2021
年報
ANNUAL REPORT

景瑞控股
JINGRUI HOLDINGS

景瑞控股有限公司*
JINGRUI HOLDINGS LIMITED

（於開曼群島註冊成立的有限公司）
（Incorporated in the Cayman Islands with limited liability）

股份代號 Stock code : 01862

* 僅供識別
For identification purpose only

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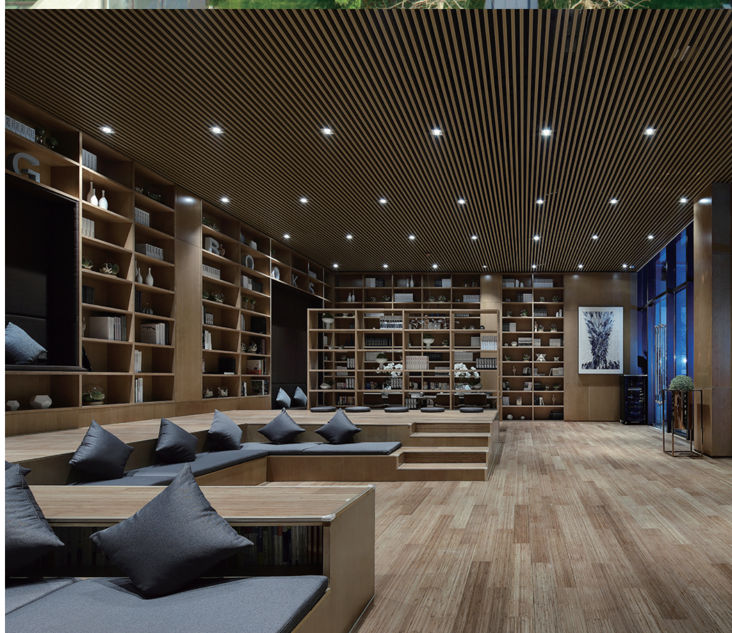

Corporate Profile

Jingrui Holdings Limited (stock code: 01862.HK) ("**Jingrui**" or the "**Company**") is a leading residential property developer, an asset management operator and a professional service provider in the People's Republic of China (the "**PRC**" or "**China**"). Its business segments range from real estate development, decoration, urban renewal, asset management, commercial operation and property management. The Company was established in Shanghai in 1993, with the mission of "Dedicated to Building a Wonderful Life" (用心建築精彩生活), after years of development and accumulation, it was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in October 2013.

Jingrui has five major business platforms of Yan Capital Management (優鉞資管), Jingrui Properties (景瑞地產), Jingrui Capital (景瑞不動產), Jingrui Service (景瑞服務) and Co-Fortune Capital (合福資本) under it. With real estate asset management as the core business, Jingrui focuses on residential development, apartment and offices in first- and second-tier core cities and metropolitan areas, contributing to an urban beautiful life and providing end-to-end value-added services to investors.

As of the end of 2021, the Company has made deploy in 24 cities across China and built and operated 116 projects. With outstanding performance, it has been presented awards including the "Top 50 Real Estate Listed Companies in China in Comprehensive Strength", "Top 10 Real Estate Listed Companies in China in Operational Efficiency", "Top 10 Investment Value of Mainland Real Estate Companies Listed in Hong Kong", "Top 10 Wealth Creation Capability of Mainland Real Estate Companies listed in Hong Kong" and "Property Management Companies in China with Greatest Potential".

CORPORATE PROFILE

Jingrui is determined to build a dual-drivers powered business model with "customers' value orientation". By adhering to the transformation direction of "light-asset, refinement and operation-prioritization", it is optimistic about real estate in the long run and focuses on three major tracks of increment, stock and service with resources concentrated on development business to realize light-asset operation for stock and services. Through the light-asset operation and the Design to Value ("**DTV**"), Jingrui exerted a keen insight on customers' demands and empowered its business with technology to consistently promote real estate development, the operation of properties held and the levels of property management services, creating a colorful life for customers and injecting development vigor into cities. It strived to be a large-scale asset management platform of "fund raising, investment in projects, post-investment project management and capital withdrawal" and transform from a traditional developer into an asset management service provider.

In the future, facing the macroeconomic situation and profound changes in the real estate industry, we will always stick to the mission of "Dedicated to Building a Wonderful Life", and catalyze light-asset business through quality improvement and operational capability building with debt reduction as the starting point to achieve quality development. We will remain true to our original aspiration, seek excellence and achieve the goal of "pioneer in asset management with the best knowledge in both architecture and lifestyle".

Corporate Information

COMPANY NAME
Jingrui Holdings Limited

EXECUTIVE DIRECTORS
Mr. Yan Hao *(Chairman (re-designated from Co-chairman on 30 March 2023) and Chief Executive Officer)*
Mr. Xu Hai Feng *(Vice President)*
Mr. Chen Chao *(Vice President and Chief Financial Officer)*

NON-EXECUTIVE DIRECTOR
Mr. Chen Xin Ge *(Co-chairman (resigned on 30 March 2023)) (re-designated from executive Director to non-executive Director on 30 March 2023)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

AUDIT COMMITTEE
Mr. Qian Shi Zheng *(Chairman)*
Dr. Lo Wing Yan William
Mr. Han Jiong

REMUNERATION COMMITTEE
Mr. Han Jiong *(Chairman)*
Dr. Lo Wing Yan William
Mr. Yan Hao *(appointed on 30 March 2023)*
Mr. Chen Xin Ge *(ceased to serve on 30 March 2023)*

NOMINATION COMMITTEE
Mr. Han Jiong *(Chairman)(re-designated from member of the Nomination Committee on 30 March 2023)*
Dr. Lo Wing Yan William
Mr. Chen Xin Ge *(appointed on 30 March 2023)*
Mr. Yan Hao *(Chairman) (ceased to serve on 30 March 2023)*

RISK MANAGEMENT COMMITTEE
Mr. Qian Shi Zheng *(Chairman)*
Mr. Han Jiong
Dr. Lo Wing Yan William

COMPANY SECRETARY
Ms. Jiang Bing Xian
Ms. So Lai Shan *(resigned as joint company secretary on 7 May 2021)*

AUTHORISED REPRESENTATIVES
Mr. Yan Hao
Ms. Jiang Bing Xian

COMPANY'S WEBSITE
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STOCK CODE
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183 Queen's Road East, Wanchai, Hong Kong

PRINCIPAL BANKS
Hong Kong
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited
Bank of China (Hong Kong) Limited

PRC
Agricultural Bank of China, Shanghai Branch
China Construction Bank, Shanghai Branch
Bank of China, Shanghai Branch
Bank of Shanghai, Shanghai Branch

FINANCIAL HIGHLIGHTS

KEY FINANCIAL INDICATORS:

	Year ended 31 December				
	2021		2020		Change
	RMB million	**Percentage to revenue %**	RMB million	Percentage to revenue %	%
Revenue	**13,551.6**	**100.0**	12,782.4	100.0	6.0
Gross profit	**2,440.0**	**18.0**	2,504.0	19.6	(2.6)
Profit for the year					
– Including non-controlling interests	**393.8**	**2.9**	1,273.5	10.0	(69.1)
– Attributable to equity holders	**127.5**	**0.9**	958.1	7.5	(86.7)
Core net profit					
– Including non-controlling interests	**393.1**	**2.9**	1,286.3	10.1	(69.4)
– Attributable to equity holders	**126.8**	**0.9**	965.2	7.6	(86.9)

KEY OPERATION INDICATORS:

	Year ended 31 December		
	2021	2020	Change %
Contracted sales value (RMB million)	**27,011.1**	25,507.0	5.9
Contracted sales area (sq.m.)	**1,433,004.5**	1,157,657.9	23.8
Average contracted selling price (RMB/sq.m.)	**18,849.3**	22,033.3	(14.5)

KEY RATIO INDICATORS:

	2021 %	2020 %
Gross profit margin (%)	**18.0**	19.6
Total assets turnover (%)[1]	**20.6**	21.2
Return on equity (%)[2]	**3.5**	12.5
Net debt-to-capital ratio (%)[3]	**94**	69

(1) Equal to revenue for the respective year divided by the average of total assets at the beginning and the end of the year.

(2) Equal to profit for the year divided by the average of total equity at the beginning and the end of the year and multiplied by 100%.

(3) Equal to net debt at the end of the period under review divided by total equity and multiplied by 100%. Net debt is calculated as total borrowing minus cash and cash equivalents and restricted cash.

Chairman's Statement

In 2021, the real estate sector had experienced its darkest moment, and when such situation receded, the stability became the most important thing. From adhering to cultivating first- and second-tier core cities and metropolitan areas to focusing on creating real value for customers and investors, Jingrui has never forget its original vision of property development and will follow the industry trend, firmly establish the business model of large-scale asset management, and continue to enhance its comprehensive capabilities of "fund raising, investment in projects, post-investment project management and capital withdrawal" to be a long-term doctrine in the real estate sector. Jingrui remains confident about the future. We will continue to focus on the core city groups and provide our customers with good houses and high-quality services with keen insight of their needs; we will also enhance the value of our stock assets through urban renewal and fine operation, and create a better life together with you.

Yan Hao
Chen Xin Ge
Co-chairmen

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Jingrui Holdings Limited ("**Jingrui**" or the "**Company**"), we are pleased to present the business review and outlook of the Company and its subsidiaries (the "**Group**", "**we**" or "**us**") for the year ended 31 December 2021 (the "**Year**").

Market Review

In 2021, the coronavirus pandemic ("**COVID-19**") continued to be prevalent around the world, which had a profound effect on the world economy. In face of this complex and challenging environment, the Government of the PRC has calmly responded to the changes and the epidemic which were unprecedented during the past century, and the economy has continued to recover steadily with the economy growing rate among the highest growing rate of the world's major economies. The annual gross domestic product amounted to RMB114,367 billion, representing a year-on-year increase of 8.1% and a two-year average growth rate of 5.1%. The economy of China has become an important force leading the world's economic recovery.

Looking back, "change" and "regulation" were the main tone of the real estate market in 2021. The central government has insisted on the general tone of "housing is for accommodation, not for speculation". After the implement of "Three Red Lines", it has intensively introduced policies such as "real estate loan centralized management", "two concentrations of land supply" and "a pilot program of real estate tax reform" to restrain both supply and demand, and the cumulative number of real estate regulation has reached 586 in 2021. Real estate companies were under pressure in sales and financing, and were more cautious in investment. According to China Index Academy, in 2021, the total consideration of land acquisition by Top 100 real estate enterprises was RMB2.54 trillion, representing a year-on-year decrease of 21.5%. Meanwhile, due to the tightened loan policy, the confidence of property buyers was affected, contract sales also showed a trend of "eventual decrease" and the completion rate of overall industry sales target was significantly lower than that of last year.

Although the overall regulation of the real estate sector became more and more stringent, the central government has also formulated a number of policies to encourage the development of guaranteed rental housing and actively promoted the new-type urbanization and integrated urban-rural development, which will give direction to the development of the industry while pursuing the policy of "housing is for accommodation, not for speculation". Driven by multiple factors, the real estate development investment of China grew by 4.4% in 2021. The sales area of commodity houses in China was RMB1,794.33 million square meters ("**sq.m.**"), increased by 1.9%, and the sales of commodity houses was RMB18,193 billion, which increased by 4.8%, and the overall trend was stable.

Looking ahead, under the main tone of "housing is for accommodation, not for speculation, and differential measures in light of different situations in different cities", the central government will continue to meet the housing needs of the public. The Company is also committed to exploring new development models, insisting on renting and buying, accelerating the development of the long-term rental housing market, promoting the construction of affordable housing, supporting the market of commodity houses to better meet the reasonable housing needs of property buyers and achieving stable land prices, housing prices and market expectations so as to promote the virtuous cycle and healthy development of the real estate sector under the policy of differential measures in light of different situations in different cities. Promoting the healthy development and virtuous cycle, returning to the real demand and pursuing long-termism of the real estate sector are compulsory courses for every real estate enterprise in the future.

Chairman's Statement

Operational Performance

In 2021, Jingrui firmly implemented its large-scale asset management strategy and deeply penetrated into the real estate sector, focused on development and excellent operation, and achieved steady development against the backdrop of the overall turbulence in the real estate sector. During the reporting period, the Group's accumulated contracted sales was approximately RMB27.011 billion, which represents an increase of 5.9% from last year (2020: RMB25.507 billion). The contracted sales area was approximately 1,433,005 sq.m., with an average contracted sales price of RMB18,849 per sq.m.

In terms of land bank, Jingrui adhered to the strategic plan of cultivation in the first- and second-tier core cities and metropolitan areas, and proactively expanded land reserves in core city clusters to accumulate quality land reserves for the Company's future development. During the Year, the Group secured a total of 7 new projects in Shanghai, Wuhan, Ningbo, Jinhua, Nanchang and Jiujiang, with a total investment of RMB5.29 billion and a total product value of RMB10.30 billion, of which first-hand projects accounted for 22.7% and second-hand projects accounted for 77.3%. As of 31 December 2021, the Group had total land reserves of about 4.99 million sq.m., which is able to meet the needs of sustainable development for the next two to three years. It also laid a sound foundation for the Group's future high-quality growth.

The Group has maintained a prudent financial policy. During the reporting period, the Group issued a total senior notes of USD515 million, comprising senior notes of USD110 million, USD157 million, USD33 million, USD50 million and USD165 million with an interest rate of 14.5%, 12.5%, 12.5%, 12.5% and 12%, respectively, in March, April, May, August and September 2021, respectively. With the tightening financing for real estate enterprises, the successful issuance of the USD senior notes represented the capital market's trust and support for Jingrui.

In 2021, Jingrui focused on increment, stock and services and further developed five major platforms with the guidance of "large-scale asset management" strategy. During the Year, Yan Capital Management integrated internal and external resources and gave full play to the professional advantages of intergroup platforms to build strong market analysis, investment mergers and acquisitions and active asset management capabilities, which laid a solid foundation for achieving stable and sustainable fund investment returns; Jingrui Properties was committed to analyzing the trend of the market, developed deep insight for customers' demands and deeply explored the product value, so as to continuously improve product and service quality and increase both scale and efficiency; Jingrui Capital provided end-to-end services to investors with the guidance of achieving high-quality asset management scale and concentrating on urban renewal and land matching, which broke new ground for business operation. During the Year, with the grand opening of the new landmark of complex, the Maglink Project in Pudong district of Shanghai, Jingrui Joyride (景瑞悦樘) launched Joyride's REAL CLUB membership system, upgrading the users' services; Jingrui Service thoroughly accelerated the application of smart scenarios throughout the life cycle centered on "smart+, creating a better life together", thus continuously improving management services. Besides, it was awarded Shanghai Top 100 Comprehensive Property Service Enterprises 2021; with an aim to equip the other four major segments with asset operation capability, Co-Fortune Capital (合福資本) strives to cultivate its investment management capability in the area of "Real Estate Industrial Chain + Post-Life Service", which achieved sound asset management efficiency.

In 2021, Jingrui resisted the pressure and followed the leading of the large-scale asset management strategy, updated continuously its five major platforms and achieved new leapfrog development. In the future, we will remain true to our original aspirations, forge ahead with courage and perseverance, accumulate more beautiful products and create a more colorful life.

Keeping the original intention and forging strength to deepen the large-scale asset management strategy

Under the increasing regulation and controls on the real estate sector, along with "Three Red Lines", "Centralized Land Supply" and "New Regulations on Asset Management" implemented, it has become a consensus to accelerate the liquidation of the real estate sector. In order to cope with the development of the industry, Jingrui has prepared in advance and insisted on the strategic transformation of its large-scale asset management strategy in the direction of "light-asset, refinement and operation-prioritization" determined earlier, and transforming to the "light-asset" business model of "real estate + finance", so as to maturely cope with the current environment of the real estate sector.

Focusing on the whole cycle of fund operation of "fund raising, investment in projects, post-investment project management and capital withdrawal", Yan Capital Management is committed to linking the "investor side" and "asset side" to build an integrated asset management system of Jingrui. As of 31 December 2021, Yan Capital Management has launched and established 25 funds with an accumulated fund management scale of approximately RMB9.22 billion, and as at 31 December 2021, the existing fund scale is RMB3.96 billion. The proceeds from fund raising externally in 2021 amounted to approximately RMB1.35 billion. During the Year, the withdrawal of five funds including Youbang Fund (優邦基金) and Yousu Fund (優蘇基金) was realized, with an average exit yield of 12.5%. Leveraging on its comprehensive strength of fund management in the field of real estate investment and excellent achievements, Yan Capital Management was awarded the "Top 10 Annual Influential Equity Investment Agency of China Real Estate in 2021", the "Top 3 Outstanding Private Real Estate Fund", the "Outstanding Brand Enterprise of China Real Estate Fund in 2021", the "Top 10 Most Powerful Real Estate Fund in China" and other awards and recognitions for 2021 Property Sector Trend – Corporate Performance.

In 2021, uncertainty in the real estate sector will intensify, and investment in the real estate ecosystem will be full of challenges. As a light asset investment platform under Jingrui, Co-Fortune Capital focused on the functional positioning of "facilitating the large-scale asset management mode", insisted on prudent investment strategies, consistently improved post-investment management and exit mechanisms around the demand for steady growth to achieve the expected investment targets and maximize shareholders' value. As of 31 December 2021, Co-Fortune Capital invested in a total of 15 projects with an accumulated investment amount of RMB1.164 billion. During the Year, Co-Fortune Capital has successfully exited from the Grail project and part of Yuansheng Fund (元生基金), totalling RMB140 million, of which the internal return rate of the Grail project reached 24%.

Chairman's Statement

Refining products and services to promote high-quality development

Jingrui Properties has been always adhering to the "customer-oriented" value and striving to create values for customers. As real estate enters the era of inventory and faces the impact of the digital wave on the real estate sector, Jingrui Properties takes "customization" as its breakthrough point and makes every effort to build the "Space me" empowerment platform to provide customers with a full range of differentiated customization services through technological innovation in all aspects of real estate development to meet customers' sense of participation and personalized needs. As of 31 December 2021, "Space me" covered nearly 24,000 households in total, offered more than 50 categories of customized products, which can combine thousands of products, and achieved an installation rate of 70% (installation rate for selected customers/visiting DTV installation customers), which was highly recognized by customers. While developing customization and taking customer-needs as its orientation, Jingrui Properties built a new product value system, "WAVE". Through the innovation and launch of the customized "Yue" series for the "urban youth generation" and the customized "Yu" series for the "urban elites", Jingrui tries its best to meet differentiated demands from different stages of life and different groups. During the Year, Jingrui Properties was awarded the "Top 10 Brand Value of Real Estate Companies in Yangtze River Delta City Cluster in 2021" and other awards.

Jingrui Capital, as a platform under Jingrui designed for investment, development, renovation and operation of rental apartments and office buildings, focuses on urban renewal and land matching with long-term rented apartments as strategic business and office buildings as opportunity-based business. Through the holding, management and operation of stock properties, Jingrui Capital deeply explores asset value, develops quality space for customers, provides investors with "end-to-end" services and pursues the mission of "Dedicated to Developing Assets Value" (用心共築資產價值). As of 31 December 2021, Jingrui Capital had 12 apartment projects and 4 commercial and office projects in "Beijing, Shanghai, Suzhou and Hangzhou" and the asset management scale was nearly RMB9.7 billion. It successfully withdrew from 3 projects. During the Year, a total of RMB241 million of rental income was realized from apartment and office projects, representing an increase of 3.9% compared with last year. As at 31 December 2021, the time-point occupancy rate of apartment projects was 94.9% and the time-point occupancy rate of office projects was 78.5%. In April 2021, Shanghai Hongqiao Lianghua Project (上海•虹橋良華項目), with a total gross floor area ("**GFA**") of 64,938 sq.m., was acquired through acquisition of minority interests and cooperation with foreign top-tier funds. The acquisition of the project opened up a new model for the operations of our real estate business. In September 2021, the new landmark of Shanghai Pudong complex, Shanghai Maglink was opened grandly. The rejuvenation of Shanghai Maglink is a masterpiece of the joint efforts of shareholders, government, partners and teams, and also a gift from Jingrui to the future commercial real estate landmark in Pudong in the name of "urban renewal". In addition, Jingrui Joyride launched the Joyride's REAL CLUB membership system and upgraded its user services, and Jingrui Joyride was awarded the "Most Influential Brand Apartment" in the 10th Golden Brick Value List in 2021.

The "small property services" concerns the "big people's livelihood". Property services are obviously important to the daily life of the public under the pandemic. In 2021, Jingrui Service launched a dual-brand strategy, focusing on residential services with Jingrui Properties and establishing and releasing the "Jingrui Commercial Service" brand with a focus on commercial and office services, starting a new journey for Jingrui Commercial Service. During the Year, Jingrui Service provided high-quality services for residential, apartment, commercial plaza and office building with Jingrui Properties as the carrier. The Company insists its refined routine and actively establishes its own brand of Jingrui and constantly expands service scale through new projects and merger and acquisition. The Company has been awarded the "Top 500 China Property Services Companies with Comprehensive Strength in 2021" and "China's Leading Residential Property Services Enterprise in 2021" and other awards. As of 31 December 2021, Jingrui Service had presence in more than 50 cities. Its contracted GFA exceeded 50 million sq.m., providing high-quality, professional property services for 220,000 customers.

Prospects

In 2022, "housing is for accommodation, not for speculation" will continue to be the main line of China's real estate policy, and future policy regulation will better coordinate the stabilization of growth and risk prevention, and adopting differential measures in light of different situations in different cities to cities to promote the benign cycle and healthy development of real estate. As the long-term mechanism for real estate continues to improve, "adopting differential measures in light of different situations in different cities" will be further implemented to promote the healthy cycle and healthy development of the real estate sector, and the land and property market control mechanisms will become more and more perfect and precise. The real estate market in general will remain stable, the financial situation is more stable, excellent quality real estate enterprises will also have more development opportunities.

Experienced the darkest moment, the stability has become the most important thing. Jingrui will continue to be guided by the principle of "pioneer in asset management with the best knowledge in both architecture and lifestyle", from interpreting cities to cultivating customers, from systematizing products to refining operations, gaining insights, and satisfying customers' needs, responding to industry transformation with asset operations, and being a long-term doctrinaire in the real estate sector. In the future, Jingrui will continue to further make its efforts in core cities and metropolitan areas, enhance its product strength and refined operation capabilities, deepen its large-scale asset management model, continue to build outstanding projects, forge solid operation management capabilities, improve asset values and realize high-quality development.

Finally, on behalf of the Board, we would like to express our sincere gratitude to all of our investors, partners, customers and all employees of our Group. In the face of changes in the real estate market, Jingrui will give full play to its own genetic advantages, continue to improve its overall competitiveness, follow the trend of the times, be at the forefront of leading the future, continue to inject new momentum for future development, and create more real value for our investors, partners, customers, and employees.

Yan Hao
Chen Xin Ge
Co-chairmen

Breakdown of Major Properties

Completed and Partially Completed Projects

Project Name	Project Type	GFA Available for Sale, Lease or Use by the Group (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Shanghai Jingrui Life Square	Commercial	43,851	100	43,851
Shanghai Jingrui City Park	Composite	4,409	100	4,409
Shanghai Jingrui The French Lakeside Villa	Residential	2,373	100	2,373
Shanghai Jingrui Xuhui New City	Residential	194	100	194
Shanghai Jingrui Upper Riverside	Commercial	448	100	448
Shanghai Jingrui Shenxin Tower	Commercial	3,361	100	3,361
Shanghai Jingrui Keyuan Tower	Composite	10,061	100	10,061
Shanghai Jingrui Elite Residences	Residential	9,916	100	9,916
Shanghai Jingrui Xinmei Mansion Project	Commercial	1,362	100	1,362
Shanghai Jingrui North Zhongshan Road Project in Jing'An District	Composite	3,207	100	3,207
Shanghai Jingrui Yinqiao Apartment Project	Commercial	8,883	100	8,883
Shanghai Maglink	Commercial	112,013	46.17	51,716
Shanghai Hongqiao Lianghua Project	Commercial	37,575	25	9,394
Shanghai Jingrui Xingfulai Project	Commercial	4,910	100	4,910
Beijing Jingrui San Quan Apartments Project	Residential	24,300	100	24,300
Beijing Jingrui Foresea Zhongjin Project in Zhongguancun	Office	5,369	100	5,369
Beijing Xinhua Cultural Building Project	Commercial	4,262	50	2,131
Tianjin Jingrui No.1 Tang Gu Bay	Residential & commercial	26,205	100	26,205
Tianjin Jingrui Hanlin	Residential & commercial	10,161	100	10,161

Breakdown of Major Properties

Project Name	Project Type	GFA Available for Sale, Lease or Use by the Group (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Tianjin Liuhe Mingzhu	Residential & commercial	792	33	261
Tianjin No.6 Tang Gu Bay	Residential & commercial	1,310	50	655
Tianjin Yuetiandi	Residential & commercial	42,864	49	21,003
Tianjin Jingrui Yuexitai	Residential & commercial	47,623	51	24,288
Suzhou Jingrui Guangyun Gusu Building	Commercial	12,081	100	12,081
Suzhou Jingrui Changshu Jiangnan Mansion	Residential	30,705	34	10,440
Suzhou Jingrui Taicang Yueting	Residential	26,890	78.9	21,216
Changzhou Jingrui Dawn City/England County	Residential	9,814	100	9,814
Hangzhou Jingrui Changxing Dignity Mansion	Residential	641	100	641
Hangzhou Jingrui Haiyi Cuiting	Residential & commercial	1,280	51	653
Ningbo Jingrui Harbour City	Commercial	42,026	50	21,013
Ningbo Xinghai Land	Residential	2,327	50	1,164
Ningbo Jingrui In Times	Commercial	88	100	88
Ningbo Jingrui Xingning Mansion	Residential & commercial	453	44	199
Zhoushan Jingrui Peninsula Bay	Residential	901	100	901
Wuhan Jingrui Tianfu Peninsula	Composite	14,850	54	8,019
Wuhan Jingrui Tianfu Binjiang	Residential	5,306	40	2,122
Nanjing Jingrui Xitangfu	Composite	19,093	100	19,093
Total		**571,904**		**375,902**

Breakdown of Major Properties

Projects under Development and under Planning

Project	Project Type	Expected Completion Date	GFA under Development (sq.m.)	GFA under Planning (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Shanghai Jingrui City Park	Composite	2023/12/31		39,628	100	39,628
Phase 2				39,628		
Shanghai Jingrui Jiangshanyue	Residential	2022/6/25	36,067		70.26	25,341
Tianjin Sea Blue City	Residential	2022/5/30	247,779		49	121,412
Tianjin Jingrui Yuexitai	Residential & commercial	2022/11/15	85,063		51	43,382
Tianjin Jingrui Yujing Tiandi	Residential & commercial	2023/6/25	199,056		100	199,056
Hangzhou Jingrui Qinghai	Residential & commercial	2022/11/30	84,945		100	84,945
Jinhua Jingrui Wuyi Civil Square	Residential	2023/10/30	84,093		82	68,956
Ningbo Jingrui Land lot 19-72, Xidian Town, Ninghai County	Residential	2023/6/30	85,028		100	85,028
Shaoxing Jingrui Dignity Mansion	Residential	2023/3/30	42,033		100	42,033
Phase 5			42,033			
Suzhou Changshu in Times	Residential	2023/5/15	126,913		32	40,612
Suzhou Jingrui Changshu Jiangnan Mansion	Residential	2023/5/30	527,721		34	179,425
Suzhou Taicang Luminaries Park	Residential	2022/6/20	75,122		16	12,020
Changzhou Jingrui Chenyun Tianfu	Residential	2023/4/30	188,769		83.79	158,170
Wuxi Jingrui Hubin Tianyu	Residential	2023/4/30	57,115		82.6	47,177
Yangzhou Jingrui Yujing Fenghua	Residential	2022/6/29	53,980		100	53,980
Yangzhou Tianfu Xingchen (Lot West Lake Suzhuang, New City of West District)	Residential	2023/6/30	46,432	159,513	30	61,784

Breakdown of Major Properties

Project	Project Type	Expected Completion Date	GFA under Development (sq.m.)	GFA under Planning (sq.m.)	Percentage of Interest in the Project attributable to the Group (%)	Attributable GFA (sq.m.)
Chengdu Jingrui Yujing Fenghua, North (Yaqing Project, Wenjiang Guanghua New City)	Residential & commercial	2022/12/30	76,988		51.2	39,418
Chengdu Jingrui Yujing Fenghua, South (Shijichunqiu Project, Wenjiang Guanghua New City)	Residential	2023/6/30	74,935		84	62,945
Chongqing Jingrui Jiangshan Yufu	Residential	2022/11/30	147,032		100	147,032
Chongqing Tianchen Yujing	Residential & commercial	2023/6/27	96,823		51	49,380
Nanchang Jingrui Hongxing Plaza	Residential	2022/11/30	251,298		51	128,162
Nanchang Jingrui Ruifu	Residential	2022/8/30	133,907		80	107,126
Jiujiang Jingrui Ningzhou Mansion	Residential	2022/12/31	182,195		80	145,756
Wuhan Jingrui Tianfu Binjiang Phase 2	Composite	2022/11/30	347,034		40	138,814
Wuhan Jingrui Caidian Sino-French Youxuan Project	Residential	2024/5/30	133,544		54	72,114
Wuhan Jingrui Jiangnanyue	Residential	2022/8/31	261,176		30	78,353
Wuhan Jingrui No.145 Jiangxia Wulijie P (2020)	Residential	2023/6/30	187,943		54	101,489
Wuhan Jingrui Jiangshanyue	Residential & commercial	2023/6/15	106,137		60	63,682
Others	Residential		278,840		22.8	63,586
Total			**4,217,968**	**199,141**		**2,460,806**

Management Discussion and Analysis

Market Overview

In 2021, the COVID-19 continued to be prevalent around the world, which had a profound effect on the world economy. In face of this complex and challenging environment at home and abroad, the Government of the PRC has calmly responded to the changes and the pandemic which were unprecedented during the past century, and the economy has continued to recover steadily with the economic growth rate among the highest in the world's major economies. The annual gross domestic product amounted to RMB114,367 billion, representing a year-on-year increase of 8.1% and a two-year average growth rate of 5.1%. The economy of China has become an important force leading the world's economic recovery.

From the perspective of the industry, affected by multiple factors including the pandemic, macro economy and policy regulation and control, in 2021, the real estate industry recorded a downward negative growth in the year and the tight cash flows of domestic real estate enterprises was highlighted. Since the second half of 2021, domestic real estate enterprises have successively defaulted on offshore USD denominated bonds, coupled with the significant decline of sales, bringing the real estate industry temporarily into a cold winter. In 2021, the total consideration of land acquisition by Top 100 real estate enterprises was RMB2.54 trillion, representing a year-on-year decrease of 21.5%. Meanwhile, due to the tightened loan policy, the confidence of property buyers was affected, contract sales also showed a trend of "eventual decrease" and the completion rate of overall industry sales target was significantly lower than that of last year. The real estate development investment of China grew by 4.4% in 2021. The sales area of commodity houses in China was 1,794.33 million sq.m., which increased by 1.9%, and the sales of commodity houses was RMB18,193 billion, which increased by 4.8%.

Since 2022, the sale of real estates was affected due to the resurgence of the pandemic across the country in the second quarter, which restricted the development of the economy and the movement of people across various regions. Meanwhile, affected by the lockdown of certain core cities, the funds of domestic real estate enterprises were still tight, and their credit events were still frequent.

Meanwhile, the industry regulations were relaxed gradually in the first half of 2022. In April, the meeting of the Political Bureau of the CPC Central Committee set forth the determination to support local governments in improving their real estate policies based on the actual circumstances in their respective regions and support inelastic demand and housing improvement demand. In May, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued the notice that for households purchasing ordinary standard self-occupied residential units with loan, the lower limit of the interest rate for first-time home purchasers with commercial personal housing loans is adjusted to be no less than the benchmark loan prime rate of the corresponding tenor minus 20 basis points to release confidence in the real estate market. In June, the People's Bank of China once again expressed its position on the real estate policies that to maintain the stability and order in real estate financing, increase financial services for mergers and acquisitions and resolve the problems of real estate enterprises, which further conveyed a positive signal. The market's general perception that the policy side has basically bottomed out, and the gradual release of relevant rescue measures has brought benefits. It can be predicted that although the real estate industry is in a difficult situation, as a very important industry in the national economy, it is still under healthy and stable development in the long run with the gradual release of relevant benefits.

Business Overview

In 2021, the Group achieved contracted sales of approximately RMB27,011.1 million (including those of joint ventures and associates on a 100% basis) and total contracted GFA sold was approximately 1,433,005 sq.m. For the Year, the Group achieved revenue of RMB13,551.6 million (2020: RMB12,782.4 million). The Group achieved a net profit attributable to equity holders of the Company of RMB127.5 million (2020: RMB958.1 million) throughout the Year, representing a decrease of 86.7% as compared to last year.

During the Year, revenue from property sales recognized by the Group amounted to RMB12,150.4 million (2020: RMB11,972.5 million), representing an increase of 1.5% as compared to last year. It was mainly due to the increase in the area of properties delivered during the Year. Revenue from property sales of the Group accounted for approximately 89.7% of our total revenue for the Year (2020: 93.7%), and property sales maintained to the core operating business of the Group. The Group's apartment and office business, which has been deployed since the end of 2017, has achieved stable revenue, and property management business has made significant progress. The above development of businesses has further enhanced the Group's diversified competitiveness, and the Group has won a good reputation and brand image, while improving customer loyalty and satisfaction.

The Group continues to uphold the development strategy of its cultivation in the Yangtze River Delta region, and actively expands high-quality projects in key cities around the Yangtze River Delta and Chengdu-Chongqing region. In 2021, we obtained 7 projects in Ningbo, Wuhan, Jinhua, Shanghai, Nanchang and Jiujiang, with approximately 1,205,020 sq.m. increase in total GFA of land reserve and approximately RMB5,294 million in total project investment. The land cost per sq.m. (based on the estimated total GFA) was approximately RMB4,393 per sq.m. In 2021, the Group obtained 2 projects in Jinhua and Jiujiang and successfully expanded its real estate business to 24 cities across the country. As at 31 December 2021, the total GFA for land reserves owned by the Group was approximately 4,989,013 sq.m., keeping basically flat with the end of the previous year. We expect the land reserves to be sufficient to meet the Group's development needs for the next two to three years. We believe that most of our land reserves are located in the first- and second-tier core cities in the Yangtze River Delta region of the PRC, which is more conducive to the development strategy of its cultivation in the Yangtze River Delta region.

The Group has consistently applied the principle of steady financial management, focusing on maintaining healthy cash flow and guaranteeing capital safety. In March, April, May, August and September 2021, the Company issued five batches of senior notes of USD110 million, USD157 million, USD33 million, USD50 million and USD165 million, which will be due in February 2023, October 2023, October 2023, October 2023 and January 2024 with an interest rate of 14.5%, 12.5%, 12.5%, 12.5% and 12%, respectively. The issuance of such senior notes refinanced the existing debts of the Company.

The performance in contracted property sales further strengthened our financial position during the Year. As at 31 December 2021, our cash at bank and on hand (including restricted cash) was RMB10,991.0 million. At the same time, unutilized bank facilities amounted to approximately RMB25,896.4 million. As at 31 December 2021, our net debt-to-equity ratio was approximately 94%. We believe the current liability level is within a reasonable range based on the current development stage of the Group and also matches our operations. The Group will continue to improve its liability level and structure, control the asset-liability ratio and other key indicators within the scope of the "Three Red Lines" policy requirements, ensuring that risks well under control, laying a solid foundation for the Group's sustained operations and steady future growth.

We started our business as a customer driven residential property developer, focusing on developing properties accommodating the demand of our target customers. Our products are designed to meet the need of first-time home purchasers and those who intend to upgrade their existing living conditions. These kinds of customers currently constitute a significant portion of all property purchasers in the PRC. As a result, our products have been positioned in accordance with current market trends and government policies. We believe our strategic product positioning and the continuous expansion of our potential customer base as a result of rapid economic growth and accelerating urbanization in the Yangtze River Delta region, together with our rapid-asset-turnover model, have contributed and will continue to contribute to our growth and scalability.

At the same time, in order to better allocate resources, achieve professional management, and promote the achievement of the Group's overall strategic goals, the Group, focusing on the main real estate business, further adjusted and optimized its original five major business platforms in early March 2020 to the five major business platforms, namely, Yan Capital Management (優鉞資管), Jingrui Properties (景瑞地產), Jingrui Capital (景瑞不動產), Jingrui Service (景瑞服務) and Co-Fortune Capital (合福資本), among which, Yan Capital Management is engaged in real estate fund raising and asset management, realizing the conversion of real estate debt funds to real equity funds; Jingrui Properties focuses on real estate development in the four major urban agglomerations in the PRC and commits to customizing life products and services based on "customer insights"; Jingrui Capital focuses on the urban renewal of first-tier and strong second-tier cities such as Shanghai and Beijing, as well as the developing, holding and lease operation management of apartment and office building; Jingrui Service takes "the promoter of ideal life in Chinese cities" as its development goal, provides high-quality property services to various properties such as commercial plazas and high-end apartments; and Co-Fortune Capital is committed to the investment in the real estate ecosystem, using capital as a link to build product and service capabilities that facilitate the main real estate business.

Business Review

Jingrui Properties (景瑞地產)

Property Development

In 2021, the Group achieved contracted sales of approximately RMB27,011.1 million (including those of joint ventures and associates on a 100% basis) and total contracted GFA sold was approximately 1,433,005 sq.m. Our contracted sales were primarily generated from Jiangsu Province and the municipalities, which were approximately RMB11,771.0 million and RMB7,573.2 million (excluding car parks) respectively, representing 43.6% and 28.0% of the total contracted sales, respectively.

Details of the Group's contracted sales in 2021

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

Project Name	Contracted GFA Sold sq.m.	Contracted Sales RMB'000	Contracted Average Selling Price RMB/sq.m.
Shanghai			
Shanghai Jingrui Jiangshanyue	22,410	1,038,900	46,359
Shanghai Jingrui Upper Riverside	2,140	292,656	136,755
Shanghai Sheshan Yuehu Villa	760	121,100	159,342
Shanghai Jingrui City Park	512	17,731	34,631
Shanghai Jingrui Zhongshan Building	3,013	107,000	35,513

Project Name	Contracted GFA Sold sq.m.	Contracted Sales RMB'000	Contracted Average Selling Price RMB/sq.m.
Tianjin			
Tianjin The Great Habitat Mansion House	300	6,500	21,667
Tianjin Yuetiandi	28,310	390,400	13,790
Tianjin Jingrui Yuexitai	19,150	260,400	13,598
Tianjin Jingrui Yujing Tiandi	122,705	2,131,464	17,371
Tianjin Sea Blue City	62,833	955,017	15,199
Tianjin Jingrui No. 1, Tang Gu Bay	17,676	507,344	28,702
Tianjin Jingrui Hanlin	10,382	184,778	17,798
Tianjin Jingrui Sunny City	1,316	7,000	5,319
Chongqing			
Chongqing Jingrui Jiangshan Yufu	53,333	447,331	8,388
Chongqing Tianchen Yujing	78,260	1,105,600	14,127
Sub-total of centrally direct-controlled municipalities	**423,100**	**7,573,221**	**17,899**
Hangzhou			
Hangzhou Jingrui Vital House	16,690	371,859	22,280
Hangzhou Jingrui Qinghai	39,668	1,655,356	41,730
Hangzhou Jingrui Haiyi Cuiting	15,080	375,866	24,925
Ningbo			
Ningbo Jingrui Xingning Mansion	763	16,547	21,687
Ningbo Xinghai Land	4,249	53,011	12,476
Ningbo Jingrui In Times	4,786	64,200	13,414
Zhoushan			
Zhoushan Jingrui Peninsula Bay	1,741	18,435	10,589
Sub-total of Zhejiang Province	**82,977**	**2,555,274**	**30,795**
Suzhou			
Suzhou Jingrui Changshu In Times	11,790	113,100	9,593
Suzhou Jingrui Changshu Jiangnan Mansion	35,800	659,600	18,425
Suzhou Jingrui Taicang Yueting	60,242	779,199	12,934
Suzhou Taicang Luminaries Park	59,291	815,575	13,755
Wuxi			
Wuxi Jingrui Hubin Tianyu	32,150	1,023,400	31,832

Project Name	Contracted GFA Sold sq.m.	Contracted Sales RMB'000	Contracted Average Selling Price RMB/sq.m.
Nanjing			
Nanjing Jingrui Xitang Mansion	58,440	1,190,100	20,364
Nanjing Xijiang Ruifu	87,600	2,372,000	27,078
Nanjing Hefeng Nan'an	1,030	12,400	12,039
Yangzhou			
Yangzhou Jingrui Yujing Fenghua	73,750	1,269,900	17,219
Yangzhou Tianfu Xingchen (Lot West Lake Suzhuang, New City of West District)	67,202	1,490,996	22,187
Changzhou			
Changzhou Jingrui Chenyun Tianfu	80,920	2,044,700	25,268
Sub-total of Jiangsu Province	**568,215**	**11,770,970**	**20,716**
Wuhan			
Wuhan Jingrui Tianfu Binjiang	107,463	1,658,932	15,437
Wuhan Jingrui Tianfu Peninsula	3,870	83,100	21,473
Wuhan Jingrui Jiangshanyue	38,030	512,100	13,466
Wuhan Jingrui Jiangnanyue	118,170	1,511,100	12,788
Chengdu			
Chengdu Jingrui Yujing Fenghua, North (Yaqing Project, Wenjiang Guanghua New City)	30,410	470,300	15,465
Chengdu Jingrui Yujing Fenghua, South (Shijichunqiu Project, Wenjiang Guanghua New City)	290	6,000	20,690
Hefei			
Hefei Jingrui Haomen Jindi	10,079	97,448	9,668
Nanchang			
Nanchang Jingrui Hongxing Plaza	33,316	435,877	13,083
Nanchang Jingrui Ruifu	12,986	121,738	9,375
Jiujiang			
Jiujiang Jingrui Ningzhou Mansion	4,099	33,196	8,099
Sub-total of other provinces	**358,713**	**4,929,791**	**13,743**
Car park (lots)	2,101	181,844	
Total	**1,433,005**[1]	**27,011,100**	**18,849**

Note:

(1) Excluding the area of car parks.

Land Bank

As at 31 December 2021, the total land bank of the Group was 4,989,013 sq.m. or 2,836,708 sq.m. on an attributable basis.

Breakdown of the Group's land bank by cities for the year ended 31 December 2021

City	Total GFA sq.m.	Percentage of the Group's Total GFA %	GFA Attributable to the Group's Interests sq.m.	Percentage of GFA Attributable to the Group's Interests %
Municipalities directly under the central government				
Shanghai	318,258	6.4	212,186	7.5
Beijing	33,931	0.7	31,800	1.1
Tianjin	660,854	13.2	426,518	15.1
Chongqing	243,855	4.9	196,412	6.9
Sub-total	**1,256,898**	**25.2**	**866,916**	**30.6**
Zhejiang Province				
Hangzhou	86,866	1.7	86,239	3.0
Ningbo	129,922	2.6	107,492	3.8
Shaoxing	42,033	0.9	42,033	1.5
Zhoushan	901	0.0	901	0.0
Jinhua	84,093	1.7	84,093	3.0
Sub-total	**343,815**	**6.9**	**320,758**	**11.3**
Jiangsu Province				
Suzhou	799,431	16.0	275,794	9.7
Nanjing	297,933	6.0	19,929	0.7
Wuxi	57,115	1.1	24,063	0.8
Changzhou	198,583	4.0	198,583	7.0
Yangzhou	259,925	5.2	115,763	4.1
Sub-total	**1,612,987**	**32.3**	**634,132**	**22.3**
Other Provinces				
Chengdu	151,923	3.0	111,294	3.9
Wuhan	1,055,990	21.2	522,565	18.4
Nanchang	385,205	7.7	235,287	8.4
Jiujiang	182,195	3.7	145,756	5.1
Sub-total	**1,775,313**	**35.6**	**1,014,902**	**35.8**
Total	**4,989,013**	**100.0**	**2,836,708**	**100.0**

In 2021, we acquired 7 projects in cities such as Ningbo, Wuhan, Jinhua, Shanghai, Nanchang and Jiujiang with the total investment amount of these projects being approximately RMB5,294 million, increasing our total GFA of land bank by approximately 1,205,020 sq.m.

Details of land and property acquisition for the year ended 31 December 2021

City	Project/Land Parcel	Land Use	Attributable Interest %	Site Area sq.m.	Expected Total GFA sq.m.	Expected Total GFA Above Ground sq.m.	Total Investment RMB million	Average Land/ Property Cost (based on the expected total GFA) RMB/sq.m.	Average Land/ Property Cost (based on the expected total GFA above ground) RMB/sq.m.
Ningbo	Land lot 19-72, Xidian Town, Ninghai County	Residential	100	24,703	84,417	62,103	209	2,476	3,365
Wuhan	No.145 Jiangxia Wulijie P(2020)	Residential	54	67,854	187,943	146,702	540	2,873	3,681
Jinhua	Land lot on the east side of the civil square of Wuyi County	Residential	100	41,687	80,270	50,024	780	9,717	15,592
Shanghai	Hongqiao Lianghua Project	Commercial integrated	25	16,702	64,938	37,575	438	6,745	11,657
Wuhan	Caidian Sino-French Youxuan Project	Residential	54	50,264	133,544	102,136	452	3,385	4,425
Jiujiang	Ningzhou Mansion	Residential	80	130,080	406,097	318,010	1,462	3,600	4,597
Nanchang	Ruifu	Residential	80	93,807	247,811	191,214	1,413	5,702	7,390
Total				**425,097**	**1,205,020**	**907,764**	**5,294**	**4,393**	**5,832**

Revenue from Sales of Properties

The revenue from sales of properties for the Year was approximately RMB12,150.4 million, representing an increase of 1.5% as compared to last year, and its distribution is mainly as follows:

	Revenue RMB'000	Percentage of Total Revenue %	GFA sq.m.	Average Selling Price RMB/sq.m.
Shanghai				
Shanghai Jingrui City Park	28,472	0.2	969	29,383
Shanghai Jingrui Upper Riverside	422,364	3.5	3,536	119,447
Shanghai Jingrui Xinmei Mansion	41,678	0.3	2,933	14,210
Jiangsu Province				
Suzhou Jingrui Sino Park	420,971	3.5	22,374	18,815
Suzhou Jingrui Huyu Shangyuan	371,715	3.1	22,804	16,300
Suzhou Jingrui Taicang Yueting	206,614	1.7	17,227	11,994
Nanjing Jingrui Xitang Mansion	376,297	3.1	14,713	25,576
Zhejiang Province				
Hangzhou Jingrui Vital House	32,122	0.3	757	42,433
Hangzhou Jingrui Haiyi Cuiting	1,512,311	12.4	71,288	21,214
Hangzhou Jingrui Yangming Valley	29,011	0.2	1,190	24,379
Hangzhou Jingrui Yuan Villa	26,847	0.2	2,190	12,259
Ningbo Jingrui Xingning Mansion	8,101	0.1	593	13,661
Ningbo Jingrui In Times	11,073	0.1	1,103	10,039
Ningbo Jingrui Shuiyin Jiangshan	2,216,455	18.2	93,198	23,782

	Revenue RMB'000	Percentage of Total Revenue %	GFA sq.m.	Average Selling Price RMB/sq.m.
Tianjin				
Tianjin Jingrui Hanlin	105,017	0.9	6,069	17,304
Tianjin Jingrui No. 1, Tang Gu Bay	12,492	0.1	1,081	11,556
Tianjin Jingrui Yuexitai	175,472	1.4	15,089	11,629
Wuhan				
Wuhan Jingrui Tianfu Peninsula	47,593	0.4	2,128	22,365
Wuhan Jingrui Tianfu Binjiang	1,470,297	12.1	138,232	10,636
Nanchang				
Nanchang Jingrui Hongxing Plaza	1,951,631	16.1	169,261	11,530
Jiujiang Jingrui Ningzhou Mansion	1,368,974	11.3	223,903	6,114
Nanchang Jingrui Ruifu	977,297	8.0	113,904	8,580
Other projects	7,163	0.1	998	7,177
Sub-total	**11,819,967**	**97.3**	**925,540**	**12,771**
Car park (lots)	330,418	2.7	4,662	
Total	**12,150,385**	**100.0**		

Yan Capital Management (優鉞資管)

Yan Capital Management, as a real estate fund platform of the Group, is an important asset management vehicle of the Group and is principally engaged in real estate fund raising and asset management business. Since its establishment, Yan Capital Management has firmly cultivated fund raising, fund design and investor protection capability, extensively expanded its presence in the capital market and established a cooperative network to access to investors' resources for real estate development and optimize the capital structure.

Up to 31 December 2021, Yan Capital Management has established and promoted 25 funds, with an aggregate size of the funds of approximately RMB9.22 billion and the total size of the existing funds is RMB3.96 billion. The proceeds from fund raising externally in 2021 amounted to approximately RMB1.35 billion. In 2021, the withdrawal of five funds including Youbang Fund (優邦基金) and Yousu Fund (優蘇基金) was realized, with an average exit yield of 12.5%.

Jingrui Capital (景瑞不動產)

In March 2020, based on the development strategy of "large-scale asset management", Jingrui Capital platform was established by combining and upgrading Joyride Apartment (悅樘公寓) and Carry Capital (鍇瑞辦公) under Jingrui, which are designed for investment, development, renovation and operation of rental apartments and office buildings. Jingrui Capital is committed to the holding, management and operation of long-term rental apartments and office properties, and providing end-to-end services to investors with the guidance of achieving high-quality asset management scale and concentrating on urban renewal and land matching.

During the Year, Jingrui Capital overcame the impact of the COVID-19, and all projects are in normal operation, except for Shanghai Hongqiao Lianghua Project which was still under renovation. As at 31 December 2021, the time-point occupancy rate of apartment projects was 94.9% and the time-point occupancy rate of office projects was 78.5%. In April 2021, Shanghai Hongqiao Lianghua Project, with a total GFA of 64,938 sq.m., was acquired through acquisition of minority interests and cooperation with foreign top-tier funds, which was completed in December 2021. The acquisition of the project opened up a new model for the operations of our real estate business. At the same time, in December 2021, Jingrui Capital exited from the Shanghai Jingrui Zhongshan Building Project through disposal of assets.

Jingrui Service (景瑞服務)

With economic development and consumption upgrading, value of services has been highly recognized in the capital market in recent years. In March 2020, Jingrui established the "Jingrui Service" platform with Jingrui Properties as its carrier. By adhering to the management concept of "focusing on ideal life" and taking the "promoter of ideal life in Chinese cities" as its development objective, Jingrui Service has built high-quality communities with quality consciousness to pursue continuous improvement of management services and provides high-standard and customized property management services for customers by meeting customers' increasing demands with positive and enthusiastic attitudes.

During the Year, with the rapid process of marketization, the business scale of Jingrui Service has gradually expanded. With the guidance of "relying on Shanghai, deeply developing in the Yangtze River Delta and then covering the whole China", at present, it has presence in more than 50 cities, such as Shanghai, Zhejiang, Jiangsu, Anhui, Hunan, Tianjin, Chongqing, etc. Its contracted GFA has exceeded 50 million sq.m., providing high-quality, professional property services for 220,000 customers. Its property portfolio covers residential, commercial complex, office buildings, parks, schools, banks, hospitals, government constructions and other types of properties. In 2021, Jingrui Service adopted a more proactive strategy of extension and mergers and acquisitions, and entered into the urban service field through investment and mergers and acquisitions. At the same time, it actively participated in the mixed reforms of local governments, innovated the mode of government-enterprise cooperation, obtained high-quality state-owned resources, and embarked on a development path with its own characteristics.

Co-Fortune Capital (合福資本)

Co-Fortune Capital, as an asset-light investment platform of the Group, aims to equip the other four major segments with asset operation capability. Through "Jingrui", the brand name of the Company, which is a listed company, Co-Fortune Capital strives to cultivate its investment management capability in the area of "Real Estate Industrial Chain + Post-Life Service".

As of 31 December 2021, the total number of investment projects of Co-Fortune Capital reached 15 with an aggregate investment amount of RMB1,164 million. During the Year, Co-Fortune Capital has successfully exited from the Grail project and part of Yuansheng Fund (元生基金), totaling RMB140 million, of which the internal return rate of the Grail project reached 24%.

Employees and Remuneration Policies

As at 31 December 2021, we had a total of 3,160 fulltime employees (31 December 2020: 3,017). 877 of our employees worked in property development operations, 1,986 of our employees were engaged in property management and 297 of our employees worked in customer service and other related operations.

The remuneration package of our employees includes salaries and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis for us to determine salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in the real estate industry published by renowned consulting firms. We believe the salaries and benefits that our employees receive are competitive compared with market standards in each geographic location where we conduct business. We adopted a pre-IPO share award scheme on 6 October 2013 and a share award scheme (the "**Share Award Scheme**") on 29 November 2017 (cancelled and terminated on 29 November 2017 and 29 November 2022, respectively), respectively, pursuant to which share awards were granted to selected employees of the Group. In addition, we have also adopted the share option scheme (the "**Share Option Scheme**") at the annual general meeting held on 7 May 2019. By doing so, share options were granted to selected senior executives of the Group and employees are encouraged to grow together with the Company. Details of the Share Award Scheme and Share Option Scheme are set out in the sections headed "Share Award Scheme" and "Share Option Scheme" of this annual report.

The Group's staff costs for the year ended 31 December 2021 amounted to RMB495.1 million (for the year ended 31 December 2020: RMB486.3 million). Staff costs include a remuneration expenses in relation to the share-based payments of RMB0.6 million recognized for the Year (for the year ended 31 December 2020: RMB1.8 million).

We have also established systematic training programs for our employees based on their positions and expertise. For example, the training programs for members of our management teams focus on improving their management and leadership skills. We have also customized trainings for our marketing and sales personnel to improve their sales capabilities. In addition to the internal trainings, we have also engaged external experts or sponsored continuing educations for our employees from time to time.

Financial Review

Revenue

For the year ended 31 December 2021, the revenue of the Group reached RMB13,551.6 million, representing an increase of 6.0% as compared to RMB12,782.4 million in last year. Our revenue consists of revenue from (i) sales of properties, (ii) property management service, (iii) decoration of properties, (iv) rental income and (v) others. The table below sets forth our revenue for each of the businesses described above and the percentage of total revenue represented for the respective periods indicated:

Revenue by business segments

	2021		2020		
		Percentage of Total Revenue		Percentage of Total Revenue	Year -on-year change
	RMB'000	%	RMB'000	%	%
Revenue from contracts with customers recognized at a point in time					
– Sales of properties	**12,150,385**	**89.7**	11,972,528	93.7	1.5
– Others	**56,649**	**0.4**	51,644	0.4	9.7
	12,207,034	**90.1**	12,024,172	94.1	1.5
Revenue from contracts with customers recognized over time					
– Property management service	**723,098**	**5.3**	526,368	4.1	37.4
– Decoration of properties	**380,475**	**2.8**	–	–	–
	1,103,573	**8.1**	526,368	4.1	109.7
Rental income	**241,037**	**1.8**	231,889	1.8	3.9
Total	**13,551,644**	**100.0**	12,782,429	100.0	6.0

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue, representing approximately 89.7% of our total revenue for the Year.

Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we deliver during such period and the market demand for those properties. Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with the PRC laws and regulations. In general, there is typically at least one year between the time we commence the pre-sales of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers.

During the Year, the properties delivered by the Group mainly included Ningbo Jingrui Shuiyin Jiangshan, Hangzhou Jingrui Haiyi Cuiting, Wuhan Jingrui Tianfu Binjiang, Nanchang Jingrui Hongxing Plaza and Jiujiang Jingrui Ningzhou Mansion. Revenue from sales of properties increased by 1.5% to approximately RMB12,150.4 million in 2021 from approximately RMB11,972.5 million in 2020, mainly due to the increase in the area of properties delivered during the Year.

Our property management service revenue represents revenue generated from property management services we provide through our subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In 2021, property management revenue of the Group was approximately RMB723.1 million, representing an increase of approximately 37.4% as compared to that of last year. Our property management revenue increased significantly, primarily due to the significant increase in the contracted GFA and the increase in the third-party property management fee.

Revenue from decoration of properties represents realized revenue generated from decoration works we provided. In 2021, such revenue of the Group was approximately RMB380.5 million, while no such revenue realized in last year, which was mainly due to the fact that there were property projects delivered by the Group after decoration during the Year.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight-line basis over the relevant lease terms. In 2021, rental income of the Group was approximately RMB241.0 million, representing an increase of 3.9% as compared to RMB231.9 million of last year.

Cost of Sales

Our cost of sales primarily represents the cost we incur directly in property development activities as well as our property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction cost, land use right cost and capitalized interest cost on related borrowings for the purpose of property development during the period of construction.

Our cost of sales increased by 8.1% from RMB10,278.4 million in 2020 to RMB11,111.7 million in 2021, which was in line with the increase of revenue.

The table below sets forth information relating to our cost of sales and as a percentage of total cost of sales:

	2021		2020	
	RMB'000	**%**	RMB'000	%
Construction costs	**3,517,783**	**31.7**	3,376,806	32.8
Land use right costs	**5,782,001**	**52.0**	4,814,235	46.8
Capitalized interest	**980,955**	**8.8**	1,625,147	15.8
Sub-total: Total cost of properties	**10,280,739**	**92.5**	9,816,188	95.4
Surcharges	**54,569**	**0.5**	58,481	0.6
Provision for impairment of properties held or under development for sale, net	**71,931**	**0.7**	7,126	0.1
Other costs[(1)]	**704,450**	**6.3**	396,587	3.9
Total	**11,111,689**	**100.0**	10,278,382	100.0

Note:

(1) Includes costs associated with property management, leasing and other operations.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 2.6% from RMB2,504.0 million in 2020 to RMB2,440.0 million in 2021. The Group recorded a gross profit margin of approximately 18.0% for the year ended 31 December 2021, compared to approximately 19.6% for the year ended 31 December 2020.

Appreciation of Investment Properties under Capital Platform

For the year ended 31 December 2021, the appreciation of investment properties under capital platform was RMB37.9 million (2020: RMB56.7 million). The appreciation of investment properties in 2021 was mainly due to price premium of Shanghai Jingrui Life Square.

Fair Value Gains/(Losses) on Investment Properties under Other Platforms

For the year ended 31 December 2021, the fair value gains on investment properties under other platforms were RMB1.0 million (2020: losses of RMB17.0 million).

Selling and Marketing Costs

Our selling and marketing costs increased by 11.1% from RMB522.3 million in 2020 to RMB580.3 million in 2021, primarily due to the strengthened selling and marketing efforts in promoting our property projects in new cities and regions in which the Group operates.

Administrative Expenses

Our administrative expenses decreased by 2.1% from RMB664.6 million in 2020 to RMB650.9 million in 2021, primarily due to the strengthening of intensive and refined management of various platforms, which effectively reduced administrative expenses.

Other Income and Other Gains, Net

We recorded other income of RMB20.6 million in 2021, compared to other income of RMB223.1 million in 2020. Other income recorded in 2021 was mainly the income on the government grants.

We recorded other gains of RMB196.2 million in 2021, compared to other gains of RMB327.4 million in 2020. Other gains recorded in 2021 were primarily due to the gains on the disposal of equity interests in projects and fair value gains from financial assets at fair value through profit or loss.

Finance (Costs)/Income, Net

Our finance income decreased by 41.8% from RMB1,013.6 million in 2020 to RMB590.3 million in 2021, primarily as a result of the appreciation of the RMB exchange rate in the Year was relatively lower than that of the previous year, resulting in the decrease in the exchange gains recorded on the Group's debts denominated in currencies other than RMB. Our finance costs increased by 14.2% from RMB752.5 million in 2020 to RMB859.2 million in 2021, mainly due to the increase in the interest rate on borrowings.

Share of Results of Joint Ventures/Associates

For the year ended 31 December 2021, our share of results of joint ventures/associates was a loss of RMB155.4 million (2020: a gain of RMB170.6 million), and the loss was primarily due to the decline in the demand for lease of commercial properties as a result of external macro market environment, which led to a decrease in the fair value of investment properties of joint ventures.

Income Tax Expense

Our income tax expense decreased by 39.3% from RMB1,065.5 million in 2020 to RMB646.4 million in 2021, primarily due to the decrease in land value-added tax and corporate income tax as a result of the carry-over of projects with lower gross profit during the Year.

Profit for the Year

Profit for the Year reached RMB393.8 million, of which profit attributable to our equity holders was RMB127.5 million in 2021.

Liquidity and Capital Resources

The industry in which the Group operates is a capital intensive industry. The Group has been and is expected to continue satisfying its needs of operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks and other individuals, capital injections from shareholders and issuance of new shares. The Group's need for short-term liquid capital is associated with loan repayment and capital need for operation, and the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new loans. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loans, and the Group's sources of long-term liquid capital include loans, capital injections from shareholders and issuance of new shares.

Cash Positions

As at 31 December 2021, our total cash at bank and on hand (including restricted cash) was RMB10,991.0 million. Our cash at bank and on hand is mainly denominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities for certain purchasers of the Group's properties.

Borrowings

Our total outstanding borrowings increased from RMB21,444.8 million as at 31 December 2020 to RMB21,598.0 million as at 31 December 2021. As at 31 December 2021, the Group had unutilized banking facilities of approximately RMB25,896.4 million. All of the Group's secured borrowings were secured or guaranteed by one or a combination of the following methods: land use rights, properties under development, investment properties, properties, shares of the Company's subsidiaries, bank deposits and/or guarantees by the Company's subsidiaries. As at 31 December 2021, the assets used as collaterals for the borrowings amounted to RMB17,310.4 million (31 December 2020: RMB14,383.5 million). Our borrowings are mainly denominated in RMB and US dollars.

Breakdown of our borrowings by categories

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000	Change %
Current Borrowings:			
Bank loans, secured	**2,502,906**	1,908,565	31.1
Other loans, secured	**25,219**	322,000	(92.2)
Trust financing arrangements, secured	**110,000**	–	–
Add: current portion of long-term borrowings	**8,290,214**	6,909,305	20.0
Total Current Borrowings	**10,928,339**	9,139,870	19.6
Non-Current Borrowings:			
Bank loans, secured	**5,529,006**	6,418,178	(13.9)
Other loans, secured	**1,129,034**	2,190,498	(48.5)
Trust financing arrangements, secured	**2,003,400**	1,046,500	91.4
Senior notes due 2021, issued in April 2018, secured	**–**	1,348,822	(100.0)
Senior notes due 2021, issued in April 2019, secured	**–**	1,260,924	(100.0)
Senior notes due 2022, issued in July 2019, secured	**1,652,591**	1,688,076	(2.1)
Senior notes due 2022, issued in March 2020, secured	**1,210,478**	1,234,231	(1.9)
Senior notes due 2022, issued in June 2020, secured	**953,456**	972,150	(1.9)
Senior notes due 2023, issued in November 2020, secured	**1,522,409**	1,551,964	(1.9)
Senior notes due 2023, issued in March 2021, secured	**704,011**	–	–
Senior notes due 2023, issued in April 2021, secured	**992,617**	–	–
Senior notes due 2023, issued in May 2021, secured	**210,249**	–	–
Senior notes due 2023, issued in August 2021, secured	**318,632**	–	–
Senior notes due 2024, issued in September 2021, secured	**1,050,994**	–	–
Corporate bonds due 2021	**–**	1,221,712	(100.0)
Corporate bonds due 2022	**341,749**	281,188	21.5
Corporate bonds due 2024	**1,341,286**	–	–
Less: current portion of long-term borrowings	**(8,290,214)**	(6,909,305)	20.0
Total Non-Current Borrowings	**10,669,698**	12,304,938	(13.3)
Total	**21,598,037**	21,444,808	0.7

Breakdown of our borrowings by maturity profiles

	As at 31 December			
	2021		2020	
	RMB'000	**%**	RMB'000	%
Within 1 year	**10,928,339**	**50.6**	9,139,870	42.6
Between 1 and 2 years	**7,642,118**	**35.4**	7,056,245	32.9
Between 2 and 5 years	**2,861,580**	**13.2**	4,841,365	22.6
Over 5 years	**166,000**	**0.8**	407,328	1.9
Total	**21,598,037**	**100.0**	21,444,808	100.0

The proportion of the Group's long-term borrowings in the total borrowings was 49.4% for the year ended 31 December 2021.

Interest and net foreign exchange losses generated from bank loans, senior notes, corporate bonds and trust financing arrangements and other loans

	Year ended 31 December		Year-on-year
	2021	2020	change
	RMB'000	RMB'000	%
Finance costs			
– Interest expensed	**846,719**	739,303	14.5
– Interest on lease liabilities	**12,439**	13,216	(5.9)
– Amounts capitalised	**1,538,453**	1,290,629	19.2
Total	**2,397,611**	2,043,148	17.3

Net Debt-to-Capital Ratio

As at 31 December 2021, our net debt-to-capital ratio was 94% (31 December 2020: 69%). Net debt-to-capital ratio is calculated as net debt at the end of the period divided by total equity and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash.

Contingent Liabilities

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer; or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgage bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans.

As at 31 December 2021, the material contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB4,971.9 million (2020: RMB5,416.5 million). In addition, we provided guarantee for certain bank loans amounting to RMB634.4 million (2020: RMB872.2 million) for our joint ventures and associates. We provided guarantee for certain bank loans amounting to RMB113.0 million (2020: Nil) which were granted to related parties of joint ventures. The Group provided guarantees as the proceeds from the loans were applied towards property projects of the joint ventures and associates.

Our Directors confirm that we have not encountered defaults by purchasers in which we provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

Off-Balance Sheet Commitments and Arrangements

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

Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits bearing stable interest rates, we have no other significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings from bank, trust financing providers and senior notes. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk. Our Directors do not anticipate significant impacts on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

Foreign Exchange Risk

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risks, except for bank deposits and our senior notes issued between 2019 and 2021, which were denominated in US dollars.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than RMB and thereby, may increase our exposure to fluctuations on exchange rates. We currently do not have foreign currency hedging policies, but our Directors will manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currency exposures.

Financial Assets at Fair Value through Profit or Loss/Other Comprehensive Income

As at 31 December 2021, the balance of the Group's financial assets at fair value through profit or loss mainly represented the investments in liquid opportunity fund, purchase of wealth management products, and other investments in private funds. The balance of the Group's financial assets at fair value through other comprehensive income mainly represented the investment in unlisted equity securities.

Material Acquisitions and Disposals

The Group had no material acquisitions and disposals in 2021.

Future Plans for Material Investment

The Directors confirmed that as at the date of this annual report, there is no current plan for any material investment other than that in the Group's ordinary business of property development and the identification of potential independent third party investors for respective project companies.

Prospect

In 2022, "Housing is for accommodation, not for speculation" will continue to be the main line of China's real estate policy, and future policy regulation will better coordinate the stabilization of growth and risk prevention, and adopting differential measures in light of different situations in different cities to cities to promote the benign cycle and healthy development of real estate. As the long-term mechanism for real estate continues to improve, "adopting differential measures in light of different situations in different cities" will be further implemented to promote the healthy cycle and healthy development of the real estate sector, and the land and property market control mechanisms will become more and more perfect and precise. The real estate market in general will remain stable, the financial situation is more stable, excellent quality real estate enterprises will also have more development opportunities.

Experienced the darkest moment, the stability has become the most important thing. Jingrui will continue to be guided by the principle of "pioneer in asset management with the best knowledge in both architecture and lifestyle", from interpreting cities to cultivating customers, from systematizing products to refining operations, gaining insights, and satisfying customers' needs, responding to industry transformation with asset operations, and being a long-term doctrinaire in the real estate sector. In the future, Jingrui will continue to further make its efforts in core cities and metropolitan areas, enhance its product strength and refined operation capabilities, deepen its large-scale asset management model, continue to build outstanding projects, forge solid operation management capabilities, improve asset values and realize high-quality development.

Directors and Senior Management

Executive Directors

Mr. Yan Hao (閆浩), aged 54, is one of the founders and the co-chairman and chief executive officer of the Group. He was appointed as an executive Director on 6 October 2013 and appointed as an authorised representative of the Company on 18 January 2020. Mr. Yan is responsible for the overall strategic planning and business direction and the day to day business and management of the Group. Mr. Yan also serves as the Chairman of our Nomination Committee. Mr. Yan obtained an EMBA degree from Fudan University (復旦大學) in June 2004. He has nearly 30 years of experience in the PRC real estate industry. Mr. Yan cofounded Jingrui Properties (Group) Co., Ltd. (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Chen Xin Ge, and has since served as the deputy general manager, building our business to its current scale from 1993 to 1999 and the chief executive officer since 1999, being responsible for overseeing our day to day operations, strategic directions and business growth.

Mr. Chen Xin Ge (陳新戈), aged 54, is one of the founders and the co-chairman of the Group. He was appointed as an executive Director on 6 October 2013. Mr. Chen is responsible for determining the overall strategic planning and business direction of the Group together with Mr. Yan. Mr. Chen also serves as a member of our Remuneration Committee. Mr. Chen graduated from Capital University of Economics and Business (首都經濟貿易大學) in March 2001. He also completed the EMBA Program at Cheung Kong Graduate School of Business in September 2007 and obtained a diploma of Executive Master of Business Administration. Mr. Chen has nearly 30 years of experience in the PRC real estate industry. Mr. Chen co-founded Jingrui Properties (Group) Co., Ltd. (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Yan, and has since served as the general manager, building our business to its current scale from 1993 to 1999 and the chairman of board of directors since 1999, being responsible, along with Mr. Yan, for the strategic directions and business growth of the Group.

Mr. Xu Hai Feng (徐海峰), aged 49, is the vice-president of the Group. He was appointed as an executive Director on 15 March 2018. Mr. Xu graduated from Tongji University in June 1998 with an engineering degree. He obtained the EMBA degree from CEIBS in September 2013. After graduation, Mr. Xu joined Shanghai Pu Nan Public Transport Co., Ltd. (上海浦南大眾公共交通有限公司), from which he left in April 2001 to join the Group as a senior manager of HR department, and is primarily in charge of formulating and implementing the human resources strategy of the Group. From June 2009 to July 2017, Mr. Xu served successively as the deputy general manager of Jingrui Properties' company in Chongqing, the human resources administrative director of Jingrui Properties, assistant to the president of Jingrui Properties and the executive vice president of Jingrui Properties. He has been in charge of human resources matters and real-estate business of the Group. Mr. Xu served as the executive president of Jingrui Properties from August 2017 to June 2018, being responsible for the overall operation and management of the Group's real estate business. Mr. Xu was appointed by the Company as the vice-president of the Company on 22 June 2018 and concurrently served as the chairman and president of Jingrui Properties.

Mr. Chen Chao (陳超), aged 44, is the vice-president and the chief financial officer of the Group, and the chairman of Yan Capital Management. He was appointed as an executive Director on 30 March 2020. Upon joining the Company in July 2018, Mr. Chen is responsible for financial matters, financing, capital markets and fund business. Mr. Chen joined Xiamen Tianjian Certified Public Accountants Co., Ltd. (廈門天健有限責任會計師事務所) as the audit project manager in June 2001. In November 2006, he joined Xiamen ITG Group Corp., Ltd. (廈門國貿集團股份有限公司) (stock code: 600755) as the deputy general manager of the finance department and concurrently the financial controller of Xiamen Guomao Real Estate Group (廈門國貿地產集團). From July 2012 to June 2018, he served as the vice president of Yuzhou Properties Company Limited (禹洲地產股份有限公司) (stock code: 01628), in charge of the finance, capital, legal affairs, risk control and other businesses. He also acted as the vice president of Yuzhou Financial Holdings Group (禹洲金控集團), the leader of the South China region and the chairman of Yuzhou Property Group (禹洲物業集團). He has nearly 20 years of experience in financial management. Mr. Chen obtained a bachelor's degree in accounting from Xiamen University and an MBA degree from Xiamen University in June 2001 and June 2011, respectively with the qualification of Chinese Certified Public Accountant.

Independent Non-Executive Directors

Mr. Han Jiong (韓炯), aged 54, was appointed as an independent non-executive Director on 6 October 2013. Mr. Han has been appointed as a member of our Audit Committee, the chairman of our Remuneration Committee, a member of our Nomination Committee and a member of our Risk Management Committee and is responsible for supervising and providing independent judgment to the Board, and in particular, as the chairman of the Remuneration Committee, he is responsible for overseeing the policy and structure of the remuneration for the Directors and senior management and making recommendations on employee benefit arrangement. Mr. Han graduated from East China University of Political Science and Law (華東政法大學) in July 1992, and qualified as a lawyer in the PRC in February 1993. He joined Shanghai Jinmao Law Firm (上海金茂律師事務所) in July 1992, and was an associate when he left in December 1998. He was a founding partner of Llinks Law Offices (通力律師事務所) which was opened in November 1998, and he is currently a director of management committee, executive partner. Mr. Han was a member of the Seventh and the Eighth CSRC Public Offering Review Committee from January 2005 to April 2007, and was appointed by the Ministry of Human Resources and Social Security of the PRC (中國人力資源和社會保障部) as a member of the First and the Second Review Committee for the Enterprise Annuity Fund Management Association (企業年金基金管理機構評審委員會) from June 2005 to August 2009. He was a council member of the Shanghai Bar Association (上海市律師協會) from April 2008 to April 2015.

Mr. Qian Shi Zheng (錢世政), aged 71, was appointed as an independent non-executive Director on 6 October 2013. Mr. Qian has been appointed as the chairman of our Audit Committee and Risk Management Committee. He is responsible for reviewing and supervising the financial reporting process and internal risk control system as well as overseeing the audit process of the Group. Mr. Qian received a bachelor's degree in Accounting from Shanghai University of Finance and Economics in 1983, and obtained a Doctorate in Management Science from Fudan University (復旦大學) in July 2001. Mr. Qian has been an associate professor at Fudan University (復旦大學) specialized in accounting since 1995. Mr. Qian joined Shanghai Industrial Investment (Holdings) Co., Ltd. in January 1998 and has served as its vice president from September 2005 to 2012. Mr. Qian currently serves as an independent non-executive director of Lonking Holdings Limited (stock code: 3339) and Red Star Macalline Group Corporation Ltd. (stock code: 1528), both are listed on the Stock Exchange. From June 2013 to October 2022, Mr. Qian served as an independent non-executive director of Hanhua Financial Holding Co., Ltd., a company listed on the Stock Exchange (stock code: 3903). Mr. Qian is currently teaching in Fudan University (復旦大學) and has over 20 years of teaching and work experience in the finance and accounting fields.

Dr. Lo Wing Yan William (盧永仁), JP, aged 62, was appointed as an independent non-executive Director on 6 October 2013. Dr. Lo has been appointed as a member of our Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee and is responsible for supervising and providing independent judgment to the Board and performing other duties and responsibilities as assigned by the Board. Dr. Lo holds a master's degree and a Doctorate from the University of Cambridge in England in March 1986 and March 1988 respectively. Dr. Lo was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a Justice of Peace (JP) by the government of Hong Kong. From 2003 to 2016, he was appointed as a Member of Shantou Committee of the Chinese People's Political Consultative Conference. In terms of public and community services: Dr. Lo has been appointed by the Hong Kong SAR Government for many times over the past two decades, including a member of the Central Policy Unit, Broadcasting Authority, Listing Committee, Applied Science and Technology Research Institute, and Education Committee. He is also a member of the Cyberport Advisory Panel, a member of the Advisory Committee of the School of Chinese Medicine of the Hong Kong Baptist University, a member of Our Hong Kong Foundation (香港團結基金) and a member of the Hong Kong Adventist Hospital Foundation Committee. In 2019, Dr. Lo was appointed to participate in and guide the special project on finance and technology research by the banking and finance sector of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Business Advisory Council, and also as an expert member of the GP Research Institution of GP Capital. Dr. Lo is also an advisor to Vectr Ventures, a well-known venture fund in Hong Kong.

In the 1980s, Dr. Lo acted as a strategic consultant for McKinsey & Company; in the 1990s, he served as the managing director of HK Telecom IMS Limited., and founded "Netvigator" and "Interactive TV iTV" (the predecessor of NowTV). He is the CEO of Citibank in Hong Kong and Macau. In 2000, he became the non-executive chairman of WPP Greater China, the world's largest communication group; he was also an executive director and the vice president of China Unicom; he also served as the vice chairman of Fashion Kingdom I.T Group, South China Media (the largest magazine publishing group in Hong Kong) and Kidsland International Holdings Limited (the largest children and toy retail group in Greater China).

Dr. Lo is currently the founder of DaZ Master platform, an online knowledge payment platform. Dr. Lo is also a governor of the Charles K. Kao Foundation for Alzheimer's Disease, the founding director of a Hong Kong independent school "The ISF Academy", and the chairman of the JAHK Youth Achievement Programme. Dr. Lo has served as a director of more than 20 companies listed in Hong Kong, the United States, Singapore and the United Kingdom for more than 20 years. Currently, he is an independent non-executive director of some companies listed on the Stock Exchange, including Television Broadcasts Limited (stock code: 511), CSI Properties Limited (stock code: 497), Oshidori International Holdings Limited (stock code: 622), OCI International Holdings Limited (stock code: 329) and a company listed on the Nasdaq Stock Exchange, Regencell Bioscience Holdings Limited (stock code: RGC). Dr. Lo is an executive director and the chairman of SMI Holdings Group Limited, a company listed on the Stock Exchange (stock code: 0198, and was delisted on 14 December 2020) from January 2019 to April 2019, an independent non-executive director of Ronshine China Holdings Limited, a company listed on the Stock Exchange (stock code: 3301) from January 2016 to June 2019, an independent non-executive director of Hsin Chong Group Holdings Limited, a company listed on the Stock Exchange (stock code: 404, and was delisted on 31 December 2019) from June 2018 to September 2019, an independent non-executive director of Brightoil Petroleum (Holdings) Limited, a company listed on the Stock Exchange (stock code: 0933, and was delisted on 20 October 2020) from June 2019 to December 2020, an independent non-executive director of SITC International Holdings Company Limited, a company listed on the Stock Exchange (stock code: 1308) from September 2010 to October 2020, an independent non-executive director of Nam Tai Property, Inc., a company listed on the New York Stock Exchange (stock code: NTP) from July 2003 to November 2021, and an independent non-executive director of South Shore Holdings Limited, a company listed on the Stock Exchange (stock code: 577, and was delisted on 9 February 2023) from April 2020 to November 2022.

Senior Management

Ms. Jiang Bing Xian (蔣冰弦), aged 42, is the company secretary and senior legal counsel of the Company. Ms. Jiang joined the Company in November 2004. She was appointed as a joint company secretary in June 2017 and acted as the sole company secretary since May 2021. At the same time, from June 2017 to May 2021, she was responsible for investor relations and capital market matters. She was appointed as a senior legal counsel of the Company in May 2021. Ms. Jiang obtained a bachelor's degree in Laws from East China University of Political Science and Law in July 2004 and a master's degree in Laws from China University of Political Science and Law in January 2015.

Company Secretary

Ms. Jiang Bing Xian (蔣冰弦), has been appointed as one of the joint company secretaries and authorized representative of the Company since 23 June 2017 and acted as the sole company secretary from 7 May 2021. For Ms. Jiang's profile, please refer to the section headed "Senior Management" above.

The Board is pleased to present this corporate governance report as set out in the annual report of the Company for the year ended 31 December 2021.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code during the year ended 31 December 2021 except for the deviation from code provision C.2.1 (former code provision A.2.1) as set out below. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Code Provision C.2.1

Under code provision C.2.1, the roles of chairman and chief executive should be separated and should not be performed by the same individual. Notwithstanding that Mr. Chen Xin Ge was the co-chairman of the Company and Mr. Yan Hao held both positions of co-chairman and chief executive officer of the Company for the year ended 31 December 2021.

Since the listing of the Company, Mr. Yan Hao ("**Mr. Yan**") has acted as the co-chairman and the chief executive officer of the Board. Notwithstanding the corporate governance measures adopted by the Company and the appointment of Mr. Chen Xin Ge ("**Mr. Chen**") as the other co-chairman of the Board with an aim to balance the power and authority of Mr. Yan, this is a deviation from the code provision C.2.1 of the CG Code. Mr. Yan, as one of the founders of the Group, is instrumental to the Group's growth and business expansion since 1999. The Board considered that vesting the roles of co-chairman and chief executive officer of the Board in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group's business strategies. The executive functions and day-to-day management of the business are carried out by Mr. Yan as the chief executive officer of the Company.

In addition, the Board believes that the powers and authorities of the co-chairmen of the Board have not been concentrated as the responsibilities have been shared between the co-chairmen of the Board. The Board also believes that the balance of power and authority is adequately ensured by the operations of senior management of the Company and the Board, which comprises experienced and high calibre individuals. For the year ended 31 December 2021, the Board comprises four executive Directors (including Mr. Yan) and three independent non-executive Directors and therefore has a strong independence element in its composition. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG code.

(A) The Board

The Board shall be liable to the shareholders, responsible for the general strategy, risk management and internal control of the Group. In order to supervise the specific affairs of the Company, the Board has established four board committees, including the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Composition of the Board

As at the date of this annual report, the Board consists of four executive Directors (namely Mr. Yan Hao, Mr. Chen Xin Ge, Mr. Xu Hai Feng and Mr. Chen Chao) and three independent non-executive Directors (namely Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William). The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the year ended 31 December 2021 and up to the date of this annual report, the Board has been in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules, independent non-executive directors shall account for at least one-third of the board members. The Company has three independent non-executive Directors currently representing more than one-third of the Board members and therefore the Company has complied with the Rule 3.10A of the Listing Rules.

The Company has received written annual confirmation of independence from each independent non-executive Director as required by the Listing Rules. The Company considers all the independent non-executive Directors to be independent for the purpose of the independence guidelines set out in the Rule 3.13 of the Listing Rules.

None of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee.

As regards the code provision of the CG Code requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as the names of such companies or organizations and the time involved in such offices, each Director has agreed to disclose their commitments to the Company in a timely manner.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statute, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant laws and regulations from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

During the year ended 31 December 2021 and up to the date of this annual report, all Directors namely, Mr. Yan Hao, Mr. Chen Xin Ge, Mr. Xu Hai Feng, Mr. Chen Chao, Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William participated in continuous professional development. They developed and updated their knowledge and skills in respect of the Listing Rules and other statutory and regulatory requirements through participation in training programs or external seminars, thus to make contributions to the Board.

Board Diversity and Diversity Policy

As required by Rule 13.92 of the Listing Rules, the nomination committee (or the board) shall develop a policy concerning board diversity. The Company has adopted a board diversity policy (the "**Board Diversity Policy**") on 18 March 2014, and amended it on 19 December 2018. The existing Directors, who are different from each other in terms of cultural and educational background, professional experience, skills, knowledge, independence and diversity in length of service, can deliver corporate governance on a supplement basis and promise a relatively complete corporate governance system. Details of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

The Nomination Committee is mainly responsible for identifying talent with adequate qualification to serve as a board member, and will take into account the Board Diversity Policy. The Board Diversity Policy would be reviewed by the Board on a regular basis to ensure continuous efficiency. Pursuant to the Board Diversity Policy, in relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

Duties of the Board

The functions and duties of the Board include convening general meetings, reporting on the Board's work at these meetings, implementing the resolutions passed at these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the memorandum and articles of association of the Company (the "**Articles**").

Name	Position and role
Mr. Yan Hao	Executive Director, co-chairman and chief executive officer (overall strategic planning and business direction and day to day business and management)
Mr. Chen Xin Ge	Executive Director and co-chairman (overall strategic planning and business direction)
Mr. Xu Hai Feng	Executive Director and vice president (assisting the co-chairmen and chief executive officer and responsible for the day to day business and management of Jingrui Properties)
Mr. Chen Chao	Executive Director, vice president and chief financial officer (assisting the co-chairmen and chief executive officer and responsible for the finance, financing, capital markets and fund business)
Mr. Han Jiong	Independent non-executive Director and member of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board
Mr. Qian Shi Zheng	Independent non-executive Director and member of the Audit Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board
Dr. Lo Wing Yan William	Independent non-executive Director and member of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board

Appointment and Re-election of Directors

Each of the executive Directors and independent non-executive Directors has entered into a service contract or letter of appointment with the Company with specified terms, and is subject to retirement and re-election at the forthcoming annual general meeting of the Company.

Each of Mr. Yan Hao and Mr. Chen Xin Ge, the executive Directors, has entered into a service agreement with us for an initial fixed period of three years commencing from 31 October 2013. In October 2016 and August 2019, the Company entered into a renewed service agreement with each of Mr. Yan Hao and Mr. Chen Xin Ge, the executive Directors, for a further fixed period of three years commencing from 31 October 2016 and 31 October 2019, respectively, unless terminated earlier. On 15 March 2018, the Company entered into a service agreement with Mr. Xu Hai Feng for a fixed period of three years commencing from 15 March 2018. On 30 March 2020, the Company entered into a service agreement with Mr. Chen Chao for a fixed period of three years commencing from 30 March 2020. In March 2021, the Company has renewed the service contract with Mr. Xu Hai Feng for a further term of three years commencing from 15 March 2021 unless terminated earlier.

Each of Mr. Qian Shi Zheng, Dr. Lo Wing Yan William and Mr. Han Jiong, the independent non-executive Directors, has entered into a letter of appointment with the Company, for an initial term of three years commencing from 31 October 2013. In October 2016 and August 2019, the Company entered into a renewed letter of appointment with each of our independent non-executive Directors for a further term of three years commencing from 31 October 2016 and 31 October 2019, respectively, unless terminated earlier.

Save as disclosed above, none of the Directors has entered into a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall offer himself/herself for election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall offer himself/herself for re-election by shareholders at the next following general meeting of the Company after appointment.

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors. In addition, the Nomination Committee has approved the retirement and re-election of four Directors of the Company, namely Mr. Chen Xin Ge, Mr. Xu Hai Feng, Mr. Chen Chao and Mr. Qian Shi Zheng at the annual general meeting to be held on 27 June 2023.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles. The Nomination Committee is responsible for reviewing the Board composition, re-election and succession planning of Directors.

Board Meetings

The Company will adopt the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days for all regular board meetings are given to all Directors to attend the meetings and the relevant subjects would be included in the agenda for such regular meeting. For other Board and committee meetings, reasonable notice is generally given by the Company. The agenda and related board and committee papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by the Directors.

During the year ended 31 December 2021, four Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Role	Name	Attendance/ number of meetings held	Attendance rate
Executive Director	Mr. Yan Hao	4/4	100%
Executive Director	Mr. Chen Xin Ge	4/4	100%
Executive Director	Mr. Xu Hai Feng	3/4	75%
Executive Director	Mr. Chen Chao	4/4	100%
Independent non-executive Director	Mr. Han Jiong	4/4	100%
Independent non-executive Director	Mr. Qian Shi Zheng	4/4	100%
Independent non-executive Director	Dr. Lo Wing Yan William	4/4	100%

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries to the Directors have been made and each of the Directors has confirmed that he has complied with the Model Code during the year ended 31 December 2021.

Delegation by the Board

The Board reserves its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The corporate governance functions to be performed by the Board include:

(1) to develop and review the corporate governance policies and practices and to make recommendations to the Board;

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

(3) to review and monitor the policies and practices on compliance with legal and regulatory requirements;

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

(5) to review the compliance with the CG Code and disclosure in the corporate governance report.

Committees of the Board

Audit Committee

As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, being Mr. Qian Shi Zheng (Chairman), Dr. Lo Wing Yan William and Mr. Han Jiong. The main duties of the Audit Committee are:

(1) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any questions of their resignation or dismissal;

(2) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(3) to develop and implement policy on engaging external auditors to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(4) to monitor integrity of the Company's financial statements and annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

(4.1) any changes in accounting policies and practices;

(4.2) major judgmental areas;

(4.3) significant adjustments resulting from audit;

(4.4) the going concern assumptions and any qualifications;

(4.5) compliance with accounting standards; and

(4.6) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(5) regarding paragraph (4) above:

(5.1) members of the Audit Committee should liaise with the Board and the Company's senior management and the Audit Committee must meet, at least twice a year, with the Company's external auditors; and

(5.2) the Audit Committee should consider any significant or unusual items that are or may need to be, reflected in the report and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(6) to review the Company's financial reporting system and internal control procedure;

(7) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to establish and maintain effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

(8) to consider major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and management's response to these findings;

(9) to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(10) to review the Group's financial and accounting policies and practices;

(11) to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;

(12) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;

(13) to report to the Board on the matters included under the heading "Audit Committee" in Appendix 14 to the Listing Rules;

(14) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(15) to act as the key representative body for overseeing the Company's relations with the external auditors;

(16) the Audit Committee shall establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company; and

(17) to consider other matters as referred to the Audit Committee by the Board.

As at the date of this annual report, the Audit Committee has reviewed the audit plan, audit scope and major audit issues of the external auditor for the year ended 31 December 2021. In addition, the Audit Committee has held meetings to discuss and review the annual results and annual report of the Group for the year ended 31 December 2020, the interim results and interim report of the Group for the six months ended 30 June 2021, the annual results and annual report of the Group for the year ended 31 December 2021, and also reviewed the auditors' remuneration and made recommendation to the Board on the re-appointment of auditors, which is subject to approval by the shareholders at the annual general meeting.

During the year ended 31 December 2021, three meetings were held by the Audit Committee and the attendance of each respective member at the meetings of the Audit Committee held in 2021 is set out in the following table:

Name	Attendance/number of meetings held
Mr. Qian Shi Zheng	3/3
Dr. Lo Wing Yan William	3/3
Mr. Han Jiong	3/3

Remuneration Committee

As at the date of this annual report, the Remuneration Committee comprises three members, being independent non-executive Directors, Mr. Han Jiong (Chairman) and Dr. Lo Wing Yan William and executive Director, Mr. Chen Xin Ge. A majority of the members of the Remuneration Committee are independent non-executive Directors. The main duties of the Remuneration Committee are:

(1) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(2) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(3) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(4) to make recommendations to the Board on the remuneration of the non-executive Directors;

(5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(6) to review and approve compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(7) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(8) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;

(9) to consult with the Company's chairman and/or the president/managing director/chief executive officer about their remuneration proposals for other executive Directors; and

(10) to consider all other matters as referred to the Remuneration Committee by the Board.

The Remuneration Committee has adopted the model described in code provision E.1.2(c)(ii) (former code provision B.1.2(c)(ii)) of the CG Code.

As at the date of this annual report, the Remuneration Committee has reviewed the performance appraisals of the Directors and senior management of the Company in 2021, and at the same time, made recommendations on performance appraisal standards in 2022. In addition, the Remuneration Committee has reviewed the Group's current remuneration policies for the Directors and the implementation of employment contracts.

For the year ended 31 December 2021, the remuneration payable to members of senior management of the Company by band are set out in Note 30 to the consolidated financial statements.

During the year ended 31 December 2021, one meeting was held by the Remuneration Committee and the attendance of each respective member at the meeting of the Remuneration Committee held in 2021 is set out in the following table:

Name	Attendance/number of meeting held
Mr. Han Jiong	1/1
Dr. Lo Wing Yan William	1/1
Mr. Chen Xin Ge	1/1

Nomination Committee

As at the date of this annual report, the Nomination Committee comprises three members, being executive Director Mr. Yan Hao (Chairman), and independent non-executive Directors Mr. Han Jiong and Dr. Lo Wing Yan William. A majority of the members of the Nomination Committee are independent non-executive Directors. The main duties of the Nomination Committee are:

(1) to review the structure, size and composition (including cultural and educational background, professional experience, skills, knowledge, independence, gender and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(2) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(3) to assess the independence of independent non-executive Directors; and

(4) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The main policy and procedures for nomination of Directors are:

(1) the nomination of new Directors shall be first deliberated by the Nomination Committee and then considered and approved by the Board;

(2) when nominating a Director, the Nomination Committee shall assess whether the nominee has the integrity, skills, experience and diverse perspectives required by the business of the Company, and can devote time and energy to fulfilling the duties and responsibilities;

(3) when nominating a Director, the Nomination Committee shall take into account of the contributions the nominee can bring to the Board in terms of culture and education background, professional experience, skills, knowledge, independence, gender and length of service diversity; and

(4) the responsibility of the selection and appointment of Directors shall be taken by all Directors.

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and, reviewed the proposed appointment of the Directors during the Year and conducted preliminary discussions on the Company's future plans for appointment of Directors in accordance with the new requirements of the Listing Rules and the CG Code on the term of office of independent non-executive Directors and the appointment of Directors. In addition, the Nomination Committee has approved the retirement and re-election of four Directors, namely Mr. Chen Xin Ge, Mr. Xu Hai Feng, Mr. Chen Chao and Mr. Qian Shi Zheng at the annual general meeting to be held on 27 June 2023.

During the year ended 31 December 2021, one meeting was held by the Nomination Committee and the attendance of each respective member at the meeting of the Nomination Committee held in 2021 is set out in the following table:

Name	Attendance/number of meeting held
Mr. Yan Hao	1/1
Mr. Han Jiong	1/1
Dr. Lo Wing Yan William	1/1

Risk Management Committee

The Risk Management Committee was established on 23 October 2015 and as at the date of this annual report, it comprises three independent non-executive Directors, being Mr. Qian Shi Zheng (Chairman), Mr. Han Jiong and Dr. Lo Wing Yan William. The main duties of the Risk Management Committee are:

(1) to review the risk management and internal control policy and standard of the Company, as well as the fundamental concepts and scope of compliance management;

(2) to review and make recommendation to the Board on the overall target and basic policy of the compliance and risk management;

(3) to supervise, monitor and make recommendation to the Board on the establishment of risk and compliance management system of the Company and its development;

(4) to supervise and monitor the Company's exposure to sanctions law and implementation of the related internal control policies and procedures adopted by the Company;

(5) to review the compliance reports and risk assessment reports that need to be reviewed by the Board, and to make recommendation to the Board on improvement of the Company's compliance and risk management;

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

(7) to monitor the effective implementation of the risk and compliance management by the management of the Company, and to evaluate the performance of the senior management of the Company responsible for risk and compliance management;

(8) to evaluate and advise on the risks involved in major decisions that need to be reviewed by the Board and solutions to the major risks; and

(9) to review and evaluate the effectiveness of the risk management and internal control policies and procedures with respect to sanctions law matters from time to time.

The Risk Management Committee has completed an annual review of the risk management and internal control systems of the Group for the year ended 31 December 2021, including amongst others, sufficiency of resources, qualification and experiences of staff, and their training plans and budgets.

During the year ended 31 December 2021, two meetings were held by the Risk Management Committee and the attendance of each respective member at the meetings of the Risk Management Committee held in 2021 is set out in the following table:

Name	Attendance/number of meetings held
Mr. Qian Shi Zheng	2/2
Mr. Han Jiong	2/2
Dr. Lo Wing Yan William	2/2

(B) Financial Reporting, Risk Management and Internal Control

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 December 2021 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the section headed "Independent Auditor's Report" of this annual report.

Risk Management and Internal Control

The Risk Management Committee was established by the Board on 23 October 2015. The Board, through the Risk Management Committee, has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

The Board takes full responsibilities for maintaining sound and effective risk management and internal controls to safeguard the Company's assets and shareholders' interests. The Directors confirm that the Company, through the Risk Management Committee, conducts regular review at least annually on office procedures, practices and systems to prevent assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. The regular reviews also cover all major controls, including financial, operational and compliance supervision and risk management functions of the Company.

In addition to the Risk Management Committee, the Company has an internal audit function. The risk management and internal control systems of the Group are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditor and the Risk Management Committee review and evaluate the control process, monitor any risk factors on a regular basis, and reports to the Board on any findings and measures to address the variances and identified risks. However, the mechanism under the risk management and internal control systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has established sound risk management and internal control systems, and formulated internal guidance covering a full range of businesses including investment, operation, marketing, finance and human resources management, with a complete organizational structure and clear responsibilities and authorizations.

The day-to-day operation of various departments is conducted in accordance with the abovementioned internal guidance with cross checks and balances between different departments. In addition, the status of risk management and internal control is further supervised by the departments at a higher level through daily inspection, process assessment and special guidance, and by the independent internal audit department through the review of amendments to internal control procedures, special audit and risk interview, which facilitates the Company to find, identify, assess and manage risks on a timely basis, and to take effective measures to control and mitigate risks.

The Risk Management Committee also conducts regular review and assessment of inside information, discusses with the management or authorized persons of the Company about disclosure of inside information, and reports to the Board once it has identified any for dissemination. Inside information disclosure policies are formulated to provide employees with guidelines on report and disseminating inside information, confidentiality and compliance with restrictions on trading.

Procedures to Identify, Evaluate and Manage Significant Risks

(1) Establishment of the risk context: evaluating and reviewing the effectiveness of the risk management and internal control systems of the Group to reduce the costs of operational risk and ensure compliant operation of the Company.

(2) Formulation of the risk management policies: ensuring that the Group carries out consistent procedures and criteria for risk identification, measurement and reporting.

(3) Identification of the risks: identifying any potential risks of various business segments and key procedures.

(4) Evaluation on the risks: evaluating and rating the impact on business and its likelihood of the risks identified.

(5) Response to the risks: evaluating the risk management solutions and the effectiveness of risk management.

(6) Report and monitor: monitoring and reviewing the policies and evaluating procedures for risk management, and the measures for managing and effectiveness of controlling significant risks, and report the findings to the Board.

Summary of Major Risk Management and Internal Control Initiatives during the Year

(1) The nature of and changes in key risk items identified during the year ended 31 December 2020 were reviewed and the likelihood of such risks and their impact on business were reevaluated.

(2) Potential risks of those key business initiatives and management procedures newly introduced in 2021 were identified and evaluated.

(3) The appropriateness and effectiveness of the measures and actions to control and reduce key risks were reviewed.

The Directors consider that the Group's existing risk management and internal control systems and the internal audit function of the Company are effective and adequate.

External Auditor

At the request of the Board, PricewaterhouseCoopers has resigned as auditor of the Company with effect from 31 May 2022. On 27 June 2022, Elite Partners CPA Limited was appointed as the new auditor of the Company, details of which were disclosed in the announcements of the Company dated 10 and 27 June 2022.

The remuneration paid/payable to the Company's auditor, Elite Partners CPA Limited, in connection with the annual audit of the Group's consolidated financial statements for the Year, amounted to a total of approximately RMB4,000,000. In addition, Elite Partners CPA Limited did not provide other non-audit services to the Group.

(C) Company Secretary and Shareholders' Rights

Company Secretary

Ms. So Lai Shan resigned as the joint company secretary of the Company on 7 May 2021. Ms. Jiang Bing Xian ("**Ms. Jiang**"), the other joint company secretary, remains in office and acts as the sole company secretary on the same day, and is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

Ms. Jiang has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules for the year ended 31 December 2021.

Shareholders' Rights

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting. The annual general meeting for the year ended 31 December 2021 will be held on 27 June 2023.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to Article 66 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary to require an extraordinary general meeting to be called by the Board, with the transaction of any business specified in such requisition. The written requisition can be lodged at the Company's principal place of business in Hong Kong for the attention of the company secretary of the Company.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business for the Company in Hong Kong at Room 1218, 12/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

(D) Investor Relations and Communication with Shareholders

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its shareholders and maintains a website (www.jingruis.com), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the year ended 31 December 2021, an annual general meeting was held by the Company on 8 June 2021 and the attendance of the individual Directors at this general meeting is set out in the table below:

Name	Attendance/number of meeting held
Mr. Yan Hao	1/1
Mr. Chen Xin Ge	0/1
Mr. Xu Hai Feng	1/1
Mr. Chen Chao	1/1
Mr. Han Jiong	1/1
Mr. Qian Shi Zheng	1/1
Dr. Lo Wing Yan William	1/1

In accordance with code provision F.2.2 (former code provision E.1.2) of the CG Code, the co-chairman, Mr. Yan Hao, Mr. Xu Hai Feng and Mr. Chen Chao, both executive Directors, were present at the annual general meeting held on 8 June 2021, and had invited the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee and the external auditor to attend the meeting. Dr. Lo Wing Yan William, as a member of each Board Committee, was also invited to and attended the annual general meeting.

Dividend Policy

The Company established its dividend policy in October 2013. The Articles provides that dividends may be declared and paid out of profit of the Company, realized or unrealized, or from any reserve set aside from profits in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law, Cap. 22 of the Cayman Islands (the "**Companies Law**") and the Articles.

The Directors will declare dividends, if any, in Hong Kong dollars with respect to shares on a per share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our shareholders' approval. The amount of dividends actually distributed to the shareholders of the Company will depend upon earnings and financial condition, operating requirements, capital requirements of the Company and any other conditions that our Directors may deem relevant.

The Directors currently intend to distribute to our shareholders no less than 20% of any net distributable profits from our PRC operating entities derived during the relevant period, excluding net fair value gains or losses on investment properties, for each fiscal year. Meanwhile, the Company will re-evaluate our dividend policy annually and there is no assurance that dividends of any amount will be declared or distributed in any given year. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that the Company may enter into in the future.

Information Disclosure

The Company discloses information in compliance with the Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

Constitutional Documents

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

On 30 March 2022, the Board discussed and proposed that certain amendments (the "**Proposed Amendments**") be made to the existing memorandum and articles of association (the "**Existing Articles**") to, among other things, bring the Existing Articles in line with the core shareholder protection standards set out in Appendix 3 of the Listing Rules. Further, amendments are proposed to be made to the Existing Articles to reflect certain updates in relation to the applicable laws of the Cayman Islands and the Listing Rules and other house-keeping amendments that are in line with the Proposed Amendments.

Accordingly, the Board proposes to adopt amended and restated memorandum and articles of association (the "**New Articles**") in substitution for, and to the exclusion of, the Existing Articles.

The proposed adoption of the New Articles is subject to the approval of the shareholders by way of a special resolution at the forthcoming annual general meeting to be held on 27 June 2023. The Company will publish an announcement and the circular of the annual general meeting in due course, which contain the details of the Proposed Amendments.

Report of the Directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2021.

Global Offering

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 7 March 2013. The shares of the Company were listed on the Stock Exchange on 31 October 2013.

Principal Activities

The Company is an investment holding company, and the principal activities of its subsidiaries are development of and investment in real estate projects as well as management of properties. Details of the principal subsidiaries of the Company are set out in Note 41 to the consolidated financial statements.

An analysis of revenue of the Group for the year ended 31 December 2021 by principal activities is set out in Note 5 to the consolidated financial statements.

Business Review

Environmental Policies and Performance

The Group is subject to a number of environmental laws and regulations in the PRC concerning overall environmental protection, impact to the environment, noise pollution and environmental protection for construction projects.

We place high emphasis on complying with relevant environmental laws and regulations. We require our staff and construction contractors to comply with the PRC laws and regulations relating to the quality of construction including environmental, labour, social and safety regulations, as well as our own standards and specifications.

We believe that during the Year we have been in compliance in all material respects with applicable laws and regulations in the PRC.

Relationships with Employees, Customers and Suppliers

During the Year, the Group ensured that its employees were offered competitive remuneration packages, as well as benefits such as social insurance, housing fund and physical examination, so as to maintain its competitiveness. As such, the Group has maintained good relationships with its employees with low outflow of key talents.

The Group focused on taking customers' views and positioned the establishment of our transformation towards a "customized lifestyle service provider". We will strive to become a customized lifestyle service provider with remarkable regional influence, gaining respect from our customers and even suppliers.

During the Year, the Group's procurement from its five largest suppliers accounted for 46.2% (2020: 38.8%) of its procurement while the Group's sales to its five largest customers accounted for 2.6% (2020: 0.9%) of its sales.

The Group maintains a high standard in selecting reputable and reliable suppliers and contractors, in order to meet our own quality, safety, environmental and product criteria. During the year ended 31 December 2021 and up to the date of this annual report, the Group has maintained good relationships with its suppliers and contractors.

The sustainable development of the Group depends on the supports and efforts of all parties concerned including our customers, suppliers and contractors, particularly the efforts and contributions of all our staff.

Compliance with Related Laws and Regulations

The Company was incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange. The subsidiaries of the Group were incorporated in British Virgin Islands, Hong Kong and the PRC. The operations of the Group were mainly engaged by the subsidiaries of the Group incorporated in the PRC. The Group has an administrative place of business in Hong Kong.

Our business and operations are subject to related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC. During the year ended 31 December 2021 and up to the date of this annual report, we have complied with all related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC, which would have significant impact on the Group.

Business Review and Prospect

Review on the business of the Group during the Year and the description of its future business development are set out under the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Financial Results

The key financial indicators set out on page 5 of this annual report under sub-section headed "Key Financial Indicators" were adopted to analyze the Group's performance during the Year. The financial risk management objectives and policy of the Group are set out in Note 3 to the consolidated financial statements.

Risks and Uncertainties

The financial conditions and operating results of the Group may be subject to various potential risk and uncertainties. Other than the risks disclosed below, the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report also set out certain other risks to which the Group may be exposed.

Policy Risk

The real estate industry, as an important pillar of the overall national economic development, is relatively susceptible to macroeconomic and industrial policies as a whole.

In the second half of 2021, the default incidents of leading real estate enterprises triggered a rapid change in the expectations of all parties in the market. Financial institutions, investors, home buyers, and local industry authorities also tightened their expectations on real estate. The number of defaulted real estate enterprises increased, and the real estate market entered a downward adjustment, bringing greater downward pressure on the macroeconomic operation. Looking back macro policies on the real estate industry in 2021, on the basis of maintaining the original policy of "housing is for accommodation, not for speculation", the "two-concentration of land supply" and "guide price of second-hand residential units" mechanisms were newly introduced, and deleveraging of the real estate industry was fully implemented.

On 18 February 2021, the Ministry of Housing and Urban-Rural Development of the PRC (the "**MOHURD**") issued a notice to implement two concentrations of land supply in 22 core cities, namely, centralized issuance of announcements on offer for sale and centralized organization of activities on offer for sale. No more than 3 announcements for residential land shall be issued in 2021. On 11 August 2021, the Ministry of Natural Resources issued another notice to put forward four clear requirements for centralized land supply, indicating the change from control of "notional land premium" to control of "actual land premium".

On 8 February 2021, Shenzhen Housing and Construction Bureau published the "Notice Regarding the Mechanism of Announcement of Reference Trading Prices of Second-hand Residential Units (《關於建立二手住房成交參考價格發佈機制的通知》)", which put forward the establishment of a mechanism of announcement of reference trading prices of second-hand residential units. As of the end of the year, more than ten cities had announced guide prices of second-hand residential units, which were generally lower than the listed price in the market, thus increasing the down payment ratio, restraining investment and speculative demands, and improving the supply and demand in the second-hand housing market.

In March 2021, the China Banking and Insurance Regulatory Commission, the MOHURD and the People's Bank of China jointly issued the Notice on Preventing the Illegal Flow of Loans for Business Purposes into the Real Estate Sector (《關於防止經營用途貸款違規流入房地產領域的通知》), with a view to preventing the illegal flow of loans for business purposes into the real estate sector and better supporting the development of the real economy. In the first half of the year, the "Three Red Lines" on financing from real estate enterprises and the "Two Red Lines" on housing mortgage management continued to exert their forces. Banking financial institutions were eager to "withdraw loans", which largely led to the frequent occurrence of default incidents among real estate enterprises and the deleveraging of the real estate industry from controlling risk to generating risk. In the second half of 2021, as the market continued to cool down, the credit policies on real estate were moderately rectified, during which the unfreezing of financing from real estate enterprises, and the marginal improvement of personal mortgage loans were involved.

The Central Economic Work Conference, which ended on 10 December 2021, put forward that it is necessary to adhere to the positioning that "housing is for accommodation, not for speculation", to strengthen the expected guidance, to explore new development models, to insist on adoption of both rental and purchase policies, to accelerate the development of the long-term rental market, to promote the construction of affordable housing to support the commercial housing market to better meet the reasonable needs of home buyers, and to implement city-specific policies to promote a positive circle and healthy development of the real estate industry, which set the tone for the real estate policies in 2022.

Meanwhile, the real estate industry is often affected by cyclical fluctuations, and there will still be uncertainties in the direction of future policies. If the Company is unable to actively adapt to changes in regulatory policies, to improve its risk control, and to formulate business management standards and reasonable business strategies, the Company's operations and performance may be adversely affected.

Business Risk

Property project development comprises multiple phases which include site selection, land acquisition, planning, design, construction, sales and after-sales service. Project development typically requires long turnover periods, significant financial investments and interaction with numerous parties. It is also subject to approval and supervision by a number of government authorities, such as authorities for the administration of land and resources, housing and urban-rural development, fire prevention and environmental protection, and will also be affected by factors such as market conditions.

In recent years, the government has announced policies containing more stringent approval requirements for land transactions, housing layout planning, and application for construction permits and sales permits. This may result in longer turnover periods for the Company's property development and sales, and increase our development costs and development risks.

At present, the transfer of land sites for development and construction in the PRC is conducted through the "tender, auction and listing" system of transfer in the public market. Property development companies face intense competition in land acquisition. If the Company is unable to acquire land sites required for project development in a timely manner and maintain a dynamic land bank required for ongoing development, the Company's development will be restrained and the continuous growth in the Company's revenue and operating results will be affected as a result.

On the other hand, the proportion of projects for holding in the past two years has increased significantly compared with the previous years. The operating and profit model of projects for holding is substantially different from the property development projects, and the external environment is more complicated. In the event that the Company fails to identify the operating characteristics of the projects for holding and is unable to make adjustments in time to cope with changes in the market situation, the contribution of the projects for holding to the Company's revenue growth will be subject to limitations.

Significant Subsequent Events

Details of significant subsequent events of the Group are set out in Note 43 to the consolidated financial statements.

Results

Details of the Group's results for the year ended 31 December 2021 are set out in the consolidated income statement on page 76 of this annual report.

Subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2021 are set out in Note 41 to the consolidated financial statements.

Final Dividend

At the Board meeting held on 13 March 2023, the Board has resolved not to recommend the distribution of final dividend for the year ended 31 December 2021 (2020: HKD0.25 per share).

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

Financial Summary/Financial Review

Financial summary of results, assets and liabilities and financial review of the Group for the past five financial years are set out on page 232 of this annual report. The summary does not constitute a part of the audited consolidated financial statements.

Major Customers and Suppliers

For the year ended 31 December 2021, the Group's procurement from its five largest suppliers accounted for 46.2% (2020: 38.8%) of the Group's total procurement, while the procurement from the largest supplier accounted for 17.9% (2020: 11.4%). For the year ended 31 December 2021, the Group's sales to its five largest customers accounted for 2.6% (2020: 0.9%) of the Group's total sales.

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

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2021 are set out in Note 6 to the consolidated financial statements.

Investment Properties

Details of movements in the investment properties of the Company and the Group during the year ended 31 December 2021 are set out in Note 7 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the Year are set out in Note 17 to the consolidated financial statements.

Share Issuance

For the year ended 31 December 2021, the Company did not issue any shares or any securities convertible into shares in exchange for cash.

Reserves

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 78 of this annual report and in Note 18 to the consolidated financial statements respectively.

In addition, details of movements in the reserves of the Company during the Year are set out in Note 42(a) to the consolidated financial statements.

Distributable Reserves

As at 31 December 2021, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, amounted to approximately RMB1,632.4 million.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2021 are set out in Note 19 to the consolidated financial statements.

Directors

The Directors during the year ended 31 December 2021 and up to the date of this annual report were:

Executive Directors:

Mr. Yan Hao
Mr. Chen Xin Ge
Mr. Xu Hai Feng
Mr. Chen Chao

Independent Non-executive Directors:

Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

Board of Directors and Senior Management

Biographies of the Directors and senior management of the Company are set out on pages 34 to 36 of this annual report.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers these Directors to be independent for the year ended 31 December 2021.

Directors' Service Contracts and Letter of Appointments

Each of Mr. Yan Hao and Mr. Chen Xin Ge, the executive Directors, has entered into a service contract with the Company on 6 October 2013 for an initial term of three years commencing from 31 October 2013 and such service contracts may be terminated in accordance with the respective terms thereof.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on 6 October 2013 for an initial term of three years commencing from 31 October 2013 unless terminated earlier.

In October 2016 and August 2019, the Company has renewed the service contract with each of Mr. Yan Hao and Mr. Chen Xin Ge, the executive Directors, and the letter of appointment with each of the independent non-executive Directors for a further term of three years commencing from 31 October 2016 and 31 October 2019 unless terminated earlier. On 15 March 2018, the Company entered into a service agreement with Mr. Xu Hai Feng for a fixed period of three years commencing from 15 March 2018. On 30 March 2020, the Company entered into a service agreement with Mr. Chen Chao for a fixed period of three years commencing from 30 March 2020. In March 2021, the Company has renewed the service contract with Mr. Xu Hai Feng for a further term of three years commencing from 15 March 2021 unless terminated earlier.

Directors' Remuneration

The Directors' remuneration is determined by reference to each Director's duties and responsibilities, individual performance and the results of the Group.

Details of the remuneration of the Directors and five highest paid individuals of the Group for the year ended 31 December 2021 are set out in Note 30 to the consolidated financial statements. For the year ended 31 December 2021, there was no agreement under which a Director waived or agreed to waive any emoluments.

Directors' Rights to Acquire Shares or Debentures

At no time during the year ended 31 December 2021 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children to acquire benefits by means of the acquisitions of shares in the Company or in any other body corporate.

Director's Interests in Competing Business

As at 31 December 2021, none of the Directors had any interest in business which competes or may compete directly or indirectly with the business of the Group.

Compliance with Non-Competition Undertaking

Each of Mr. Yan Hao, Mr. Chen Xin Ge, Beyond Wisdom Limited and Sunny King International Limited (the "**Covenantors**") has entered into a deed of non-competition (the "**Deed of Non-Competition**") with and in favor of the Company on 15 October 2013 and 27 December 2018, respectively, pursuant to which the Covenantors have unconditionally, irrevocably, jointly and severally undertaken with the Group that they shall not (except through the Group), and shall procure that all their respective associates (excluding any member of the Group), shall not directly or indirectly, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group (the "**Restricted Business**").

The independent non-executive Directors have reviewed the compliance with the non-competition undertaking by the Covenantors under the Deed of Non-Competition and are of the view that such non-competition undertaking has been complied with during the year ended 31 December 2021. Each of the Covenantors has provided to the Company a written confirmation in respect of his/its compliance with the Deed of Non-Competition.

Directors' and Controlling Shareholders' Interests in Transactions, Arrangement and Contracts

Save as disclosed in this annual report, no transaction, arrangement and contract of significance to which the Company or any of its subsidiaries was a party and in which a Director and/or any of its connected entity had a material interest, whether directly or indirectly, subsisted as at 31 December 2021 or at any time during the Year. The Company did not provide any loans to the Directors or the management personnel of the Company during the Year; in addition, no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling shareholders or any of their respective subsidiaries, subsisted as at 31 December 2021 or at any time during the Year.

Employees and Remuneration Policies

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the sections headed "Directors' Remuneration" on page 54 and "Employees and Remuneration Policies" on page 25 of this annual report.

The Company has adopted the Share Award Scheme and the Share Option Scheme on 29 November 2017 and 7 May 2019, respectively. Details of the Share Award Scheme and Share Option Scheme are set out in the sections headed "Share Award Scheme" and "Share Option Scheme" below.

Management Contract

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

Pre-emptive rights

There is no provision regarding pre-emptive rights under the Articles and the laws of the Cayman Islands.

Equity-Linked Agreements

Save for the Share Award Scheme and Share Option Scheme as disclosed in the sections headed "Share Award Scheme" and "Share Option Scheme" of this Report of the Directors, the Company has not entered into any equity-linked agreement for the year ended 31 December 2021.

Senior Notes and Corporate Bonds

With an aim to improve the Company's debt position, the Company has issued senior notes during the Year. In March 2021, the Company issued a 14.5% senior notes due February 2023 in the aggregate principal amount of USD110,000,000. In April 2021, the Company issued a 12.5% senior notes due October 2023 in the aggregate principal amount of USD157,000,000. In May 2021, the Company issued a 12.5% senior notes due October 2023 in the aggregate principal amount of USD33,000,000. In August 2021, the Company issued a 12.5% senior notes due October 2023 in the aggregate principal amount of USD50,000,000. In September 2021, the Company issued a 12% senior notes due January 2024 in the aggregate principal amount of USD165,000,000. Further details are set out in the announcements of the Company dated 17 March, 19 March, 22 March, 26 April, 27 April, 17 May, 18 May, 17 August, 18 August, 28 September and 29 September 2021. The proceeds from the issuance of the above senior notes have been utilized to refinance the Company's existing indebtedness.

Details of senior notes and corporate bonds of the Group outstanding during the Year are set out in Note 19 to the consolidated financial statements.

Share Award Scheme

On 29 November 2017, the Company adopted the Share Award Scheme, which was terminated on 29 November 2022 and its details of which are set out below:

1. Objectives

Among other things, the purposes and objectives of the Share Award Scheme are (i) to recognise and reward the contribution of employees to the growth and development of the Group, to retain such employees to work towards the Company's continuous operation and development, and to attract talented individuals to join the Company to further promote its development; (ii) to establish a benefit sharing and restrictive mechanism to align the interests of senior management and core employees directly to the shareholders of the Company and provide a platform to enhance management cohesion through sharing of the growth of the Company; (iii) to enhance the corporate culture of joint sustainable development to promote the sustainable growth of the Company; and (iv) to effectively deploy the motivation and the creativity of the senior management and the core employees of the Company to ensure that the Company's strategic and business objectives are realized.

2. Participants

The Board may, from time to time, in its absolute discretion, select the selected person(s) after taking into various factors as they deem appropriate and determine the number of awarded shares to be awarded to each of the selected persons. The selected persons shall cover (i) newly recruited senior management of the Company, Yan Capital Management, Jingrui Properties and Co-Fortune Capital; (ii) existing senior management of certain subsidiaries of the Group at provincial/city level; and (iii) existing senior management and core employees of the Company, Yan Capital Management, Jingrui Properties and Co-Fortune Capital.

3. Maximum Limit

The Board shall not make any further award of awarded shares (excluding awarded shares that have lapsed or been cancelled in accordance with the scheme rules) which will result in the aggregate number of awarded shares awarded by the Board throughout the duration of the scheme to exceed 10% of the total number of issued shares of the Company as at the adoption date (being 129,130,221 shares). In the event of any consolidation or sub-division of the share capital of the Company, such maximum limit shall be adjusted accordingly.

4. **Duration and Termination**

The scheme was effective from 29 November 2017 and shall continue in full force and effect for a term of 5 years or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected person. In particular, awarded shares being granted but unvested before the termination of the scheme shall remain effective and shall continue to vest in accordance with the provisions of the scheme and/or the vesting schedule and conditions as set out in the grant letter.

5. **Grant and Vesting of Awarded Shares**

Pursuant to the scheme rules, the Board may, at its absolute discretion select any eligible participant(s) for participation in the scheme as a selected person and determine the number of shares to be awarded at nil consideration. The Remuneration Committee shall first formulate the grant plan which shall then be recommended to the Board for consideration and approval.

Upon the grant of the awarded shares, a grant letter should be provided to the selected person and such grant letter shall address, among other things, the number of awarded shares granted and the number of underlying shares represented by the awarded shares, the vesting criteria and conditions, the vesting schedule, the exercise price (where applicable) and such other terms and conditions as the Board shall determine and consider necessary and are not consistent with the scheme. A selected person may accept an offer of the grant of awarded shares in such manner as set out in the grant letter. Once accepted, the awarded shares are deemed granted from the date of the grant letter. Upon acceptance, the selected person becomes a participant in this scheme.

Selected persons shall be entitled to receive the awarded shares held by the trustee in accordance with the vesting schedule and conditions as determined by the Board in its sole discretion. Details of the vesting schedule and conditions will be provided in the grant letter to be issued by the Company to the selected persons.

6. **Events Triggering Lapse or Immediate Vesting of Awarded Shares**

The unvested awarded shares shall automatically lapse in the event of (i) in relation to Type 1 participant(s), any changes in the Type 1 participant's position due to his/her incapability for the position or non-qualifying appraisal and evaluation; and (ii) in relation to all type of participants, (a) the participant resigns voluntarily; (b) the participant resigns due to the staff cut undertaken by the Company or the Company is unwilling to renew the employment contract; (c) the participant becomes incapable and resigns for reasons other than any injury arising out of and in the course of his/her employment; or (d) the participant deceases not for a reason arising out of and in the course of his/her employment. If a participant violates the laws and professional ethics, leaks confidential information of the Company, or is negligent or conduct gross misconduct in performance of duties, which may result in material damage to the interests or reputation of the Company, the unvested awarded shares of such participant shall not be vested, as the Board may direct as it thinks fit.

If a general offer to acquire the shares (whether by offer, merger, or otherwise in a like manner) is made to all of the shareholders of the Company (or shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the general offer to acquire the shares is approved and the offer becomes or is declared unconditional in all respects, the awarded shares granted to the participants will be vested immediately, even if the vesting period has not yet commenced.

If there occurs any special circumstance which may affect the eligibility of the selected person or the vesting of awarded shares, the awarded shares shall be dealt with in accordance with the scheme rules. However, for those which are not currently covered therein, the Board shall, from time to time, have sole discretion to determine how such awarded shares should be handled.

7. Details of the Movement in the Awarded Shares under the Share Award Scheme during the year ended 31 December 2021

Movements in the number of awarded shares during the Year are set out below:

Name of grantee	Number of awarded shares as at 1 January 2021	Date of grant	Granted during the Year	Vested and exercised during the Year	Cancelled during the Year	Lapsed during the Year	Number of awarded shares as at 31 December 2021
Executive Directors							
Mr. Xu Hai Feng	180,814	20 March 2019 (1)	–	180,814	–	–	–
	302,278	11 May 2020 (3)	–	151,139	–	–	151,139
Mr. Chen Chao	544,000	20 March 2019 (2)	–	544,000	–	–	–
	–	22 April 2021 (4)	120,772	–	–	–	120,772
Other senior management							
Other senior management	369,390	20 March 2019 (1)	–	369,390	–	–	–
	126,259	9 September 2019 (1)	–	126,259	–	–	–
	669,383	11 May 2020 (3)	–	334,690	126,445	–	208,248
	–	22 April 2021 (4)	139,102	–	121,848	–	17,254
Total	2,192,124		259,874	1,706,292	248,293	–	497,413

(1) The awarded shares granted on 20 March and 9 September 2019 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 1/2 in each of 2020 and 2021.

(2) The awarded shares granted on 20 March 2019 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 528,000 shares, 528,000 shares and 544,000 shares in each of 2019, 2020 and 2021, respectively.

(3) The awarded shares granted on 11 May 2020 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 1/2 in each of 2021 and 2022.

(4) The awarded shares granted on 22 April 2021 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 1/2 in each of 2022 and 2023.

SHARE OPTION SCHEME

On 7 May 2019, the Company adopted the Share Option Scheme, details of which are set out below:

1. Objectives

The purpose of the Share Option Scheme is to recognize and acknowledge the contributions made or may have made by the eligible participants to the Group. The Share Option Scheme will provide eligible participants with an opportunity to hold personal interests in the Company, thereby stimulating eligible participants to enhance performance efficiency for the benefit of the Group and to attract and retain eligible participants or otherwise maintain a continuous business relationship with eligible participants and the contributions of such eligible participants will benefit the Group's long-term development.

2. Eligible participants

The Board may, at its discretion, grant a share option to the following persons to subscribe for the relevant number of new shares as may be determined by the Board as follows: (i) any senior executive or director of the Group (including non-executive directors and independent non-executive directors); and (ii) any senior management staff of the Group.

In accepting the relevant share options, the grantee is required to pay HKD1.00 to the Company as the consideration for the grant of the share options.

3. Maximum Limit

The maximum number of shares in the share options that may be granted under the Share Option Scheme and any other share option scheme of the Company shall not exceed 10% of the total number of issued shares on the date of adoption. If the Company has issued a circular and approved by the shareholders at the general meeting and/or complies with such other requirements as may be prescribed by the Listing Rules from time to time, the Board may: re-determine the cap at any time at 10% of the shares in issue on the date of approval of the general meeting; and/or granting more than 10% of the options to eligible participants selected by the Board. The maximum number of shares that may be issued at any time after the exercise of all the outstanding share options granted but not yet exercised under the Share Option Scheme and any other share option scheme of the Company shall not exceed 30% of the shares in issue from time to time. On 7 May 2019, the Company received a plan authorization limit of 10% of the total number of issued shares of the Company on that date, which was a total of 140,019,421 shares, representing 10% of the number of shares issued by the Company as at the date of this report.

As at 31 December 2021, the maximum number of the shares available for issue upon exercise of all share options which may be granted under the Share Option Scheme is 110,019,421 shares, representing approximately 7.15% of the issued share capital of the Company as at the date of this report. During the year ended 31 December 2021, except the 3,000,000 share options granted to the senior management of the Company, no share options were exercised, cancelled or lapsed under the Share Option Scheme.

4. Duration and Termination

The scheme is effective as of 7 May 2019. The share options may be exercised at any time during the period prior to the expiration of 10 years from the date on which the options are deemed to have been granted and accepted, in accordance with the terms of the Share Option Scheme. The exercise period of the share options will be determined by the Board at its sole discretion, but not more than 10 years after the grant of the share options.

No share options may be granted after 10 years from the date of approval of the Share Option Scheme. Unless the Company terminates early through the general meeting or the Board, the Share Option Scheme will become effective and valid for a period of 10 years from the date of adoption, up to 6 May 2029.

5. The maximum number of shares that each participant can be authorized to benefit from

Shares issued or to be issued to each of the participants during the course of any 12-month period in which all share options (including exercised and outstanding share options) granted under the Share Option Scheme or any other share option scheme of the Company must not exceed 1% of the total number of issued shares. If the number of share options further granted exceed maximum of 1%, the granted share options shall be approved by the shareholders by voting at the general meeting.

Having been or will be granted under the Share Option Scheme or any other share option scheme of the Company during the 12-month period up to and including the date of the grant of the shareholders, shares issued or to be issued upon the exercise of the entire share options (including the exercised, cancelled and outstanding share options) (1) totaling more than 0.1% of the total number of issued shares; and (2) calculated on the date of grant if the total value of the closing price of the shares exceeds HKD5,000,000, the proposed share options must be approved by the shareholders at the general meeting by way of poll.

6. Share subscription price

The subscription price of the shares of any particular share options granted under the Share Option Scheme shall be the price determined by the Board at its sole discretion, provided that the price is not lower than the following highest:

(i) The official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant (which is the date on which the Stock Exchange is opened for securities trading business);

(ii) The average of the official closing prices of the shares stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant; and

(iii) The nominal value of a share.

7. Details of the Movement in the Share Options under the Share Option Scheme during the year ended 31 December 2021

Movements in the number of share options during the Year are set out below:

Name of grantee	Date of grant	Exercise period	Closing price as at the date of grant (HKD per share)	Exercise price (HKD per share)	Number of share options as at 1 January 2021	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	Number of share options as at 31 December 2021
Executive Director										
Mr. Xu Hai Feng	9 September 2019 [1]	From 9 September 2019 to 8 September 2029	2.53	2.53	4,500,000	–	–	–	–	4,500,000
Other senior management										
Other senior management	9 September 2019 [1]	From 9 September 2019 to 8 September 2029	2.53	2.53	13,500,000	–	–	–	–	13,500,000
	8 June 2021 [2]	From 8 June 2021 to 7 June 2031	2.24	2.53	–	3,000,000	–	–	–	3,000,000
Total					18,000,000	3,000,000	–	–	–	21,000,000

Notes:

(1) Share options granted by the Company on 9 September 2019 will be vested by batches from 2019 to 2022. The vesting of the share options is conditional upon the achievement of certain targets related to the Group including but not limited to contracted sales of the Group and net profits attributable to equity holders per financial year during the period from 2019 to 2021.

(2) The vesting of the share options granted by the Company on 8 June 2021 is conditional upon the achievement of certain targets related to the Group including but not limited to contracted sales of the Group and net profits attributable to equity holders per financial year during the period from 2020 to 2021.

Charitable Donations

No charitable or other donations were made by the Group for the year ended 31 December 2021.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2021, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which will be required to be notified to the Company and the Stock Exchange pursuant to which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in relevant provision, or which will be required, pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, are as follows:

Name of Director	Nature of interest	Number of shares held [5]	Approximate percentage of shareholding interest [6]
Mr. Yan Hao	Founder of a discretionary trust [1]	649,276,613 (L)	42.20%
	Beneficial owner	200,000 (L)	0.01%
Mr. Chen Xin Ge	Founder of a discretionary trust [2]	409,805,918 (L)	26.63%
	Beneficial owner	782,000 (L)	0.05%
Mr. Xu Hai Feng	Beneficial owner [3]	5,344,738 (L)	0.35%
Mr. Chen Chao	Beneficial owner [4]	502,772 (L)	0.03%

Notes:

(1) Yan Trust, as a trustee, is deemed to be interested in 649,276,613 shares through its control over Beyond Wisdom Limited. The details are as follows:

Name of controlled corporation	Name of controlling shareholder	Percentage of shareholding (%)	Interest held directly	Number of shares
Beyond Wisdom Limited	Yan Trust	100	Y	649,276,613 (L)

(2) Cantrust (Far East) Limited, as a trustee, is deemed to be interested in 409,805,918 shares through its control over New Decent King Investment Limited and Sunny King International Limited. The details are as follows:

Name of controlled corporation	Name of controlling shareholder	Percentage of shareholding (%)	Interest held directly	Number of shares
New Decent King Investment Limited	Cantrust (Far East) Limited	100	N	409,805,918 (L)
Sunny King International Limited	New Decent King Investment Limited	100	Y	409,805,918 (L)

(3) Mr. Xu Hai Feng is interested in 4,500,000 share options of the Company and a total of 151,139 unvested awarded shares. Details of the share options and awarded shares were disclosed in the sections headed "Share Option Scheme" and "Share Award Scheme" respectively.

(4) Mr. Chen Chao is interested in 120,772 unvested awarded shares. Details of the awarded shares were disclosed in the section headed "Share Award Scheme".

(5) (L) represents long positions in these securities.

(6) There were 1,538,813,213 shares in issue as at 31 December 2021.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2021, none of the Directors or the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered in the register referred to in relevant provision under the Section 352 of the SFO, or which will be required to be notified to the Company and the Stock Exchange under the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2021, so far as the Directors were aware, the following persons (other than the Directors or the chief executive of the Company) have interests and/or short positions in the shares or underlying shares of the Company as required to be kept under section 336 of the SFO:

Name	Nature of interest	Number of shares [3]	Percentage of shareholding interest [4]
Beyond Wisdom Limited	Beneficial owner [1]	649,276,613 (L)	42.20%
Yan Trust	Trustee [1]	649,276,613 (L)	42.20%
Sunny King International Limited	Beneficial owner [2]	409,805,918 (L)	26.63%
New Decent King Investment Limited	Interest of a controlled corporation [2]	409,805,918 (L)	26.63%
Cantrust (Far East) Limited	Trustee [2]	409,805,918 (L)	26.63%

Notes:

(1) Yan Trust, as a trustee, is deemed to be interested in 649,276,613 shares through its control over Beyond Wisdom Limited and Mr. Yan Hao (as a founder of the discretionary trust) is deemed to be interested in 649,276,613 shares.

(2) New Decent King Investment Limited is deemed to be interested in 409,805,918 shares through its control over Sunny King International Limited and Cantrust (Far East) Limited, as a trustee, is deemed to be interested in 409,805,918 shares through its control over New Decent King Investment Limited while Mr. Chen Xin Ge (as a founder of the discretionary trust) is deemed to be interested in 409,805,918 shares.

(3) (L) represents long positions in these securities.

(4) There were 1,538,813,213 shares in issue as at 31 December 2021.

Save as disclosed above and to the knowledge of the Directors, as at 31 December 2021, no other person had an interest or short position in the shares or underlying shares of the Company required to be entered in the register referred to in relevant provision under the Section 336 of the SFO.

Directors' Indemnities

Pursuant to Article 181 of the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise.

Related Party Transactions

Details of the related party transactions of the Group during the year ended 31 December 2021 are set out in Note 40(b) to the consolidated financial statements.

Pursuant to Rule 14A.90 of the Listing Rules, the provision of borrowings to the Group by Sunny King International Limited and the provision of guarantees for the amounts payable by the Group to a third party by Mr. Yan Hao, an executive Director, as set out in Notes 40(b)(ii) and 40(b)(xiii) to the consolidated financial statements, are fully exempted connected transactions. Pursuant to Chapter 14A of the Listing Rules, all the remaining related party transactions listed in Note 40(b) to the consolidated financial statements are not regarded as connected transactions under Chapter 14A of the Listing Rules as the counterparties are joint ventures and associates of the Company which do not fall under the definition of connected persons under Chapter 14A of the Listing Rules. The Board confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this annual report, there is sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

Repurchase, Sale or Redemption of Listed Securities of the Company

During the Year, the Company has issued, purchased and redeemed the following listed securities of the Group:

On 19 March 2021, the Company issued an aggregate principal amount of USD110,000,000 of 14.5% senior notes due February 2023 (the "**Notes Due February 2023**"). These senior notes have been consolidated and form a single series with the USD240,000,000 14.5% senior notes due 2023 issued on 19 November 2020. For further details, please refer to the announcements of the Company dated 17 March, 19 March and 22 March 2021.

On 22 April 2021, in accordance with the terms of the senior notes due April 2021 ("**Notes Due April 2021**"), the Company redeemed the aggregate principal amount of USD206,985,000 of the Notes Due April 2021 with a total consideration of USD216,765,000 (including unpaid interests accrued) upon maturity of the Notes Due April 2021. The abovementioned notes were subsequently cancelled after the redemption.

On 26 April 2021, the Company issued an aggregate principal amount of USD157,000,000 of 12.5% senior notes due October 2023 (the "**Notes Due October 2023**"). For further details, please refer to the announcements of the Company dated 26 April and 27 April 2021.

On 17 May 2021, the Company issued an aggregate principal amount of USD33,000,000 of 12.5% senior notes due October 2023. These senior notes have been consolidated and form a single series with the Notes Due October 2023 issued on 26 April 2021. For further details, please refer to the announcements of the Company dated 17 May and 18 May 2021.

In June 2021, the Company purchased an aggregate principal amount of USD14,000,000 of the Company's 10.875% senior notes due October 2021 listed on the Stock Exchange (the "**Notes Due October 2021**") with a total consideration of USD14,212,000 (including unpaid interests accrued). The abovementioned notes (together with the aggregate principal amount of USD700,000 of Notes Due October 2021 which were purchased in 2020) were cancelled in June 2021. For further details, please refer to the announcements of the Company dated 24 May, 7 June and 2 July 2021.

On 17 August 2021, the Company issued an aggregate principal amount of USD50,000,000 of 12.5% senior notes due October 2023. These senior notes have been consolidated and form a single series with the Notes Due October 2023 issued on 26 April 2021 and 17 May 2021. For further details, please refer to the announcements of the Company dated 17 August and 18 August 2021.

On 28 September 2021, the Company issued an aggregate principal amount of USD165,000,000 of 12% senior notes due January 2024. For further details, please refer to the announcements of the Company dated 28 September and 29 September 2021.

On 4 October 2021, the Company redeemed the aggregate principal amount of USD180,300,000 of the Notes Due October 2021 with a total consideration of USD190,104,000 (including unpaid interests accrued) upon maturity of the Notes Due October 2021 in accordance with the terms of the Notes Due October 2021. The abovementioned notes were subsequently cancelled after the redemption.

Save as disclosed above, the Company or any of its subsidiaries (other than the trust of the share award scheme) did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2021.

Changes of Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information in respect of the Directors are set out below:

Dr. Lo Wing Yan William, an independent non-executive Director, resigned as independent non-executive director of Nam Tai Property, Inc., a company listed on the New York Stock Exchange (stock code: NTP) on 13 November 2021.

Dr. Lo Wing Yan William, an independent non-executive Director, was appointed as independent non-executive director of Regencell Bioscience Holdings Limited, a company listed on the Nasdaq Stock Exchange (stock code: RGC) on 13 December 2021.

Mr. Qian Shi Zheng, an independent non-executive Director, resigned as independent non-executive director of Hanhua Financial Holding Co., Ltd., a company listed on the Stock Exchange (stock code: 3903) on 16 October 2022.

Dr. Lo Wing Yan Willian, an independent non-executive Director, resigned as independent non-executive director of South Shore Holdings Limited, a company listed on the Stock Exchange (stock code: 577, and was delisted on 9 February 2023) on 10 November 2022.

Save as disclosed above, from the date of the 2021 interim report of the Company to the date of this annual report, there was no other change in the information of the Directors which is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

Review by Audit Committee

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, and discussed with them the audit, internal control and financial reporting matters of the Group, including review of the annual results and financial statements for the Year.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct during the year ended 31 December 2021.

Corporate Governance

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2021, save for the deviation from code provision C.2.1 (former code provision A.2.1) as explained in page 37 of this annual report. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 37 to 49 of this annual report.

Auditor

The financial statements of the Group have been audited by Elite Partners CPA Limited, who will retire at the forthcoming annual general meeting and being eligible, will offer itself for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Elite Partners CPA Limited as the auditor of the Company.

On behalf of the Board
Yan Hao
Chen Xin Ge
Co-chairmen

To the Shareholders of Jingrui Holdings Limited Limited
(incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Jingrui Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 74 to 231, which comprise the consolidated statement of 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 the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("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 opinion.

Material Uncertainty Related to the Going Concern

We draw attention to Note 2.1 to the consolidated financial statements, which indicates that as at 31 December 2021, the Group's borrowings amounted to RMB21,598,037,000, among which RMB10,928,339,000 will be due for repayment within the next twelve months while the Group's cash at bank and on hand including restricted cash of RMB10,990,955,000. This condition, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company'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 matter described in 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.

Key audit matter identified in our audit is summarised as follows:

- Provision for properties held or under development for sale

- Valuation of investment properties

Key Audit Matters (continued)

Key Audit Matter 1

Provision for properties held or under development for sale

Refer to Note 4 (Critical accounting estimates and judgements) and Note 14 (Properties held or under development for sale) to the consolidated financial statements.

As at 31 December 2021, the Group's properties held or under development for sale amounted to RMB29,636,094,000 (31 December 2020: RMB28,763,599,000), against which a provision of RMB72,937,000 (31 December 2020: RMB8,425,000) was provided. During the year ended 31 December 2021, an additional provision of RMB71,931,000 (year ended 31 December 2020: RMB7,126,000) was made.

Properties held or under development for sale are stated at the lower of cost and net realisable value. The determination of the estimated net realisable value of these properties is highly dependent on the Group's expectation of future selling prices and the estimated costs to complete the development projects.

We focused on this area mainly because significant judgement is required to make estimates of future selling prices and the estimated costs to complete the development projects.

How our audit addressed the Key Audit Matter

Regarding the management's assessment of provision of properties held or under development for sale, we conducted the following audit procedures:

(1) We obtained the calculation schedules for provision for properties held or under development for sale, and tested the completeness of development projects and the mathematical accuracy of the schedules.

(2) We interviewed the management to understand the reasons for the provision for those projects.

(3) We corroborated the Group's forecast selling prices by comparing them to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held or under development for sale.

(4) We compared the management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated costs to complete and corroborated the underlying assumptions made with our understanding of past completed similar projects.

(5) We challenged the management's assessment and estimation of net realisable value of properties held or under development by using our industry knowledge and external market analysis.

(6) We compared the provision provided with the subsequent actual written-off and investigated if any significant variance exists, to assess the historical accuracy and adequacy of the provision made by the management.

Based on our audit procedures performed, we consider that the reasonableness of management's judgement and estimates applied on their assessment of provision of properties held or under development for sale is supported by the evidence we obtained.

Key Audit Matters (continued)

Key Audit Matter 2

Valuation of the investment properties

Refer to Note 4 (Critical accounting estimates and judgements) and Note 7 (Investment properties) to the consolidated financial statements.

The Group's investment properties were carried at RMB5,893,100,000 as at 31 December 2021 (31 December 2020: RMB5,950,300,000) and fair value gains of approximately RMB38,908,000 (year ended 31 December 2020: RMB39,687,000) were presented either as appreciation of investment properties under capital platform, or fair value gains on investment properties under other platforms in the consolidated income statement.

We focused on this area because the valuation of the investment properties is significant to the financial statements and the valuation of the investment properties was highly dependent on a range of estimates, such as future rental cash inflows, term yield and reversionary yield which were carried out by well-known independent professional qualified valuers.

How our audit addressed the Key Audit Matter

Regarding the valuation of the investment properties, we performed the following procedures:

(1) We assessed the independence and competence of the external valuer which issued valuation report.

(2) We assessed the valuation techniques adopted in the valuation.

(3) For rental income used in the valuation, we checked the amount to rent roll and lease arrangement on a sample basis.

(4) For yield rates, market rents and recent prices of similar properties used in the valuation, we compared them with our own expectation using evidence of market transaction. Where we identified estimates and assumptions that were outside the typical ranges used, we discussed these with the valuer to understand the rationale and then assessed, based on all the available evidence and our experience in this sector, whether the use of the estimate or assumption was justified.

(5) We tested the calculation of the valuation.

Our testing indicated that the estimates and assumptions used are justified in the context of the Group's property portfolio.

Other Information

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

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

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

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

When we read the corporate profile, corporate information, financial highlights, breakdown of major properties, directors and senior management, corporate governance report, report of the directors and five-year financial information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee and take appropriate action considering our legal rights and obligations.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 audit committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Mr. Leung Man Kin with Practising Certificate number P07174.

Elite Partners CPA Limited
Certified Public Accountants
10/F, 8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

Hong Kong,
13 March 2023

Consolidated Balance Sheet

As at 31 December 2021

	Note	As at 31 December 2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**94,285**	101,330
Right-of-use assets	6	**127,022**	129,614
Investment properties	7	**5,893,100**	5,950,300
Intangible assets	8	**47,882**	75,556
Investments in joint ventures	9	**1,343,964**	1,534,959
Investments in associates	10	**998,562**	1,635,556
Deferred income tax assets	23	**429,344**	295,886
Financial assets at fair value through profit or loss	12	**1,051,261**	1,144,684
Financial assets at fair value through other comprehensive income	12	**456,703**	486,650
Trade and other receivables and prepayments	15	**655,304**	753,652
		11,097,427	12,108,187
Current assets			
Prepayments for leasehold land	13	**54,304**	1,239,780
Properties held or under development for sale	14	**29,563,157**	28,755,174
Trade and other receivables and prepayments	15	**9,743,610**	10,795,590
Prepaid income taxes		**453,714**	444,130
Contract acquisition costs		**253,107**	152,707
Financial assets at fair value through profit or loss	12	**988,469**	1,161,929
Financial assets at fair value through other comprehensive income	12	**–**	15,257
Restricted cash	16	**8,779,513**	2,750,525
Cash and cash equivalents	16	**2,211,442**	10,895,964
		52,047,316	56,211,056
Non-current asset held for sale	7	**105,000**	–
		52,152,316	56,211,056
Total assets		**63,249,743**	68,319,243
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	17	**87,813**	87,813
Reserves	18	**5,950,678**	6,078,734
		6,038,491	6,166,547
Non-controlling interests	41	**5,198,501**	5,130,319
Total equity		**11,236,992**	11,296,866

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

	Note	As at 31 December 2021 RMB'000	2020 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	19	**10,669,698**	12,304,938
Trade and other payables	21	**1,034,876**	–
Deferred income tax liabilities	23	**1,171,872**	1,421,053
Lease liabilities	6	**124,781**	132,597
		13,001,227	13,858,588
Current liabilities			
Borrowings	19	**10,928,339**	9,139,870
Trade and other payables	21	**13,263,939**	18,905,889
Contract liabilities		**11,172,786**	11,639,042
Amounts due to non-controlling interests of subsidiaries	22	**1,498,982**	1,414,043
Current income tax liabilities		**2,127,122**	2,018,143
Lease liabilities	6	**20,356**	21,202
Derivative financial instrument	20	**–**	25,600
		39,011,524	43,163,789
Total liabilities		**52,012,751**	57,022,377
Total equity and liabilities		**63,249,743**	68,319,243

The consolidated financial statements on pages 74 to 231 were approved by the Board of Directors on 13 March 2023 and the consolidated balance sheet was signed on its behalf by:

Yan Hao
Director

Chen Chao
Director

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Income Statement

For the year ended 31 December 2021

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Revenue	24	**13,551,644**	12,782,429
Cost of sales	27	**(11,111,689)**	(10,278,382)
Gross profit		**2,439,955**	2,504,047
Appreciation of investment properties under capital platform	7	**37,908**	56,687
Fair value gains/(losses) on investment properties under other platforms	7	**1,000**	(17,000)
Selling and marketing costs	27	**(580,343)**	(522,334)
Administrative expenses	27	**(650,866)**	(664,564)
Other income	25	**20,574**	223,121
Other gains – net	26	**196,213**	327,373
Operating profit		**1,464,441**	1,907,330
Finance income	28	**590,338**	1,013,552
Finance costs	28	**(859,158)**	(752,519)
Finance (costs)/income – net		**(268,820)**	261,033
Share of results of joint ventures	9	**(189,355)**	40,609
Share of results of associates	10	**33,992**	130,034
		(155,363)	170,643
Profit before income tax		**1,040,258**	2,339,006
Income tax expense	31	**(646,445)**	(1,065,502)
Profit for the year		**393,813**	1,273,504
Attributable to:			
Equity holders of the Company		**127,543**	958,092
Non-controlling interests		**266,270**	315,412
		393,813	1,273,504
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	33	**RMB0.08**	RMB0.68
– Diluted earnings per share	33	**RMB0.08**	RMB0.68

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit for the year	**393,813**	1,273,504
Other comprehensive income/(losses)		
Item that will not be reclassified subsequently to profit or loss		
Changes in fair value of equity investments at fair value through other comprehensive income/(losses), net of tax	**84,750**	(36,470)
Other comprehensive income/(losses) for the year, net of tax	**84,750**	(36,470)
Total comprehensive income for the year	**478,563**	1,237,034
Attributable to:		
Equity holders of the Company	**212,293**	921,622
Non-controlling interests	**266,270**	315,412
	478,563	1,237,034

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 17)	Share premium RMB'000 (Note 18)	Treasury shares RMB'000 (Note 18)	Other reserves RMB'000 (Note 18)	Retained earnings RMB'000 (Note 18)	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021	87,813	744,621	(9,573)	742,578	4,601,108	6,166,547	5,130,319	11,296,866
Comprehensive income								
Profit for the year 2021	–	–	–	–	127,543	127,543	266,270	393,813
Other comprehensive income								
Net changes in fair value of financial assets through other comprehensive income (Note 12)	–	–	–	65,949	–	65,949	–	65,949
Taxes on fair value changes on financial assets through other comprehensive income (Note 23)	–	–	–	18,801	–	18,801	–	18,801
Total comprehensive income for the year 2021	–	–	–	84,750	127,543	212,293	266,270	478,563
Transactions with equity holders								
Dividends to the Company's shareholders in respect of year 2020 (Note 34)	–	(320,614)	–	–	–	(320,614)	–	(320,614)
Share award scheme (Note 32(a))	–	–	3,358	(2,763)	–	595	–	595
Share option scheme (Note 32(b))	–	–	–	242	–	242	–	242
Capital reduction in respect of non-controlling interests	–	–	–	–	–	–	(341,100)	(341,100)
Contribution from non-controlling interests	–	–	–	–	–	–	409,320	409,320
Changes in ownership interests in subsidiaries without change of control (Note 38)	–	–	–	(20,572)	–	(20,572)	(100,977)	(121,549)
Disposal of subsidiaries	–	–	–	–	–	–	(135,954)	(135,954)
Dividends of subsidiaries	–	–	–	–	–	–	(54,488)	(54,488)
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	25,111	25,111
	–	(320,614)	3,358	(23,093)	–	(340,349)	(198,088)	(538,437)
Balance at 31 December 2021	87,813	424,007	(6,215)	804,235	4,728,651	6,038,491	5,198,501	11,236,992

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 17)	Share premium RMB'000 (Note 18)	Treasury shares RMB'000 (Note 18)	Other reserves RMB'000 (Note 18)	Retained earnings RMB'000 (Note 18)	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020	86,634	796,937	(10,073)	790,322	3,643,016	5,306,836	3,799,914	9,106,750
Comprehensive income/(losses)								
Profit for the year 2020	–	–	–	–	958,092	958,092	315,412	1,273,504
Other comprehensive income								
Net changes in fair value of financial assets through other comprehensive losses (Note 12)	–	–	–	(30,423)	–	(30,423)	–	(30,423)
Taxes on fair value changes on financial assets through other comprehensive income (Note 23)	–	–	–	(6,047)	–	(6,047)	–	(6,047)
Total comprehensive income for the year 2020	–	–	–	(36,470)	958,092	921,622	315,412	1,237,034
Transactions with equity holders								
Dividends to the Company's shareholders in respect of year 2019 (Note 34)	–	(309,160)	–	–	–	(309,160)	–	(309,160)
Share award scheme (Note 32(a))	–	–	500	1,568	–	2,068	–	2,068
Share option scheme (Note 32(b))	–	–	–	(226)	–	(226)	–	(226)
Capital reduction in respect of non-controlling interests	–	–	–	–	–	–	(370,400)	(370,400)
Contribution from non-controlling interests	–	–	–	–	–	–	718,000	718,000
Changes in ownership interests in subsidiaries without change of control (Note 38)	–	–	–	(12,616)	–	(12,616)	57,004	44,388
Place of new shares (Note 17)	1,179	256,844	–	–	–	258,023	–	258,023
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	610,389	610,389
	1,179	(52,316)	500	(11,274)	–	(61,911)	1,014,993	953,082
Balance at 31 December 2020	87,813	744,621	(9,573)	742,578	4,601,108	6,166,547	5,130,319	11,296,866

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Operating activities		
Net cash (used in)/generated from operations (Note 35(a))	**(2,344,753)**	934,530
Interest paid	**(1,640,806)**	(1,992,365)
PRC income tax paid	**(352,689)**	(314,366)
PRC land appreciation tax paid	**(506,420)**	(151,857)
Net cash used in operating activities	**(4,844,668)**	(1,524,058)
Investing activities		
Purchase of property, plant and equipment	**(5,894)**	(49,426)
Purchase of intangible assets	**(2,854)**	(462)
Acquisition cost of and capitalised expenditures incurred on investment properties	**(8,892)**	(10,213)
Consideration received in advance for disposal of a property	**45,266**	–
Proceeds from disposal of property, plant and equipment (Note 35(c))	**10,016**	497
Cash receipt of leasing investment receivables	**11,195**	15,579
Capital injection to and acquisition of joint ventures and associates	**(64,947)**	(395,298)
Disposal of interests in associates	**12,500**	–
Acquisition of financial assets at fair value through profit or loss	**(777,006)**	(1,272,655)
Cash receipt of remaining consideration in connection with the disposal of subsidiaries	**13,098**	39,304
Disposal of shares in subsidiaries	**187,385**	467,730
Disposal of financial assets at fair value through profit or loss	**497,583**	596,403
Disposal of financial assets at fair value through other comprehensive income	**111,153**	14,609
Dividend received from financial assets at fair value through other comprehensive income	**66,280**	20,503
(Repayment to)/cash receipt from third parties	**(332,002)**	96,810
Repayments from related parties	**14,000**	36,783
Cash advance to non-controlling interests of subsidiaries	**(916,451)**	(1,074,975)
Cash receipt from non-controlling interests of subsidiaries	**726,865**	216,412
Repayment to potential investors of a subsidiary	**–**	(87,656)
Interest received	**328,416**	298,212
Acquisition of subsidiaries, net of cash acquired (Note 39)	**127,407**	426,421
Net cash generated from/(used in) investing activities	**43,118**	(661,422)

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Financing activities		
Proceeds from borrowings	**8,678,513**	10,079,295
Proceeds from issuance of senior notes	**3,328,902**	2,361,296
Proceeds from corporate bonds	**1,398,690**	508,560
Repayments of borrowings	**(8,522,434)**	(8,939,005)
Repayments of senior notes	**(2,599,768)**	(3,247,809)
Repayments of corporate bonds	**(1,222,436)**	–
Dividends paid	**(320,614)**	(309,160)
Dividends paid of subsidiaries	**(30,253)**	–
Capital contribution from non-controlling interests	**409,320**	718,000
Capital reduction in respect of non-controlling interests	**(341,100)**	(370,400)
Cash receipt from non-controlling interests of subsidiaries	**729,293**	419,180
Repayment to non-controlling interests of subsidiaries	**(644,354)**	(655,301)
Changes in advance from related parties	**(307,566)**	(60,825)
(Decrease)/increase in restricted cash relating to financing activities	**(400,284)**	147,777
Changes in ownership interests in subsidiaries without change of control (Note 38)	**(121,549)**	(23,519)
(Repayment)/cash receipt of the payables for acquisition of equity investments	**(847,282)**	800,934
Place of new shares	**–**	258,023
Change in amounts due to third parties	**(2,990,978)**	736,951
Principal elements of lease payments	**(22,763)**	(23,067)
Changes in deposits paid to secure borrowings	**(54,924)**	21,210
Net cash (used in)/generated from financing activities	**(3,881,587)**	2,422,140
Net (decrease)/increase in cash and cash equivalents	**(8,683,137)**	236,660
Effect of foreign exchange rate changes	**(1,385)**	(24,219)
Cash and cash equivalents at beginning of the year	**10,895,964**	10,683,523
Cash and cash equivalents at end of the year (Note 16)	**2,211,442**	10,895,964

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 General information

Jingrui Holdings Limited (the "Company") was incorporated in the Cayman Islands on 7 March 2013 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as "the Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

The ultimate holding company of the Company is Beyond Wisdom Limited and the ultimate controlling shareholder of the Company is Mr. Yan Hao.

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 October 2013.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

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.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments which are carried at fair value.

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.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

As at 31 December 2021, the Group's borrowings amounted to RMB21,598,037,000, among which RMB10,928,339,000 will be due for repayment within the next twelve months while the Group's cash at bank and on hand (including restricted cash) amounted to RMB10,990,955,000.

On 22 February 2022, the Company commenced an exchange offer to the bond holders of the senior notes due on 11 March 2022 with an annual interest rate of 12.75% ("Notes Due March 2022"). On 9 March 2022, USD175,330,000 (representing approximately 92.28% of the aggregate principal amount of outstanding existing notes) was validly exchanged for new senior notes of USD171,113,500 due on 9 September 2023 with an annual interest rate of 12.75% ("Notes Due September 2023").

In connection with the exchange offer, on 9 March 2022, the Company also successfully solicited consents (the "Consent Solicitation") from holders of all its other outstanding senior notes such that the events of default provisions under each of them will carve out any cross-default events arising directly or indirectly from any defaults or events of default under the Notes Due March 2022.

On 21 April 2022, the Company issued USD19,900,000 Notes Due September 2023, including USD1,900,000 issued upon the acceptance of the exchange for USD2,000,000 Notes Due March 2022 pursuant to the conditions of the exchange offer dated February 2022, to be consolidated and form a single series with the USD171,113,500 Notes Due September 2023 issued on 9 March 2022.

The remaining outstanding principal amount of USD12,670,000 (equivalent to RMB80,780,000), representing approximately 6.67% of the aggregate principal amount, became due on 11 March 2022 and has not yet been repaid.

Since 31 December 2021, the Group has failed to pay the interest of 12.5% senior notes due October 2023 ("Notes Due October 2023"), 12.0% senior notes due January 2024 ("Notes Due January 2024") and the Notes Due September 2023, as well as the principal and interest of 12.0% senior notes due July 2022 ("Notes Due July 2022"), 12.0% senior notes due September 2022 ("Notes Due September 2022") and 14.5% senior notes due February 2023 ("Notes Due February 2023"). Pursuant to the Company's restructuring management of its offshore USD denominated senior notes and fair treatment of all creditors, the Company will suspend the payment due for other offshore USD denominated senior notes. The non-payment of the principal and interest of such senior notes may lead to a request for acceleration of repayment. As at the date of this report, the Company has not received any notice for acceleration of payment by holders of its USD denominated senior notes. The Company has appointed Admiralty Harbour Capital Limited as its financial adviser and Sidley Austin as its legal adviser to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all the stakeholders as soon as possible.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

The non-payments described above resulted in certain of the Group's borrowings amounted to RMB5,781,550,000 (including the over-due senior notes of RMB5,443,580,000) as at 13 March 2023, becoming immediately repayable (if requested by the lenders), among which RMB5,634,022,000 represented loans with scheduled repayment dates within one year, while RMB147,528,000 represented non-current loans with original maturity dates beyond one year, which would be reclassified as current liabilities, and among which RMB182,341,000 were fully pledged by the Group's bank deposits.

In addition, a wholly-owned subsidiary of the Group did not repay the outstanding borrowing principal of RMB96,000,000 due on 31 December 2021 to its non-wholly owned subsidiary, which also constituted an event of default on 31 December 2021. As of 13 March 2023, the principal of the outstanding borrowings was RMB38,770,000. The event of default resulted in certain of the Group's borrowings amounted to RMB293,800,000 as at 31 December 2021, becoming immediately repayable (if requested by the lender), among which RMB136,000,000 represented loans with scheduled repayment dates within one year, while RMB157,800,000 represented non-current loans with original maturity dates beyond one year, which were reclassified as current liabilities as at 31 December 2021. As of 13 March 2023, the principal of the outstanding borrowings was RMB155,528,000. All of such cross-default borrowings (the amount outstanding) were also included in the above-mentioned borrowings of RMB5,781,550,000 as at 13 March 2023. As at the date of this report, the Company has not received any notice regarding acceleration action by the aforementioned lenders.

For the twelve months ended 31 December 2022, influenced by a slowdown in the property market, coupled with the limited sources of financing from the capital market, the Group's aggregated contracted sales was RMB7,076 million (for the twelve months ended 31 December 2021: RMB27,011 million). It was not as high as the Group anticipated at the beginning of the year, and the Group may take longer time than expected to realize cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations.

As of 13 March 2023, the contractual consideration for the sale of non-core properties by the Group was approximately RMB458 million, and the amount received will be used for working capital replenishment.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve its cash flows:

i. Although no demand for immediate repayment has been made by the relevant lenders, the Group has been proactively communicating with the relevant lenders to explain the Group's business, operations and financial condition, and the Group has sufficient financial resources to support the repayments of the relevant loans under original repayment schedules. As at the date of this report, based on the status of the ongoing discussions, the Directors are of the view that the relevant lenders will not exercise their rights to request the Group for immediate repayment of the loans prior to their scheduled contractual repayment dates;

ii. The Group has appointed Admiralty Harbour Capital Limited as its financial adviser to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all the stakeholders;

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

iii. The Group will continue to take measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of 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. When necessary, the Group will identify suitable buyers for further sales of certain self-owned properties to replenish its working capital;

v. The Group will continuously enhance payment collection progress from customers in respect of the property sales and pre-sales through closely following up with customers and communicating and coordinating with banks for timely grant of individual mortgage loans to the customers;

vi. The Group will continue to maintain continuous communication and agree with major constructors and suppliers to arrange payments to these vendors and complete the construction progress as scheduled;

vii. The Group will continue to actively communicate with relevant banks so that the projects can timely secure necessary project development loans for qualified project development;

viii. The Group will continue to adjust acquisitions of land based on progress of new financing and to ensure continuous development and sales of all existing projects as budgeted without material interruptions;

ix. The Group will continuously seek re-financing from other financial institutions, including but not limited to exchange of existing senior notes or other borrowings;

x. The Group will continue to seek suitable opportunities to dispose of its equity interest in certain companies to generate additional cash inflows; and

xi. The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors have reviewed the Group's cash flow forecast prepared by management, which covers a period of at least 18 months from 31 December 2021. They are of the opinion that, taking into account the abovementioned status, plans and measures, the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next 12 months from 31 December 2021. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, given the volatility of the real estate sector in the PRC and the uncertainties to obtain support by the banks and the Group's creditors, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Should the Group be unable to achieve the abovementioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might 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 these consolidated financial statements.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policies and disclosures

(a) *New standards and amendments of HKFRSs effective for 2021*

The following new standards and amendments have been adopted by the Group for the first time for the financial year beginning on 1 January 2021 and are relevant to the Group's operation.

- Covid-19-Related Rent Concessions – Amendments to HKFRS 16
- Interest Rate Benchmark Reform Phase 2 – Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16

The newly effective standards and amendments to existing standards did not have any significant impact on the Group's results of operation and financial position for the year ended 31 December 2021.

(b) *New standards, amendments and interpretations of HKFRSs not yet adopted*

Certain new accounting standards, amendments and interpretation of HKFRSs have been published that are not mandatory for the financial year beginning on 1 January 2021 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new standards, amendments and interpretation, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors, the Group does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position.

2.2 Subsidiaries

2.2.1 Consolidation

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

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations

The Group applies the acquisition method as described below to account for business combination. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed must meet the definitions of an asset and liability in the *Framework for Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010). The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the reorganised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

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. When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

If the business combination is achieved in stages, the acquisitions date carrying value of the acquirer's previously held equity interests in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statements

In the Company's balance sheet, the investments in subsidiaries are stated at cost less impairment. Cost also 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.

Impairment testing of the investments in subsidiaries is also required according to Note 2.11.

2.3 Joint arrangements

Joint arrangements are classified as either joint ventures or joint operations depending on the contracted rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint venture gives the parties rights to the net assets or outcome of the arrangement. A joint venture does not have rights to individual assets or obligations for individual liabilities of the joint venture. Instead, joint ventures share the net assets and, in turn, the outcome (profit or loss) of the activity undertaken by the joint venture. In contrast, a joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. A joint operator will recognise its interest based on its involvement in the joint operation (that is, based on its direct rights and obligations) rather than on the participation interest it has in the joint arrangement.

Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

Investment in a joint venture is accounted for using the equity method of accounting and is initially recognised at cost. The consolidated income statement include the Group's share of the post-acquisition results of joint ventures, and the consolidated balance sheet include the Group's share of the net assets of the joint ventures and goodwill identified on acquisition net of any accumulated impairment losses.

2 Summary of significant accounting policies (continued)

2.4 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, after initially being recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movement in other comprehensive income is recognized in other comprehensive income with a corresponding adjustments to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interests in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. The impairment amount, as the difference between the recoverable amount of the associate and its carrying value is recognised in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors that 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"). Since the majority of the assets and operations of the Group are located in the PRC, the financial statements are presented in RMB, which is the functional currency of the Company and the presentation currency of the Group.

2 Summary of significant accounting policies (continued)

2.6 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "Finance income or expenses – net". All other foreign exchange gains and losses are presented in the consolidated income statement within "Other gains/(losses) – net".

Translation differences on non-monetary financial 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. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary 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 are translated 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 rate; and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.7 Property, plant and equipment

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

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

2 Summary of significant accounting policies (continued)

2.7 Property, plant and equipment (continued)

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

– Self-use properties and right-of-use assets-office properties	6-29 years
– Motor vehicles	6 years
– Furniture, fittings and equipment	5 years
– Leasehold improvements and others	shorter of remaining lease term or useful life estimated 5 years

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimated accounted for on a prospective basis.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised as "Other gains/(losses) – net" in the consolidated income statement.

2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement in fair value gains or losses on investment properties.

Property that is currently being constructed or developed for future use as an investment property is classified as investment property and stated at fair value. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed, whichever is earlier. Any difference between the fair value of the property at that date and its then carrying amount shall be recognised in the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.9 Intangible assets

(a) Goodwill

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

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

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

(b) Computer software

Intangible assets of the Group mainly comprise acquired computer software which is 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 3 to 5 years.

2.10 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere.

2.11 Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

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

2 Summary of significant accounting policies (continued)

2.12 Properties held or under development for sale

Properties held or under development for sale are included in current assets at the lower of cost and net realisable value. The costs of properties held or under development consist of costs of leasehold land, resettlement costs (if any), construction expenditure, capitalised borrowing costs and other direct costs incurred during the development period. The costs of properties held are determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

2.13 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties held or under development for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights fall within investment properties are classified as investment properties (Note 2.8).

2.14 Financial assets

2.14.1 Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in 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 ("FVOCI").

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

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.2 Recognition and derecognition

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

2.14.3 Measurement

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

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidation income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidation income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2 Summary of significant accounting policies (continued)

2.14 Financial assets (continued)

2.14.3 Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to 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.

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

2.14.4 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.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 Financial Instruments ("HKFRS 9"), which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 15 for further details.

2.15 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated income statement.

2.16 Offsetting financial instruments

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

2 Summary of significant accounting policies (continued)

2.17 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Restricted cash is excluded from cash and cash equivalents.

2.19 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.

2.20 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within twelve months after the reporting period (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 Summary of significant accounting policies (continued)

2.21 Borrowings and borrowing costs

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are 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 fees are capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated 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 end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

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

2 Summary of significant accounting policies (continued)

2.22 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

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

2 Summary of significant accounting policies (continued)

2.22 Current and deferred income tax (continued)

(c) Offsetting

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

2.23 Put option arrangements

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities as there is an obligation for the Group to deliver cash or other financial assets in exchange of its own equity shares. The amount that may become payable under the option on exercise is initially recognised at present value with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries.

Such options, including the transaction costs, are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financing cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

2.24 Employee 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, subject to a certain ceiling.

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 contributions are recognised as employee benefit expense when they are due.

2 Summary of significant accounting policies (continued)

2.25 Share-based payments

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

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

Non-market performance and service conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

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

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

2.26 Provisions and contingent liabilities

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

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

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

2 Summary of significant accounting policies (continued)

2.26 Provisions and contingent liabilities (continued)

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated balance sheet.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

2.27 Financial guarantee liabilities

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

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

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

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

2 Summary of significant accounting policies (continued)

2.28 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

(a) Sales of properties

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 transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- 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 input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the property is accepted by the customer, or deemed as accepted according to the contract, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property, and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. If on the contract commencement date, the Group expects that the interval between the customer's obtaining control of the property and the payment of consideration by the customer will not exceed 1 year, the financing component will not be considered as significant.

2 Summary of significant accounting policies (continued)

2.28 Revenue recognition (continued)

(b) Service income

Revenue from services is recognised when services have been provided, total amount of revenue and costs can be estimated reliably and the collectability of the related receivables is reasonably assured.

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling price are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(c) Sales of goods

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

(d) Contract acquisition cost

Costs did not qualify for recognition as an asset were expensed when incurred. Costs related directly to the contract, generating resources used in satisfying the contract and expectedly to be recovered are capitalised as contract acquisition cost.

2.29 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

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

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

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).

2 Summary of significant accounting policies (continued)

2.30 Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. 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 OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2.31 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs they are intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to an entity within the Group with no future related costs are recognised as income of the period in which they become receivable.

2.32 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.

2 Summary of significant accounting policies (continued)

2.32 Leases (continued)

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

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the entity, which does not have recent third party financing, and

- makes adjustments specific to the lease, eg term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an 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 consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 Summary of significant accounting policies (continued)

2.32 Leases (continued)

Right-of-use assets that meet the definition of investment property are measured at fair value applying the fair value model.

Other 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 which do not meet the definition of investment property 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 of equipment and vehicles and all 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.

Lease income from operating leases where the Group is a lessor is recognised in income 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.

2.33 Dividend distribution

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

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Market risk

(a) Foreign exchange risk

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. The Group's functional currency is RMB, accordingly cash and borrowings denominated in Hong Kong Dollar ("HKD") or United States Dollar ("USD") are subject to foreign exchange risk.

Fluctuation of the exchange rates for HKD and USD against RMB will affect the Group's result of operations. The Group currently does not have a foreign currency hedging policy. However, management closely monitors the foreign exchange exposure and will take actions when necessary.

As at 31 December 2021, if HKD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax profit of the Group for the year 2021 would have been lower/higher by RMB2,622,000 (2020: post-tax profit of the Group for the year 2020 would have been higher/lower by RMB1,217,000), mainly as a result of foreign exchange gain/loss from trade and other receivables and prepayments and bank deposits net off trade and other payables and bank borrowings denominated in HKD.

As at 31 December 2021, if USD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax profit of the Group for the year 2021 would have been higher/lower by RMB363,131,000 (2020: post-tax profit of the Group for the year 2020 would have been higher/lower by RMB336,453,000), mainly as a result of foreign exchange gain/loss from borrowings net off bank deposits denominated in USD.

(b) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits with stable interest rates, the Group has no other significant interest-bearing assets.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from banks and non-bank financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 19.

3 Financial risk management (continued)

3.1 Market risk (continued)

(b) Cash flow and fair value interest rate risk (continued)

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

As at 31 December 2021 and 2020, if interest rates on borrowings at floating rates had been 50 basis points higher/lower with all other variables held constant, the post-tax results and capitalised interest for the years ended 31 December 2021 and 2020 would have changed as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Post-tax results better/(weaker)		
– 50 basis points higher	**(895)**	(1,728)
– 50 basis points lower	**895**	1,728
Capitalised interest increase/(decrease)		
– 50 basis points higher	**4,920**	8,244
– 50 basis points lower	**(4,920)**	(8,244)

3.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge the obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group considered the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going 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 at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

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

3 Financial risk management (continued)

3.2 Credit risk (continued)

(a) Cash in banks

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

(b) Trade receivables

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

As at 31 December 2021 and 2020, on that basis, the loss allowance was determined as follows for trade receivables:

As at 31 December 2021	Current RMB'000	More than 90 days past due RMB'000	More than 180 days past due RMB'000	Within 1 year RMB'000	More than 1 year past due RMB'000	Total RMB'000
Expected loss rate	2.06%	5.63%	13.03%	4.33%	18.19%	
Gross carrying amount	68,219	952	58,005	281,525	93,021	501,722
Loss allowance	(1,408)	(54)	(7,557)	(12,193)	(16,925)	(38,137)
Accounts receivables-net	66,811	898	50,448	269,332	76,096	463,585

As at 31 December 2020	Current RMB'000	More than 90 days past due RMB'000	More than 180 days past due RMB'000	Within 1 year RMB'000	More than 1 year past due RMB'000	Total RMB'000
Expected loss rate	0.29%	3.90%	9.11%	3.79%	13.56%	
Gross carrying amount	222,551	12,934	120,838	119,590	69,666	545,579
Loss allowance	(635)	(505)	(11,009)	(4,527)	(9,448)	(26,124)
Accounts receivables-net	221,916	12,429	109,829	115,063	60,218	519,455

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for trade receivables during the years ended 31 December 2021 and 2020.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 Financial risk management (continued)

3.2 Credit risk (continued)

(c) Other receivables

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

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

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Stage one	Borrowers have a low risk of default and a strong capacity to meet contractual cash flow	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime	Gross carrying amount
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses (not credit-impaired)	Gross carrying amount
Stage three	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses (credit-impaired)	Amortised cost carrying amount (net of credit allowance)

3 Financial risk management (continued)

3.2 Credit risk (continued)

(c) Other receivables (continued)

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

Management considered other receivables to be low credit risk as they have a low risk of default and the counterparty has a strong capacity to meet contractual cash flow obligation in the near term, and thus the impairment provision recognised was based on 12 months expected losses.

	Receivables from government related bodies RMB'000	Due from related parties and non-controlling interests RMB'000	Receivables from third parties other than government related bodies RMB'000	Total RMB'000
As at 31 December 2021				
Gross amount of other receivables	**319,009**	**6,249,188**	**2,777,210**	**9,345,407**
Expected credit loss rate	**0.10%**	**1.34%**	**1.98%**	
Loss allowance	**(319)**	**(83,720)**	**(55,090)**	**(139,129)**
Other receivables – net	**318,690**	**6,165,468**	**2,722,120**	**9,206,278**

	Receivables from government related bodies RMB'000	Due from related parties and non-controlling interests RMB'000	Receivables from third parties other than government related bodies RMB'000	Total RMB'000
As at 31 December 2020				
Gross amount of other receivables	297,453	5,596,298	4,391,920	10,285,671
Expected credit loss rate	0.10%	0.44%	1.45%	
Loss allowance	(297)	(24,789)	(63,467)	(88,553)
Other receivables – net	297,156	5,571,509	4,328,453	10,197,118

3 Financial risk management (continued)

3.2 Credit risk (continued)

(c) Other receivables (continued)

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for other receivables during the years ended 31 December 2021 and 2020.

(d) Financial guarantee

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group also provides guarantees to certain related parties of the Group to obtain borrowings after assessing the credit history of these related parties. The Group closely monitors the repayment progress of the relevant borrowings by these related parties. In the opinion of the directors of the Group, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties. The directors consider that the likelihood of default in payments is minimal and the financial guarantees measured at fair value is immaterial.

3 Financial risk management (continued)

3.3 Liquidity risk

Management of the Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects.

The table below analyses the Group's non-derivative financial liabilities and gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivatives financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RMB'000	1 and 2 years RMB'000	2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2021					
Borrowings, principal (Note 19)	**10,928,339**	**7,642,118**	**2,861,580**	**166,000**	**21,598,037**
Interest payments on borrowings (a)	**1,449,592**	**578,593**	**79,586**	**17,718**	**2,125,489**
Trade and other payables	**11,971,888**	**1,034,876**	**–**	**–**	**13,006,764**
Amounts due to non-controlling interests of subsidiaries (Note 22)	**1,498,982**	**–**	**–**	**–**	**1,498,982**
Lease liabilities	**20,356**	**26,772**	**66,700**	**55,720**	**169,548**
Financial guarantees (Note 37)	**5,719,295**	**–**	**–**	**–**	**5,719,295**
	31,588,452	**9,282,359**	**3,007,866**	**239,438**	**44,118,115**
As at 31 December 2020					
Borrowings, principal (Note 19)	9,139,870	7,056,245	4,841,365	407,328	21,444,808
Interest payments on borrowings (a)	1,536,781	804,207	333,605	243,345	2,917,938
Trade and other payables	17,959,295	–	–	–	17,959,295
Amounts due to non-controlling interests of subsidiaries (Note 22)	1,414,043	–	–	–	1,414,043
Lease liabilities	21,202	29,437	72,473	75,506	198,618
Derivative financial instruments (Note 20)	25,600	–	–	–	25,600
Financial guarantees (Note 37)	6,288,667	–	–	–	6,288,667
	36,385,458	7,889,889	5,247,443	726,179	50,248,969

Note:

(a) The interest on borrowings is calculated based on borrowings held as at 31 December 2021 and 2020, respectively. Floating-rate interests are estimated using the current interest rate as at 31 December 2021 and 2020, respectively.

3 Financial risk management (continued)

3.4 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and deposits pledged for borrowings. Total capital is calculated as total equity, as shown in the consolidated balance sheets, plus net debt.

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Borrowings	**21,598,037**	21,444,808
Less: Cash at bank and on hand (Note 16)	**(2,211,442)**	(10,895,964)
Restricted cash deposits pledged for borrowings (Note 16)	**(2,592,653)**	(2,192,369)
Net debt	**16,793,942**	8,356,475
Total equity	**11,236,992**	11,296,866
Total capital	**28,030,934**	19,653,341
Gearing ratio	**60%**	43%

3.5 Fair value estimation

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. Such inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 Financial risk management (continued)

3.5 Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2021 and 2020.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
31 December 2021	**56**	**–**	**2,039,674**	**2,039,730**
Financial assets at fair value through other comprehensive income				
31 December 2021	**–**	**–**	**456,703**	**456,703**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss				
31 December 2020	233,431	–	2,073,182	2,306,613
Financial assets at fair value through other comprehensive income				
31 December 2020	–	–	501,907	501,907
Derivative financial instruments				
31 December 2020	–	–	25,600	25,600

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The instrument is included in level 1.

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Other than certain financial assets at fair value through profit or loss at 31 December 2021 and 2020 traded in the market and therefore measured at fair value by level 1, the Group's other financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as at 31 December 2021 and 2020 and derivative financial instruments as at 31 December 2021 and 2020 are measured at fair value by level 3. There were no changes in valuation techniques during the year. The changes in the value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss during the years are presented in Note 12. The changes in the value of derivative financial instruments are presented in Note 20.

4 Critical accounting estimates and judgements

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

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

4.1 Classification as subsidiary, joint venture and associate

In the normal course of business, the Group develops properties together with other developers or institutions, through entering into co-operation agreements with these parties. The rights and obligations of the Group and the other parties are stipulated by respective co-operation agreements, article of associations of the project companies, etc. Because of the complexity of the arrangements, significant judgement is needed in determining whether the project company is a subsidiary, joint venture or associate of the Group.

The Group makes judgement based on the substance of the arrangements and the definition of a subsidiary, joint venture and associate as disclosed in Notes 2.2, 2.3 and 2.4 respectively.

4.2 Provision for write-down of properties held or under development for sale

The management makes provision for write-down of properties held or under development for sale based on the estimate of the net realisable value of the properties. Given the volatility of the property market in the PRC, the actual net realisable value may be higher or lower than the estimate made as at the end of the reporting period. Any increase or decrease in the provision would affect the Group's operating performance in future years.

4.3 Fair value of investment properties

The fair value of investment properties is determined by using valuation techniques. Details of the judgement and assumptions have been disclosed in Note 7.

4.4 Development costs directly attributable to property development activities

The Group allocates portions of land and development costs to properties held and under development for sale. As certain of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in future years.

4 Critical accounting estimates and judgements (continued)

4.5 Land appreciation tax of the PRC

The Group is subject to land appreciation tax in the PRC. However, since the implementation and settlement of the tax varies among various tax jurisdictions in cities of the PRC, significant judgement is required in determining the amount of the land appreciation tax. The Group recognises the land appreciation tax based on management's best estimates according to its understanding of the interpretation of tax rules and latest practice of tax jurisdictions in the cities where the Group's projects are located. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the current income tax and the deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

4.6 Current and deferred income tax

The Group is subject to corporate income tax in the PRC. Significant judgement is required in determining the provision for corporate income tax. There are transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that we initially recorded, such difference will impact the current income tax and deferred tax provision in the period in which such determination is made.

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

4.7 Fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss

The fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques or net asset value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

4.8 Impairment of trade receivables and other receivables

For trade receivables, the Group applies the simplified approach, 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 trade receivables 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 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.

4 Critical accounting estimates and judgements (continued)

4.9 Revenue recognition

The Group develops and sells residential and commercial properties in different locations. Revenue is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The properties have generally no alternative use for the Group due to contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue is recognised over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts, the relevant local laws, the local regulators' views and obtained legal advice, when necessary.

5 Segment information

Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The reporting segments are as follows:

- Property development platform engages in real estate development in the PRC;

- Capital platform invests in office buildings and apartments in the PRC for their rental income potential and/or for capital appreciation; and

- All other platforms, including property management platform which provides management and security services to residential and commercial properties in the PRC, the property design and decoration platform, investment platform and other miscellaneous businesses. The revenue derived from all other platforms generally include service fees and investment income.

5 Segment information (continued)

The three operating segments are consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the above reportable segments.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit or loss before income tax. The measurement basis excludes the effects of income tax expense.

	Year ended 31 December 2021					
	Property development platform RMB'000	Capital platform RMB'000	All other platforms RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	12,695,876	190,244	882,642	13,768,762	(217,118)	13,551,644
Segment profit before income tax expense	913,940	(21,904)	187,123	1,079,159	(38,901)	1,040,258
Finance income	444,304	63,818	82,216	590,338	–	590,338
Finance costs	(794,861)	(52,917)	(46,533)	(894,311)	35,153	(859,158)
Share of results of joint ventures	(11,505)	(177,850)	–	(189,355)	–	(189,355)
Share of results of associates	31,583	3,563	(1,154)	33,992	–	33,992
Depreciation and amortisation	(16,944)	(3,856)	(781)	(21,581)	–	(21,581)
A reconciliation to profit for the year is as follows:						
Total segment profits before income tax expense						1,040,258
Income tax expense						(646,445)
Profit for the year						393,813
Segment assets	110,696,344	8,535,922	19,886,915	139,119,181	(75,869,438)	63,249,743
Segment assets include:						
Investments in joint ventures	830,837	513,127	–	1,343,964	–	1,343,964
Investments in associates	901,831	3,564	93,167	998,562	–	998,562
Additions to non-current assets (other than financial instruments and deferred income tax assets)	366,735	4,885	3,844	375,464	–	375,464
Segment liabilities	104,990,760	6,197,169	16,700,164	127,888,093	(75,875,342)	52,012,751

5 Segment information (continued)

	Year ended 31 December 2020					
	Property development platform RMB'000	Capital platform RMB'000	All other platforms RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	11,940,100	177,620	819,621	12,937,341	(154,912)	12,782,429
Segment profit before income tax expense	2,056,398	139,685	101,490	2,297,573	41,433	2,339,006
Finance income	864,466	25,193	123,893	1,013,552	–	1,013,552
Finance costs	(646,533)	(92,580)	(52,908)	(792,021)	39,502	(752,519)
Share of results of joint ventures	39,324	1,615	(330)	40,609	–	40,609
Share of results of associates	132,930	–	(2,896)	130,034	–	130,034
Depreciation and amortisation	(16,298)	(6,903)	(3,870)	(27,071)	–	(27,071)

A reconciliation to profit for the year is as follows:

Total segment profits before income tax expense	2,339,006
Income tax expense	(1,065,502)
Profit for the year	1,273,504

	Property development platform RMB'000	Capital platform RMB'000	All other platforms RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment assets	101,624,806	7,109,564	20,699,113	129,433,483	(61,114,240)	68,319,243
Segment assets include:						
Investments in joint ventures	843,980	690,979	–	1,534,959	–	1,534,959
Investments in associates	1,550,786	–	84,770	1,635,556	–	1,635,556
Additions to non-current assets (other than financial instruments and deferred income tax assets)	256,586	18,843	58,964	334,393	–	334,393
Segment liabilities	93,924,118	5,004,005	19,213,348	118,141,471	(61,119,094)	57,022,377

6 Property, plant and equipment and right-of-use assets

6.1 Property, plant and equipment

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Self-use properties and right-of-use assets-office properties RMB'000	Total RMB'000
At 1 January 2021					
Cost	23,348	42,840	44,053	94,019	204,260
Accumulated depreciation	(19,209)	(25,267)	(28,919)	(29,535)	(102,930)
Net book amount	4,139	17,573	15,134	64,484	101,330
Year ended 31 December 2021					
Opening net book amount	4,139	17,573	15,134	64,484	101,330
Addition from acquisition of subsidiaries	166	111	–	–	277
Reduction arising from disposal of a subsidiary	(53)	(42)	–	–	(95)
Other additions	1,962	2,465	1,468	16,694	22,589
Disposals	(1,483)	(3,500)	(2,055)	(2,668)	(9,706)
Depreciation charge (Note 27)	(1,427)	(2,761)	(3,722)	(12,200)	(20,110)
Closing net book amount	3,304	13,846	10,825	66,310	94,285
At 31 December 2021					
Cost	21,610	40,018	42,966	88,378	192,972
Accumulated depreciation	(18,306)	(26,172)	(32,141)	(22,068)	(98,687)
Net book amount	3,304	13,846	10,825	66,310	94,285

6 Property, plant and equipment and right-of-use assets (continued)

6.1 Property, plant and equipment (continued)

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Self-use properties and right-of-use assets-office properties RMB'000	Total RMB'000
At 1 January 2020					
Cost	23,836	40,749	35,868	35,255	135,708
Accumulated depreciation	(18,203)	(22,752)	(24,753)	(15,161)	(80,869)
Net book amount	5,633	17,997	11,115	20,094	54,839
Year ended 31 December 2020					
Opening net book amount	5,633	17,997	11,115	20,094	54,839
Addition from acquisition of subsidiaries	483	1,366	6	13,578	15,433
Other additions	59	1,762	10,308	45,186	57,315
Disposals	(208)	(166)	(227)	–	(601)
Depreciation charge (Note 27)	(1,828)	(3,386)	(6,068)	(14,374)	(25,656)
Closing net book amount	4,139	17,573	15,134	64,484	101,330
At 31 December 2020					
Cost	23,348	42,840	44,053	94,019	204,260
Accumulated depreciation	(19,209)	(25,267)	(28,919)	(29,535)	(102,930)
Net book amount	4,139	17,573	15,134	64,484	101,330

Depreciation charges of the Group have all been included in administrative expenses and selling and marketing costs for both years ended 31 December 2021 and 2020.

During the year, the Group assessed the recoverable amount of all cash generating units and no impairment loss has been recognised (2020: Nil).

6 Property, plant and equipment and right-of-use assets (continued)

6.2 Lease

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:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Right-of-use assets		
– Office properties (included in property, plant and equipment)	**14,391**	13,820
– Land use rights	**127,022**	129,614
Investment properties (Note 7)	**60,100**	66,300
	201,513	209,734
Lease liabilities		
Current	**20,356**	21,202
Non-current	**124,781**	132,597
	145,137	153,799

(b) ***Amounts recognised in the consolidated income statement***

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

	For the year ended 31 December	
	2021 RMB'000	2020 RMB'000
Depreciation charge of right-of-use assets		
– Office properties (included in property, plant and equipment)	**9,010**	14,162
– Land use rights	**2,592**	–
	11,602	14,162
Interest expense (included in finance costs – Note 28)	**12,439**	13,216
Expense relating to short-term leases (included in administrative expenses and selling and marketing costs – Note 27)	**8,003**	13,801

The total cash outflow for leases for the year ended 31 December 2021 was RMB43,205,000 (31 December 2020: RMB50,084,000).

6 Property, plant and equipment and right-of-use assets (continued)

6.2 Lease (Continued)

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

For both years ended 31 December 2021 and 2020, the Group leases various offices and apartments. Rental contracts are typically made for fixed periods of 1 to 10 years (2020: 1 to 10 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

7 Investment properties and non-current assets held for sale

	Investment properties under capital platform RMB'000	Investment properties under other platforms RMB'000	Non-current assets held for sale RMB'000	Total RMB'000
Year ended 31 December 2021				
Opening balance	**5,047,300**	**903,000**	**–**	**5,950,300**
Subsequent expenditures capitalised	**8,892**	**–**	**–**	**8,892**
Appreciation of investment properties under capital platform	**37,908**	**–**	**–**	**37,908**
Fair value gains on investment properties under other platforms	**–**	**1,000**	**–**	**1,000**
Transfer from investment properties to non-current assets held for sale (Note)	**(105,000)**	**–**	**105,000**	**–**
Ending balance	**4,989,100**	**904,000**	**105,000**	**5,998,100**
Year ended 31 December 2020				
Opening balance	5,420,400	927,772	–	6,348,172
Subsequent expenditures capitalised	10,213	–	–	10,213
Transfer to completed properties	–	(7,772)	–	(7,772)
Appreciation of investment properties under capital platform	56,687	–	–	56,687
Fair value losses on investment properties under other platforms	–	(17,000)	–	(17,000)
Reduction arising from disposal of a subsidiary	(440,000)	–	–	(440,000)
Ending balance	5,047,300	903,000	–	5,950,300

Note:

Beijing San Quan Apartments, investment properties located in Beijing amounting to RMB1,793,000,000 as at 31 December 2021 (31 December 2020: RMB1,793,000,000), is held by the Group, whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. The Group has measured the deferred tax relating to the temporary differences of the investment properties using the tax rates and the tax base that are consistent with the expected manner of recovery of the investment properties.

In December 2021, the Group entered into agreements with a third party, pursuant to which the Group will sell a service apartment property to the third party, which was in the condition available for immediate sale and expected to be completed in 2022 within one year as at 31 December 2021. The service apartment properties were classified as held for sale.

7 Investment properties and non-current assets held for sale (continued)

Independent valuations of the Group's investment properties were performed by the valuer, Cushman & Wakefield, to determine the fair value of the investment properties as at 31 December 2021 and 2020. The following table analyses the investment properties carried at fair value, by valuation method.

Fair value hierarchy

Description	Fair value measurements at 31 December 2021 using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Investment properties located in the PRC:			
– Retail	–	–	**1,648,000**
– Office and car parks	–	–	**847,000**
– Service apartment and car parks	–	–	**3,398,100**
	–	–	**5,893,100**

Description	Fair value measurements at 31 December 2020 using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Investment properties located in the PRC:			
– Retail	–	–	1,621,800
– Office and car parks	–	–	846,000
– Service apartment and car parks	–	–	3,482,500
	–	–	5,950,300

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels 1, 2 and 3 during the year.

7 Investment properties and non-current assets held for sale (continued)

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2021 and 2020 by an independent professionally qualified valuer of Cushman & Wakefield 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 team will review the valuation performed by the valuers, including:

- verifies all major inputs to the independent valuation report;
- assesses property valuations movements when compared to the prior year valuation report;
- holds discussions with independent valuers.

Valuation techniques

The Group has thirteen investment properties as at 31 December 2021 (31 December 2020: fourteen), among which three investment properties located in Shanghai, Zhejiang Province and Jiangsu Province are under other platforms and ten investment properties located in Beijing, Shanghai and Jiangsu Province are under capital platform, all of which were completed as at 31 December 2021 (31 December 2020: same).

The Group also has three right-of-use assets of investment properties which are located in Shanghai and Zhejiang Province under capital platform as at 31 December 2021 (31 December 2020: three).

The valuation of completed retail properties and office buildings, service apartments and car parks were determined using a combination of the income capitalisation approach (term and reversionary method) which was based on capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties and direct comparison approach by making reference to comparable sales transaction as available in the relevant market. For those investment properties with signed sales contract, the valuation were determined using the actual selling price.

The valuation of service apartments under renovation were determined using combination of the discounted cash flows with estimated renovation costs to complete approach and direct comparison approach by making reference to comparable sales transactions as available in the relevant market with incurred renovation costs.

The valuation of right-of-use assets of investment properties were determined using the income capitalisation approach (term and reversionary method) which was based on capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

There were no changes to the valuation techniques during the year.

7 Investment properties and non-current assets held for sale (continued)

Information about fair value measurements as at 31 December 2021 using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2021 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed office buildings and car parks	864,000 (31 December 2020: 846,000)	Income capitalisation approach	Term yield (a)	Term yield of 4%~4.5% (31 December 2020: 4%~4.5%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 4.5%~5% (31 December 2020: 4.5%~5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB211~RMB461 (31 December 2020: RMB208~RMB473) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	RMB41,289~RMB83,700 (31 December 2020: RMB41,283~ RMB83,400) per square meter.	The higher the unit price, the higher the fair value

Description	Fair value at 31 December 2021 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Service apartment and car parks	3,351,200 (31 December 2020: 3,416,200)	Income capitalisation approach	Term yield (a)	Term yield of 2.5%~4% (31 December 2020: 2.5%~6%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 3%~4.5% (31 December 2020: 3%~5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB139~RMB495 (31 December 2020 RMB173~RMB501) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	RMB29,175~RMB85,900 (31 December 2020: RMB33,394 ~RMB88,567) per square meter.	The higher the unit price, the higher the fair value

7 Investment properties and non-current assets held for sale (continued)

Information about fair value measurements as at 31 December 2021 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2021 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed retail property	1,617,800 (31 December 2020: 1,621,800)	Income capitalisation approach	Term yield (a)	Term yield of 3%~5% (31 December 2020: 3.75%~5%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 3.5%~5.75% (31 December 2020: 4.25%~5.5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB62~RMB501 (31 December 2020: RMB62 ~RMB501) per square meter per month.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties (d)	RMB15,800 ~RMB81,000 (31 December 2020: RMB15,720 ~RMB80,600) per square meter.	The higher the unit price, the higher the fair value

Description	Fair value at 31 December 2021 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Right-of-use assets of investment properties	60,100 (31 December 2020: 66,300)	Income capitalisation approach	Term yield (a)	Term yield of 4%~4.5% (31 December 2020: 4%~5%).	The higher the term yield, the lower the fair value
			Reversionary yield (b)	Reversionary yield of 4.5%~5% (31 December 2020: 4.5%~5.5%).	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit (c)	RMB89 ~RMB92 (31 December 2020: RMB82~RMB90) per square meter per month.	The higher the market unit rent, the higher the fair value

7 Investment properties and non-current assets held for sale (continued)

(a) For term yield, the Group has taken into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.

(b) For reversionary yield, the Group has taken into account of annual unit market rental income and unit market value of the comparable properties.

(c) For market unit rent of individual unit, the Group used direct market comparable and has taken into account of location and other individual factors, such as road frontage, size of property and facilities.

(d) For adjusted recent prices of similar properties, the Group has taken into account of location and other individual factors, such as road frontage, size of property and facilities.

(e) The rental income from investment properties has been recognised in the consolidated financial statement:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Rental income	**237,648**	216,040

The Group's interests in investment properties at their net book values are analysed as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
In the PRC, held on:		
Right-of-use assets of investment properties with original lease term of less than 11 years	**60,100**	66,300
Leases with original term of 70 years (and remaining unexpired period between 10 to 70 years)	**2,554,000**	2,551,000
Leases with original term of 50 years (and remaining unexpired period between 10 to 50 years)	**3,279,000**	3,333,000
	5,893,100	5,950,300

Investment properties with a total carrying amount of RMB4,612,653,000 and RMB4,781,736,000 at 31 December 2021 and 2020 respectively were pledged as collateral for the Group's borrowings (Note 19).

8 Intangible assets

	Goodwill RMB'000	Computer software RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021				
Cost	**96,853**	**13,744**	**3,045**	**113,642**
Accumulated impairment and amortisation	**(26,168)**	**(11,785)**	**(133)**	**(38,086)**
Net book amount	**70,685**	**1,959**	**2,912**	**75,556**
Year ended 31 December 2021				
Opening net book amount	**70,685**	**1,959**	**2,912**	**75,556**
Other additions	**–**	**1,749**	**306**	**2,055**
Amortisation charge (Note 27)	**–**	**(1,357)**	**(114)**	**(1,471)**
Impairment on goodwill (Note 27)	**(28,258)**	**–**	**–**	**(28,258)**
Closing net book amount	**42,427**	**2,351**	**3,104**	**47,882**
At 31 December 2021				
Cost	**96,853**	**15,493**	**3,351**	**115,697**
Accumulated impairment and amortisation	**(54,426)**	**(13,142)**	**(247)**	**(67,815)**
Net book amount	**42,427**	**2,351**	**3,104**	**47,882**
At 1 January 2020				
Cost	26,168	12,252	1,047	39,467
Accumulated impairment and amortisation	(26,168)	(10,381)	(122)	(36,671)
Net book amount	–	1,871	925	2,796
Year ended 31 December 2020				
Opening net book amount	–	1,871	925	2,796
Additions from acquisition of subsidiaries (Note 39)	70,685	1,492	1,536	73,713
Other additions	–	–	462	462
Amortisation charge (Note 27)	–	(1,404)	(11)	(1,415)
Closing net book amount	70,685	1,959	2,912	75,556
At 31 December 2020				
Cost	96,853	13,744	3,045	113,642
Accumulated impairment and amortisation	(26,168)	(11,785)	(133)	(38,086)
Net book amount	70,685	1,959	2,912	75,556

Note:

Amortisation charges of the Group have all been included in administrative expenses for both years ended 31 December 2021 and 2020.

8 Intangible assets (continued)

Goodwill is allocated to the Group's CGUs identified according to business segment for impairment testing. A segment level summary of the goodwill is presented below:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Property development platform (a)	**14,287**	27,545
All other platforms (b)	**28,140**	43,140
	42,427	70,685

(a) As at 31 December 2021, goodwill of RMB27,545,000 (2020: RMB27,545,000) has been allocated to the cash-generated unit of the property development subsidiary acquired for impairment testing.

The value in use calculation used pre-tax cash flow projections based on approved budgets covering a five-year period.

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

	As at 31 December 2021	As at 31 December 2020
Gross profit margin during the forecast period	**20.7%-24.2%**	26.8%-34.5%
Pre-tax discount rate	**9.0%**	9.0%

As at 31 December 2021, the lower of the recoverable amount over the carrying amount of property development subsidiaries was RMB13,258,000.

The directors of the Group believe that any reasonably possible changes in the key assumptions of the value in use calculation would not cause the significant excess of the carrying amounts over the recoverable amounts of the property development subsidiaries.

With reference to the recoverable amount assessed as at 31 December 2021, the directors of the Group made provision for impairment of goodwill with the amount of RMB13,258,000 as at 31 December 2021.

8 Intangible assets (continued)

(b) As at 31 December 2021, goodwill of RMB43,140,000 (2020: RMB43,140,000) has been allocated to the cash-generated unit of the property management subsidiaries acquired for impairment testing.

The value in use calculation used pre-tax cash flow projections based on approved budgets covering a five-year period.

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

	As at 31 December 2021	As at 31 December 2020
Revenue growth rate during the forecast period	**1.9%-2.0%**	1.9%-2.0%
Gross profit margin during the forecast period	**14.0%-23.0%**	19.4%-23.4%
Pre-tax discount rate	**17.0%**	17.0%

As at 31 December 2021, the lower of the recoverable amount over the carrying amount of property management subsidiaries was RMB15,000,000.

The directors of the Group believe that any reasonably possible changes in the key assumptions of the value in use calculation would not cause the significant excess of the carrying amounts over the recoverable amounts of the property management subsidiaries.

With reference to the recoverable amount assessed as at 31 December 2021, the directors of the Group made provision for impairment of goodwill with the amount of RMB15,000,000 as at 31 December 2021.

9 Investments in joint ventures

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
At beginning of the year	**1,534,959**	1,012,044
Additions (a)	**43,957**	395,298
Transfer from subsidiaries (b), (c)	**–**	205,262
Change from joint ventures to subsidiaries (d)	**(44,265)**	(116,948)
Share of results	**(189,355)**	40,609
Unrealised profit in connection with the transaction between the Group and joint ventures	**(1,332)**	(1,306)
At end of the year	**1,343,964**	1,534,959

9 Investments in joint ventures (continued)

The particulars of the joint ventures of the Group, which are unlisted entities, are set out as follows:

Company name	Country/date of incorporation	Paid-in capital	% interests held As at 31 December 2021	2020	Principal activities
Nanjing Caicheng Property Co., Ltd. ("Nanjing Caicheng") (d)	18 July 2017, Jiangsu, the PRC	RMB100,000,000	**100%**	65%	Property development
Suzhou Lingrui Property Co., Ltd. ("Suzhou Lingrui")	8 June 2017, Jiangsu, the PRC	RMB50,000,000	**50%**	50%	Property development
Suzhou Chengrui Property Co., Ltd. ("Suzhou Chengrui")	8 June 2017, Jiangsu, the PRC	RMB50,000,000	**50%**	50%	Property development
Tianjin Yuanming Property Co., Ltd. ("Tianjin Yuanming")	9 October 2016, Tianjin, the PRC	Nil	**20%**	20%	Investment holding
Changshu Zhicheng Property Development Co., Ltd. ("Changshu Zhicheng")	8 May 2017,Jiangsu, the PRC	RMB80,000,000	**25%**	25%	Property development
Tianjin Junyou Property Information Consultancy Co., Ltd. ("Tianjin Junyou")	31 January 2018, Tianjin, the PRC	RMB1,000,000	**33%**	33%	Property development
Nanjing Shansheng Property Development Co., Ltd. ("Nanjing Shansheng")	21 August 2018, Jiangsu, the PRC	RMB900,000,000	**19.75%**	19.75%	Property development
Ningbo Puhong Investment Management LLP ("Ningbo Puhong")	11 May 2018, Zhejiang, the PRC	RMB650,000,000	**46.17%**	46.17%	Investment holding
Shanghai Weishu Information & Technology Co., Ltd.	11 November 2015, Shanghai, the PRC	RMB2,240,000	**33%**	33%	Information Technology
Tianjin Shunhe Decoration Engineering Co., Ltd.	28 September 2018, Tianjin, the PRC	Nil	**33%**	33%	Customised decoration
Yangzhou Hengyu Property Co., Ltd. ("Yangzhou Hengyu") (a)	3 December 2020, Jiangsu, the PRC	RMB1,100,000,000	**30%**	30%	Property development

9 Investments in joint ventures (continued)

Company name	Country/date of incorporation	Paid-in capital	% interests held As at 31 December 2021	2020	Principal activities
Taicang Jingchen Consulting Management Co., Ltd. ("Taicang Jingchen")	1 April 2017, Jiangsu, the PRC	RMB65,694,118	**48.48%**	48.48%	Property development
Beijing Jingshuo Hotel Management Co., Ltd. ("Beijing Jingshuo")	31 May 2018, Beijing, the PRC	Nil	**25%**	25%	Investment holding
Beijing Tian'an Huafeng Travel Investment Co., Ltd ("Tian'an Huafeng") (c)	18 December 2006, Beijing, the PRC	RMB50,261,500	**50.16%**	50.16%	Property development
Suzhou Jingya Consulting Management Co., Ltd. ("Suzhou Jingya") (b)	5 April 2017, Jiangsu, the PRC	RMB250,000	**40%**	40%	Investment holding
Jiangsu Jingyang Enterprise Management Co., Ltd.	21 August 2020, Jiangsu, the PRC	Nil	**49%**	49%	Investment holding
Suzhou Jingyi Consulting Management Co., Ltd. ("Suzhou Jingyi")	21 August 2020, Jiangsu, the PRC	Nil	**75%**	75%	Investment holding
Hunan Jinruihua City Management Co., Ltd. ("Hunan Jinruihua") (a)	26 May 2021, Hunan, the PRC	RMB49,000,000	**39%**	Nil	Property management
Chongqing Jinghuanjin Property Co., Ltd. ("Chongqing Jinghuanjin") (a)	12 October 2021, Chongqing, the PRC	RMB5,000,000	**51%**	60%	Property development
Taicang Haoying Consulting Management Co., Ltd. ("Taicang Haoying")	14 May 2021, Jiangsu, the PRC	Nil	**75%**	Nil	Investment holding
Taicang Shiji Consulting Management Co., Ltd. ("Taicang Shiji")	14 May 2021, Jiangsu, the PRC	Nil	**75%**	Nil	Investment holding
Taicang Zhengwen Consulting Management Co., Ltd. ("Taicang Zhengwen")	14 May 2021, Jiangsu, the PRC	Nil	**75%**	Nil	Investment holding
Taicang Yuzhou Consulting Management Co., Ltd. ("Taicang Yuzhou")	13 May 2021, Jiangsu, the PRC	Nil	**75%**	Nil	Investment holding
Taicang Shuoshi Consulting Management Co., Ltd. ("Taicang Shuoshi")	13 May 2021, Jiangsu, the PRC	Nil	**75%**	Nil	Investment holding

9 Investments in joint ventures (continued)

Notes:

(a) During 2021, certain subsidiaries of the Group further injected, or invested in certain joint ventures, including Hunan Jinruihua and Chongqing Jinghuanjin. The total addition of investments in joint ventures amounted to RMB43,957,000.

During 2020, certain subsidiaries of the Group further injected, or invested in certain joint ventures, including Yangzhou Hengyu and Taicang Jingchen. The total addition of investments in joint ventures amounted to RMB395,298,000.

(b) In June 2020, an independent third party injected capital contribution of RMB147,000,000 to Suzhou Jingya, a wholly owned subsidiary of the Group, which resulted in an effective dilution of the Group's interests in Suzhou Jingya, the Group lost control over Suzhou Jingya and accounted for Suzhou Jingya as a joint venture thereafter. Gains of RMB112,271,000 on re-measurement of the Group's original investment in Suzhou Jingya was recognised and recorded as other gains in 2020 (Note 26).

Suzhou Jingya holds 80% equity interests in an associate company Changshu Huihuang Real Estate Development Co., Ltd. ("Changshu Huihuang")(Note 10).

(c) In May 2020, the Group indirectly transferred 49.84% equity interests in Tian'an Huafeng at a consideration of RMB29,900,000 to an independent third party. Upon completion of the transaction, the Group lost control of Tian'an Huafeng and accounted for Tian'an Huafeng as a joint venture thereafter. Gains of RMB36,960,000 on disposal of equity interests and RMB37,203,000 on re-measurement of the Group's original investment in Tian'an Huafeng were recognised and recorded as other gains in 2020 (Note 26).

(d) In May 2021, the Group acquired the 35% equity interests of Nanjing Caicheng held by the other joint venture partner at a total consideration of RMB30,000,000. Since then, the Group held 100% equity interests in Nanjing Caicheng, which became a wholly owned subsidiary of the Group.

9 Investments in joint ventures (continued)

Summarised financial information for material joint ventures

Set out below are the summarised financial information for Nanjing Shansheng, Ningbo Puhong and Yangzhou Hengyu, which are accounted for using the equity method.

Summarised balance sheet

	Nanjing Shansheng As at 31 December 2021 RMB'000	 2020 RMB'000
Current		
Assets	4,191,183	2,580,394
Liabilities	(3,034,033)	(1,328,792)
Total current net assets	1,157,150	1,251,602
Non-current		
Assets	–	–
Liabilities	–	–
Total non-current net assets/(liabilities)	–	–
Net assets	1,157,150	1,251,602

	Ningbo Puhong As at 31 December 2021 RMB'000	 2020 RMB'000
Current		
Assets	1,938,126	1,958,026
Liabilities	(2,610,117)	(2,554,068)
Total current net liabilities	(671,991)	(596,042)
Non-current		
Assets	3,743,007	4,050,008
Liabilities	(2,168,120)	(2,174,322)
Total non-current net assets	1,574,887	1,875,686
Net assets	902,896	1,279,644

9 Investments in joint ventures (continued)

Summarised balance sheet (continued)

	Yangzhou Hengyu As at 31 December 2021 RMB'000	2020 RMB'000
Current		
Assets	2,893,615	1,309,060
Liabilities	(752,696)	(214,990)
Total current net assets	2,140,919	1,094,070
Non-current		
Assets	225	–
Liabilities	(1,050,000)	–
Total non-current net liabilities	(1,049,775)	–
Net assets	1,091,144	1,094,070

Summarised statement of comprehensive income

	Nanjing Shansheng For the year ended 31 December 2021 RMB'000	2020 RMB'000
Revenue	150,063	1,759,251
(Loss)/profit before income tax	(94,452)	533,172
Income tax expense	–	(139,646)
Post-tax (loss)/profit	(94,452)	393,526
Other comprehensive income	–	–
Total comprehensive (loss)/income	(94,452)	393,526
Dividends received from joint ventures	–	–

9 Investments in joint ventures (continued)

Summarised statement of comprehensive income (continued)

	Ningbo Puhong	
	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Revenue	**–**	–
(Loss)/profit before income tax	**(457,950)**	28,524
Income tax credit/(expense)	**81,202**	(9,779)
Post-tax (loss)/profit	**(376,748)**	18,745
Other comprehensive income	**–**	–
Total comprehensive (loss)/income	**(376,748)**	18,745
Dividends received from joint ventures	**–**	–

	Yangzhou Hengyu	
	For the year ended 31 December 2021 RMB'000	For the period from 3 December 2020 to 31 December 2020 RMB'000
Revenue	**–**	–
Loss before income tax	**(2,926)**	(4,611)
Income tax expense	**–**	–
Post-tax loss	**(2,926)**	(4,611)
Other comprehensive income	**–**	–
Total comprehensive loss	**(2,926)**	(4,611)
Dividends received from joint ventures	**–**	–

9 Investments in joint ventures (continued)

Summarised statement of comprehensive income (continued)

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, and not the Group's share of those amounts.

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in joint ventures is as follows:

	Nanjing Shansheng For the year ended 31 December 2021 RMB'000	2020 RMB'000
Opening net assets	**1,251,602**	858,076
(Loss)/profit for the year	**(94,452)**	393,526
Closing net assets	**1,157,150**	1,251,602
Interests in joint ventures	**19.75%**	19.75%
	228,537	247,191
Unrealised profit in connection with the transaction between the Group and a joint venture	**–**	(21,517)
Carrying value	**228,537**	225,674

	Ningbo Puhong For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2020 RMB'000
Opening net assets	**1,279,644**	1,260,899
(Loss)/profit for the year	**(376,748)**	18,745
Closing net assets	**902,896**	1,279,644
Interests in joint ventures	**46.17%**	46.17%
Carrying value	**416,828**	590,756

9 Investments in joint ventures (continued)

Summarised statement of comprehensive income (continued)

	Yangzhou Hengyu	
	For the year ended 31 December 2021 RMB'000	For the period from 3 December 2020 to 31 December 2020 RMB'000
Opening net assets	**1,094,070**	–
Loss for the year	**(2,926)**	(4,611)
Addition from shareholders	**–**	1,098,681
Closing net assets	**1,091,144**	1,094,070
Interests in joint ventures	**30%**	30%
Carrying value	**327,343**	328,221

The commitment relating to the Group's interests in joint ventures is presented in Note 36(b).

The contingent liabilities relating to the Group's interests in joint ventures is presented in Note 37.

10 INVESTMENTS IN ASSOCIATES

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
At beginning of the year	**1,635,556**	1,834,909
Additions (a)	**20,990**	–
Disposals (b), (c)	**(460,726)**	(108,495)
Dividends	**–**	(220,000)
Reduction of capital contribution from associates	**(231,250)**	–
Share of results	**33,992**	130,034
Unrealised profit in connection with the transaction between the Group and associates	**–**	(892)
At end of the year	**998,562**	1,635,556

10 INVESTMENTS IN ASSOCIATES (continued)

The particulars of the associates of the Group, all of which are unlisted, are set out as follows:

Company name	Country/date of incorporation	Paid-in capital	% interests held as at 31 December 2021	% interests held as at 31 December 2020	Principal activities
Nanjing Yuning Property Co., Ltd. ("Nanjing Yuning")	5 December 2016, Jiangsu, the PRC	RMB60,000,000	**17%**	17%	Property development
Ningbo Rong'an Education and Investment Management Co., Ltd. (Ningbo Rong'an Education")	1 April 2016, Zhejiang, the PRC	RMB5,000,000	**25%**	25%	Investment holding
Ningbo Jiamu Investment Co., Ltd. ("Ningbo Jiamu")	4 August 2016, Zhejiang, the PRC	RMB5,000,000	**40%**	40%	Investment holding
Hangzhou Zhenlu Investment Co., Ltd. ("Hangzhou Zhenlu")	2 December 2016, Zhejiang, the PRC	RMB600,000,000	**7%**	7%	Investment holding
Tropica Development Limited ("Tropica Development")	31 August 2007, Hongkong, the PRC	HKD100	**25%**	25%	Investment holding
Lingtu Education Investment (Beijing) Co., Ltd.	11 August 2016, Beijing, the PRC	RMB1,015,620	**20%**	20%	Technology development
Shanghai Zhengmin Information Technology Co., Ltd. ("Shanghai Zhengmin")	28 February 2017, Shanghai the PRC	Nil	**49%**	49%	Computer information technology development
Ningbo Jingfeng Property Co., Ltd. ("Ningbo Jingfeng")	23 June 2017, Zhejiang, the PRC	RMB10,000,000	**50%**	50%	Property development
Tianjin Xuming Property Co., Ltd. ("Tianjin Xuming")	7 December 2015, Tianjin, the PRC	RMB170,000,000	**50%**	50%	Property development
Tianjin Ruihui Commercial Management Co., Ltd. ("Tianjin Ruihui")	5 July 2018, Tianjin, the PRC	RMB375,000,000	**49%**	49%	Investment holding
Nanjing Yuesheng Real Estate Development Co., Ltd. ("Nanjing Yuesheng") (c)	23 July 2019, Jiangsu, the PRC	RMB1,500,000,000	**N/A**	30%	Property development
Yangling Guanghui (Tianjin) Real Estate Development Co., Ltd. ("Yangling Guanghui")	10 August 2012, Tianjin, the PRC	RMB607,843,000	**49%**	49%	Property development
Shanghai Pinzhai Decoration Technology Co., Ltd. ("Shanghai Pinzhai") (b)	17 July 2015 Shanghai, the PRC	RMB22,850,000	**23.1%**	32.3%	Customised decoration
SHQ Investment Holdings II Limited ("SHQ") (a)	17 March 2021, British Virgin Islands	USD120	**25%**	Nil	Investment holding
Changshu Shengfeng Property Management Co., Ltd. ("Changshu Shengfeng") (a)	8 August 2014, Jiangsu, the PRC	RMB1,000,000	**30%**	Nil	Property management

10 INVESTMENTS IN ASSOCIATES (continued)

Notes:

(a) During 2021, certain subsidiaries of the Group further injected, or invested in certain associates, including SHQ and Changshu Shengfeng. The total addition of investments in associates amounted to approximately RMB20,990,000.

(b) In April 2021, the Group disposed 5% equity interests of Shanghai Pinzhai to a third party at a consideration of RMB12,500,000. Subsequently, a third party injected capital contribution of RMB30,900,000 to Shanghai Pinzhai to acquired 6.5% equity interests of Shanghai Pinzhai, which had an effective dilution of the Group's interests in Shanghai Pinzhai. After these transactions, the Group still accounted for Shanghai Pinzhai as an associate.

(c) In May 2021, the Group transferred 100% equity interest of its wholly-owned subsidiary Nanjing Jingtang Property Co., Ltd. ("Nanjing Jingtang"), which held 30% equity interests of Nanjing Yuesheng, to a third party at a total consideration of RMB97,000,000. The Group recognised a gain from disposal of investments in Nanjing Jingtang amounting to RMB147,902,000.

Summarised financial information for material associates

Set out below are the summarised financial information for Yangling Guanghui, Tianjin Xuming and Tianjin Ruihui which are accounted for using the equity method.

Summarised balance sheet

	Yangling Guanghui As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current		
Assets	**3,093,043**	2,586,687
Liabilities	**(2,259,034)**	(2,050,626)
Total current net assets	**834,009**	536,061
Non-current		
Assets	**43,062**	41,722
Liabilities	**(304,224)**	–
Total non-current net (liabilities)/assets	**(261,162)**	41,722
Net assets	**572,847**	577,783

10 INVESTMENTS IN ASSOCIATES (continued)

Summarised balance sheet (continued)

	Tianjin Xuming As at 31 December 2021 RMB'000	2020 RMB'000
Current		
Assets	**457,342**	880,289
Liabilities	**(224,928)**	(659,749)
Total current net assets	**232,414**	220,540
Non-current		
Assets	**2,553**	5,019
Liabilities	**–**	–
Total non-current net assets	**2,553**	5,019
Net assets	**234,967**	225,559

	Tianjin Ruihui As at 31 December 2021 RMB'000	2020 RMB'000
Current		
Assets	**552,901**	660,435
Liabilities	**(37,098)**	(84,222)
Total current net assets	**515,803**	576,213
Non-current		
Assets	**55**	3,284
Liabilities	**(98,400)**	(205,488)
Total non-current net liabilities	**(98,345)**	(202,204)
Net assets	**417,458**	374,009

10 INVESTMENTS IN ASSOCIATES (continued)

Summarised statement of comprehensive income

	Yangling Guanghui Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**–**	–
Loss before income tax	**(4,831)**	(10,207)
Income tax (expense)/credit	**(105)**	2,541
Post-tax loss	**(4,936)**	(7,666)
Other comprehensive income	**–**	–
Total comprehensive loss	**(4,936)**	(7,666)
Dividends received from associates	**–**	–

	Tianjin Xuming Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**108,860**	668,337
Profit before income tax	**15,178**	97,680
Income tax expense	**(5,770)**	(30,129)
Post-tax profit	**9,408**	67,551
Other comprehensive income	**–**	–
Total comprehensive income	**9,408**	67,551
Dividends received from associates	**–**	–

10 INVESTMENTS IN ASSOCIATES (continued)

Summarised statement of comprehensive income (continued)

	Tianjin Ruihui	
	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue	**309,155**	107
Profit/(loss) before income tax	**45,702**	(1,703)
Income tax (expense)/credit	**(2,253)**	1,122
Post-tax profit/(loss)	**43,449**	(581)
Other comprehensive income	**–**	–
Total comprehensive income/(loss)	**43,449**	(581)
Dividends received from associates	**–**	–

The information above reflects the amounts presented in the financial statements of the associates, adjusted for differences in accounting policies between the Group and the associates, and not the Group's share of those amounts.

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in associates is as follows:

	Yangling Guanghui	
	Year ended 31 December 2021	Year ended 31 December 2020
	RMB'000	RMB'000
Opening net assets	**577,783**	585,449
Loss for the year	**(31,812)**	(7,666)
Closing net assets	**545,971**	577,783
Interests in associates	**49%**	49%
	267,526	283,114
Unrealised profit in connection with the transaction between the Group and an associate	**–**	(10,793)
Carrying value	**267,526**	272,321

10 INVESTMENTS IN ASSOCIATES (continued)

Summarised statement of comprehensive income (continued)

	Tianjin Xuming Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Opening net assets	**225,559**	158,008
Profit for the year	**9,408**	67,551
Other comprehensive income	**–**	–
Closing net assets	**234,967**	225,559
Interests in associate	**50%**	50%
Carrying value	**117,483**	112,780

	Tianjin Ruihui Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Opening net assets	**374,009**	374,590
Profit/(loss) for the year	**43,449**	(581)
Other comprehensive income	**–**	–
Closing net assets	**417,458**	374,009
Interests in associate	**49%**	49%
Carrying value	**204,554**	183,264

The commitment relating to the Group's interests in associates is presented in Note 36(b).

The contingent liabilities relating to the Group's interests in associates is presented in Note 37.

11 Financial instruments by category

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Financial assets		
Trade and other receivables excluding prepayments	**9,574,862**	10,716,573
Cash and cash equivalents	**2,211,442**	10,895,964
Restricted cash	**8,779,513**	2,750,525
Financial assets at fair value through other comprehensive income	**456,703**	501,907
Financial assets at fair value through profit or loss	**2,039,730**	2,306,613
	23,062,250	27,171,582

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Financial liabilities		
Borrowings	**21,598,037**	21,444,808
Trade and other payables excluding non-financial liabilities	**13,006,764**	17,959,295
Amounts due to non-controlling interests of subsidiaries	**1,498,982**	1,414,043
Lease liabilities	**145,137**	153,799
Derivative financial instruments	**–**	25,600
	36,248,920	40,997,545

12 Financial assets at fair value through other comprehensive income/at fair value through profit or loss

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income 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.

12 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

(ii) Equity investments at fair value through other comprehensive income

	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000
At beginning of the year	**501,907**	546,939
Disposals	**(111,153)**	(14,609)
Net fair value gains/(losses) recognised in other comprehensive income/(losses) (Note 18)	**65,949**	(30,423)
At end of the year	**456,703**	501,907
Less: Non-current portion	**(456,703)**	(486,650)
Current portion	**–**	15,257

Financial assets at fair value through other comprehensive income include the following:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Unlisted equity securities (a)	**456,703**	501,907

(a) The investments mainly represent the unlisted equity securities, the fair value of which were determined mainly based on the valuation techniques of comparison approach with Price-to-Sales multiple. The fair values are within level 3 of the fair value hierarchy.

Financial assets at fair value through other comprehensive income are denominated in the following currencies:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
RMB	**456,703**	449,708
USD	**–**	52,199
	456,703	501,907

12 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

(iii) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at either amortised cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000
At beginning of the year	**2,306,613**	1,598,837
Additions	**386,115**	1,112,922
Disposals	**(775,688)**	(436,179)
Net fair value gains recognised in profit or loss (Note 26)	**122,690**	31,033
At end of the year	**2,039,730**	2,306,613
Less: Non-current portion	**(1,051,261)**	(1,144,684)
Current portion	**988,469**	1,161,929

Financial assets at fair value through profit or loss include the following:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Unlisted equity securities (a)	**256,100**	146,199
Debt investments (b)	**195,400**	150,000
Private fund investments (c)	**1,372,670**	1,321,587
Wealth management products (d)	**215,504**	455,396
Listed equity securities (e)	**56**	233,431
	2,039,730	2,306,613

12 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

(iii) Classification of financial assets at fair value through profit or loss (continued)

Notes:

(a) The fair value of unlisted equity securities are based on valuation techniques. The fair value is within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted ratios of the comparable company.

(b) The fair values of debt investments are based on the discounted cash flows. The fair values are within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted discount rate of the cash flows.

(c) The fair values of private fund investments are based on net asset value adjusted based on market prices of portfolio assets in the fund. The fair values are within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted net assets price based on market prices of portfolio assets in the fund.

(d) Wealth management products are mainly investments in financial products issued by commercial banks. The fair values of these investments approximated their carrying values as at 31 December 2021 and 2020.

(e) This represented equity interest in listed companies. The fair value of the investment at 31 December 2021 and 2020 was calculated using the quoted market price and is within level 1 of the fair value hierarchy.

Financial assets at fair value through profit of loss are denominated in the following currencies:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
RMB	**538,820**	667,441
HKD	**115,414**	264,249
USD	**1,385,496**	1,374,923
	2,039,730	2,306,613

13 Prepayments for leasehold land

The Group made prepayments of RMB54,304,000 as at 31 December 2021 (31 December 2020: RMB1,239,780,000) for the acquisition of leasehold land, which will be transferred to properties under development for sale upon receipt of ownership certificates or commencement of development activities.

14 Properties held or under development for sale

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Properties under development for sale	**24,371,385**	23,589,822
Properties held for sale	**5,264,709**	5,173,777
	29,636,094	28,763,599
Less: Provision for write-down	**(72,937)**	(8,425)
	29,563,157	28,755,174

The properties held or under development for sale are all located in the PRC.

Borrowing costs capitalised in properties under development for sale and held for sale for the year ended 31 December 2021 were RMB1,538,453,000 (2020: RMB1,290,629,000).

The capitalisation rate of borrowings was 12.28% for the year ended 31 December 2021 (2020: 11.45%).

As at 31 December 2021 and 2020, the Group's following properties under development for sale and properties held for sale were pledged as collateral for the Group's borrowings (Note 19).

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Carrying value pledged:		
Properties under development for sale	**9,661,441**	6,086,501
Properties held for sale	**425,046**	1,317,691

As at 31 December 2021, properties under development for sale with a total carrying amount of RMB2,928,318,000 (31 December 2020: RMB10,273,741,000) were related to property projects which were not scheduled to complete within one year from reporting period end although pre-sales of some of these properties may occur. The other balances in properties under development for sale as at 31 December 2021 and 2020 were expected to be recovered within one year from respective reporting period end.

15 Trade and other receivables and prepayments

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables	**501,722**	545,579
Less: provision for impairment of trade receivables	**(38,137)**	(26,124)
Trade receivables – net	**463,585**	519,455
Amounts due from related parties (Note 40(d))	**1,861,356**	3,124,230
Prepaid taxes and surcharges and input value added tax to be deducted (a)	**665,090**	613,740
Loans due from disposed subsidiaries assumed by third parties	**–**	13,098
Deposits with public housing fund centres (b)	**9,249**	11,252
Prepayments of construction costs	**25,998**	56,469
Temporary funding receivables (c)	**114,303**	152,999
Deposits paid for construction work	**228,035**	236,002
Amounts due from non-controlling interests (d)	**3,913,092**	3,958,825
Deposits paid to secure borrowings	**81,183**	26,259
Prepayments for acquisition of completed properties for sale (e)	**37,964**	82,746
Deposits for potential investment	**289,634**	299,362
Dividend receivables	**34,749**	30,228
Net leasing investment receivables	**101,132**	104,399
Receivables from third parties (f)	**1,194,675**	620,604
Receivables in connection with the compensation of demolition costs	**43,203**	133,203
Amounts due from related parties of non-controlling interests of a subsidiary	**474,740**	748,095
Deposits paid for advanced proceeds received from customers (g)	**152,253**	–
Others	**847,802**	906,829
Less: provision for impairment of other receivables	**(139,129)**	(88,553)
	10,398,914	11,549,242
Less: non-current portion (h)	**(655,304)**	(753,652)
	9,743,610	10,795,590

15 Trade and other receivables and prepayments (continued)

Notes:

(a) Turnover taxes and surcharges are levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised.

(b) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(c) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing, unsecured and repayable on demand.

(d) The balances represents the funding provided to non-controlling interests of certain subsidiaries, which are unsecured, non-interest bearing and repayable on demand.

(e) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.

(f) The balance as at 31 December 2021 includes the loan principal and interest receivable, totaling USD146,065,000 and HKD322,175,000 (totaling equivalent to RMB1,194,675,000) (31 December 2020: USD93,658,000,equivalent to RMB620,604,000), due from third parties, which will be matured in 2022 and 2023, respectively.

(g) The balance represented the deposits paid to local government for the advanced proceeds of properties received from customers in Changzhou.

(h) The balance as at 31 December 2021 includes the long-term portion of the loan principal and interest receivables of RMB568,327,000 (31 December 2020: RMB620,604,000) due from third parties, the long-term portion of net leasing investment receivables of RMB86,977,000 (31 December 2020: RMB89,845,000).

15 Trade and other receivables and prepayments (continued)

The aging analysis of trade receivables, based on the property delivery or service rendered date is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Less than 1 year	**384,807**	359,428
Between 1 and 2 years	**64,773**	177,388
Between 2 and 3 years	**43,437**	7,421
Over 3 years	**8,705**	1,342
	501,722	545,579

Movements on the provision for impairment of trade and other receivables are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
At beginning of the year	**114,677**	54,587
Accrual of provision for impairment during the year	**62,589**	60,090
At end of the year	**177,266**	114,677

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above.

As at 31 December 2021 and 2020, the fair value of trade and other receivables approximate their carrying amounts.

Trade and other receivables with a total carrying amount of RMB18,611,000 as at 31 December 2021 (31 December 2020: RMB5,219,000) were pledged as collateral for the Group's borrowings (Note 19).

As at 31 December 2021 and 2020, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
– RMB	**8,912,918**	10,629,276
– USD	**1,129,974**	717,012
– HKD	**356,022**	202,954
	10,398,914	11,549,242

16 Cash at bank and on hand

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Cash at bank and on hand		
– denominated in RMB	**10,983,237**	13,507,504
– denominated in USD	**5,609**	87,925
– denominated in HKD	**2,099**	51,013
– denominated in SGD	**10**	47
	10,990,955	13,646,489

The weighted average interest rate on the Group's bank deposits as at 31 December 2021 was 2.20% (31 December 2020: 2.24%).

Cash and cash equivalents of the Group were determined as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Cash at bank and on hand	**10,990,955**	13,646,489
Less: restricted cash	**(8,779,513)**	(2,750,525)
	2,211,442	10,895,964

Restricted cash of the Group comprised of the following:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Deposits as security for property purchasers' mortgage loans (a)	**11,928**	13,286
Deposits pledged for borrowings (Note 19)	**2,592,653**	2,192,369
Deposits for advanced proceeds received from property purchasers	**1,251,299**	529,597
Deposits for letters of guarantee issued for project construction	**6,045**	–
Deposits as security for construction work	**–**	1,061
Deposits for ongoing litigations	**935**	6,236
Deposits pledged for special financing arrangements (b)	**4,910,000**	–
Others	**6,653**	7,976
	8,779,513	2,750,525

16 Cash at bank and on hand (continued)

Notes:

(a) These bank deposits are restricted to secure the bank loans taken by certain property purchasers of the Group pursuant to the local regulations of certain cities. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(b) During the year ended 31 December 2021, seven onshore subsidiaries of the Company placed the deposits in the aggregate amount of RMB4,910,000,000 (the "Relevant Deposits") with a bank in the PRC (the "Relevant Bank"). The term of the Relevant Deposits ranged from approximately eight months to twelve months except for one that had a term of more than twelve months.

The arrangement to which the Relevant Deposits was subject involved the pledge of the Deposits to obtain funds from the Relevant Bank. The arrangement is set out below.

(1) The relevant subsidiaries pledged the Relevant Deposits to the Relevant Bank.

(2) Against the pledge, the Relevant Bank issued banker's acceptance to certain trading companies. The trading companies were selected and introduced to the Group by the Relevant Bank. The payees of the banker's acceptance comprised suppliers of these trading companies as the issuer. After receipt of the banker's acceptance, the payees would present the banker's acceptance to another financial institution for payment. The ultimate beneficial owners of the issuers, the payees and the financial institutions are not a related party of the Group.

(3) The payees would remit the amount to certain business partners of the Group, including suppliers or joint venture partners of the Group, which would in turn remit the same amount to subsidiaries of the Group.

(4) The Group was responsible for paying the payees the difference between the stated amount of the banker's acceptance and the actual payment received by the payees on presenting the banker's acceptance. The difference represents the interest that the financial institution would charge for providing the funds to the payees.

(5) Upon maturity of the Relevant Deposits, the Relevant Bank will release the Relevant Deposits and repay the stated amount of the banker's acceptance against the Relevant Deposits.

To ensure that the amount drawn under the banker's acceptance would be remitted to the Group, the Group entered into agreements with the issuer of the banker's acceptance and the relevant business partners of the Group such that senior employees of the Group were physically present when the banker's acceptance was presented for payment and immediately deposited into the accounts controlled by the Group.

Up to the date of approval of these consolidated financial statements, the Relevant Bank has released all the Relevant Deposits against the Group's payment in full of the banker's acceptance.

17 Share capital

(a) Authorised shares

	Number of authorised shares
As at 31 December 2021 and 2020	10,000,000,000

(b) Ordinary shares, issued and fully paid and treasury shares

	Number of ordinary shares	Ordinary shares (nominal value) RMB'000	Treasury shares RMB'000	Total RMB'000
As at 31 December 2019	1,400,194,213	86,634	(10,073)	76,561
Place of new shares (i)	138,619,000	1,179	–	1,179
Share award scheme	–	–	500	500
As at 31 December 2020 and 1 January 2021	1,538,813,213	87,813	(9,573)	78,240
Share award scheme	–	–	3,358	3,358
As at 31 December 2021	1,538,813,213	87,813	(6,215)	81,598

(i) On 15 December 2020, the Company completed a placing of 138,619,000 new shares with a price of HKD2.20 per placing share. The net proceeds from the place of new shares was approximately HKD303,414,000 (equivalent to RMB258,023,000), among which RMB1,179,000 was recorded as share capital and RMB256,844,000 was recorded as share premium.

18 Reserves

	Share premium RMB'000 (c)	Treasury shares RMB'000	Merger reserve RMB'000 (a)	Capital reserve RMB'000	Share award scheme RMB'000	Share option scheme RMB'000	Statutory surplus reserve RMB'000 (b)	Financial assets at fair value through other comprehensive income RMB'000 (d)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2021	744,621	(9,573)	125,481	309,727	92,244	2,955	245,437	(33,266)	4,601,108	6,078,734
Comprehensive income										
Profit for the year 2021	–	–	–	–	–	–	–	–	127,543	127,543
Net changes in fair value of financial assets through other comprehensive losses (Note 12)	–	–	–	–	–	–	–	65,949	–	65,949
Taxes on fair value gains on financial assets through other comprehensive income (Note 23)	–	–	–	–	–	–	–	18,801	–	18,801
Total comprehensive income for the year 2021	–	–	–	–	–	–	–	84,750	127,543	212,293
Transactions with owners										
Dividends (Note 34)	(320,614)	–	–	–	–	–	–	–	–	(320,614)
Changes in ownership interests in subsidiaries without change of control (Note 38)	–	–	–	(20,572)	–	–	–	–	–	(20,572)
Share award scheme (Note 32)	–	3,358	–	–	(2,763)	–	–	–	–	595
Share option scheme (Note 32)	–	–	–	–	–	242	–	–	–	242
	(320,614)	3,358	–	(20,572)	(2,763)	242	–	–	–	(340,349)
Balance at 31 December 2021	424,007	(6,215)	125,481	289,155	89,481	3,197	245,437	51,484	4,728,651	5,950,678

18 Reserves (continued)

	Share premium RMB'000 (c)	Treasury shares RMB'000	Merger reserve RMB'000 (a)	Capital reserve RMB'000	Share award scheme RMB'000	Share option scheme RMB'000	Statutory surplus reserve RMB'000 (b)	Financial assets at fair value through other comprehensive income RMB'000 (d)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2020	796,937	(10,073)	125,481	322,343	90,676	3,181	245,437	3,204	3,643,016	5,220,202
Comprehensive income										
Profit for the year 2020	–	–	–	–	–	–	–	–	958,092	958,092
Net changes in fair value of financial assets through other comprehensive losses (Note 12)	–	–	–	–	–	–	–	(30,423)	–	(30,423)
Taxes on fair value gains on financial assets through other comprehensive income (Note 23)	–	–	–	–	–	–	–	(6,047)	–	(6,047)
Total comprehensive income for the year 2020	–	–	–	–	–	–	–	(36,470)	958,092	921,622
Transactions with owners										
Dividends (Note 34)	(309,160)	–	–	–	–	–	–	–	–	(309,160)
Changes in ownership interests in subsidiaries without change of control (Note 38)	–	–	–	(12,616)	–	–	–	–	–	(12,616)
Share award scheme (Note 32)	–	500	–	–	1,568	–	–	–	–	2,068
Share option scheme (Note 32)	–	–	–	–	–	(226)	–	–	–	(226)
Place of new shares	256,844	–	–	–	–	–	–	–	–	256,844
	(52,316)	500	–	(12,616)	1,568	(226)	–	–	–	(63,090)
Balance at 31 December 2020	744,621	(9,573)	125,481	309,727	92,244	2,955	245,437	(33,266)	4,601,108	6,078,734

18 Reserves (continued)

Notes:

(a) Merger reserve

Merger reserve represent the difference of aggregate consideration paid by the Group for the acquisition of subsidiaries pursuant to the reorganisation in 2013 and the aggregate capital of the subsidiaries acquired, after elimination of investment in subsidiaries.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, these subsidiaries registered in the PRC shall appropriate 10% of its annual statutory profit (after offsetting any prior years' losses) to the statutory surplus reserve ("SSR") account. When the balance of SSR reaches 50% of the registered capital/share capital of these subsidiaries, any further appropriation is optional. The SSR can be utilised to offset prior years' losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

(c) Under the Cayman Companies Law, the share premium account may be applied by the Company for paying distributions or dividends to shareholders if immediately following the date on which the Company proposes to distribute the dividend, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. Details of the proposed final dividend are set out in Note 34.

(d) Financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in Note 2.14. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

19 Borrowings

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Borrowings included in non-current liabilities		
– Bank loans, secured (a)	**5,529,006**	6,418,178
– Other loans, secured (n)	**1,129,034**	2,190,498
– Trust financing arrangements, secured (b)	**2,003,400**	1,046,500
– Senior notes due 2021, secured, issued in April 2018 (c)	**–**	1,348,822
– Senior notes due 2021, secured, issued in April 2019 (d)	**–**	1,260,924
– Senior notes due 2022, secured, issued in July 2019 (e)	**1,652,591**	1,688,076
– Senior notes due 2022, secured, issued in March 2020 (f)	**1,210,478**	1,234,231
– Senior notes due 2022, secured, issued in June 2020 (g)	**953,456**	972,150
– Senior notes due 2023, issued in November 2020 and March 2021, secured (h)	**2,226,420**	1,551,964
– Senior notes due 2023, issued in April 2021 and May 2021 and August 2021, secured (i)	**1,521,498**	–
– Senior notes due 2024, secured, issued in September 2021(j)	**1,050,994**	–
– Corporate bonds due 2021 (k)	**–**	1,221,712
– Corporate bonds due 2022 (l)	**341,749**	281,188
– Corporate bonds due 2024 (m)	**1,341,286**	–
	18,959,912	19,214,243
Less: Current portion of long-term borrowings	**(8,290,214)**	(6,909,305)
	10,669,698	12,304,938
Borrowings included in current liabilities		
– Bank loans, secured (a)	**2,502,906**	1,908,565
– Other loans, secured (n)	**25,219**	322,000
– Trust financing arrangements, secured (b)	**110,000**	–
	2,638,125	2,230,565
Add: Current portion of long-term borrowings	**8,290,214**	6,909,305
	10,928,339	9,139,870

Notes:

(a) The Group's bank borrowings are secured by properties held or under development for sale (Note 14), trade receivables (Note 15), investment properties (Note 7) and bank deposits (Note 16) of the Group or guaranteed by subsidiaries of the Company.

(b) These borrowings are mainly obtained through trust arrangements with trust financing companies. Borrowings under trust financing arrangements are secured by investment properties (Note 7), certain properties held or under development for sale (Note 14) and shares of certain subsidiaries of the Group or guaranteed by subsidiaries of the Company. Under the conventional loan trust financing arrangements, these trust financing companies provide loans to the Group through loan agreements entered into with the Group.

19 Borrowings (continued)

Notes: (continued)

(c) Senior notes due 2021, issued in April 2018

In April 2018, the Company issued 3-year senior notes with principal amount of USD350,000,000, which were listed on the Stock Exchange, among which USD20,000,000 were subscribed by Beyond Wisdom Limited, a company wholly owned by Mr. Yan Hao. These notes are denominated in USD, and bear interest from 23 April 2018 at 9.45% per annum payable semi-annually in arrears, and are due for repayment on 23 April 2021. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

The Group purchased back part of senior notes due 2021, issued in April 2018 in the aggregate principal amount of USD200,000 with unpaid accrued interest during the year ended 31 December 2020, which was cancelled by 31 December 2020.

On 19 November 2020, the Company issued USD240,000,000 senior notes due February 2023 (Senior notes due 2023, issued in November 2020, Note(h)), USD142,815,000 of which are senior notes issued pursuant to the exchange offer with respect to the senior notes due 2021, issued in April 2018, including the principal amount of USD20,000,000 subscribed by Beyond Wisdom Limited. After the new issuance, USD142,815,000 of the senior notes due 2021, issued in April 2018, were cancelled after the exchange.

On 22 April 2021, the Company fully redeemed the remaining principal amount of USD206,985,000 of the senior notes due 2021, issued in April 2018.

(d) Senior notes due 2021, issued in April 2019

In April 2019, the Company issued 2.5-year senior notes with principal amount of USD200,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 4 April 2019 at 10.875% per annum payable semi-annually in arrears, and are due for repayment on 4 October 2021. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 4 October 2021, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

Part of senior notes due 2021, issued in April 2019 with principal amount of USD5,700,000 with unpaid accrued interest was purchased back among which USD5,000,000 was cancelled by 31 December 2020.

Part of senior notes due 2021, issued in April 2019 with principal amount of USD14,000,000 with unpaid accrued interest was purchased back in 2021, which was cancelled in 2021 together with the principal amount of USD700,000 purchased back in 2020.

On 4 October 2021, the Company fully redeemed the remaining principal amount of USD180,030,000 of the senior notes due 2021, issued in April 2019.

(e) Senior notes due 2022, issued in July 2019

In July 2019, the Company issued 3-year senior notes with principal amount of USD260,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 25 July 2019 at 12% per annum payable semi-annually in arrears, and are due for repayment on 25 July 2022. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 25 July 2022, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The Group purchased back part of senior notes due 2022, issued in July 2019 in the aggregate principal amount of USD500,000 with unpaid accrued interest in 2020.

The Company did not pay the principal and interest on such senior notes due on 25 July 2022, which constituted an event of default (Note 2.1).

19 Borrowings (continued)

Notes: (continued)

(e) Senior notes due 2022, issued in July 2019 (continued)

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Group are of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2021.

(f) Senior notes due 2022, issued in March 2020

In March 2020, the Company issued 2-year senior notes with principal amount of USD190,000,000, which were listed on the Singapore Exchange Securities Trading Limited. These notes are denominated in USD, and bear interest from 11 March 2020 at 12.75% per annum payable semi–annually in arrears, and are due for repayment on 11 March 2022. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 11 March 2022, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Group are of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2021.

On 9 March 2022, a total amount of USD175,330,000 (representing approximately 92.28% of the aggregate principal amount of outstanding existing notes due on March 2022) has been validly exchanged for new senior notes of USD171,113,500 due on 9 September 2023 with an annual interest rate of 12.75%. On 21 April 2022, the Company issued USD19,900,000 notes due 9 September 2023 with an annual interest rate of 12.75%, including USD1,900,000 issued upon the acceptance of the exchange for USD2,000,000 Notes Due March 2022 pursuant to the conditions of the aforementioned exchange offer. The remaining outstanding principal amount of USD12,670,000 (equivalent to RMB80,780,000), representing approximately 6.67% of the aggregate principal amount, became due on 11 March 2022 and has not yet been repaid which constituted an event of default (Note 2.1).

(g) Senior notes due 2022, issued in June 2020

In June 2020, the Company issued 2.25-year senior notes with principal amount of USD150,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 26 June 2020 at 12% per annum payable semi-annually in arrears, and are due for repayment on 26 September 2022. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 26 September 2022, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Group are of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2021.

The Company did not pay the interest on such senior notes due on 26 March 2022 and the principal and interest due on 26 September 2022, which constituted an event of default (Note 2.1).

(h) Senior notes due 2023, issued in November 2020 and March 2021

In November 2020, the Company issued 2.25-year senior notes with principal amount of USD240,000,000, USD142,815,000 of which are senior notes issued pursuant to the exchange offer with respect to the senior notes due 2021, issued in April 2018, including the principal amount of USD20,000,000 exchanged by Beyond Wisdom Limited (Note (c)). The senior notes due 2023, issued in November 2020 were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 19 November 2020 at 14.5% per annum payable semi-annually in arrears, and are due for repayment on 19 February 2023.

In March 2021, the Company issued 1.92-year senior notes with principal amount of USD110,000,000, which were consolidated and form a single series with the USD240,000,000 14.5% senior notes due 2023 issued by the Company in November 2020 and listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 19 March 2021 at 14.5% per annum payable semi-annually in arrears, and are due for repayment on 19 February 2023.

19 Borrowings (continued)

Notes: (continued)

(h) Senior notes due 2023, issued in November 2020 and March 2021 (continued)

The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 19 February 2023, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Group are of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2021.

The Company did not pay the interests on such senior notes due on 19 May 2022 and 19 November 2022 as well as the principal and interest due on 19 February 2023, which constituted an event of default (Note 2.1).

(i) Senior notes due 2023, issued in April 2021 and May 2021 and August 2021

In April 2021, the Company issued 2.5-year senior notes with principal amount of USD157,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 26 April 2020 at 12.5% per annum payable semi-annually in arrears, and are due for repayment on 26 October 2023.

In May 2021, the Company issued 2.44-year senior notes with principal amount of USD33,000,000, which were consolidated and form a single series with our outstanding USD157,000,000 12.5% senior notes due 2023 issued in April 2021 and listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 17 May 2021 at 12.5% per annum payable semi-annually in arrears, and are due for repayment on 26 October 2023.

In August 2021, the Company issued 2.19-year senior notes with principal amount of USD50,000,000, which were consolidated and form a single series with our outstanding USD157,000,000 12.5% senior notes due 2023 issued in April 2021 and USD33,000,000 12.5% senior notes due 2023 issued in May 2021 and listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 17 August 2021 at 12.5% per annum payable semi-annually in arrears, and are due for repayment on 26 October 2023.

The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 26 October 2023, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Group are of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2021.

The Company did not pay the interests on such senior notes due on 26 April 2022 and 26 October 2022, which constituted an event of default (Note 2.1).

(j) Senior notes due 2024, issued in September 2021

In September 2021, the Company issued 2.33-year senior notes with principal amount of USD165,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 28 September 2021 at 12.0% per annum payable semi-annually in arrears, and are due for repayment on 28 January 2024. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 28 January 2024, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Group are of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2021.

The Company did not pay the interests on such senior notes due on 28 March 2022, 28 September 2022 and 28 March 2023, which constituted an event of default (Note 2.1).

19 Borrowings (continued)

Notes: (continued)

(k) Corporate bonds due 2021

In March 2016, the Group issued five-year corporate bonds with principal amount of RMB1,500,000,000 ("Corporate bonds due 2021"), which were listed on the Shanghai Stock Exchange. The corporate bonds due 2021 are denominated in RMB, and bear interest rate at 5.88% per annum for the first three years and 7.00% per annum for the last two years, payable annually in arrears. The corporate bonds due 2021 were fully repaid in 2021.

(l) Corporate bonds due 2022

In August 2019, the Group issued five-year corporate bonds with principal amount of RMB500,000,000 ("Corporate bonds due 2022"), which were listed on the Shanghai Stock Exchange. The corporate bonds due 2022 are denominated in RMB, and bear interest rate at 7.00% per annum for the first three years, payable annually in arrears.

According to the terms of corporate bonds due 2022, the Group may at its option to adjust the coupon rate of the corporate bonds due 2022 at the end of the first three years. Meanwhile, the bondholders may at their option to sell the whole or a portion of the bonds at nominal value of the bonds to the Group at the end of the first three years.

The Group purchased back part of Corporate bonds due 2022 in the aggregate principal amount of RMB157,740,000 with unpaid accrued interest in 2021.

(m) Corporate bonds due 2024

In May 2021, the Group issued three-year corporate bonds with principal amount of RMB1,350,000,000 ("Corporate bonds due 2024"), which were listed on the Shanghai Stock Exchange. The corporate bonds due 2024 are denominated in RMB, and bear interest rate at 7.20% per annum for the first two years, payable annually in arrears.

According to the terms of corporate bonds due 2024, the Group may at its option to adjust the coupon rate of the corporate bonds due 2024 at the end of the first two years. Meanwhile, The bondholders may at their option to sell the whole or a portion of the bonds at nominal value of the bonds to the Group at the end of the first two years.

(n) Other loans

Other loans, mainly including the loans from other financial institutions, are secured by properties held or under development for sale, investment properties, trade and other receivables, equity interests in the subsidiaries of the Company and guaranteed by a subsidiary of the Company. Included in other loans, there is a commercial mortgage backed securitisation which was issued in July 2018 and is due on 28 November 2029 with principal amount of RMB720,000,000 including priority tranche of RMB684,000,000 with an annual interest rate at 5.50% and posterior tranche of RMB36,000,000 which were subscribed by the Group. The commercial mortgage backed securitisation are guaranteed by certain subsidiaries and secured by the investment properties of Beijing San Quan Apartment (Note 8) and accounts receivables of rental income generated from Beijing San Quan Apartment (Note 15). The commercial mortgage backed securitisation are denominated in RMB, and bear the above interest rate per annum for the second three years, payable quarterly in arrears.

19 Borrowings (continued)

The maturity of non-current borrowings at the reporting dates is as follows:

	As at 31 December 2021 RMB'000	2020 RMB'000
Between 1 and 2 years	**7,642,118**	7,056,245
Between 2 and 5 years	**2,861,580**	4,841,365
Above 5 years	**166,000**	407,328
	10,669,698	12,304,938

The range of effective interest rates as at 31 December 2021 and 2020 were as follows:

	As at 31 December 2021	2020
Bank and other loans	**0.65%-12.0%**	1.63%-11.5%
Trust financing arrangements	**5.6%-12.0%**	5.6%-10.5%

The cost of financing of the trust financing arrangements includes the interest costs and administrative fees, such as arrangement or consultancy fees and trustee fees.

As at 31 December 2021 and 2020, the fair values for borrowings approximate their carrying amounts.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity whichever is the earlier date is as follows:

	6 months or less RMB'000	6 – 12 months RMB'000	1 – 5 years RMB'000	Over 5 Years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:					
As at 31 December 2021	486,000	480,000	9,703,698	–	10,669,698
As at 31 December 2020	1,644,082	235,547	10,216,309	209,000	12,304,938
Borrowings included in current liabilities:					
As at 31 December 2021	6,202,038	4,726,301	–	–	10,928,339
As at 31 December 2020	5,833,458	3,306,412	–	–	9,139,870

19 Borrowings (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
RMB	**10,989,424**	11,631,936
USD	**10,351,888**	9,545,230
HKD	**256,725**	267,642
	21,598,037	21,444,808

20 Derivative financial instrument

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Derivative financial instrument	**–**	25,600
Less: Current portion	**–**	(25,600)
Non-current portion	**–**	–

During acquisition of the investment in a joint venture in 2019, the Group granted a call option to one of other joint venture partners during the agreed exercise period and a right to higher proportion of the excess profit distribution than the shareholding of the joint venture partner in the joint venture according to the agreement, which was recognised as derivative financial instrument.

An independent valuation was performed by the valuer, Cushman & Wakefield, to determine the fair value of the derivative financial instrument. The valuation of the derivative financial instrument was determined using the Monte Carlo Simulation. The significant unobservable input is the volatility of the property price of the underlying investment property held by the joint venture.

The movement of the derivative is set out below:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Opening balance	**25,600**	39,420
Gains arising on changes in fair values (Note 26)	**(25,600)**	(13,820)
Ending balance	**–**	25,600
Less: Current portion	**–**	(25,600)
	–	–

21 Trade and other payables

	As at 31 December 2021 RMB'000	2020 RMB'000
Trade payables	**4,569,378**	3,994,211
Notes payable	**100,857**	144,749
Amounts due to related parties (Note 40(d)(ii))	**2,231,294**	5,303,035
Turnover taxes payable	**1,256,657**	912,053
Electricity fee and cleaning fee collected on behalf	**105,093**	105,946
Deed tax collected on behalf	**3,445**	1,964
Accrued payroll	**35,394**	34,541
Interest payable	**380,855**	394,258
Temporary funding payable	**849,943**	2,086,956
Construction deposits received from suppliers	**48,387**	56,621
Deposits received from customers	**428,310**	84,048
Consideration payables for acquisition	**304,141**	283,965
Dividend payable to non-controlling interests of certain subsidiaries	**286,138**	315,963
Amount received in connection with the transferring the right of collection of future receivables (a)	**107,656**	141,781
Payable to related parties of non-controlling interests of subsidiaries (b)	**884,441**	1,147,179
Deposits received in connection with cooperation with third parties for property development and property investment	**389,386**	943,240
Payables for acquisition of equity investments (c)	**1,596,778**	2,444,060
Payables to third parties (d)	**76,027**	–
Consideration received in advance for disposal of an investment property (Note 7)	**45,266**	–
Others	**599,369**	511,319
	14,298,815	18,905,889
Less: non-current portion	**(1,034,876)**	–
	13,263,939	18,905,889

Notes:

(a) The balance as at 31 December 2021 and 2020 represents the consideration received from a third party in connection with the transferring the right of collection of certain future trade receivables for the remaining receipts from sales of properties.

(b) The balance represents the payables to related parties of non-controlling interests of certain subsidiaries which are unsecured, non-interest bearing and repayable on demand.

(c) The balance represents the interest-bearing payables relating to the acquisition of equity interests in certain subsidiaries, joint ventures and associates by the Group from independent third parties. The interest rate is approximately ranging from 7.93% – 11.06% per annum, among which RMB131,379,000 are secured by the Company.

(d) The balance as at 31 December 2021 includes the debt principal and interest payables of USD10,316,000 and RMB10,258,000 (totaling equivalent to RMB76,027,000), which will be matured in 2022.

21 Trade and other payables (continued)

The aging analysis of trade payables and notes payable, based on the invoice date or service rendered date are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Less than 1 year	**4,177,532**	3,392,791
Between 1 and 2 years	**229,376**	665,377
Between 2 and 3 years	**203,854**	41,416
Over 3 years	**59,473**	39,376
	4,670,235	4,138,960

As at 31 December 2021 and 2020, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2021 and 2020, the carrying amounts of trade and other payables are denominated in below currencies:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
RMB	**13,800,148**	18,655,324
USD	**467,191**	231,800
HKD	**31,476**	18,765
	14,298,815	18,905,889

22 Amounts due to non-controlling interests of subsidiaries

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Amounts due to non-controlling interests of subsidiaries	**1,498,982**	1,414,043

The balance as at 31 December 2021 includes amounts of RMB103,224,000 (31 December 2020: Nil), which were the outstanding principal balance of shareholder's loan of Tianjin Huajing Property Co., Ltd. ("Tianjin Huajing"), a non-controlling shareholder, to Tianjin Ruijun Real Estate Development Co., Ltd. ("Tianjin Ruijun"), a subsidiary of the Group. This shareholder's loan was secured by Nantong Jingrui Property Co., Ltd. ("Nantong Jingrui"), which was another subsidiary of the Group, and repayable on demand with an annual interest rate of 12%.

The balance as at 31 December 2021 includes amounts of RMB17,493,000 (31 December 2020: Nil), which were the outstanding principal balance of shareholder's loan from Tianjin Huajing, a non-controlling shareholder, to Tianjin Ruijun, a subsidiary of the Group. The shareholder's loan was unsecured and repayable on demand with an annual interest rate of 4.75%.

As at 31 December 2021, except for the shareholder's loans mentioned above which carry an interest, the fundings from non-controlling interests of certain subsidiaries for their operational purpose in property development are unsecured, non-interest bearing and repayable on demand.

The balance as at 31 December 2020 includes amounts of RMB45,000,000, which were the outstanding principal balance of shareholder's loan of Wuhan Ruixiao Real Estate Investment Co., Ltd. ("Wuhan Ruixiao"), a subsidiary of the Group, from its non-controlling shareholder and fully repaid in 2021. The shareholder's loan was unsecured and repayable on demand with an annual interest rate of 9%.

22 Amounts due to non-controlling interests of subsidiaries (continued)

The balance as at 31 December 2020 includes amounts of RMB105,000,000, which were the outstanding principal balance of shareholder's loan of Wuhan Ruixiao from its non-controlling shareholder and fully repaid in 2021. The shareholder's loan was unsecured and repayable on demand with an annual interest rate of 9%.

The balance as at 31 December 2020 includes amounts of RMB82,931,000, which were the outstanding principal and interest payable balance of shareholder's loan of Suzhou Jingze Consulting Management Co., Ltd., a subsidiary of the Group, from its non-controlling shareholder and fully repaid in 2021. The shareholder's loan was unsecured and repayable on demand with an annual interest rate of 14.965%.

As at 31 December 2020, except for the shareholder's loans mentioned above which carry an interest, the fundings from other non-controlling interests of certain subsidiaries for their operational purpose in property development are unsecured, non-interest bearing and repayable on demand.

23 Deferred income tax

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Deferred tax assets to be recovered		
– within 12 months	**321,497**	87,582
– after 12 months	**107,847**	208,304
	429,344	295,886
Deferred tax liabilities to be settled		
– within 12 months	**(353,460)**	(335,209)
– after 12 months	**(818,412)**	(1,085,844)
	(1,171,872)	(1,421,053)
Deferred tax liabilities, net	**(742,528)**	(1,125,167)

23 Deferred income tax (continued)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December 2021 RMB'000	2020 RMB'000
Opening balance	**(1,125,167)**	(1,030,011)
Addition arising from acquisition of subsidiaries (Note 39)	**9,167**	(126,711)
Addition arising from disposal of subsidiaries	**75,087**	20,585
Charged to the consolidated income statement (Note 31)	**279,584**	17,017
Charged to other comprehensive income (Note 18)	**18,801**	(6,047)
Ending balance	**(742,528)**	(1,125,167)

As at 31 December 2021, deferred income tax assets and deferred income tax liabilities amounting to RMB29,905,000 (31 December 2020: RMB8,481,000) were offset.

The movement in deferred income tax assets and liabilities for both years ended 31 December 2021 and 2020 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Tax losses RMB'000	Provision for impairment of properties held for sale and receivables RMB'000	Elimination of inter-company transactions RMB'000	Temporary difference on recognition of sales and cost of sales RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2021	75,310	2,247	10,173	206,310	10,327	304,367
Addition arising from acquisition of subsidiaries	–	10,967	–	86,861	1,934	99,762
Disposal of a subsidiary	–	(10,732)	–	–	–	(10,732)
Credited/(charged) to the consolidated income statement	28,124	28,104	(4,625)	21,883	(7,633)	65,853
At 31 December 2021	103,434	30,586	5,548	315,054	4,628	459,250

23 Deferred income tax (continued)

Deferred income tax assets (continued)

	Tax losses RMB'000	Provision for impairment of properties held for sale and receivables RMB'000	Land appreciation tax RMB'000	Elimination of inter-company transactions RMB'000	Temporary difference on recognition of sales and cost of sales RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2020	112,080	14,469	–	14,515	147,003	9,152	297,219
Addition arising from acquisition of subsidiaries	–	–	–	–	153,659	–	153,659
Disposal of a subsidiary	(1,365)	–	–	–	–	–	(1,365)
(Charged)/credited to the consolidated income statement	(35,405)	(12,222)	–	(4,342)	(94,352)	1,175	(145,146)
At 31 December 2020	75,310	2,247	–	10,173	206,310	10,327	304,367

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group did not recognise deferred income tax assets of RMB689,575,000 (31 December 2020: RMB634,773,000) in respect of tax losses amounting to RMB2,758,298,000 (31 December 2020: RMB2,539,092,000) as at 31 December 2021. All these tax losses will expire within five years.

23 Deferred income tax (continued)

Deferred income tax liabilities

	Temporary difference on recognition of fair value gains RMB'000	Temporary difference on recognition of cost of sales and expenses RMB'000	Undistributed profits of PRC subsidiaries RMB'000	Acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2021	**386,004**	**264,539**	**16,524**	**762,467**	**1,429,534**
Addition arising from acquisition of subsidiaries	**–**	**1,800**	**–**	**88,795**	**90,595**
Disposal of a subsidiary	**–**	**(4,535)**	**–**	**(81,284)**	**(85,819)**
Charged to the consolidated income statement	**2,735**	**(21,277)**	**–**	**(195,189)**	**(213,731)**
Credited to other comprehensive income (Note 18)	**(18,801)**	**–**	**–**	**–**	**(18,801)**
At 31 December 2021	**369,938**	**240,527**	**16,524**	**574,789**	**1,201,778**
At 1 January 2020	403,706	298,642	16,524	608,358	1,327,230
Addition arising from acquisition of subsidiaries	–	17,187	–	263,183	280,370
Disposal of a subsidiary	(21,950)	–	–	–	(21,950)
Charged to other comprehensive income (Note 18)	6,047	–	–	–	6,047
Credited to the consolidated income statement	(1,799)	(51,290)	–	(109,074)	(162,163)
At 31 December 2020	386,004	264,539	16,524	762,467	1,429,534

Deferred income tax arose as a result of differences in timing of recognition of certain revenues, costs and expenses between the tax based accounts and the financial statements prepared in accordance with HKFRSs. This constitutes temporary differences, being the differences between the carrying amounts of the assets or liabilities in the consolidated balance sheets and their tax bases, in accordance with HKAS 12.

24 Revenue

Revenue of the Group consists of the following:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Revenue from contracts with customers recognised at a point in time		
– Sales of properties	**12,150,385**	11,972,528
– Others	**56,649**	51,644
	12,207,034	12,024,172
Revenue from contract with customers recognised over time		
– Property management service	**723,098**	526,368
– Decoration of properties	**380,475**	–
	1,103,573	526,368
Rental income	**241,037**	231,889
	13,551,644	12,782,429

25 Other income

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Compensation income for demolition costs (a)	**–**	194,734
Government grants	**17,232**	24,125
Compensation income	**3,342**	4,142
Others	**–**	120
	20,574	223,121

Note:

(a) In 2020, the Group received compensation income from local government for demolition costs incurred in prior years for certain land parcel.

26 Other gains – net

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Gains from re-measurement of the existing interests in a joint venture upon obtaining of control (Note 39(d))	**–**	97,552
Gains from re-measurement of the existing interests in a subsidiary upon loss of control (Note 9(c))	**–**	37,203
Net foreign exchange losses	**(73,023)**	(40,676)
Fair value gains from financial assets at fair value through profit or loss (Note 12)	**122,690**	31,033
Investment income from financial assets at fair value through profit or loss	**56,412**	6,592
Disposal gains of financial assets at fair value through profit or loss	**–**	491
Investment income from financial assets at fair value through other comprehensive income	**14,389**	29,394
Gains/(losses) from disposal of property, plant and equipment	**310**	(104)
Changes in fair values of derivative financial instrument (Note 20)	**25,600**	13,820
Gain from disposal of shares in an associate	**1,061**	–
Gain from disposal of shares in subsidiaries	**156,584**	90,647
Gains from deemed disposal of a subsidiary (Note 9(b))	**–**	112,271
Compensation and late payment charges	**(110,605)**	(40,804)
Others	**2,795**	(10,046)
	196,213	327,373

27 Expenses by nature

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Cost of properties sold	**10,280,739**	9,816,188
Cost of properties management	**515,168**	329,505
Cost of design and decoration of properties	**93,203**	–
Surcharges	**54,569**	58,481
Accrual of provision for write-down of properties held or under development for sale	**71,931**	7,126
Depreciation of property, plant and equipment (Note 6)	**20,110**	25,656
Amortisation of intangible assets (Note 8)	**1,471**	1,415
Bank charges	**12,731**	8,802
Staff costs (Note 29)	**495,076**	486,333
Entertainment expenses	**28,899**	26,231
Stamp duty and other taxes	**29,070**	29,832
Professional fees	**127,499**	100,857
Auditors' remuneration		
– annual audit and interim review	**4,120**	4,038
– non-audit services	**2,700**	2,298
Sales commission	**152,962**	140,259
Advertising and publicity costs	**96,990**	84,071
Office and meeting expenses	**49,663**	47,595
Rental expenses (Note 6)	**8,003**	13,801
Travelling expenses	**16,860**	13,957
Net impairment losses on financial assets (Note 15)	**62,589**	60,090
Impairment losses on goodwill (Note 8)	**28,258**	–
Other expenses	**190,287**	208,745
Total cost of sales, selling and marketing costs and administrative expenses	**12,342,898**	11,465,280

Employees in the Group's subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal governments. The Group's subsidiaries in Mainland China contribute funds which are calculated on certain percentage of the average employee salary, subject to a certain ceiling, as agreed by municipal governments to the scheme to fund the retirement benefits of the employees.

The Group's subsidiaries in Hong Kong contribute funds which are calculated on fixed rate of the employee salary of current month subject to a certain ceiling.

Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees.

As at 31 December 2021 and 2020, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

28 Finance (costs)/income – net

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits and financial assets	**335,945**	363,955
– Net foreign exchange gains on financing activities	**254,393**	649,597
	590,338	1,013,552
Finance costs		
– Interest on financing arrangements	**(2,385,172)**	(2,029,932)
– Interest on lease liabilities (Note 6)	**(12,439)**	(13,216)
– Less: amount capitalised	**1,538,453**	1,290,629
	(859,158)	(752,519)
Finance (costs)/income – net	**(268,820)**	261,033

29 Staff costs (including directors' emoluments)

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Wages and salaries	**421,623**	400,539
Bonuses	**–**	39,339
Pension	**13,121**	5,584
Other welfare benefit expenses	**59,495**	39,029
Share award scheme (Note 32)	**595**	2,068
Share option scheme (Note 32)	**242**	(226)
	495,076	486,333

30 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive is set out below:

Name of director	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Share award scheme RMB'000	Share option scheme RMB'000	Total RMB'000
Year ended 31 December 2021:							
Chen Xin Ge (陳新戈) (ii)	–	–	–	–	–	–	–
Yan Hao (閆浩) (i)(ii)	–	1,514	2,129	72	–	–	3,715
Xu Hai Feng (徐海峰) (ii)	–	2,543	–	72	488	30	3,133
Chen Chao (陳超) (ii)	–	1,734	1,512	72	1,095	–	4,413
Han Jiong (韓炯) (iii)	256	–	–	–	–	–	256
Qian Shi Zheng (錢世政) (iii)	256	–	–	–	–	–	256
Lo Wing Yan (盧永仁) (iii)	256	–	–	–	–	–	256
	768	5,791	3,641	216	1,583	30	12,029
Year ended 31 December 2020:							
Chen Xin Ge (陳新戈) (ii)	–	–	–	–	–	–	–
Yan Hao (閆浩) (i)(ii)	–	1,484	1,484	28	–	–	2,996
Xu Chao Hui (許朝輝) (ii)	–	184	276	5	–	–	465
Xu Hai Feng (徐海峰) (ii)	–	2,718	2,039	28	841	107	5,733
Chen Chao (陳超) (ii)	–	1,684	756	48	1,095	–	3,583
Han Jiong (韓炯) (iii)	275	–	–	–	–	–	275
Qian Shi Zheng (錢世政) (iii)	275	–	–	–	–	–	275
Lo Wing Yan (盧永仁) (iii)	275	–	–	–	–	–	275
	825	6,070	4,555	109	1,936	107	13,602

30 Benefits and interests of directors (continued)

(a) Directors' and chief executive's emoluments (continued)

notes:

(i) The chief executive of the Company is Yan Hao, who is also one of the executive directors of the Company.

(ii) Yan Hao and Xu Chao Hui were appointed as the executive directors of the Company in October 2013. In August 2019, the Company entered into a renewed service agreement with Yan Hao, Chen Xin Ge and Xu Chao Hui for a further fixed period of three years commencing from 31 October 2019.

Xu Hai Feng was appointed as executive director of the Company for a fixed period of three years commencing from 15 March 2018. In March 2021, the Company has renewed the service agreement with Xu Hai Feng for a further term of three years commencing from 15 March 2021.

Xu Chao Hui resigned as executive director of the Company with effect from 18 January 2020. Chen Chao was appointed as executive director of the Company for a fixed period of three years commencing from 30 March 2020.

(iii) Han Jiong (韓炯), Qian Shi Zheng (錢世政) and Lo Wing Yan (盧永仁) were appointed as independent non-executive directors of the Company in October 2013. In August 2019, the Company entered into a renewed letter of appointment with each of independent non-executive directors for a further term of three years commencing from 31 October 2019.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year ended 31 December 2021 include three (2020: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2020: two) individuals are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances, share award, share option and benefits in kind	**3,000**	3,416
Bonuses	**1,152**	1,851
	4,152	5,267

30 Benefits and interests of directors (continued)

(b) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
Emoluments bands (in Hong Kong dollar)		
HKD1,000,000 and below	**–**	–
HKD1,000,001 – HKD1,500,000	**1**	–
HKD1,500,001 – HKD2,000,000	**1**	–
HKD2,000,001 – HKD2,500,000	**–**	–
HKD2,500,001 – HKD3,000,000	**–**	1
HKD3,000,001 – HKD3,500,000	**–**	–
HKD3,500,001 – HKD4,000,000	**–**	1
HKD4,000,001 – HKD4,500,000	**–**	–
HKD4,500,001 and above	**–**	–
	2	2

(c) During the year ended 31 December 2021, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2020: Nil).

During the year ended 31 December 2021, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2020: Nil).

During the year ended 31 December 2021, no consideration was provided to or receivable by third parties for making available director's services (2020: Nil).

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the years ended 31 December 2021 and 2020.

31 Income tax expense

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax		
– PRC land appreciation tax	**256,954**	551,649
– PRC corporate income tax	**669,075**	530,870
	926,029	1,082,519
Deferred income tax (Note 23)	**(279,584)**	(17,017)
Total income tax charged for the year	**646,445**	1,065,502

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	**1,040,259**	2,339,006
PRC land appreciation tax	**(256,954)**	(551,649)
	783,305	1,787,357
Income tax calculated at statutory rate of 25%	**195,826**	446,839
The difference from income tax calculated at statutory rate	**(5,525)**	–
Effect of expenses not deductible for income tax purposes	**183,115**	108,871
Share of results of joint ventures and associates	**38,842**	(42,661)
Income not subject to tax	**(47,835)**	(123,920)
Utilisation of previously unrecognised tax losses	**(74,882)**	(56,270)
Tax losses and temporary differences not recognised as deferred tax assets	**193,318**	191,702
PRC land appreciation tax and other tax on change in fair value of investment properties	**(124,490)**	(14,277)
PRC land appreciation tax deductible for calculation of income tax purpose	**31,122**	3,569
PRC land appreciation tax	**256,954**	551,649
Total income tax expense	**646,445**	1,065,502

31 Income tax expense (continued)

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Group had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued for the year ended 31 December 2021 (2020: Nil). The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2021, the Group did not recognise deferred income tax for PRC withholding income tax with amount of RMB658,962,000 (31 December 2020: RMB639,120,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB6,589,615,000 (31 December 2020: RMB6,391,198,000).

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statement as income tax expense.

32 Share-based payments

(a) New share award scheme

The Company's Board approved and adopted the Share Award Scheme on 29 November 2017 (the "New Share Scheme"). Pursuant to the New Share Scheme, subject to certain vesting conditions, the shares can be vested in tranches on 1 January 2018, 2019, 2020 and 2021 respectively. In May 2020 and in April 2021, under the same scheme, certain shares were granted to the selected employees and can be vested in tranches in January 2021, January 2022 and January 2023 respectively subject to certain vesting conditions.

An expenses of RMB595,000 was recognised for the year ended 31 December 2021 in relation to the employees' service provided (2020: RMB2,068,000).

32 Share-based payments (continued)

(b) Share option scheme

The Company's Board approved and adopted the Share Option Scheme on 7 May 2019. On 9 September 2019, the Company granted 27,000,000 share options with an exercise price of HKD2.53 per share to certain directors of the Group and certain employees of the Company and its subsidiaries. Under the same scheme, 3,000,000 share options granted to a senior management of the Company in April 2021.

The amount of options that will vest depends on the achievement of certain targets of the Group mainly including contracted sales and net profits attributable to equity holders of the Company. Once vested, the options remain exercisable at any time during the period prior to the expiration of 10 years from the date on which the options are granted and accepted, in accordance with the terms of the Share Option Scheme.

Set out below are summaries of options granted under the plan:

	2021		2020	
	Exercise price Per share option (HKD per share)	**Number of options**	Exercise price Per share option (HKD per share)	Number of options
As at 1 January	**2.53**	**18,000,000**	2.53	27,000,000
Granted during the year	**2.53**	**3,000,000**	–	–
Lapsed during the year	**2.53**	**(11,100,000)**	–	–
Cancelled during the year	**–**	**–**	2.53	(9,000,000)
As at 31 December	**2.53**	**9,900,000**	2.53	18,000,000

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	**Expiry date**	**Exercise price in HKD per share**	**Share options at 31 December 2021**	Share options at 31 December 2020
9 September 2019	8 September 2029	2.53	**9,000,000**	18,000,000
22 April 2021	7 June 2031	2.53	**900,000**	–
			9,900,000	18,000,000

The Group has to estimate the expected percentage of grantees that will stay within the Group at the end of vesting periods of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss.

An independent valuation was performed by the valuer, Cushman & Wakefield, to determine the fair value of the share option at 9 September 2019. The valuation was determined using the Binomial model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk free interest rate for the term of the option. An expenses of RMB242,000 was recognised for the year ended 31 December 2021 (2020: a gain of RMB226,000).

33 Earnings per share

(a) Basic earnings per share

Basic earnings per share for the years ended 31 December 2021 and 2020 are calculated by dividing the Group's profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2021	2020
Group's profit attributable to equity holders of the Company (RMB'000)	**127,543**	958,092
Weighted average number of shares in issue (in thousand)	**1,536,319**	1,402,106
Basic earnings per share (RMB)	**0.08**	0.68

(b) Diluted earnings per share

	Year ended 31 December	
	2021	2020
Group's profit attributable to equity holders of the Company (RMB'000)	**127,543**	958,092
Weighted average number of shares in issue (in thousand)	**1,536,319**	1,402,106
Effect of dilutive potential ordinary shares in respect of share award scheme (in thousand)	**497**	2,192
Weighted average number of ordinary shares for diluted earnings per share (in thousand)	**1,536,816**	1,404,298
Diluted earnings per share (RMB)	**0.08**	0.68

34 Dividends

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Proposed no final dividend (2020: HKD25 cents)	**–**	322,481

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

A final dividend in respect of the year ended 31 December 2020 of HKD25 cents per ordinary share has been approved at the annual general meeting of the Company held on 8 June 2021. The dividend of RMB320,614,000 has been paid out by the Company on 14 July 2021.

35 Notes to the consolidated cash flow statement

(a) Net cash generated from operations:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax	**1,040,258**	2,339,006
Adjustments for:		
Depreciation (Note 27)	**20,110**	25,656
Amortisation (Note 27)	**1,471**	1,415
(Gains)/losses on disposals of property, plant and equipment (Note 26)	**(310)**	104
Loss of disposals of intangible assets	**800**	–
Net impairment losses on financial assets (Note 27)	**62,589**	60,090
Gains on disposal of shares in subsidiaries (Note 26)	**(156,584)**	(90,647)
Gains from disposal of shares in an associate	**(1,061)**	–
Gains from deemed disposal of a subsidiary (Note 26)	**–**	(112,271)
Gains from re-measurement of the existing interests in a joint venture upon obtaining of control (Note 26)	**–**	(97,552)
Gains from re-measurement of the existing interests in a subsidiary upon loss of control (Note 26)	**–**	(37,203)
Change in fair value of financial assets at fair value through profit or loss (Note 26)	**(122,690)**	(31,033)
Provision for write-down of properties held for sale (Note 27)	**71,931**	7,126
Appreciation of investment properties under capital platform (Note 7)	**(37,908)**	(56,687)
Fair value gains/(losses) on investment properties under other platforms (Note 7)	**(1,000)**	17,000
Share of results of joint ventures (Note 9)	**189,355**	(40,609)
Share of results of associates (Note 10)	**(33,992)**	(130,034)
Foreign exchange gains (Note 28)	**(254,393)**	(649,597)
Finance costs (Note 28)	**859,158**	752,519
Interest income (Note 28)	**(335,945)**	(363,955)
Share award scheme (Note 32)	**595**	2,068
Share option scheme (Note 32)	**242**	(226)
Changes in fair value of derivative financial instruments (Note 26)	**(25,600)**	(13,820)
Investment income from financial assets at fair value through other comprehensive income (Note 26)	**(14,389)**	(29,394)
Investment income from financial assets at fair value through profit or loss (Note 26)	**(56,412)**	(6,592)
Disposal gains of financial assets at fair value through profit or loss (Note 26)	**–**	(491)
Gain on bargain purchase arising from acquisition	**–**	(2,233)
Impairment loss on goodwill	**28,258**	–
Unrealised profit	**1,331**	–
Changes in working capital		
– Restricted cash relating to operating activities	**(5,628,704)**	166,377
– Prepayments for leasehold land	**1,185,476**	(425,025)
– Properties held or under development for sales (excluding capitalised interest)	**1,127,274**	174,809
– Trade and other receivables and prepayments	**(305,167)**	867,595
– Contract liabilities	**(1,851,314)**	(2,849,604)
– Trade and other payables	**1,781,585**	1,274,347
– Amounts due from related parties	**1,158,232**	(400,183)
– Amounts due to related parties	**(1,047,949)**	583,574
Net cash (used in)/generated from operations	**(2,344,753)**	934,530

35 Notes to the consolidated cash flow statement (continued)

(b) Major non-cash transaction:

During the year ended 31 December 2021, the Group settled amounts due to a third party of RMB400,190,000 by transferring certain financial assets at fair value through profit or loss based on the fair value of such financial assets as at the transfer date.

During the year ended 31 December 2021, the Group reduced capital contribution with the amounts of RMB231,249,000 from certain associates by netting off with the amounts due to the associates.

During the year ended 31 December 2021, certain subsidiaries of the Group settled dividends payable to the non-controlling interest of RMB54,060,000, among which RMB32,415,000 was settled by netting off with the amounts due from non-controlling interests of the subsidiaries and RMB21,645,000 was settled by transferring certain properties held for sale to the non-controlling interests of the subsidiaries.

In September 2020, pursuant to certain agreements, Shanghai Jingrui Property Management Co., Ltd. ("Jingrui Property Management"), a subsidiary of the Group, placed new shares at a total amount of RMB67,907,000 to four third parties in exchange for the 51% equity interests of Hunan Kunpeng Property Service Co., Ltd. ("Hunan Kunpeng") and 51% equity interests of Jiangsu Xinxiang Property Service Co., Ltd. ("Jiangsu Xinxiang"). After the transaction, Hunan Kunpeng and Jiangsu Xinxiang became non-wholly owned subsidiaries of the Group since then (Note 38(l)), (Note 39(e), (f)).

During the year ended 31 December 2020, certain associates of the Group declared dividends of RMB220,000,000 to the Group. Such dividends receivables were settled by netting off with the amounts due to the associates by the Group.

During the year ended 31 December 2020, certain subsidiaries of the Group declared dividends of RMB360,965,000 to the non-controlling interests. Such dividends payable was settled by netting off with the amounts due from non-controlling interests of the subsidiaries.

(c) Proceeds from disposal of property, plant and equipment:

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net book value (Note 6)	**9,706**	601
Gains/(losses) on disposals of property, plant and equipment (Note 26)	**310**	(104)
Proceeds from disposal of property, plant and equipment	**10,016**	497

35 Notes to the consolidated cash flow statement (continued)

(d) 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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Borrowings	**21,598,037**	21,444,808
Leases liabilities	**145,137**	153,799
Amounts due to related parties	**75,037**	1,211,911
Amounts due to non-controlling interests of subsidiaries	**1,498,982**	1,414,043
	23,317,193	24,224,561

	Borrowings RMB'000	**Leases liabilities RMB'000**	**Amounts due to related parties RMB'000**	**Amounts due to non-controlling interests of subsidiaries RMB'000**	**Total RMB'000**
Balance as at 1 January 2021	**21,444,808**	**153,799**	**1,211,911**	**1,414,043**	**24,224,561**
Net cash flows	**1,061,467**	**(35,203)**	**(307,566)**	**84,939**	**803,637**
Acquisition of subsidiaries	**30,000**	**–**	**924,657**	**–**	**954,657**
Disposal of subsidiaries	**(720,000)**	**–**	**–**	**–**	**(720,000)**
Foreign exchange movements	**(249,245)**	**–**	**–**	**–**	**(249,245)**
Other non-cash movements	**31,007**	**26,541**	**(1,753,965)**	**–**	**(1,696,417)**
Balance as at 31 December 2021	**21,598,037**	**145,137**	**75,037**	**1,498,982**	**23,317,193**

	Borrowings RMB'000	Leases liabilities RMB'000	Amounts due to related parties RMB'000	Amounts due to non-controlling interests of subsidiaries RMB'000	Total RMB'000
Balance as at 1 January 2020	19,005,311	168,977	1,272,736	896,011	21,343,035
Net cash flows	762,337	(23,067)	(60,825)	(236,121)	442,324
Acquisition of subsidiaries	2,380,056	–	–	754,153	3,134,209
Disposal of subsidiaries	(110,000)	–	–	–	(110,000)
Foreign exchange movements	(630,074)	–	–	–	(630,074)
Other non-cash movements	37,178	7,889	–	–	45,067
Balance as at 31 December 2020	21,444,808	153,799	1,211,911	1,414,043	24,224,561

36 Commitments

(a) Property development expenditure commitments

Property development expenditure committed at each balance sheet date but not yet incurred is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Land use rights	**397,696**	1,712,070
Other property development expenditure	**4,461,423**	2,251,914
	4,859,119	3,963,984

(b) Investment commitments

As at 31 December 2021 and 2020, committed investments are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Committed investments	**25,013**	26,063

(c) Operating lease rental receivables

As at 31 December 2021 and 2020, the future aggregate minimum rental receipts under non-cancellable operating lease in respect of certain buildings are receivable in the following periods:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 year	**118,002**	169,576
1 to 5 years	**300,348**	251,933
After 5 years	**176,640**	180,625
	594,990	602,134

37 Financial guarantees and contingent liabilities

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at each balance sheet date:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	**4,971,869**	5,416,501

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser, or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest owed by the defaulting 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 mortgage. The directors of the Group consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(b) Guarantees provided to joint ventures and associates and joint ventures' related parties

As at 31 December 2021, the Group provided guarantees for a total of bank borrowings of RMB747,426,000 of its joint ventures, associates and joint ventures' related parties (31 December 2020: RMB872,166,000).

38 Changes in ownership interests in subsidiaries without change of control

Acquisition of additional interests in subsidiaries

In 2021, the Group acquired additional equity interests of certain subsidiaries from the relevant non-controlling interests for a total cash consideration of RMB321,549,000 (2020: RMB256,782,000). The excess of RMB25,661,000 in total over the carrying amount of the non-controlling interests of RMB295,888,000 was recognised in equity attributable to equity holders of the Company.

During 2021 and 2020, major acquisition of additional interests in subsidiaries are as follows:

(a) In January 2021, the Group acquired an additional 30% equity interests of its subsidiary of Tianjin Ruijie Commercial Management Co., Ltd. ("Tianjin Ruijie") at a consideration of RMB7,641,000. The excess of RMB8,631,000 over the negative carrying amount of the non-controlling interests of RMB990,000 was recognised in equity attributable to equity holders of the Company.

38 Changes in ownership interests in subsidiaries without change of control (continued)

Acquisition of additional interests in subsidiaries (continued)

(b) In January 2021, the Group acquired an additional 30% equity interests of its subsidiary of Tianjin Ruidong Commercial Management Co., Ltd. ("Tianjin Ruidong") at a consideration of RMB7,147,000. The excess of RMB8,072,000 over the negative carrying amount of the non-controlling interests of RMB925,000 was recognised in equity attributable to equity holders of the Company.

(c) In December 2021, the Group acquired an additional 8.16% equity interests of its subsidiary of Taicang Jinghui Consulting Management Co., Ltd. ("Taicang Jinghui") at a consideration of RMB36,900,000. The excess of RMB6,582,000 over the carrying amount of the non-controlling interests of RMB30,318,000 was recognised in equity attributable to equity holders of the Company.

(d) In December 2021, the Group acquired an additional 48.78% equity interests of its subsidiary of Ningbo Meishan free trade port Jingkai Investment Management Co., Ltd. ("Meishan Jingkai") at a consideration of RMB230,012,000. The excess of RMB35,991,000 over the carrying amount of the non-controlling interests of RMB194,021,000 was recognised in equity attributable to equity holders of the Company.

(e) In December 2021, the Group acquired an additional 10.00% equity interests of its subsidiary of Zhoushan Jingshang Property Co., Ltd. ("Zhoushan Jingshang") at a consideration of RMB39,500,000. The lower of RMB34,353,000 over the carrying amount of the non-controlling interests of RMB73,853,000 was recognised in equity attributable to equity holders of the Company.

(f) During 2021, the Group acquired equity interests in certain limited liability partnerships subsidiaries held by the Group from certain employees at an aggregate consideration of RMB349,000.

(g) In October 2020, the Group acquired an additional 66.24% equity interests of its subsidiary Ningbo Meishan Free Trade Port Youyu Investment Center LLP ("Meishan Youyu") at a consideration of RMB110,782,000. The excess of RMB27,439,000 over the carrying amount of the non-controlling interests of RMB83,343,000 was recognised in equity attributable to equity holders of the Company.

(h) In July 2020, the Group acquired an additional 40% equity interests of its subsidiary Hangzhou Jingqi Corporate Management Consulting Co., Ltd. ("Hangzhou Jingqi") at a consideration of RMB146,000,000. The excess of RMB32,685,000 over the carrying amount of the non-controlling interests of RMB113,315,000 was recognised in equity attributable to equity holders of the Company.

The following table summarises the carrying amount of non-controlling interests acquired, considerations need to be paid to non-controlling interests and excess of consideration paid recognised within equity at the acquisition date.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Consideration need be paid to non-controlling interests	**(321,549)**	(256,782)
Carrying amount of non-controlling interests acquired	**295,888**	196,658
Excess of consideration paid recognised within equity	**(25,661)**	(60,124)

38 Changes in ownership interests in subsidiaries without change of control (continued)

Disposal of interests in subsidiaries without loss of control

(i) In December 2021, pursuant to certain agreements, the Group disposed of 18.80% equity interests in Shanghai Youshuo Enterprise Management Co., Ltd. ("Shanghai Youshuo"), a wholly owned subsidiary of the Group, at a total consideration of RMB200,000,000 to a third party. The Group recognised an increase in non-controlling interests of RMB194,911,000 and an increase in equity attributable to equity holders of the Company of RMB5,089,000.

(j) In March 2020, pursuant to certain agreements, the Group disposed of 21.1% equity interests in Taicang Jinghui, a wholly owned subsidiary of the Group, at a total consideration of RMB84,689,000 to a third party. The Group recognised an increase in non-controlling interests of RMB76,473,000 and an increase in equity attributable to equity holders of the Company of RMB8,216,000.

(k) In September 2020, pursuant to certain agreements, the Group disposed of 10% equity interests in Zhoushan Jingshang, a wholly owned subsidiary of the Group, at a total consideration of RMB35,000,000 to a third party. The Group recognised an increase in non-controlling interests of RMB33,639,000 and an increase in equity attributable to equity holders of the Company of RMB1,361,000.

The following table summarises the carrying amount of non-controlling interests disposed of, considerations received from non-controlling interests and gain on disposal recognised within equity at the disposal date.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Carrying amount of disposal to non-controlling interests	**(194,911)**	(110,112)
Consideration received from non-controlling interests	**200,000**	119,689
Gain on disposal recognised within equity	**5,089**	9,577

38 Changes in ownership interests in subsidiaries without change of control (continued)

Deemed disposal of interests in subsidiaries without loss of control

(l) In September 2020, pursuant to certain agreements, Jingrui Property Management, a subsidiary of the Group, placed new shares at a total amount of RMB67,907,000 to four third parties in exchange for the 51% equity interests of Hunan Kunpeng and 51% equity interests of Jiangsu Xinxiang, which has an effective dilution of the Group's interests in Jingrui Property Management. After the transaction, four third parties and the Group own equity interests of Jingrui Properties Management as to 15.67% and 84.33% respectively, and the Group still controls Jingrui Property Management. The Group recognised an increase in non-controlling interests of RMB33,954,000 and an increase in equity attributable to equity holders of the Company of RMB33,953,000.

In December 2020, three third parties injected capital contribution of RMB36,850,000 to Jingrui Property Management, which has an effective dilution of the Group's interests in Jingrui Property Management. After the transaction, the Group and other third parities own equity interests of Jingrui Property Management as to 82.04% and 17.96% respectively, and the Group still controls Jingrui Property Management. The Group recognised an increase in non-controlling interests of RMB29,171,000 and an increase in equity attributable to equity holders of the Company of RMB7,679,000.

(m) In December 2020, a third party injected capital contribution of RMB70,110,000 to Wuxi Jinghang Consultant Management Co., Ltd. ("Wuxi Jinghang"), a wholly owned subsidiary of the Group, which has an effective dilution of the Group's interests in Wuxi Jinghang. After the transaction, the Group and the third party own equity interests of Wuxi Jinghang as to 71.18% and 28.82% respectively, and the Group still controls Wuxi Jinghang. The Group recognised an increase in non-controlling interests of RMB73,500,000 and a decrease in equity attributable to equity holders of the Company of RMB3,390,000.

(n) In 2020, certain employees injected capital contribution of RMB6,614,000 through certain limited liability partnerships established by the Group and employees to certain subsidiaries which have an effective dilution of the Group's interests in these subsidiaries.

38 Changes in ownership interests in subsidiaries without change of control (continued)

Deemed disposal of interests in subsidiaries without loss of control (continued)

The following table summarises the carrying amount of non-controlling interests disposed of, considerations received from non-controlling interests and loss on disposal recognised within equity at the deemed disposal date.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Carrying amount of non-controlling interests disposed of	**–**	(143,550)
Consideration received from non-controlling interests	**–**	181,481
Gain on disposal recognised within equity	**–**	37,931

Aggregate effects of all above transactions with non-controlling interests on the equity attributable to equity holders of the Company for the year ended 31 December 2021 and 2020.

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Excess of consideration paid recognised within equity	**(25,661)**	(60,124)
Gain on disposal recognised within equity	**5,089**	9,577
Gain on disposal recognised within equity for equity attributable to equity holders for the Company	**–**	37,931
Net effects for transactions with non-controlling interests on equity attributable to equity holders for the Company	**(20,572)**	(12,616)

39 Business combination and assets acquisitions

Business combination in 2021

(a) In September 2021, the Group entered into a share purchase agreement with a third party, pursuant to which the Group acquired 80% equity interests of Xiushui Jiusong Shanhe Property Co., Ltd. ("Xiushui Jiusong") at a consideration RMB44,000,000, which was fully paid in 2021.

Completion of the share purchase took place on 30 September 2021 and Xiushui Jiusong became a non-wholly owned subsidiary of the Group since then.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date of 30 September 2021.

	RMB'000
Consideration in cash	
– Amount paid	44,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	129,763
Trade and other receivables and prepayments	499,022
Properties held or under development for sale	1,623,345
Prepaid income taxes	17,259
Property, plant and equipment	97
Deferred tax assets	36,370
Trade and other payables	(342,528)
Borrowings	(30,000)
Contract liabilities	(1,826,082)
Deferred tax liabilities	(52,246)
Total identifiable net assets	55,000
Non-controlling interests	(11,000)
	44,000
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2021)	70

The acquired business contributed revenue of RMB1,416,166,000 and net profit of RMB158,906,000 to the Group for the period from 30 September 2021 to 31 December 2021. Had Xiushui Jiusong been consolidated on 1 January 2021, the pro-forma revenue included in the consolidated income statement contributed by Xiushui Jiusong would be RMB1,416,186,000. Xiushui Jiusong also would contribute pro-forma net profit of RMB149,287,000.

39 Business combination and assets acquisitions (continued)

Business combination in 2021 (continued)

(b) In September 2021, the Group entered into a share purchase agreement with a third party, pursuant to which the Group acquired 80% equity interests of Gao'an Jiusong Shanhe Property Co., Ltd. ("Gao'an Jiusong") at a consideration RMB52,000,000, which was fully paid in 2021.

Completion of the share purchase took place on 30 September 2021 and Gao'an Jiusong became a non-wholly owned subsidiary of the Group since then.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date of 30 September 2021.

	RMB'000
Consideration	
– Amount paid	52,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	93,646
Trade and other receivables and prepayments	42,685
Properties held or under development for sale	1,471,113
Prepaid income taxes	22,124
Property, plant and equipment	180
Deferred tax assets	32,753
Trade and other payables	(120,527)
Current Income tax liabilities	(5,147)
Contract liabilities	(1,435,278)
Deferred tax liabilities	(36,549)
Total identifiable net assets	65,000
Non-controlling interests	(13,000)
	52,000
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2021)	70

The acquired business contributed revenue of RMB1,005,660,000 and net profit of RMB115,358,000 to the Group for the period from 30 September 2021 to 31 December 2021. Had Gao'an Jiusong been consolidated on 1 January 2021, the pro-forma revenue included in the consolidated income statement contributed by Gao'an Jiusong would be RMB1,005,660,000. Gao'an Jiusong also would contribute pro-forma net profit of RMB97,747,000.

39 Business combination and assets acquisitions (continued)

Business combination in 2020

(c) In September 2020, the Group entered into a share purchase agreement with a third party, pursuant to which the Group acquired 51% equity interests of Nanchang Jinle Property Co., Ltd. ("Nanchang Jinle") at a consideration RMB145,500,000.

Completion of the share purchase took place on 30 September 2020 and Nanchang Jinle became a non-wholly owned subsidiary of the Group since then.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date of 30 September 2020.

	RMB'000
Consideration in cash	
– Amount paid	25,500
– Amount not yet paid as at 31 December 2020	120,000
	145,500
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	143,362
Trade and other receivables and prepayments	1,734,774
Contract acquisition costs	16,779
Properties held or under development for sale	1,778,432
Prepaid income taxes	30,794
Intangible assets	358
Trade and other payables	(686,688)
Borrowings	(373,990)
Contract liabilities	(2,262,337)
Deferred tax liabilities	(96,190)
Total identifiable net assets	285,294
Non-controlling interests	(139,794)
	145,500
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2020)	150

The acquired business contributed revenue of RMB742,435,000 and net profit of RMB159,178,000 to the Group for the period from 30 September 2020 to 31 December 2020. Had Nanchang Jinle been consolidated on 1 January 2020, the pro-forma revenue included in the consolidated income statement contributed by Nanchang Jinle would be RMB742,435,000. Nanchang Jinle also would contribute pro-forma net profit of RMB92,217,000.

39 Business combination and assets acquisitions (continued)

Business combination in 2020 (continued)

(d) Changshu Junchun was held as to 33%, 34% and 33% by the Group and the two joint venture partners, respectively. The Group entered into a share purchase agreement with one of the joint venture partners, pursuant to which the Group acquired 1% equity interests of Changshu Junchun at a consideration of RMB6,500,000 in October 2020. Upon acquisition, the Group entered into an agreement with the two joint venture partners, pursuant to which the two joint venture partners follow the Group on all substantive decision on the operating and financing policies after the agreement during the life of Changshu Junchun. Since then, the directors of the Group consider that the Group has effective control over Changshu Junchun, and Changshu Junchun became a non-wholly owned subsidiary of the Group.

The goodwill of RMB27,545,000 arising from the acquisition of Changshu Junchun is attributable to acquired unsold properties under development. The directors of the Group consider that no impairment charge was required after performing the impairment assessment.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date of 31 October 2020.

	RMB'000
Consideration	
– Amount paid	6,500
– Fair value of the original 33% equity interests in Changshu Junchun	214,500
	221,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	237,264
Trade and other receivables and prepayments	151,845
Contract acquisition costs	31,268
Properties held or under development for sale	4,101,960
Prepaid income taxes	31,188
Property, plant and equipment	246
Trade and other payables	(168,530)
Amounts due to non-controlling interests	(754,153)
Current Income tax liabilities	(106,636)
Borrowings	(1,140,000)
Contract liabilities	(1,774,994)
Deferred tax liabilities	(40,473)
Total identifiable net assets	568,985
Non-controlling interests	(375,530)
Goodwill	27,545
	221,000
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2020)	130

39 Business combination and assets acquisitions (continued)

Business combination in 2020 (continued)

(d) (continued)

The acquired business contributed revenue of RMB1,526,740,000 and net profit of RMB243,774,000 to the Group for the period from 31 October 2020 to 31 December 2020. Had Changshu Junchun been consolidated on 1 January 2020, the pro-forma revenue included in the consolidated income statement contributed by Changshu Junchun would be RMB1,537,051,000. Changshu Junchun also would contribute pro-forma net profit of RMB173,308,000.

(e) In September 2020, the Group entered into a share purchase agreement with three third parties, pursuant to which Jingrui Property Management, a subsidiary of the Group, placed new shares and paid cash consideration amounting to RMB7,573,000 to three third parties in exchange for the 51% equity interests of Hunan Kunpeng. After the transaction, three third parities own equity interests of Jingrui Property Management as 9.9% in total.

Completion of the share purchase took place on 30 September 2020 and Hunan Kunpeng became a non-wholly owned subsidiary of the Group since then.

The goodwill of RMB22,389,000 arising from the acquisition of Hunan Kunpeng is attributable to acquired business of property management service of Hunan Kunpeng. The directors of the Group consider that no impairment charge was required after performing the impairment assessment.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date of 30 September 2020.

	RMB'000
Consideration	
– Amount paid	7,573
– Fair value of 9.9% equity interests in Jingrui Property Management	42,917
	50,490
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	5,151
Trade and other receivables and prepayments	95,191
Intangible assets	1,134
Property, plant and equipment	12,300
Trade and other payables	(45,305)
Contract liabilities	(10,805)
Borrowings	(2,566)
Total identifiable net assets	55,100
Non-controlling interests	(26,999)
Goodwill	22,389
	50,490
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2020)	990

39 Business combination and assets acquisitions (continued)

Business combination in 2020 (continued)

(e) (continued)

The acquired business contributed revenue of RMB32,711,000 and net profit of RMB3,088,000 to the Group for the period from 30 September 2020 to 31 December 2020. Had Hunan Kunpeng been consolidated on 1 January 2020, the pro-forma revenue included in the consolidated income statement contributed by Hunan Kunpeng would be RMB137,514,000. Hunan Kunpeng also would contribute pro-forma net profit of RMB14,337,000.

(f) In September 2020, the Group entered into a share purchase agreement with a third party, pursuant to which Jingrui Property Management, a subsidiary of the Group, placed new shares to a third party in exchange for the 51% equity interests of Jiangsu Xinxiang. After the transaction, the third party own equity interests of Jingrui Property Management as 5.8%.

Completion of the share purchase took place on 30 September 2020 and Jiangsu Xinxiang became a non-wholly owned subsidiary of the Group since then.

The goodwill of RMB20,751,000 arising from the acquisition of Jiangsu Xinxiang is attributable to acquired business of property management service of Jiangsu Xinxiang. The directors of the Group consider that no impairment charge was required after performing the impairment assessment.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date of 30 September 2020.

	RMB'000
Consideration	
– Fair value of 5.8% equity interests in Jingrui Property Management	24,990
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	3,798
Trade and other receivables and prepayments	21,448
Property, plant and equipment	2,777
Trade and other payables	(15,836)
Contract liabilities	(375)
Borrowings	(3,500)
Total identifiable net assets	8,312
Non-controlling interests	(4,073)
Goodwill	20,751
	24,990
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2020)	410

The acquired business contributed revenue of RMB25,184,000 and net profit of RMB6,292,000 to the Group for the period from 30 September 2020 to 31 December 2020. Had Jiangsu Xinxiang been consolidated on 1 January 2020, the pro-forma revenue included in the consolidated income statement contributed by Jiangsu Xinxiang would be RMB83,325,000. Jiangsu Xinxiang also would contribute pro-forma net profit of RMB7,401,000.

39 Business combination and assets acquisitions (continued)

Business combination in 2020 (continued)

(g) In September 2020, the Group entered into a share purchase agreement with a third party, pursuant to which the Group acquired 50% equity interests of Anhui Wenyi Investment Holding Group Bincheng Property Co., Ltd. ("Wenyi Bincheng") at a consideration RMB60,000,000.

Completion of the share purchase took place on 7 September 2020 and Wenyi Bincheng became a non-wholly owned subsidiary of the Group since then.

A gain of RMB2,233,000 arose from the acquisition, which was mainly attributable to the increase of the fair value of acquired unsold properties under development upon the completion of the acquisition.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at acquisition date of 7 September 2020.

	RMB'000
Consideration in cash	
– Amount paid	60,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	136,419
Trade and other receivables and prepayments	1,004,190
Contract acquisition costs	20,701
Properties held or under development for sale	4,268,585
Prepaid income taxes	78,592
Property, plant and equipment	111
Deferred tax assets	9,952
Borrowings	(860,000)
Trade and other payables	(248,671)
Current income tax liabilities	(74,050)
Contract liabilities	(4,211,363)
Total identifiable net assets	124,466
Non-controlling interests	(62,233)
Gain on bargain purchase	(2,233)
	60,000
Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2020)	100

The acquired business contributed revenue of RMB2,216,574,000 and net profit of RMB219,759,000 to the Group for the period from 7 September 2020 to 31 December 2020. Had Wenyi Bincheng been consolidated on 1 January 2020, the pro-forma revenue included in the consolidated income statement contributed by Wenyi Bincheng would be RMB2,368,916,000. Wenyi Bincheng also would contribute pro-forma net profit of RMB129,532,000.

39 Business combination and assets acquisitions (continued)

Assets acquisitions in 2021

(h) In June 2021, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 90% equity interests of Wuhan Yaozhitai Property Co., Ltd. ("Wuhan Yaozhitai") to the Group at a total consideration of RMB9,998,000, which was fully paid in 2021. The transaction was regarded as assets acquisition which was completed in June 2021.

(i) In May 2021, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 35% equity interests of Nanjing Caicheng, a joint venture of the Group, to the Group at a total consideration of RMB30,000,000. The transaction was regarded as assets acquisition which was completed in May 2021. As at 31 December 2021, the consideration payable balance was RMB19,000,000, which was included in the trade and other payables (Note 20).

Assets acquisitions in 2020

(j) In April 2020, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Chongqing Jiuruixin Trading Co., Ltd. ("Chongqing Jiuruixin") to the Group at a total consideration of RMB217,969,000, which was fully paid in 2020. The transaction was regarded as assets acquisition which was completed in May 2020.

(k) In May 2020, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 100% equity interests of Wuhan Botongshirong Real Estate Development Co., Ltd. ("Wuhan Botongshirong") to the Group at a total consideration of RMB350,786,000, including liabilities assumed by the Group of RMB302,966,000, and the unpaid amount of total consideration is RMB15,648,000 as at 31 December 2020. The transaction was regarded as assets acquisition which was completed in June 2020.

(l) In November 2020, the Group entered into a purchase agreement with two third parties, pursuant to which the third parties transferred 100% equity interests of Chengdu Shijichunqiu Property Co., Ltd. ("Chengdu Shijichunqiu") to the Group at a total consideration of RMB79,373,000, and the unpaid amount of total consideration is RMB70,376,000 as at 31 December 2020. The transaction was regarded as assets acquisition which was completed in November 2020.

(m) In September 2020, the Group entered into a purchase agreement with two third parties, pursuant to which the third parties transferred 80% equity interests of Chengdu Yaqing Trading Co., Ltd. ("Chengdu Yaqing") to the Group at a total consideration of RMB7,040,000, which was fully paid in 2020. The transaction was regarded as assets acquisition which was completed in November 2020.

40 Related-party transactions

(a) Name and relationship with related parties

Name	Relationship with the Group
Ningbo Jiamu	Associate
Ningbo Jinghang Property Co., Ltd. ("Ningbo Jinghang")	A subsidiary of an associate
Nanjing Yuning	Associate
Ningbo Rong'an Education	Associate
Ningbo Kanghua Property Co.,Ltd.	A subsidiary of an associate
Changshu Zhicheng	Joint venture
Tianjin Yuanming	Joint venture
Hangzhou Zhenlu	Associate
Hangzhou Lvcheng Guixi Real Estate Development Co., Ltd. ("Lvcheng Guixi")	A subsidiary of an associate
Suzhou Lingrui	Joint venture
Suzhou Chengrui	Joint venture
Tropica Development	Associate
Chongqing Jinghuanjin	Joint venture
Ningbo Jingfeng	Associate
Tianjin Junyou	Joint venture
Tianjin Xinyou Property Co.,Ltd. ("Tianjin Xinyou")	A subsidiary of a joint venture
Changshu Huihuang	Associate before June 2020, an associate of a joint venture thereafter
Nanjing Shansheng	Joint venture
Changshu Junchun	Joint venture before October 2020, a subsidiary thereafter
Changshu Jiangnan Zhongying Real Estate Property Co., Ltd. ("Jiangnan Zhongying")	A subsidiary of a joint venture before October 2020, a subsidiary thereafter
Changshu Jiangnan Guotai Real Estate Property Co., Ltd. ("Jiangnan Guotai")	A subsidiary of a joint venture before October 2020, a subsidiary thereafter
Tianjin Ruihui	Associate
Tianjin Ruihui Real Estate Development Co.,Ltd. ("Tianjin Ruihui Development")	A subsidiary of an associate
Shanghai Pinzhai	Associate
Shanghai Jidong Decoration Engineering Co., Ltd. ("Shanghai Jidong")	A subsidiary of an associate
Pinzhuang Jianzhu Design Consulting Co., Ltd. ("Pinzhuang Jianzhu")	A subsidiary of an associate
Nanjing Yuesheng	Associate
Yangling Guanghui	Associate
Tianjin Xuming	Associate

40 Related-party transactions (continued)

(a) Name and relationship with related parties (continued)

Name	Relationship with the Group
Tianjin Hesheng Real Estate Development Co., Ltd. ("Tianjin Hesheng")	A subsidiary of an associate
Ningbo Puhong	Joint venture
Tianjin Xinghuacheng Property Co., Ltd. ("Tianjin Xinghuacheng")	Joint venture
Shanghai Puhong Property Co., Ltd. ("Shanghai Puhong")	A subsidiary of a joint venture
Hangzhou Yuerong Real Estate Co., Ltd. ("Hangzhou Yuerong")	A subsidiary of an associate
Shanghai Maglink Enterprise Management Co., Ltd. ("Shanghai Maglink")	A subsidiary of a joint venture
Yangpu Scien-Tech Industry Co., Ltd. ("Yangpu Scien-Tech")	A company wholly owned by Yan Hao
Shanghai Zhengmin	Associate
Beyond Wisdom Limited	A company wholly owned by Yan Hao
Sunny King International Limited	A company wholly owned by Chen Xin Ge
Yan Hao	Substantial shareholder, director, co-chairmen, chief executive officer
Chen Xin Ge	Substantial shareholder, director, co-chairmen
SHQ Investment Holdings II Limited	Associate
Suzhou Jingya	Subsidiary before June 2020, a joint venture thereafter
Tianjin Changxin Decoration Co., Ltd. ("Tianjin Changxin")	Joint venture
Beijing Jingshuo	Subsidiary before May 2020, a joint venture thereafter
Tian'an Huafeng	Subsidiary before May 2020, a joint venture thereafter
Yangzhou Hengyu (i)	Joint venture
Taicang Jingchen (ii)	Joint venture
Taicang Haoying	Joint venture
Taicang Shiji	Joint venture
Taicang Zhengwen	Joint venture
Taicang Yuzhou	Joint venture
Taicang Shuoshi	Joint venture
Suzhou Jingyi	Joint venture
Taicang Ruiyi	Joint venture

40 Related-party transactions (continued)

(b) Transactions with related parties

The Group has the following related party transactions:

	Year ended 31 December 2021 RMB'000	2020 RMB'000
(i) Providing/(repayment of) temporary funding to/(from) related parties		
– Chongqing Jinghuanjin	**287,193**	–
– Yangling Guanghui	**2,450**	–
– Nanjing Caicheng	**–**	49,800
– Suzhou Jingya	**13,674**	–
– Nanjing Yuesheng	**–**	499,410
– Ningbo Puhong	**22,400**	49,557
– Ningbo Jiamu	**–**	(14,800)
– Tian'an Huafeng	**20,561**	36,491
– Beijing Jingshuo	**–**	40,098
– Shanghai Puhong	**18,280**	24,750
– Shanghai Maglink	**50,670**	7,456
– Yangzhou Hengyu	**34,209**	170,391
– SHQ Holding investment II Limited	**22,550**	–
– Suzhou Jingyi	**3**	–
– Taicang Yuzhou	**1**	–
– Taicang Shuoshi	**1**	–
– Taicang Zhengwen	**1**	–
– Taicang Haoying	**1**	–
	471,994	863,153

40 Related-party transactions (continued)

(b) Transactions with related parties (continued)

	Year ended 31 December 2021 RMB'000	2020 RMB'000
(ii) Collection/(repayment) of temporary funding from/(to) related parties		
– Yangzhou Hengyu	**400,996**	–
– Changshu Zhicheng	**7,500**	4,000
– Suzhou Lingrui	**5,600**	10,000
– Suzhou Chengrui	**10,830**	(4,000)
– Nanjing Caicheng	**(2,412,652)**	265,059
– Tianjin Xinyou	**9,900**	29,700
– Ningbo Jingfeng	**–**	137,306
– Nanjing Yuning	**–**	33,444
– Changshu Huihuang	**15,451**	–
– Nanjing Shansheng	**15,800**	132,325
– Tianjin Hesheng	**20,000**	96,010
– Ningbo Puhong	**–**	9,035
– Hangzhou Yuerong	**–**	7,651
– Nanjing Yuesheng	**–**	384,558
– Taicang Jingchen	**51,150**	40,575
– Tianjin Ruihui Development	**–**	84,817
– Shanghai Maglink	**–**	(4,000)
– Tianjin Changxin	**–**	12,200
– Beyond Wisdom Limited	**–**	17,916
– Sunny King International Limited	**41,670**	–
– Yangpu Scien-Tech	**(6,000)**	6,000
– Suzhou Jingya	**83,858**	(354,662)
– Tian'an Huafeng	**6,484**	–
	(1,749,413)	907,934
(iii) Collection of shareholder's loan from related parties		
– Shanghai Pinzhai	**14,000**	4,000
– Tianjin Ruihui Development	**–**	13,183
– Yangling Guanghui	**–**	19,600
	14,000	36,783
(iv) Expenses paid by the Group on behalf of related parties		
– Tianjin Hesheng	**–**	1,263
– Shanghai Maglink	**24,682**	2,312
– Tian'an Huafeng	**57**	34
	24,739	3,609

40 Related-party transactions (continued)

(b) Transactions with related parties (continued)

		Year ended 31 December	
		2021	2020
		RMB'000	RMB'000
(v)	Providing decoration services to a related party		
	– Nanjing Caicheng	**261**	3,837
(vi)	Receiving decoration services from related parties		
	– Shanghai Jidong	**45,442**	27,716
	– Shanghai Pinzhai	**–**	6,216
	– Pinzhuang Jianzhu	**1,053**	58
		46,495	33,990
(vii)	Providing property management services to related parties		
	– Shanghai Zhengmin	**–**	486
	– Shanghai Maglink	**1,599**	739
		1,599	1,225
(viii)	Interest income from related parties		
	– Yangling Guanghui	**–**	892
	– Shanghai Pinzhai	**992**	2,247
		992	3,139
(ix)	Interest expense to a related party		
	– Yangpu Scien-Tech	**142**	330
(x)	Providing consulting service to related parties		
	– Ningbo Jingfeng	**5,000**	3,402
	– Nanjing Shansheng	**–**	777
	– Chongqing Jinghuanjin	**4,415**	–
	– Tianjin Ruihui Development	**3,566**	–
		12,981	4,179
(xi)	Senior notes subscribed by a related party Beyond Wisdom Limited		
	– Discounted principal amount (Note 19)	**–**	–
	– Fully capitalised interest	**11,827**	7,359
		11,827	7,359

40 Related-party transactions (continued)

(b) Transactions with related parties (continued)

	Year ended 31 December 2021 RMB'000	2020 RMB'000
(xii) Guarantee provided to joint ventures and associates (Note 37)		
– Nanjing Caicheng	**–**	510,000
– Taicang Jingchen	**65,250**	152,100
– Nanjing Yuesheng	**–**	109,861
– Tianjin Ruihui Development	**48,216**	100,205
– Yangzhou Hengyu	**315,000**	–
– Yangling Guanghui	**148,470**	
– Chongqing Jinghuanjin	**122,690**	–
– Suzhou Jingya	**47,800**	–
	747,426	872,166

(xiii) Guarantee provided by related parties

As at 31 December 2021, the amount payable to a third party of RMB65,769,000 was guaranteed by Mr. Yan Hao (As at 31 December 2020: Nil).

(c) Key management compensation

Key management includes directors (executive and non-executive), chief financial officer, vice presidents, head of Capital Platform, head of Jingrui Service, head of Yan Capital Management and secretary of the board of directors. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December 2021 RMB'000	2020 RMB'000
Salaries and other short-term employee benefits	**15,917**	16,339
Share award scheme	**1,929**	2,478
Share option scheme	**80**	300
Post-employment benefits	**461**	189
	18,387	19,306

40 Related-party transactions (continued)

(d) Related-party balances

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
(i) Amounts due from related parties (Note 15)		
– Ningbo Jinghang	**9,970**	9,787
– Tianjin Yuanming	**311,729**	145,729
– Nanjing Caicheng	**–**	1,480,722
– Ningbo Jingfeng	**5,688**	3,176
– Suzhou Chengrui	**59,720**	64,720
– Tianjin Junyou	**85,430**	85,430
– Chongqing Jinghuanjin	**440,582**	–
– Tianjin Xuming	**–**	93,510
– Ningbo Puhong	**80,655**	58,255
– Yangling Guanghui (a)	**131,300**	129,434
– Shanghai Maglink	**82,808**	8,195
– Tianjin Hesheng	**2,372**	3,711
– Tianjin Ruihui	**2**	2
– Tianjin Ruihui Development	**3,780**	–
– Nanjing Yuesheng	**–**	500,953
– Shanghai Pinzhai (b)	**6,083**	20,083
– Tian'an Huafeng	**91,496**	70,927
– Yangzhou Hengyu	**219,600**	170,391
– Ningbo Jiamu	**94,845**	94,845
– Suzhou Jingya	**129,510**	119,026
– Beijing Jingshuo	**40,098**	40,098
– Shanghai Puhong	**43,030**	24,750
– Shanghai Zhengmin	**–**	486
– SHQ Investment Holdings II Limited	**22,550**	–
– Suzhou Jingyi	**3**	–
– Taicang Jingchen	**100**	–
– Taicang Yuzhou	**1**	–
– Taicang Shuoshi	**1**	–
– Taicang Zhenwen	**1**	–
– Taicang Haoying	**1**	–
– Taicang Ruiyi	**1**	–
	1,861,356	3,124,230

Notes:

(a) The balance as at 31 December 2021 includes an amount of RMB124,447,000 (31 December 2020: RMB121,997,000) due from Yangling Guanghui, which represents the outstanding principal for a shareholder's loan granted to Yangling Guanghui and interest receivable. The shareholder loan has an annual interest rate of 10% and unsecured.

(b) The balance of RMB6,083,000 as at 31 December 2021 (31 December 2020: RMB20,083,000) represents the outstanding principal for a shareholder's loan granted to Shanghai Pinzhai. The shareholder loan has an annual interest rate of 10% and unsecured.

40 Related-party transactions (continued)

(d) Related-party balances (continued)

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
(ii) Amounts due to related parties (Note 21)		
– Yangzhou Hengyu	**400,996**	–
– Chongqing Jinghuanjin	**360,000**	–
– Ningbo Jiamu	**205,855**	205,853
– Ningbo Jinghang	**–**	11
– Changshu Zhicheng	**17,541**	10,041
– Suzhou Lingrui	**31,363**	25,763
– Suzhou Chengrui	**98,414**	92,584
– Nanjing Caicheng	**–**	3,174,888
– Ningbo Rong'an Education	**20,500**	31,750
– Lvcheng Guixi	**42,000**	52,500
– Hangzhou Zhenlu	**10,500**	–
– Tianjin Xinghuacheng	**16,000**	16,000
– Nanjing Yuning	**60,694**	60,694
– Ningbo Jingfeng	**54,814**	272,306
– Tianjin Xinyou	**54,945**	45,045
– Changshu Huihuang	**15,451**	–
– Nanjing Shansheng	**196,033**	180,233
– Ningbo Puhong	**18,276**	18,276
– Shanghai Pinzhai	**4,799**	10,067
– Hangzhou Yuerong	**32,513**	32,514
– Tianjin Hesheng	**105,000**	178,510
– Nanjing Yuesheng	**–**	384,558
– Suzhou Jingya	**58,446**	174,588
– Tian'an Huafeng	**123,559**	117,075
– Shanghai Jidong	**16,598**	20,500
– Pinzhuang Jianzhu	**77**	10
– Taicang Jingchen	**129,486**	78,336
– Tianjin Ruihui Development	**84,817**	84,817
– Tianjin Changxin	**12,200**	12,200
– Beyond Wisdom Limited	**17,916**	17,916
– Sunny King international Limited (a)	**42,501**	–
– Yangpu Scien-Tech (b)	**–**	6,000
	2,231,294	5,303,035

40 Related-party transactions (continued)

(d) Related-party balances (continued)

Notes:

(a) The balance as at 31 December 2021 includes an amount of RMB42,501,000 (31 December 2020: Nil) due to Sunny King international Limited, which represents the outstanding principal and interest for a loan received from Sunny King international Limited, and will be matured in 2022. The loan has an annual interest rate of 8.88% and unsecured.

(b) The balance as at 31 December 2020 includes an amount of RMB6,000,000 due to Yangpu Scien-Tech, which represented the outstanding principal for a shareholder's loan received from Yangpu Scien-Tech and was fully repaid in 2021. The shareholder loan has an annual interest rate of 8.5% and unsecured.

Except for those balances disclosed above, other fundings provided to or from related parties are unsecured, non-interest bearing and repayable on demand.

41 Particulars of principal subsidiaries

Particulars of the subsidiaries of the Group as at 31 December 2021 and 2020 are as follows:

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2021	2020	Principal activities
Subsidiaries established in the PRC						
Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)股份有限公司)("Jingrui Properties") (b)	8 September 1993	1,621,079	1,621,079	**100%**	100%	Property land investment holding
Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司)	20 February 2013	620,000	620,000	**100%**	100%	Property development
Equity International Urban Facilities Development (Tianjin) Co, Ltd. (權益城市設施開發(天津)有限公司) (b)	25 June 2007	USD 71,600	USD 71,600	**100%**	100%	Urban infrastructure development
El Urban Facilities Development (Tianjin) Co., Ltd. (天津億安城市設施開發有限公司) (b)	15 August 2007	533,325	533,325	**100%**	100%	Urban infrastructure development
Shanghai Xiaoyi Investment Co., Ltd. (上海驍意投資有限公司) ("Shanghai Xiaoyi") (c)	13 May 2014	100	100	**65%**	65%	Investment holding
Suzhou Jinghui Property Co., Ltd. (蘇州璟輝置業有限公司)	14 April 2016	600,000	600,000	**100%**	100%	Property development
Wuhan Ruixiao Real Estate Investment Co., Ltd. (武漢瑞驍房地產投資有限公司) ("Wuhan Ruixiao")	17 March 2017	1,003,000	1,003,000	**100%**	100%	Investment holding
Wuhan Ruiqian Business Consulting Co., Ltd. (武漢瑞乾商務諮詢有限公司) ("Wuhan Ruiqian") (c)	12 December 2017	200,000	200,000	**60%**	60%	Property management
Taicang Jingrui Business Consulting Co., Ltd. (太倉璟睿諮詢有限公司)	1 April 2017	1,000,000	1,000,000	**100%**	100%	Investment holding
Shanghai Shenran Business Consulting Co., Ltd. (上海燊冉商務諮詢有限公司) ("Shanghai Shenran") (c)	17 December 2018	1,000,000	1,000,000	**30%**	30%	Investment holding

41 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2021	2020	Principal activities
Subsidiaries established in the PRC						
Shanghai Guicui Information Consulting Co., Ltd. (上海晷翠信息諮詢有限公司) ("Shanghai Guicui") (c)	17 December 2018	1,000,000	1,000,000	**30%**	30%	Investment holding
Shanghai Jingrui Property Management Co., Ltd. (上海景瑞物業管理有限公司) ("Jingrui Property Management")	31 December 1996	47,882	47,882	**82%**	82%	Property management
Shanghai Lichen Building Decoration Engineering Co., Ltd. (上海立臣建築裝飾工程有限公司)	4 November 2011	500,000	500,000	**100%**	100%	Building decoration engineering
Shanghai Jingrui Investment Co.,Ltd. (上海景瑞投資有限公司)	22 July 2003	100,000	100,000	**100%**	100%	Investment holding
Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司)	14 April 2006	80,000	80,000	**100%**	100%	Property development
Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司))	23 February 2011	620,000	620,000	**100%**	100%	Property development
Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) ("Nantong Jingrui")	26 January 2010	210,520	210,520	**100%**	100%	Property development
Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司)	16 February 2006	50,000	50,000	**100%**	100%	Property development
Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司) ("Zhoushan Jingshang")	17 August 2010	200,000	200,000	**100%**	100%	Property development
Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司)	27 June 2011	100,000	100,000	**100%**	100%	Property development
Shanghai Huajiang Construction and Development Co., Ltd. (上海華江建設發展有限公司) ("Shanghai Huajiang")	16 August 2002	10,000	10,000	**67.5%**	67.5%	Property development
Hainan Jingshen Investment Management Co., Ltd. (海南景申投資管理有限公司)	14 May 2013	10,000	10,000	**100%**	100%	Property management and investment holding
Hainan Jingshang Commercial Management Co., Ltd. (海南景尚商業管理有限公司)	17 April 2013	USD 2,000	USD 2,000	**100%**	100%	Property management and investment holding
Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司)	23 June 1998	100,000	100,000	**100%**	100%	Property development
Shaoxing Jingming Property Co., Ltd. (紹興景明置業有限公司)	22 January 2014	5,000	5,000	**51%**	51%	Property development
Shanghai Hefu Investment Co., Ltd. (上海合福投資管理有限公司)	16 October 2015	100,000	100,000	**100%**	100%	Investment holding
Shanghai Shangpu Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥))	23 July 2015	192,030	192,030	**100%**	100%	Investment holding

41 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2021	2020	Principal activities
Subsidiaries established in the PRC						
Ningbo Gangcheng Business and Trading Co., Ltd. (寧波港程商貿有限公司)	28 February 2014	50,000	50,000	**50%**	50%	Property development
Suzhou Ailide Trade Co., Ltd. (蘇州艾力得貿易有限公司) ("Suzhou Ailide") (c)	8 January 2015	50,000	50,000	**50%**	50%	Hardware and building materials
Ningbo Harbour City Business Management Co., Ltd. (寧波海港城商業管理有限公司)	23 April 2014	10,00	50	**50%**	50%	Investment holding
Hangzhou Jingcheng Property Co., Ltd. (杭州景程置業有限公司)	6 November 2017	5,000	5,000	**100%**	100%	Property development
Tianjin Tianrui Investment Development Co., Ltd. (天津天瑞投資發展有限公司)	14 October 2011	30,000	30,000	**70%**	70%	Property development
Ningbo Jingshen Property Co., Ltd. (寧波景申置業有限公司)("Ningbo Jingshen") (c)	31 May 2016	30,000	30,000	**65%**	65%	Property development
Ningbo Jingjun Property Co., Ltd. (寧波景鈞置業有限公司) ("Ningbo Jingjun") (c)	21 October 2016	10,000	10,000	**44%**	44%	Property development
Ningbo Xiaoyong Investment Co., Ltd. (寧波驍勇投資有限公司) ("Ningbo Xiaoyong") (c)	19 October 2016	10,000	10,000	**44%**	44%	Investment holding
Wuhan Yanzhuo Building Decoration Engineering Co., Ltd. (武漢衍琢裝飾工程有限公司) ("Wuhan Yanzhuo") (c)	27 June 2018	20,000	20,000	**40%**	40%	Property development
Shanghai Xiaoze Investment Co., Ltd. (上海驍澤投資有限公司)	7 May 2014	100,000	100,000	**70%**	70%	Investment holding
Shanghai Linjia Life Development Co., Ltd. (上海鄰加生活企業發展股份有限公司)	23 December 2015	30,000	30,000	**100%**	100%	Property management
Ningbo Xiangjun Investment Co., Ltd. (寧波翔竣投資有限公司) ("Ningbo Xiangjun")	19 October 2016	400,000	400,000	**51%**	51%	Investment holding
Suzhou Jingyu Business Consulting Co., Ltd. (蘇州璟譽諮詢管理有限公司)	1 April 2017	10,000	10,000	**100%**	100%	Property management
Shanghai Jingxia Business Consulting Co., Ltd. (上海精瑕諮詢管理有限公司)	1 April 2017	100	100	**100%**	100%	Property management
Beijing Jingxiu Business Management Centre (北京景秀商業管理中心)	12 January 2017	1,000	1,000	**100%**	100%	Property management
Ningbo Meishan Free Trade Port Youyue Investment Co., Ltd. (寧波梅山保稅港區優鉞資產管理有限公司)	23 February 2017	100,000	30,000	**100%**	100%	Investment holding
Ningbo Jingtong Property Co., Ltd. (寧波景通置業有限公司)	23 May 2017	200,000	200,000	**100%**	100%	Property development
Shanghai Ruiyue Hotel Management Co., Ltd. (上海瑞越酒店管理有限公司)	16 March 2017	100,000	40,000	**100%**	100%	Property management
Shanghai Shenxin Real Estate Co., Ltd. (上海申信房地產有限公司)	20 October 1992	10,800	10,800	**100%**	100%	Property management

41 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2021	2020	Principal activities
Subsidiaries established in the PRC						
Beijing Zhongguan Xinyuan Management LLP (北京中關信苑企業管理有限公司)	8 March 2017	10,000	10,000	**100%**	100%	Property management
Shanghai Hutai Real Estate Development Co., Ltd. (上海滬泰房地產發展有限公司) ("Shanghai Hutai") (a)	16 November 1992	79,475	79,475	**100%**	100%	Property management
Shanghai Zhaoliang Advertising Co., Ltd. (上海兆量廣告有限公司)	7 January 2008	10,000	10,000	**100%**	100%	Property management
Wuhan Yingjin Jiayuan Real Estate Development Co.,Ltd. (武漢盈錦嘉園房地產開發有限公司)(" Wuhan Jiayuan")(c)	23 November 2016	60,000	60,000	**40%**	40%	Property development
Hangzhou Ruimeng Hotel Management Co., Ltd. (杭州瑞夢酒店管理有限公司)	27 December 2017	10,000	10,000	**100%**	100%	Property management
Zhongguan Yayuan Enterprise Management Co., Ltd. (北京中關雅苑企業管理有限公司)	9 March 2017	10,000	10,000	**100%**	100%	Property management
Zhongfa Wenchan Property(Wuhan) Co., Ltd. (中法文產置業(武漢)有限公司)	15 June 2017	55,000	55,000	**60%**	60%	Property development
Tianjin Ruihua Real Estate Development Co., Ltd. (天津瑞華房地產開發有限責任公司)	14 February 2018	30,000	30,000	**100%**	100%	Property development
Tianjin Ruisheng Real Estate Development Co., Ltd. (天津瑞盛房地產開發有限責任公司) ("Tianjin Ruisheng") (a)	7 March 2018	30,000	30,000	**100%**	100%	Property development
Hangzhou Jingqi Corporate Management Consulting Co., Ltd. (杭州景祺企業管理諮詢有限公司) ("Hangzhou Jingqi")	17 May 2018	330,000	330,000	**100%**	100%	Investment holding
Hangzhou Jingsheng Property Co., Ltd. (杭州景勝置業有限公司)	17 May 2018	330,000	330,000	**100%**	100%	Property development
Shanghai Shanding Property Management Co., Ltd. (上海山鼎物業管理有限公司)	7 November 2017	1,000	1,000	**100%**	100%	Property management
Shanghai Shenshi Property Co., Ltd. (上海申實置業有限公司)	28 April 2017	10,000	–	**100%**	100%	Property management
Tianjin Ruijun Real Estate Development Co., Ltd. (天津瑞駿房地產開發有限責任公司) ("Tianjin Ruijun")	13 June 2019	337,000	337,000	**51%**	51%	Property development
Ningbo Jingxin Property Co., Ltd. (寧波景心置業有限公司)	12 June 2019	1,222,320	1,092,655	**100%**	100%	Property development
Wuhan Ruiyihongfa Real Estate Development Co., Ltd. (武漢瑞毅弘發房地產開發有限公司) ("Wuhan Ruiyihongfa") (c)	22 July 2019	200,000	200,000	**30%**	30%	Property development
Shanghai Yuexia Enterprise Management Co., Ltd. (上海悦瑕企業管理有限責任公司)	1 March 2019	10,000	–	**100%**	100%	Property management

41 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2021	2020	Principal activities
Subsidiaries established in the PRC						
Hangzhou Juanheng Property Co., Ltd. (杭州雋恒置業有限公司)	22 September 2019	350,000	50,000	**51%**	51%	Property development
Hangzhou Xiaoying Real Estate Development Co., Ltd. (杭州銷穎房地產開發有限公司) ("Hangzhou Xiaoying") (c)	13 January 2011	30,000	30,000	**50%**	50%	Property development
Wuhan Botongshirong Real Estate Development Co., Ltd. (武漢博通世融房地產開發有限公司) ("Wuhan Botongshirong") (c)	22 July 2019	10,000	10,000	**60%**	60%	Property development
Shanghai Jingyao Property Co., Ltd. (上海璟曜置業有限公司)	25 May 2020	285,000	285,000	**70%**	70%	Property development
Chengdu Jingxu Property Co., Ltd. (成都景旭置業有限公司)	13 March 2020	10,000	–	**100%**	100%	Property development
Chongqing Jiuruixin Trading Co., Ltd. (重慶九睿鑫貿易有限責任公司) ("Chongqing Jiuruixin") (a)	23 September 2019	237,969	217,969	**100%**	100%	Property development
Chengdu Jingyu Property Co., Ltd. (成都景煜置業有限公司)	14 April 2020	10,000	10,000	**79%**	79%	Property development
Hangzhou Jinghui Property Co., Ltd. (杭州景暉置業有限公司)	11 June 2020	100,000	100,000	**100%**	100%	Property development
Chongqing Hushenghui Management Consulting Co., Ltd .(重慶滬昇暉企業管理諮詢有限公司)	11 June 2020	10,000	10,000	**100%**	100%	Investment holding
Yangzhou Jingxiao Property Co., Ltd. (揚州景驍置業有限公司) (a)	27 September 2020	20,000	20,000	**100%**	100%	Property development
Wuxi Jingyi Property Co., Ltd. (無錫景屹置業有限公司)	9 September 2020	200,000	200,000	**83%**	83%	Property development
Changzhou Jingrong Property Co., Ltd. (常州景榮置業有限公司)	16 September 2020	20,000	20,000	**100%**	100%	Property development
Chengdu Shijichunqiu Property Co., Ltd. (成都世紀春秋置業有限公司) ("Chengdu Shijichunqiu")	23 July 2014	20,000	20,000	**100%**	100%	Property development
Shanghai Youjing Enterprise Management Co., Ltd (上海優璟企業管理有限公司) ("Shanghai Youjing")(c)	19 November 2020	450,000	450,000	**60%**	100%	Property management
Shanghai Youshou Enterprise Management Co., Ltd (上海優朔企業管理有限公司) ("Shanghai Youshou")(c)	19 November 2020	450,000	450,000	**81.20%**	100%	Property management

41 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2021	2020	Principal activities
Subsidiaries established in the PRC						
Chengdu Yaqing Trading Co., Ltd. (成都亞慶貿易有限責任公司) ("Chengdu Yaqing")	28 October 1994	8,800	8,800	**80%**	80%	Property development
Tianjin Ruiming Real Estate Development Co., Ltd. (天津瑞明房地產開發有限公司) (a)	11 November 2020	30,000	–	**100%**	100%	Property development
Wuxi Jinghang Consultant Management Co., Ltd. (無錫璟航諮詢管理有限公司) ("Wuxi Jinghang")	13 November 2020	255,000	255,000	**71%**	71%	Investment holding
Changshu Jiangnan Zhongying Real Estate Property Co., Ltd. (常熟市江南中盈房地產置業有限責任公司) ("Jiangnan Zhongying") (a)	2 April 2011	306,200	306,200	**34%**	34%	Property management
Changshu Jiangnan Guotai Real Estate Property Co., Ltd. (常熟市江南國泰房地產置業有限責任公司) ("Jiangnan Guotai") (a)	15 March 2011	400,000	400,000	**34%**	34%	Property management
Shanghai Youkun Management Consulting Co., Ltd. (上海優昆企業管理有限公司) ("Shanghai Youkun") (c)	19 November 2020	450,000	180,000	**64%**	79%	Investment holding
Changshu Junchun Trading Co., Ltd. (常熟駿淳貿易集團有限公司) ("Changshu Junchun") (c)	4 September 2018	500,000	500,000	**34%**	34%	Investment holding
Taicang Jinghui Consulting Co., Ltd. (太倉璟惠諮詢管理有限公司) ("Taicang Jinghui")	1 April 2017	364,000	364,000	**79%**	79%	Investment holding
Hunan Kunpeng Property Service Co., Ltd. (湖南鯤鵬物業服務有限公司) ("Hunan Kunpeng")	31 March 2005	20,000	20,000	**51%**	51%	Property management
Jiangsu Xinxiang Property Co., Ltd. (江蘇欣祥物業有限公司) ("Jiangsu Xinxiang")	25 January 2008	10,000	5,000	**51%**	51%	Property management
Nanchang Jinle Property Co., Ltd. (南昌縣錦樂置業有限公司) ("Nanchang Jinle")	23 March 2018	50,000	50,000	**51%**	51%	Property development
Jiaxing Jinghong Property Co., Ltd. (嘉興璟鴻置業有限公司) ("Jiaxing Jinghong") (c)	20 December 2019	300,000	300,000	**40%**	40%	Property development
Ningbo Meishan Free Trade Port Jingkai investment management Co., Ltd. (寧波梅山保税港區景凱投資管理有限公司) ("Meishan Jingkai")	21 December 2017	410,000	207,750	**51%**	51%	Investment holding
Ningbo Jingcheng Property Co., Ltd. (寧波景程置業有限公司) ("Ningbo Jingcheng") (a)	2 April 2021	5,000	–	**100%**	NA	Property development
Nanjing Caicheng Property Co., Ltd. (南京彩程置業有限公司) ("Nanjing Caicheng")	18 July 2017	100,000	100,000	**100%**	N/A	Property development
Wuhan Ruixuan Real Estate Development Co., Ltd. (武漢瑞軒房地產開發有限公司)("Wuhan Ruixuan") (c)	19 August 2020	10,000	10,000	**60%**	60%	Property development
Suzhou Jinghan Consulting Management Co., Ltd. (蘇州璟翰諮詢管理有限公司) (c)	28 July 2020	100	100	**63.24%**	100%	Property management

41 Particulars of principal subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2021	2020	Principal activities
Subsidiaries established in the PRC						
Jinhua Jingxi Property Co.,Ltd. (金華景熙置業有限公司) ("Jinghua Jingxi") (a)	2 July 2021	10,000	–	**100%**	NA	Property development
Wuhan Yaozhitai Property Co., Ltd. (武漢耀之泰置業有限公司) ("Wuhan Yaozhitai")	7 December 2020	10,000	10,000	**90%**	49%	Property development
Xiushui Jiusong Shanhe Property Co., Ltd. (修水縣九頌山河置業有限公司) ("Xiushui Jiusong")	30 September 2021	20,000	20,000	**80%**	NA	Property development
Gao'an Jiusong Shanhe Property Co., Ltd. (高安市九頌山河置業有限公司) ("Gao'an Jiusong")	30 September 2021	20,000	20,000	**80%**	NA	Property development
Subsidiaries incorporated in Hong Kong						
Jingrui HK Holdings Limited ("EI HK") (b)	25 June 2007	USD10	USD10	**100%**	100%	Property and investment holding
Sincere Paragon Limited	5 February 2013	HKD380,000	HKD380,000	**100%**	100%	Investment holding
Subsidiaries incorporated in BVI						
Faithful Gem Limited	18 September 2013	USD50,000	–	**100%**	100%	Investment holding
Natural Apex Limited	9 January 2013	USD50,000	USD50,000	**100%**	100%	Investment holding

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(a) Certain equity interests in the subsidiaries of the Company were pledged for trust financing arrangement as at 31 December 2021 and 2020 (Note 19). For details, please refer to the table below:

	As at 31 December 2021	2020
Percentage of equity interests in Tianjin Ruiming	**100%**	–
Percentage of equity interests in Tianjin Ruisheng	**100%**	–
Percentage of equity interests in Ningbo Jingcheng	**100%**	–
Percentage of equity interests in Jinghua Jingxi	**100%**	–
Percentage of equity interests in Yangzhou Jingxiao	**100%**	–
Percentage of equity interests in Shanghai Hutai	**100%**	100%
Percentage of equity interests in Chongqing Jiuruixin	**100%**	100%
Percentage of equity interests in Jiangnan Zhongying	**90%**	90%
Percentage of equity interests in Jiangnan Guotai	**90%**	90%
Percentage of equity interests in Wenyi Bincheng	**–**	100%

41 Particulars of principal subsidiaries (continued)

(b) The companies are investment holding companies without any business other than the holding of 20.3% equity interests in Jingrui Properties. They were acquired by the Group in April 2013 for the purpose of the reorganisation.

(c) As at 31 December 2021, the Group owned 44% equity interests in Ningbo Xiaoyong, 44% equity interests in Ningbo Jingjun, 50% equity interests in Suzhou Ailide, 40% equity interests in Wuhan Jiayuan, 65% equity interests in Shanghai Xiaoyi, 40% equity interests in Wuhan Yanzhuo, 30% equity interests in Shanghai Shenran, 30% equity interests in Shanghai Guicui, 50% equity interests in Wuhan Ruiyihongfa, 60% equity interests in Wuhan Ruiyue, 60% equity interests in Wuhan Botongshirong, 60% equity interests in Wuhan Ruiqian, 60% equity interests in Wuhan Ruixuan, 40% equity interests in Jiaxing Jinghong, 34% equity interests in Changshu Junchun, 50% equity interests in Hangzhou Xiaoying, 65% equity interests in Shanghai Xiaoyi, 65% equity interests in Ningbo Jingshen, 64% equity interests in Shanghai Youkun, 81.20% equity interests in Shanghai Youshuo, 60% equity interests in Shanghai Youjing and 63.24% equity interests in Suzhou Jinghan.

The directors of the Group consider that the Group has effective control over the above-mentioned companies, because according to agreements between the Group and other shareholders of these companies, other shareholders of these companies follow the Group on all substantive decision on the operating and financing policies during the life of these companies.

41 Particulars of principal subsidiaries (continued)

(d) Summarised financial information on subsidiaries with non-controlling interests material to the Group.

The non-controlling interests of the Group are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-controlling interests for		
– Ningbo Xiaoyong	**48,089**	49,122
– Ningbo Xiangjun	**17,003**	245,836
– Wuhan Ruiqian	**80,719**	92,130
– Wuhan Jiayuan	**727,088**	853,759
– Shanghai Guicui	**699,996**	699,997
– Shanghai Shenran	**699,995**	699,997
– Tianjin Ruijun	**172,276**	162,953
– Wuhan Yanzhuo	**144,271**	42,973
– Taicang Jinghui	**77,900**	74,480
– Shanghai Huajiang	**65,686**	65,181
– Shanghai Juanyu	**265,938**	164,997
– Jiaxing Jinghong	**169,109**	176,815
– Meishan Jingkai	**–**	199,970
– Nanchang Jinle	**255,790**	145,109
– Wenyi Bincheng	**–**	137,632
– Changshu Junchun	**499,270**	475,871
– Wuxi Jinghang	**69,704**	72,264
– Shanghai Youkun	**148,715**	96,000
– Tianjin Ruijie	**–**	76,824
– Tianjin Ruidong	**–**	71,839
– Zhoushan Jingshang	**–**	72,689
– Shanghai Youshuo	**194,497**	–
– Shanghai Youjing	**180,000**	–
– Suzhou Jinghan	**159,400**	–
– Xiushui Jiusong	**42,781**	–
– Gao'an Jiusong	**36,072**	–
– Other subsidiaries	**444,202**	453,881
	5,198,501	5,130,319

41 Particulars of principal subsidiaries (continued)

Set out below are the summarised financial information for the subsidiaries including Wuhan Jiayuan, Changshu Junchun, Shanghai Shenran, Shanghai Guicui, Wuhan Yanzhuo, Shanghai Juanyu, Xiushui Jiusong, Gao'an Jiusong and Nanchang Jinle that have non-controlling interests that are material to the Group, and the information below is the amounts before inter-company eliminations.

Summarised balance sheet

	Wuhan Jiayuan As at 31 December		Changshu Junchun As at 31 December	
	2021 **RMB'000**	2020 RMB'000	**2021** **RMB'000**	2020 RMB'000
Current				
Assets	**4,578,419**	5,748,083	**4,661,948**	4,879,893
Liabilities	**(3,419,853)**	(3,686,531)	**(3,951,823)**	(3,587,702)
Total current net assets	**1,158,566**	2,061,552	**710,125**	1,292,191
Non-current				
Assets	**53,248**	63,379	**42,467**	29,326
Liabilities	**–**	(702,000)	**(6,728)**	(600,499)
Total non-current net assets/(liabilities)	**53,248**	(638,621)	**35,739**	(571,173)
Net assets	**1,211,814**	1,422,931	**745,864**	721,018

	Shanghai Shenran As at 31 December		Shanghai Guicui As at 31 December	
	2021 **RMB'000**	2020 RMB'000	**2021** **RMB'000**	2020 RMB'000
Current				
Assets	**1,136,000**	1,389,755	**999,993**	1,270,002
Liabilities	**(136,007)**	(389,760)	**–**	(270,007)
Total current net assets	**999,993**	999,995	**999,993**	999,995
Non-current				
Assets	**–**	–	**–**	–
Liabilities	**–**	–	**–**	–
Total non-current net assets/(liabilities)	**–**	–	**–**	–
Net assets	**999,993**	999,995	**999,993**	999,995

41 Particulars of principal subsidiaries (continued)

Summarised balance sheet (continued)

	Wuhan Yanzhuo As at 31 December		Shanghai Juanyu As at 31 December	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Assets	**351,073**	508,625	**687,140**	2,105,691
Liabilities	**(110,621)**	(437,003)	**(146,549)**	(1,445,506)
Total current net assets	**240,452**	71,622	**540,591**	660,185
Non-current				
Assets	**–**	–	**2,141**	26,523
Liabilities	**–**	–	**–**	(349,980)
Total non-current net assets/(liabilities)	**–**	–	**2,141**	(323,457)
Net assets	**240,452**	71,622	**542,732**	336,728

	Xiushui Jiusong As at 31 December	Gao'an Jiusong As at 31 December
	2021	**2021**
	RMB'000	**RMB'000**
Current		
Assets	**947,073**	**780,814**
Liabilities	**(742,593)**	**(611,708)**
Total current net assets	**204,480**	**169,106**
Non-current		
Assets	**9,426**	**11,252**
Liabilities	**–**	**–**
Total non-current net assets	**9,426**	**11,252**
Net assets	**213,906**	**180,358**

41 Particulars of principal subsidiaries (continued)

Summarised balance sheet (continued)

	Nanchang Jinle	
	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current		
Assets	**1,235,671**	3,045,524
Liabilities	**(718,732)**	(2,781,443)
Total current net assets	**516,939**	264,081
Non-current		
Assets	**6,350**	37,833
Liabilities	**(1,269)**	(5,774)
Total non-current net assets	**5,081**	32,059
Net assets	**522,020**	296,140

Summarised statement of comprehensive income

	Wuhan Jiayuan		Changshu Junchun	
	Year ended 31 December		**Year ended 31 December**	For the period from 31 October 2020 to 31 December 2020
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**1,479,088**	170	**793,172**	1,526,740
(Loss)/profit before income tax	**(6,149)**	(45,675)	**43,795**	278,145
Income tax (expense)/credit	**(204,968)**	11,308	**(18,949)**	(126,112)
Post-tax (loss)/profit	**(211,117)**	(34,367)	**24,846**	152,033
Other comprehensive income	**–**	–	**–**	–
Total comprehensive (loss)/income	**(211,117)**	(34,367)	**24,846**	152,033
(Loss)/profit allocated to non-controlling interests	**(126,670)**	(20,620)	**16,399**	100,342

41 Particulars of principal subsidiaries (continued)

Summarised statement of comprehensive income (continued)

	Shanghai Shenran Year ended 31 December		Shanghai Guicui Year ended 31 December	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	–	–	–	–
Loss before income tax	(2)	(2)	(2)	(2)
Income tax expense	–	–	–	–
Post-tax loss	(2)	(2)	(2)	(2)
Other comprehensive income	–	–	–	–
Total comprehensive loss	(2)	(2)	(2)	(2)
Loss allocated to non-controlling interests	(1)	(1)	(2)	(1)

	Wuhan Yanzhuo Year ended 31 December		Shanghai Juanyu Year ended 31 December	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	312,381	–	1,549,817	157
Profit/(loss) before income tax	225,113	(999)	274,785	(19,336)
Income tax expense	(56,283)	–	(68,781)	–
Post-tax profit/(loss)	168,830	(999)	206,004	(19,336)
Other comprehensive income	–	–	–	–
Total comprehensive income/(loss)	168,830	(999)	206,004	(19,336)
Profit/(loss) allocated to non-controlling interests	101,298	(599)	100,942	(6,737)

	Xiushui Jiusong For the period from 30 September 2021 to 31 December 2021 RMB'000	Gao'an Jiusong For the period from 30 September 2021 to 31 December 2021 RMB'000
Revenue	1,416,166	1,005,660
Loss before income tax	213,868	154,445
Income tax expense	(54,962)	(39,088)
Post-tax profit	158,907	115,357
Other comprehensive income	–	–
Total comprehensive income	158,907	115,357
Profit allocated to non-controlling interests	31,781	23,072

41 Particulars of principal subsidiaries (continued)

Summarised statement of comprehensive income (continued)

	Nanchang Jinle	
	Year ended 31 December 2021 RMB'000	For the period from 30 September 2020 to 31 December 2020 RMB'000
Revenue	**1,997,838**	742,435
Profit before income tax	**423,498**	47,616
Income tax expense	**(197,618)**	(36,770)
Post-tax profit	**225,880**	10,846
Other comprehensive income	**–**	–
Total comprehensive Income	**225,880**	10,846
Profit allocated to non-controlling interests	**110,682**	5,315

Summarised cash flow statement

	Wuhan Jiayuan		Changshu Junchun	
	For the year ended 31 December		For the year ended 31 December	For the period from 31 October 2020 to 31 December
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Net cash generated from/(used in) operating activities	**341,405**	(255,217)	**552,370**	464,831
Net cash generated from investing activities	**–**	–	**–**	–
Net cash (used in)/generated from financing activities	**(676,000)**	211,000	**(543,400)**	(543,400)
Net (decrease)/increase in cash and cash equivalents	**(334,595)**	(44,217)	**8,970**	(78,569)
Cash and cash equivalents at beginning of the year	**470,901**	515,118	**158,695**	237,264
Cash and cash equivalents at end of the year	**136,306**	470,901	**167,665**	158,695

41 Particulars of principal subsidiaries (continued)

Summarised cash flow statement (continued)

	Shanghai Shenran For the year ended 31 December		Shanghai Guicui For the year ended 31 December	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Net cash generated from/(used in) operating activities	1	(2)	–	(2)
Net cash generated from investing activities	–	–	–	–
Net cash generated from financing activities	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	1	(2)	–	(2)
Cash and cash equivalents at beginning of the year	2	4	1	3
Cash and cash equivalents at end of the year	3	2	1	1

	Wuhan Yanzhuo For the year ended 31 December		Shanghai Juanyu For the year ended 31 December	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Net cash (used in)/generated from operating activities	(446)	(16,812)	467,135	448,908
Net cash generated from investing activities	–	–	–	–
Net cash used in financing activities	–	–	(799,980)	–
Net (decrease)/increase in cash and cash equivalents	(446)	(16,812)	(332,845)	448,908
Cash and cash equivalents at beginning of the year	1,377	18,189	468,869	19,961
Cash and cash equivalents at end of the year	931	1,377	136,024	468,869

41 Particulars of principal subsidiaries (continued)

Summarised cash flow statement (continued)

	Xiushui Jiusong For the period from 30 September 2021 to 31 December 2021 RMB'000	Gao'an Jiusong For the period from 30 September 2021 to 31 December 2021 RMB'000
Net cash (used in)/generated from operating activities	**(23,955)**	**43,017**
Net cash generated from investing activities	**–**	**–**
Net cash generated from/(used in) financing activities	**25,219**	**(62,000)**
Net increase/(decrease) in cash and cash equivalents	**1,264**	**(18,983)**
Cash and cash equivalents at beginning of the year	**86,757**	**134,631**
Cash and cash equivalents at end of the year	**88,021**	**115,648**

	Nanchang Jinle	
	For the year ended 31 December 2021 RMB'000	For the period from 30 September 2020 to 31 December 2020 RMB'000
Net cash generated from operating activities	**234,773**	43,602
Net cash generated from investing activities	**–**	–
Net cash used in financing activities	**(212,740)**	(161,250)
Net increase/(decrease) in cash and cash equivalents	**22,033**	(117,648)
Cash and cash equivalents at beginning of the year	**25,714**	143,362
Cash and cash equivalents at end of the year	**47,747**	25,714

The information above is the amounts before inter-company eliminations.

42 Balance sheet and reserve movements of the Company

Balance sheet of the Company

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**2,799,682**	2,798,845
Financial assets at fair value through profit or loss	**217,962**	248,949
	3,017,644	3,047,794
Current assets		
Amounts due from subsidiaries	**4,445,980**	4,749,447
Cash at bank and on hand	**6,326**	11,281
Trade and other receivables and prepayments	**198,362**	204,367
Financial assets at fair value through profit or loss	**31,086**	–
	4,681,754	4,965,095
Total assets	**7,699,398**	8,012,889
OWNERS' EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	**87,813**	87,813
Reserves (note (a))	**(2,835,688)**	(1,462,729)
Total equity	**(2,747,875)**	(1,374,916)
LIABILITIES		
Non-current liabilities		
Borrowings	**4,798,912**	5,707,041
Current liabilities		
Trade and other payables	**310,085**	230,220
Amounts due to subsidiaries	**602,553**	373,673
Amounts due to a related party	**17,916**	17,916
Borrowings	**4,717,807**	3,058,955
	5,648,361	3,680,764
Total liabilities	**10,447,273**	9,387,805
Total equity and liabilities	**7,699,398**	8,012,889

The balance sheet of the Company was approved by the Board of Directors on 13 March 2023 and was signed on its behalf by:

Yan Hao
Director

Chen Chao
Director

42 Balance sheet and reserve movements of the Company (continued)

(a) Reserve movements of the Company

	Share premium RMB'000	Treasury shares RMB'000	Share award scheme RMB'000	Share option scheme RMB'000	Contributed surplus RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2021	**744,621**	**(9,573)**	**92,245**	**2,955**	**1,115,742**	**(2,364)**	**(3,406,355)**	**(1,462,729)**
Comprehensive income/(loss)								
Loss for the year 2021	**–**	**–**	**–**	**–**	**–**	**–**	**(1,053,182)**	**(1,053,182)**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive loss for the year 2021	**–**	**–**	**–**	**–**	**–**	**–**	**(1,053,182)**	**(1,053,182)**
Transactions with owners								
Share award scheme (Note 32)	**–**	**3,358**	**(2,763)**	**–**	**–**	**–**	**–**	**595**
Share option scheme (Note 32)	**–**	**–**	**–**	**242**	**–**	**–**	**–**	**242**
2020 final dividend (Note 34)	**(320,614)**	**–**	**–**	**–**	**–**	**–**	**–**	**(320,614)**
Balance at 31 December 2021	**424,007**	**(6,215)**	**89,482**	**3,197**	**1,115,742**	**(2,364)**	**(4,459,537)**	**(2,835,688)**
Balance at 1 January 2020	796,937	(10,073)	90,677	3,181	1,115,742	(2,364)	(2,987,057)	(992,957)
Comprehensive income/(loss)								
Loss for the year 2020	–	–	–	–	–	–	(419,298)	(419,298)
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive loss for the year 2020	–	–	–	–	–	–	(419,298)	(419,298)
Transactions with owners								
Share award scheme (Note 32)	–	500	1,568	–	–	–	–	2,068
Share option scheme (Note 32)	–	–	–	(226)	–	–	–	(226)
2019 final dividend (Note 34)	(309,160)	–	–	–	–	–	–	(309,160)
Place of new shares	256,844	–	–	–	–	–	–	256,844
Balance at 31 December 2020	744,621	(9,573)	92,245	2,955	1,115,742	(2,364)	(3,406,355)	(1,462,729)

43 Events after the reporting period

Save as disclosed below and in Note 2.1 and Note 19(e)-19(j) to the consolidated financial statements set out above, there is no other material subsequent event undertaken by the Group after 31 December 2021.

On 14 September 2022, the Company sold all shares and the shareholder's loan of its indirect wholly-owned subsidiary, Suzhou Jingyu Consulting Management Co., Ltd.* (蘇州璟譽諮詢管理有限公司) at a consideration of RMB103,573,295. It is expected that the Company will record a loss of approximately RMB36,124,963 from the disposal. Further details of disposal of the subsidiary are disclosed in the announcement of the Company dated 14 September 2022.

On 27 September 2022, the Company sold all shares and the shareholder's loan of its indirect wholly-owned subsidiary, Shanghai Jingxia Consulting Management Co., Ltd.* (上海精瑕諮詢管理有限公司) at a consideration of RMB38,300,000. It is expected that the Company will record a loss of approximately RMB12,332,324 from the disposal. Further details of disposal of the subsidiary are disclosed in the announcement of the Company dated 27 September 2022.

On 27 October 2022, the Company sold its 25% equity interest indirectly held in SHQ Investment Holdings II Limited at a consideration of RMB121,814,379. It is expected that the Company will record a loss of approximately RMB10,142,551 from the disposal. Further details of disposal of the associate are disclosed in the announcement of the Company dated 27 October 2022.

On 12 March 2023, the Company sold all shares of its indirect wholly-owned subsidiary, Shanghai Shenxin Real Estate Co., Ltd.* (上海申信房地產有限公司) at a consideration of RMB132,386,667. It is expected that the Company will record a profit of approximately RMB1,363,170 from the disposal. Further details of disposal of the subsidiary are disclosed in the announcement of the Company dated 12 March 2023.

44 Authorisation for issue of the financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 13 March 2023.

Five-Year Financial Information

1 Key data of income statement

	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Revenue	15,668,404	11,268,203	13,285,127	12,782,429	**13,551,644**
Cost of sales	(13,150,265)	(8,721,010)	(10,599,949)	(10,278,382)	**(11,111,689)**
Gross profit	2,518,139	2,547,193	2,685,178	2,504,047	**2,439,955**
Appreciation/(Depreciation) of investment properties under capital platform	38,760	388,051	(21,474)	56,687	**37,908**
Fair value (losses)/gains on investment properties under other platform	(2,796)	54,708	96,022	(17,000)	**1,000**
Selling and marketing costs	(363,862)	(307,179)	(385,575)	(522,334)	**(580,343)**
Administrative expenses	(607,751)	(780,274)	(606,562)	(664,564)	**(650,866)**
Other income	290,656	68,338	158,470	223,121	**20,574**
Other gains-net	136,051	228,830	146,740	327,373	**196,213**
Operating profit	2,009,197	2,199,667	2,072,799	1,907,330	**1,464,441**
Finance income	59,630	53,343	261,507	1,013,552	**590,338**
Finance costs	(170,332)	(337,650)	(526,987)	(752,519)	**(859,158)**
Finance (cost)/income-net	(110,702)	(284,307)	(265,480)	261,033	**(268,820)**
Share of results of joint ventures	(70,164)	(47,324)	170,409	40,609	**(189,355)**
Share of results of associates	(8,001)	172,387	172,148	130,034	**33,992**
Profit before income tax	1,820,330	2,040,423	2,149,876	2,339,006	**1,040,258**
Income tax expense	(916,398)	(737,532)	(864,866)	(1,065,502)	**(646,445)**
Profit for the year	903,932	1,302,891	1,285,010	1,273,504	**393,813**
Attributable to:					
Equity holders of the Company	805,761	1,031,919	903,591	958,092	**127,543**
Holders of perpetual capital instruments	20,472	–	–	–	**–**
Non-controlling interests	77,699	270,972	381,419	315,412	**266,270**
	903,932	1,302,891	1,285,010	1,273,504	**393,813**

2 Key data of financial position

	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Total non-current assets	7,967,327	9,933,699	11,831,982	12,108,187	**11,097,427**
Total current assets	31,209,859	37,948,896	40,531,207	56,211,056	**52,152,316**
Total assets	39,177,186	47,882,595	52,363,189	68,319,243	**63,249,743**
Total non-current liabilities	10,767,206	13,338,592	11,099,251	13,858,588	**13,001,227**
Total current liabilities	22,277,059	25,730,856	32,157,188	43,163,789	**39,011,524**
Total liabilities	33,044,265	39,069,448	43,256,439	57,022,377	**52,012,751**
Total equity attributable to:					
Equity holders of the Company	3,731,806	4,686,992	5,306,836	6,166,547	**6,038,491**
Holders of perpetual capital instruments	–	–	–	–	**–**
Non-controlling interests	2,401,115	4,126,155	3,799,914	5,130,319	**5,198,501**
Total equity	6,132,921	8,813,147	9,106,750	11,296,866	**11,236,992**

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