
Kaili R&F Dongnan Residence (Jiaruihe Project)	80%	Residential & Apartment	333,696	180,000	144,000
Guilin					
Guilin R&F City	100%	Residential	161,745	642,000	642,000
Zunyi					
Zunyi R&F Yuexi Garden (Gongqing Avenue Project)	100%	Residential	26,870	49,000	49,000
Kunming					
Kunming R&F Bay Shore (Yangzonghai Project)	100%	Residential	154,494	55,000	55,000
Lijiang					
Lijiang R&F Xintiandi (Old Town Tiandi Project)	100%	Residential & Retail	63,121	88,000	88,000
Shanghai					
Shanghai Fengxian District Nanqiao New Town Project (excluding commercial center)	100%	Retail & Office	51,879	230,000	230,000
Nanjing					
Nanjing R&F City	100%	Residential, Office & Hotel	571,864	151,000	151,000
Fuyang					
Fuyang Dahe Chengzhang (Yingdong Project) (excluding Hotel portion)	50%	Residential	267,608	575,000	287,000
Huaibei					
Huaibei R&F Xiangcheng Residence (Donghu Project)	100%	Residential	94,562	91,000	91,000
Suzhou					
Suzhou R&F City	57%	Residential	86,461	142,000	80,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Lu'an					
Lu'an R&F Cambridge Court (Yu'an District Project)	100%	Residential	81,722	99,000	99,000
Huainan					
Huainan R&F City	100%	Residential & Retail	263,884	711,000	711,000
Hangzhou					
Hangzhou R&F Center (Future Science City Project)	100%	Residential, Retail & Hotel	107,516	491,000	491,000
Suzhou					
Suzhou Swan Harbor Park (Taihu New Town Project) (excluding IP Portion)	50%	Residential, Office, Apartment & Retail	85,284	294,000	147,000
Wuxi					
Wuxi R&F Yunhe No.10 (Mingliya Project) (excluding IP Portion)	100%	Residential, Retail & Hotel	123,392	124,000	124,000
Nantong					
Nantong R&F Cambridge Court (Tonglv River South Project)	100%	Residential & Retail	190,621	202,000	202,000
Zhenjiang					
Zhenjiang R&F Yangtse River Residence	100%	Residential	35,069	32,000	32,000
Yancheng					
Yancheng R&F Science and Technology Innovation City (excluding IP portion)	100%	Residential & Retail	832,177	2,060,000	2,060,000
Wenzhou					
Wenzhou R&F City (Kaifa District Binghai Garden Project)	100%	Residential & Retail	132,312	109,000	109,000
Jinhua					
Jinhua R&F Sanjiang Duhui (Duohu Project)	100%	Residential	74,870	312,000	312,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Beijing and vicinity					
Beijing Tongzhou R&F Center (Land No. 8-12) (excluding IP portion)	100%	Office & Apartment	69,796	152,000	152,000
Beijing R&F New Town	100%	Residential	932,994	394,000	394,000
Beijing Shokai R&F No.10 International (Shunyi District Gaoliying Project)	50%	Retail	170,200	369,000	184,000
Beijing CCCc R&F No.10 Mansion (Yanqing District Convention Centre Project) (excluding Hotel)	50%	Residential & Hotel	59,488	105,000	52,000
Beijing R&F Shoukai Campus One (Gaoliying Residential Project)	50%	Residential	96,885	216,000	108,000
Beijing Shunyi Airport Project	100%	Industrial	54,502	44,000	44,000
Tangshan					
Tangshan R&F No.10 (Gongjianfa Project)	100%	Residential & Retail	22,157	57,000	57,000
Tangshan Caofeidian R&F City	100%	Residential	285,745	345,000	345,000
Tangshan Lutai R&F City	100%	Residential	279,085	279,000	279,000
Tangshan Nanhu CBD Project	50%	Residential, Apartment & Retail	222,593	493,000	246,000
Shijiazhuang					
Shijiazhuang R&F Xibo Water Town (Pingshan Project)	100%	Residential	584,428	553,000	553,000
Shijiazhuang R&F City (Nandou Project)	100%	Residential	94,092	122,000	122,000
Shijiangzhuang R&F Plaza (Xiumen Project)	100%	Office & Retail	9,805	198,000	198,000
Qinhuangdao					
Qinhuangdao Beidaihe Songshi Project	100%	Residential	166,855	85,000	85,000
Xingtai					
Xingtai R&F City (International Ecology Village)	100%	Residential	134,403	345,000	345,000
Cangzhou					
Cangzhou R&F Shangyue Court (Yunhe District Project)	100%	Residential	74,155	197,000	197,000
Tianjin					
Tianjin R&F Jinmen Lake (Meijingwan Project)	100%	Residential	930,932	56,000	56,000
Tianjin R&F Guangdong Building (Tanggu Project)	100%	Office & Retail	23,070	291,000	291,000
Tianjin Jinnan New Town	25%	Residential, Retail, Office & Hotel	1,289,227	1,155,000	289,000
Tianjin R&F New Town (Tuanbo Lake Project)	100%	Residential & Retail	1,781,702	1,746,000	1,746,000
Tianjin Jinxi Chentang Project	50%	Residential & Retail	38,090	134,000	67,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Dongying					
Dongying R&F Boyue Residence (14#)	100%	Residential	74,685	32,000	32,000
Dongying R&F Shangyue Court (Kaifa District Guangzhou Road Project)	50%	Residential	60,453	97,000	49,000
Heze					
Heze R&F City (Renminlu Project)	100%	Residential	191,062	326,000	326,000
Zouping					
Zouping R&F City	100%	Residential	93,524	73,000	73,000
Zouping R&F Shengyue Court (Liquan Project)	100%	Residential	41,187	76,000	76,000
Qingdao					
Qingdao Business Park	70%	Retail, Office & Hotel	143,739	153,000	107,000
Zibo					
Zibo R&F Wanda Plaza (excluding shopping mall)	100%	Residential & Retail	135,038	98,000	98,000
Dezhou					
Dezhou R&F City (Ningjin County Kangning Lake Project)	100%	Residential	160,367	308,000	308,000
Weihai					
Weihai R&F City	100%	Residential & Retail	183,759	219,000	219,000
Weihai R&F Star World (Wangdao Project)	80%	Residential & Retail	170,286	433,000	346,000
Xian					
Xian R&F Global Merchandise City (Xixian New District Project)	80%	Office & Hotel	94,490	159,000	127,000
Xian R&F Kaiyuan City (Tumen Resettlement Project)	100%	Residential	117,095	927,000	927,000
Taiyuan					
Taiyuan R&F City	100%	Residential & Retail	1,056,200	37,000	37,000
Taiyuan R&F Prosperous Palace	100%	Residential & Retail	237,601	397,000	397,000
Taiyuan R&F Hills (Mengshan Project)	100%	Residential & Retail	281,806	246,000	246,000
Taiyuan R&F City Garden No.8 (Dunhuafang Project)	100%	Residential & Retail	188,744	78,000	78,000
Taiyuan R&F Tianxi City (Daxiao Dongliu Project)	100%	Residential & Retail	512,772	1,434,000	1,434,000
Taiyuan R&F Bay Shore (Xizhai Village Project)	100%	Residential	89,628	113,000	113,000
Taiyuan R&F Golden Jubilee City (Longbao Project)	100%	Residential	224,928	492,000	492,000
Taiyuan R&F Yipin	100%	Residential & Retail	28,455	179,000	179,000
Taiyuan R&F Junyue Residence (Muchangtou Project)	100%	Residential	78,763	336,000	336,000
Taiyuan R&F Yuexi City (Pingban Glass Factory Project)	100%	Residential & Retail	198,352	678,000	678,000
Taiyuan R&F City Jiuyuan (Dunhuafang Renewal Project)	51%	Residential	113,125	618,000	315,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Datong					
Datong R&F City	100%	Residential & Retail	708,112	1,236,000	1,236,000
Linfen					
Linfen R&F Shangyue Court	100%	Residential, Office & Retail	35,096	89,000	89,000
Changzhi					
Changzhi R&F Shangyue Court (Matoufang Project)	100%	Residential	57,547	521,000	521,000
Weinan					
Weinan R&F City	100%	Residential	257,361	582,000	582,000
Baoji					
Baoji Taibai Mountain Project	51%	Residential & Retail	147,229	177,000	90,000
Harbin					
Harbin R&F City	100%	Residential & Retail	399,198	375,000	375,000
Shenyang					
Shenyang R&F Royal Villa	100%	Residential	373,406	28,000	28,000
Shenyang R&F International Finance Center (Shenhe District Project)	100%	Residential, Office & Retail	29,250	372,000	372,000
Shenyang R&F Xingyue Bay Shore (Shenbei New District Project)	100%	Residential	373,092	177,000	177,000
Shenyang R&F Cambridge Court（Outlets Project)	100%	Residential	193,788	360,000	360,000
Shenyang R&F Shengyue Court	100%	Residential	199,198	446,000	446,000
Anshan					
Anshan R&F Kaixuanmen	100%	Residential	37,766	158,000	158,000
Anshan R&F City (Tiedong Yingzi City Project)	100%	Residential	509,692	885,000	885,000
Tieling					
Tieling New Town Center Project	100%	Retail	255,524	457,000	457,000
Tieling R&F Four Seasons Peninsula (Lianhua Lake Project)	100%	Residential	884,185	712,000	712,000
Dalian					
Dalian R&F Dongdi Wanpan（Xiaoyaowan Project）	100%	Residential & Retail	389,308	809,000	809,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Baotou					
Baotou R&F City	100%	Residential, Office, Apartment & Retail	426,911	428,000	428,000
Baotou R&F Cambridge Court (Donghe Project)	100%	Residential	288,669	187,000	187,000
Baotou R&F Hills (Shiguai District Project)	100%	Residential	193,460	182,000	182,000
Baotou R&F Xiyue Court (Qingshan District Project)	100%	Residential & Retail	41,924	140,000	140,000
Baotou Binhe New District Project	65%	Residential	176,449	381,000	247,000
Huhhot					
Huhhot R&F Shangyue Court (Xincheng District Haoqinying Project)	100%	Residential	48,086	27,000	27,000
Huhhot R&F Tianxi City (Donger Daohe Project)	100%	Residential	56,008	158,000	158,000
Tongliao					
Tongliao R&F City	100%	Residential	593,387	1,070,000	1,070,000
Ulanqab					
Ulanqab Jining R&F Bay Shore (Jining Project)	100%	Residential	163,744	113,000	113,000
Lanzhou					
Lanzhou R&F Anning CBD Project (Anning CBD Project)	100%	Residential & Retail	105,141	593,000	593,000
Urumqi					
Urumqi R&F City (Shuimohe Project)	100%	Residential	440,895	1,139,000	1,139,000
Zhengzhou					
Zhengzhou Wulong New Town (Wulongkou Project)	35%	Residential	163,854	357,000	125,000
Zhengzhou R&F Jianye Shangyue Court (Huayuankou Project)	35%	Residential & Retail	106,788	493,000	173,000
Puyang					
Puyang R&F Shangyue Court (Puyang County Project)	100%	Residential	132,797	304,000	304,000
Kaifeng					
Kaifeng R&F Bay Shore (Bianxi Lake Project)	100%	Residential	101,385	213,000	213,000
Malaysia					
Johor Bahru					
Malaysia Johor R&F Princess Bay Shore	100%	Residential, Office & Retail	400,000	3,417,000	3,417,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Australia					
Melbourne					
Melbourne R&F Kinnears Live City (Footscray Project)	100%	Residential & Retail	33,288	145,000	145,000
Melbourne Boxhill Project	100%	Residential	1,457	29,000	29,000
Brisbane					
Brisbane West End Project	100%	Residential & Retail	16,800	145,000	145,000
Brisbane Springfield Project	100%	Residential	467,304	1,165,000	1,165,000
Brisbane R&F Maison (Rochdale Project Land 1)	100%	Residential	91,530	50,000	50,000
United Kingdom					
London					
London R&F Queen Square (Croydon Project)	100%	Residential	22,300	114,000	114,000
London Vauxhall Project	100%	Residential, Retail, Office & Hotel	13,700	148,000	148,000
London Nine Elms Square Project (NES Project)	50%	Residential	41,000	246,000	123,000
London One Project (including Hotel Portion)	100%	Residential, Retail, Office & Hotel	8,400	145,000	145,000
Cambodia					
Phnom Penh					
Phnom Penh R&F Prosperous Residence (Monivong Boulevard Project)	100%	Residential	15,192	212,000	212,000
Phnom Penh R&F City (Hongsen Avenue Project)	100%	Residential	77,243	242,000	242,000
Korea					
Incheon					
Incheon Yongzong Island Project Phase 2 (residential portion)	100%	Residential	50,807	203,000	203,000

Investment properties under operation	Location	Description	Approximate total GFA (sq.m.)	GFA held by the Group (sq.m.)
Guangzhou				
R&F Center	Pearl River New Town J1-4	Office building	164,200	164,200
R&F Haizhu City	R&F Tianyu Center	Shopping mall	54,900	54,900
International Grand City#	Pearl River New Town Liede Village	Shopping mall	89,300	29,800
Shiling Leather and Leather Products Center	Shiling Avenue, Shiling Town, Huadu District	Industry park	104,400	104,400
R&F Cambridge Terrace Shopping Mall	Dongguan Zhuang Road, Tianhe District	Retail	43,000	43,000
R&F West Garden Shopping Mall	Huanshi Xi Road, Liwan District	Retail	4,000	4,000
R&F King's Court (Commercial)	Xiaomei Street, Liwan District	Office building	9,000	9,000
R&F Children World	Zhongshan Eighth Road, Liwan District	Retail	19,600	19,600
R&F Modern Plaza Jiaxin Commercial Center	Gexin Road, Haizhu District	Retail	34,500	34,500
Foshan				
Foshan R&F International Finance Corporate	Guicheng Haiwu Road, Nanhai District	Office building	97,700	73,300
Hainan				
Hainan R&F Ocean Paradise	Li 'an Town, Lingshui Li Autonomous County	Theme park	181,700	181,700
Beijing				
R&F Center	Beijing R&F City	Office building	48,800	48,800
Viva Beijing R&F Plaza	Beijing R&F City	Shopping mall	100,300	100,300
Tianjin				
R&F Plaza	Tianjin R&F City	Shopping mall	42,000	42,000
Chongqing				
R&F Ocean Plaza (Retail)	R&F Ocean Plaza	Shopping mall	74,300	74,300
Chengdu				
R&F Plaza (Former R&F Tianhui Mall)	Panda City	Shopping mall	249,300	249,300
Dalian				
Dalian Wanda Commercial Center	No. 1 Gangpu Road, Zhongshan District	Office building	93,100	93,100
Zibo				
Zibo R&F Wanda Plaza	Zhongrun Road, Zhongdian District	Shopping mall	150,300	150,300
Taiyuan				
Taiyuan R&F Plaza	Taiyuan R&F City	Shopping mall	49,100	49,100
Johor Bahru, Malaysia				
R&F Mall Johor Bahru Malaysia	R&F Princess Cove, Malaysia	Shopping mall	80,900	80,900
R&F Xintiandi Johor Bahru Malaysia	R&F Princess Cove, Malaysia	Retail	33,200	33,200
Others			155,700	155,700
Total investment projects under operation			**1,879,300**	**1,795,400**

\# Joint Venture Project

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Guangzhou			
The Ritz-Carlton, Guangzhou	Pearl River New Town J2-7	351 rooms and 91 serviced apartments	95,400
Grand Hyatt Guangzhou	Pearl River New Town F1-2	368	70,800
Holiday Inn Guangzhou Airport Zone	R&F Jingang City	339	37,800
Park Hyatt Guangzhou	Pearl River New Town J1-1	208	29,600
Conrad Guangzhou*	Pearl River New Town Liede Village	309	53,400
Wanda Realm Guangzhou	Licheng Zengcheng Avenue, Zengcheng District	279	36,200
Beijing			
Renaissance Beijing Capital Hotel	Beijing R&F City	522	64,900
Holiday Inn Express Beijing Temple Of Heaven	R&F Xinran Court/Plaza	320	16,000
Wanda Realm Beijing	Shijingshan Road, Shijingshan District	312	43,500
Beijing Marriott Hotel Yanqing*	Xincheng Street, Yanqing District	325	44,100
Element Beijing Yanqing*	Xincheng Street, Yanqing District	252	25,500
Tianjin			
Wanda Vista Tianjin	Dazhigu Bahao Road, Hedong District	297	48,300
Huizhou			
Renaissance Huizhou Hotel	R&F Ligang Center	342	60,200
Hilton Huizhou Longmen Resort	R&F Hot Spring Valley	366	56,400
InterContinental Huizhou Rerost Hotel	R&F Huilin Hot Spring Village	220	66,900
R&F LN Garden Hot Spring Resort	R&F Hot Spring Valley	32	13,800
DoubleTree Resort by Hilton Huizhou	Huizhou R&F Bay Shore	308	48,700
Chongqing			
Hyatt Regency Chongqing	Jiangbei District	321	53,600
Holiday Inn Chongqing University Town	Chongqing R&F City	360	49,300
Le Meridien Chongqing	Jiangnan Avenue, Nan'an District	317	42,900
Doubletree By Hilton Chongqing Wanzhou	Beibin Avenue 2nd Section, Wanzhou District	253	37,400
Chengdu			
The Ritz-Carlton, Chengdu	Panda City	353	45,600
Hainan			
DoubleTree Resort by Hilton Hainan – Chengmai	R&F Mangrove Bay	305	44,500
Xiangshui Bay Marriott Resort & Spa	R&F Bay Shore	448	66,400
Xi'an			
Hilton Xi'an	Dongxin Street, Xincheng District	311	43,400

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Harbin			
Wanda Realm Harbin	Zhongxing Avenue, Nangang District	345	47,900
The Ritz-Carlton, Harbin	West Youyi Road, Daoli District	368	66,200
Taiyuan			
Pullman Taiyuan	Taiyuan R&F City	279	43,500
Wanda Vista Taiyuan	Jiefang Road	359	52,400
Nanning			
Wanda Realm Resort Nanning	Liangdi Road, Yongning District	224	45,200
Wanda Vista Nanning	Dongge Road	332	49,300
Shangrao			
Wanda Realm Shangrao	Guangxin Avenue, Xinzhou District	280	35,800
Yiwu			
Wanda Realm Yiwu	Xinke Road	288	37,900
Urumqi			
Wanda Vista Urumqi	Xuanwuhu Road, Economic and Technological Development District	291	47,500
Bozhou			
Wanda Realm Bozhou	Xiyi Avenue, Qiaocheng District	244	32,300
Xining			
Wanda Realm Xining	Xichuan South Road, Chengxi District	310	42,600
Siping			
Wanda Realm Siping	Ziqi Avenue, Tiedong District	246	31,700
Zhengzhou			
Wanda Vista Zhengzhou	Nongke Road, Jinshui District	292	47,600
Huhhot			
Wanda Vista Huhhot	Xinhua East Street, Saihan District	315	42,900
Liuzhou			
Wanda Realm Liuzhou	Donghuan Avenue, Chengzhong District	285	37,600
Fuyang			
Wanda Realm Fuyang	Yingzhou South Road, Yingzhou District	286	36,400
Tai'an			
Wanda Realm Tai'an	Taishan Street	285	41,600

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Dongying			
Wanda Realm Dongying	Beiyi Road, Dongying District	285	37,900
Anyang			
Wanda Realm Anyang	Zhonghua Road, Wenfeng District	289	33,800
Huangshi			
Wanda Realm Huangshi	Huahu Avenue, Huangshigang District	263	32,500
Neijiang			
Wanda Realm Neijiang	Qixia Road, Dongxing District	262	32,700
Guangyuan			
Wanda Realm Guangyuan	Wanyuan Road, Wanyuan New District, Lizhou District	286	34,300
Bengbu			
Wanda Realm Bengbu	Donghai Avenue, Bengshan District	286	34,400
Wuhu			
Wanda Realm Wuhu	Beijing Middle Road, Jinghu District	281	36,800
Jiangmen			
Wanda Realm Jiangmen	Fazhan Avenue, Pengjiang District	360	41,400
Longyan			
Wanda Realm Longyan	Shuanglong Road, Xinluo District	306	34,900
Kunming			
Wanda Vista Kunming	Qianxing Road, Xishan District	302	44,700
Lanzhou			
Wanda Vista Lanzhou	Tianshui North Road, Chengguan District	307	41,700
Jingzhou			
Wanda Realm Jingzhou	Beijing West Road, Jingzhou District	283	37,000
Ma’anshan			
Wanda Realm Ma’anshan	Taibai Avenue, Yushan District	286	36,100
Dongguan			
Wanda Vista Dongguan	Dongzong Avenue, Dongcheng District	306	44,100
Changzhou			
Wanda Realm Changzhou	Huayuan Street, Wujin District	250	34,200
Sheraton Changzhou Xinbei Hotel	Tongjiang Middle Road, Xinbei District	250	37,800

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Jinhua			
Wanda Realm Jinhua	Dongshi South Road, Jindong District	330	42,800
Jining			
Wanda Realm Jining	Taibai East Road	279	36,500
Chifeng			
Wanda Realm Chifeng	Xilamulun Street, Hongshan District	350	47,400
Ningbo			
Sofitel Ningbo	Siming Middle Road, Yinzhou District	291	40,700
Qingdao			
Le Meridien Qingdao	Yanji Road, Shibei District	349	51,100
Wuxi			
Sheraton Wuxi Binhu Hotel	Liangxi Road, Binhu District	350	46,700
Xiangyang			
Crowne plaza Xiangyang	Changhong North Road	303	43,000
Yichang			
Crowne Plaza Yichang	Yanjiang Avenue, Wujiagang District	283	39,100
Fuzhou			
The Westin Fuzhou Minjiang	Jiangbin Middle Avenue, Taijiang District	310	49,300
Hefei			
Westin Hefei Baohe	Ma’anshan Road, Baohe District	310	48,400
Wuhan			
The Westin Wuhan Wuchang	Linjiang Avenue, Wuchang District	305	50,400
Wanda Realm Wuhan	Donghu Road, Wuchang District	408	47,200
Zhenjiang			
Sheraton Zhenjiang Hotel	Beifu Road, Runzhou District	289	43,300
Shijiazhuang			
InterContinental Shijiazhuang	Huai’an East Road, Yuhua District	293	43,800
Jinan			
Hyatt Regency Jinan	Jingsi Road, Shizhong District	344	52,700
Langfang			
Wanda Realm Langfang	Xinhua Road, Guangyang District	295	41,900

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Daqing			
Sheraton Daqing Hotel	Dongfeng New Village, Sartu District	290	43,000
Taizhou			
Wanda Realm Taizhou	Jichuan East Road, Hailing District	253	38,700
Tangshan			
InterContinental Tangshan	Wenhua Road, Lunnan District	287	47,500
Dalian			
Conrad Dalian	Gangpu Road, Zhongshan District	210	57,300
Hilton Dalian	Gangpu Road, Zhongshan District	370	40,100
Ningde			
Wanda Realm Ningde	Tianhu East Road, Jiaocheng District	291	40,800
Quanzhou			
Wanda Vista Quanzhou	Baozhou Road, Fengze District	322	47,800
Changsha			
Wanda Vista Changsha	Xiangjiang Middle Road, Kaifu District	425	65,800
Huai'an			
Wanda Realm Huai'an	Xiangyu Middle Road, Qinghe District	230	44,600
Yixing			
Le Meridien Yixing	Yangxian East Road	280	42,100
Shenyang			
Wanda Vista Shenyang	Yingpan West Street, Dongling District	300	51,700
Fushun			
Wanda Realm Fushun	Hunhe South Road, Xinfu District	280	39,500
Nanchang			
Wanda Realm Nanchang	Fenghuang Middle Avenue, Honggutan New District	300	41,500
Yinchuan			
Wanda Realm Yinchuan	Qinshui North Street, Jinfeng District	305	46,300
Dandong			
Wanda Realm Dandong	Jinshan Street, Zhenxing District	302	48,500
Nanjing			
Wanda Realm Nanjing	Zhushan Road, Jiangning District	303	43,100

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Weifang			
Pullman Weifang	Fushou East Street	271	36,800
Qiqihar			
Wanda Realm Qiqihar	Xinjiang Road, Jianhua District	308	37,100
Changchun			
Wanda Vista Changchun	Hongqi Street	236	39,900
Total 93 hotels under operation		**28,192**	**4,103,700**

* Joint Venture Project

As of 31 December 2021, the Group currently has 93 hotels under operation and 41 hotels under development or planning, totally 134 hotels.

CORPORATE INFORMATION

Executive Directors	Li Sze Lim Zhang Li Zhang Hui Xiang Lijun
Non-executive Directors	Zhang Lin Li Helen
Independent Non-executive Directors	Zheng Ercheng Ng Yau Wah Daniel Wong Chun Bong
Supervisors	Chen Liangnuan Zhao Xianglin Zhang Yucong
Authorized Representatives	Li Sze Lim Lee Michael
Company Secretary	Lee Michael
Registered Office in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in Hong Kong	Room 6303, The Center, No. 99 Queen's Road Central, Hong Kong
Auditor	BDO Limited 25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' CALENDAR

Interim results announcement	24 August 2021
Interim dividend paid	15 November 2021
Final results announcement	5 August 2022
Closure of register of members (for the entitlement of attending the annual general meeting)	9 September to 16 September 2022 (both days inclusive)
Annual general meeting	16 September 2022

LISTING INFORMATION

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

Stock Code

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

Board Lot Size 400 shares

Share Information

	Stock Price*	
Year	**High** HK$	**Low** HK$
2005 (from 14 July to 31 Dec)	6.9375	2.7
2006	17.14	6.675
2007	45.6	12.8
2008	28.3	2.3
2009	18.98	5.31
2010	14.14	8.55
2011	12.54	5.48
2012	13.40	5.80
2013	16.28	9.89
2014	11.92	7.65
2015	10.9	6.35
2016	13.98	7.58
2017	21.65	9.20
2018	23.85	11.22
2019	17.6	11.16
2020	15.54	8.23
2021	10.68	2.90

* 28 September 2006 — 4-for-1 share sub-division adjusted

廣州富力地產股份有限公司
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* for identification purpose only