



2022 Annual Report

# COUNTRY GARDEN

Holdings Company Limited

碧桂園控股有限公司

Stock Code : 2007

(Incorporated in the Cayman Islands with limited liability)





## Design Concept

China's economy is back on track of development as soon as the pandemic has passed. 2023 is an important year that signifies the return to the path and opportunities of growth soaring to new heights. With the use of technology-rich lines, the moment the phoenix spreads its wings is depicted in the annual report. The phoenix is moving forward in a progressive and directional manner, which means Country Garden is firmly committed to its goal.

### WHAT IS COUNTRY GARDEN?

**Country Garden is a high-tech conglomerate working for society's happiness.**

**We are committed to robotics and technology-enabled construction**

The rapidly evolving, diverse technologies have culminated in the age of robotics. We commit ourselves to this wave of technological innovation by recruiting diverse talents into our over 300,000-strong staff. We draw on their expertise and harness the power of technology to create a better life for society and add impetus to the country's technological advancement and quality development.

We established Bright Dream Robotics to develop and apply construction robots, raising the level of intelligentization of construction work. Meanwhile, the company also develops, manufactures, and applies robots for catering, healthcare, agriculture, and services to communities.

We set up a technology-enabled construction group to develop a smart construction system that encompasses construction robots, a new type of prefabricated construction, smart equipment and digitalization through building information modeling (BIM). The effort aims at a perfect combination of workplace safety, quality, efficiency, environmental protection and technology. The company is also developing the businesses of undertaking housing construction and management projects for other parties, general contracting and labour sub-contracting as it initiates and promotes a transformation in the traditional construction sector.

**We build good housing and good communities**

Country Garden devotes itself to China's new type of urbanization. In the spirit of the craftsman, we design and build safe, healthy, aesthetic, affordable, suitable, and long-lasting housing, which comes with exquisite interior decoration, scenic gardens, comprehensive amenities and thoughtful services to the residents. We have converted over 1,400 rural towns to modern cities across the country, and more than five million people have chosen to make their homes in housing estates developed by Country Garden. We are proud to have contributed to the urbanization and modernization of our country.

**We throw ourselves into modern agriculture and rural revitalization**

We have founded an agricultural company that applies unmanned machines to develop industrial agriculture. This raises productivity and improves both crop yields and quality to help maintain food security.

We have also set up Biyouxuan, a company that helps farmers set up farm bases and distribution channels that bring diverse, safe, delicious and affordable agricultural produce from fields to urban communities, serving tens of thousands of families nationwide.

**We fulfil social responsibility**

We join charitable causes to promote common prosperity. Since its establishment, Country Garden, together with its founder, have donated a cumulative total of over RMB10 billion to charity and carried out its work in poverty alleviation and rural revitalization in 57 counties in 16 provinces across the country, benefitting 490,000 people. It will build on its achievements in poverty alleviation by helping to turn villages into harmonious and good places to live and work, thus contributing to rural revitalization.

Established in 1992, Country Garden was listed on the Stock Exchange of Hong Kong in 2007. It is also a constituent of the Hang Seng Index and has made it to the list of Fortune Global 500. In the past three years, it has paid an average of over RMB50 billion in tax annually. Country Garden fosters loyalty to the Communist Party of China and patriotism in its corporate culture. It aspires to be a conscientious, socially responsible and transparent company that works diligently for China's modernization and the Chinese Dream of national rejuvenation.

**Country Garden — We are here to make society a better place.**



## CONTENTS

### CORPORATE OVERVIEW

- 4 Corporate Profile
- 6 Core Value
- 8 Corporate Information

### PERFORMANCE

- 12 Chairman Statement
- 16 Business Overview
- 31 Five Years Financial Summary
- 32 Management Discussion and Analysis

### GOVERNANCE

- 42 Biographical Details of Directors and Senior Management
- 52 Corporate Governance Report
- 79 Report of the Directors

### FINANCIAL STATEMENTS

- 118 Independent Auditor's Report
- 126 Consolidated Statement of Financial Position
- 128 Consolidated Income Statement
- 129 Consolidated Statement of Comprehensive Income
- 130 Consolidated Statement of Changes in Equity
- 132 Consolidated Cash Flow Statement
- 134 Notes to the Consolidated Financial Statements
- 261 Glossary

The image is a cover for a corporate overview document. It features a modern, multi-story building with a large glass facade, reflecting the sky and surrounding trees. In the foreground, there are two large, white, perforated, conical structures on a paved plaza. The background shows a clear sky with a bright sun or light source, creating a lens flare effect. The overall color palette is light blue and white, with a subtle network of white lines and dots overlaid on the image, suggesting a digital or technological theme. The text 'CORPORATE OVERVIEW' is prominently displayed in the upper left quadrant in a bold, blue, sans-serif font.

# CORPORATE OVERVIEW



COUNTRY GARDEN  
鄉村星宿

COUNTRY GARDEN

LUXURY

LUXURY

# CORPORATE PROFILE

Country Garden Holdings Company Limited (stock code: 2007.HK) is one of the China's largest residential property developers that capitalizes on urbanization. With centralized management and standardization, the Group runs the businesses of property development, construction, interior decoration, property investment, and the development and management of hotels. Country Garden offers a broad range of products to cater for diverse demands, namely residential projects such as townhouses, condominiums, car parks and retail shop spaces. The Group also develops and manages hotels at some of its property projects with the aim of enhancing the properties' marketability. The Group's other businesses are robotics and modern agriculture.

Country Garden was listed on the main board of the Stock Exchange on 20 April 2007. The listing has allowed the Group to tap the international capital market for funds to sustain its healthy growth in the future. Since its listing, Country Garden has been recognized by the market for its business performance. The Group became a constituent stock of MSCI Global Standard Indices on 1 September 2007, of Hang Seng Composite Index and Hang Seng Mainland 100 on 10 September 2007, of FTSE China 50 Index on 14 September 2016, of Hang Seng China (Hong Kong-listed) 25 Index on 12 June 2017, of Hang Seng China 50 Index on 5 March 2018, and of Hang Seng China Enterprises Index on 17 June 2019. Country Garden is also a constituent stock of Hang Seng Index. All this shows that the capital market regards Country Garden as a major component of the Hong Kong stock market. This has also strengthened the Group's position in the international capital markets.



Since its establishment, Country Garden has been benefitting from China's thriving economy. Its business presence has been extended from Guangdong province to other economically vibrant regions of the country. Country Garden had projects of property development and operation in a number of locations of strategic importance in all the provinces, municipalities and autonomous regions of the country by the end of 2022. The Group ranked 138th in Fortune Global 500 as of August 2022.

Looking ahead, Country Garden will continue to enhance and consolidate its various community-based businesses that centre around its real estate business. It will do so by means of financing and integrating community resources. Specifically, it will build businesses that can meet all the needs in the entire human life cycle. All this can unlock the value of all of the Group's businesses and serve to reinforce its market leadership.



# CORE VALUE

# 1

## Value:

A transparent company with a conscience and social responsibility

# 2

## Vision:

Country Garden is a diversified technology company that creates a happy life for the world

# 3

## Corporate Mission:

Make the world a better place for having us in it

# 4

## Corporate Spirit:

Good for people and good for society

# 5

## Brand:

Five-star living for you





# THE COUNTRY GARDEN THAT I DREAM OF

- This is a company that brings together the best and the brightest
- This is a place where smart people come to excel
- This is a school where we learn to make ourselves better
- This is a big, happy family
- This is a company that values integrity, proper procedure, and the law
- This is a company of reason, always willing to correct itself
- This is a fair company, where hard work brings rewards
- This is a company that knows how to win, how to learn from experience, and apply what it learns
- This is a company that creates a happy life for the world.
- This company is good for the community, good for the economy, and good for its employees
- This is a company that the public knows and loves
- This is a company that is always striving for progress and for humanity

YEUNG Kwok Keung

# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Ms. YANG Huiyan  
(*Chairman*, succeeded on 1 March 2023)  
Mr. MO Bin (*President*)  
Ms. YANG Ziyang  
Dr. CHENG Guangyu  
(appointed on 20 December 2022)  
Ms. WU Bijun (appointed on 20 December 2022)  
Mr. SU Baiyuan  
Mr. YEUNG Kwok Keung (resigned on 1 March 2023)  
Mr. YANG Zhicheng (resigned on 20 December 2022)  
Mr. SONG Jun (resigned on 20 December 2022)

### Non-executive Director

Mr. CHEN Chong

### Independent Non-executive Directors

Mr. LAI Ming, Joseph  
Mr. SHEK Lai Him, Abraham  
Mr. TONG Wui Tung  
Mr. HUANG Hongyan  
Mr. TO Yau Kwok

## CHIEF FINANCIAL OFFICER

Ms. WU Bijun

## JOINT COMPANY SECRETARIES

Mr. LEUNG Chong Shun  
Mr. LUO Jie

## AUTHORIZED REPRESENTATIVES

Ms. YANG Huiyan  
Mr. MO Bin  
Ms. MA Shichao (*alternate to Ms. YANG Huiyan*)  
(appointed on 18 March 2022)  
Mr. LUO Jie (*alternate to Mr. MO Bin*)  
Mr. LI Chengran (*alternate to Ms. YANG Huiyan*)  
(resigned on 18 March 2022)

## AUDIT COMMITTEE

Mr. LAI Ming, Joseph (*Chairman*)  
Mr. SHEK Lai Him, Abraham  
Mr. TONG Wui Tung  
Mr. HUANG Hongyan

## REMUNERATION COMMITTEE

Mr. TONG Wui Tung (*Chairman*)  
Ms. YANG Huiyan (appointed on 1 March 2023)  
Mr. MO Bin  
Mr. LAI Ming, Joseph  
Mr. SHEK Lai Him, Abraham  
Mr. HUANG Hongyan  
Mr. YEUNG Kwok Keung (resigned on 1 March 2023)

## NOMINATION COMMITTEE

Ms. YANG Huiyan  
(appointed as Chairman on 1 March 2023)  
Mr. LAI Ming, Joseph  
Mr. TONG Wui Tung  
Mr. HUANG Hongyan  
Mr. YEUNG Kwok Keung (resigned on 1 March 2023)

## CORPORATE GOVERNANCE COMMITTEE

Ms. YANG Huiyan  
(appointed as Chairman on 1 March 2023)  
Mr. MO Bin  
Dr. CHENG Guangyu (appointed on 1 March 2023)  
Mr. YEUNG Kwok Keung (resigned on 1 March 2023)

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Ms. YANG Huiyan  
(appointed as Chairman on 1 March 2023)  
Mr. MO Bin  
Dr. CHENG Guangyu (appointed on 1 March 2023)  
Mr. LAI Ming, Joseph  
Mr. SHEK Lai Him, Abraham  
Mr. TONG Wui Tung  
Mr. YEUNG Kwok Keung (resigned on 1 March 2023)

## EXECUTIVE COMMITTEE

Ms. YANG Huiyan  
(appointed as Chairman on 1 March 2023)  
Mr. MO Bin  
Ms. YANG Ziyang  
Dr. CHENG Guangyu (appointed on 1 March 2023)  
Mr. YEUNG Kwok Keung (resigned on 1 March 2023)  
Mr. YANG Zhicheng (resigned on 20 December 2022)

## FINANCE COMMITTEE\*

Ms. WU Bijun (*Chairman*)  
Ms. YANG Huiyan  
Mr. MO Bin  
Ms. YANG Ziyang  
Dr. CHENG Guangyu (appointed on 20 December 2022)  
Mr. YANG Zhicheng (resigned on 20 December 2022)

\* Other two members are senior management of the finance centre of the Company

## REGISTERED OFFICE

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

**PRINCIPAL PLACE OF BUSINESS IN THE PRC**

Country Garden Centre  
No. 1 Country Garden Road  
Beijiao Town, Shunde District, Foshan  
Guangdong Province 528312  
The PRC

**PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Suite 1702, 17/F.  
Dina House, Ruttonjee Centre  
11 Duddell Street  
Central, Hong Kong

**PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3  
Building D, P.O. Box 1586  
Gardenia Court, Camana Bay  
Grand Cayman, KY1-1100  
Cayman Islands

**HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

**PRINCIPAL BANKERS****(In Alphabetical Order)**

Agricultural Bank of China Limited  
Bank of Beijing Co., Ltd.  
Bank of China (Hong Kong) Limited  
Bank of China Limited  
China CITIC Bank Corporation Limited  
China Construction Bank Corporation  
China Development Bank Corporation  
China Everbright Bank Company Limited  
China Guangfa Bank Co., Ltd.  
China Merchants Bank Co., Ltd.  
China Minsheng Banking Corp., Ltd.  
China Zheshang Bank Co., Ltd.  
Chong Hing Bank Limited  
CIMB Bank Berhad  
CMB Wing Lung Bank Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China Limited  
Industrial Bank Co., Ltd.  
Malayan Banking Berhad  
Ping An Bank Company Limited  
Postal Savings Bank of China  
Shanghai Pudong Development Bank Co., Ltd.  
Standard Chartered Bank (Hong Kong) Limited  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking Corporation Limited

**AUDITOR**

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity Auditor

**LEGAL ADVISORS****As to Hong Kong law:**

Woo Kwan Lee & Lo  
Sidley Austin  
Lu, Lai & Li  
Baker & McKenzie

**As to PRC law:**

Allbright Law Offices  
DeHeng Law Offices  
Dentons Law Firm  
Grandall Law Firm  
Guangdong GuoDing Law Firm  
King & Wood Mallesons  
TianTong Law Firm  
Yingke Law Firm

**STOCK CODES**

|                |                |
|----------------|----------------|
| Stock Exchange | 2007           |
| Reuters        | 2007.HK        |
| Bloomberg      | 2007 HK Equity |

**WEBSITE**

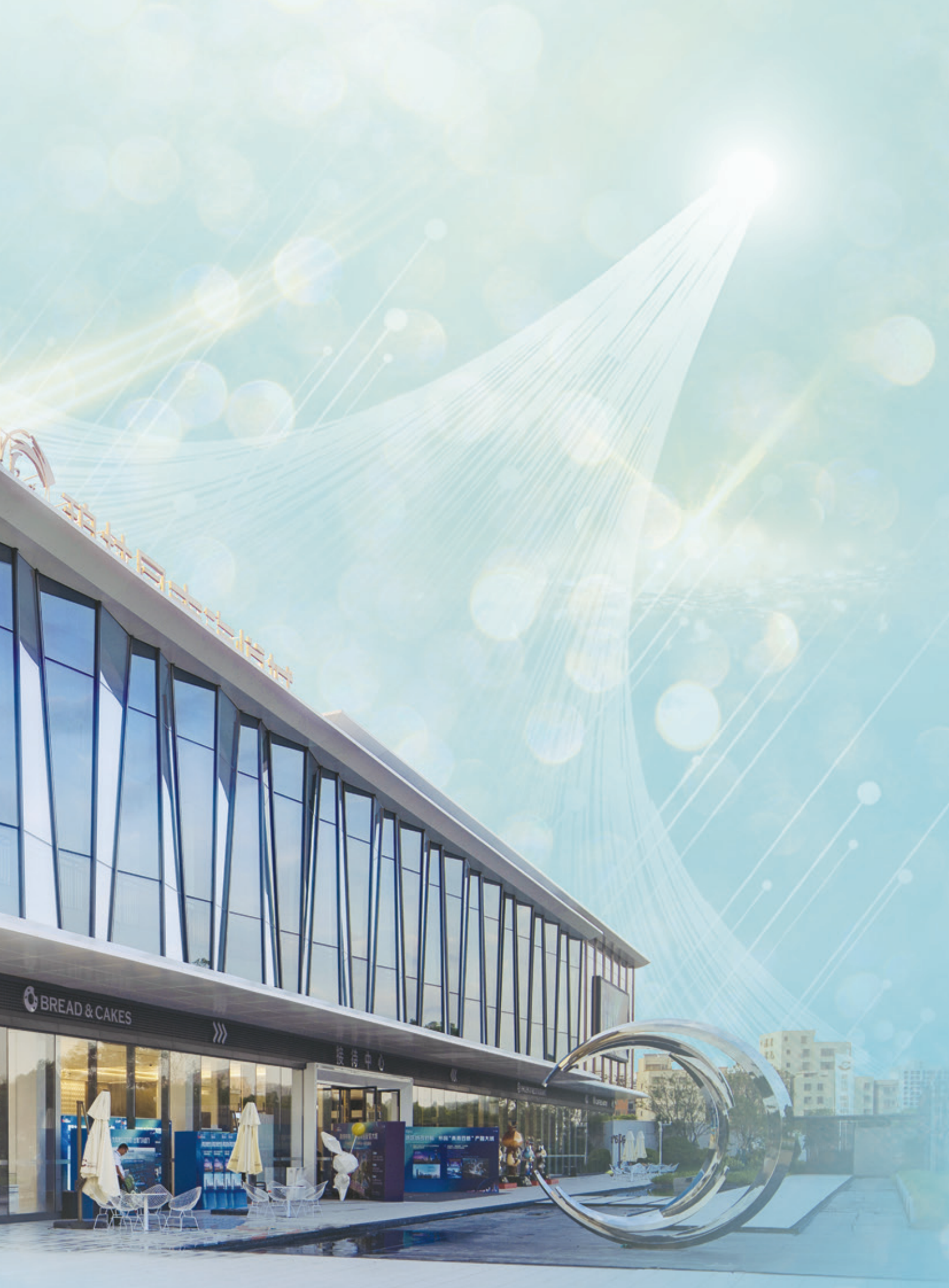
<http://www.countrygarden.com.cn>

**FINANCIAL CALENDAR 2023**

|                                      |          |
|--------------------------------------|----------|
| Announcement of 2022 annual results  | 30 March |
| 2023 AGM                             | 23 May   |
| Announcement of 2023 interim results | August   |

# PERFORMANCE





BREAD & CAKES



5000

2020

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

1000

# CHAIRMAN STATEMENT



**YANG Huiyan**  
Chairman

## **Yesterday, we shouldered responsibility through thick and thin.**

2022 was a year like no other. China's property sector experienced an unprecedentedly difficult business environment that can be described as a harsh winter. It saw sales plunge by 26.7% and investment fall by 10% during the year. Frequent outbreaks of property developers' credit crises, sales in the doldrums, and lack of confidence among businesses affected all the market participants. Most property developers underwent severe trials of survival. Country Garden remained cohesive and determined to overcome difficulties and cope with exacting challenges. Although the Group had to make a concession in terms of its profitability amid the downturn in the industry, it still performed steadily with prudence. The Group and its joint ventures and associates together delivered a total of nearly 700,000 housing units throughout the year, ranking first in the industry. The Group has also safeguarded its sound financial position and good credit record. It steadfastly fulfilled its corporate social responsibility as a high-performing industry leader.

For the year ended 31 December 2022 ("Year"), the Group and its joint ventures and associates together recorded approximately RMB357.47 billion in contracted sales attributable to the shareholders of the Company. The overall sell-through rate for the whole year reached 65%. Cash collected from property sales attributable to the shareholders of the Company was RMB332.48 billion with a cash collection ratio higher than 90% for seven consecutive years. During the Year, the Group recorded approximately RMB430.37 billion in revenue and approximately RMB2.61 billion in core net profit attributable to the owners of the Company. The Group maintained a prudent approach to making decision about investment. It purchased lands at a lower premium in Foshan, Zhangjiakou and Lanzhou. As at the end of the Year, the Group's attributable salable resources totaled approximately RMB955.50 billion.

In financial management, the Group kept reducing the gearing ratio as it aimed for steady progress towards long-term success. As at 31 December 2022, the Group had available cash of RMB147.55 billion, which was still at a stable level compared with that at the middle of 2022. Total interest-bearing debts decreased

to RMB271.31 billion and net gearing ratio was 40.0%, down by 5.4 percentage points compared with that at the end of 2021. It was against the backdrop of lackluster property sales and shattered confidence in the capital market that the Group was maintaining adequate available cash, which is the core objective of its financial management, to ensure on-time repayment of its bonds due in 2022. It also actively explored diverse channels for financing. In 2022, the Group raised a total of nearly RMB10 billion on the market through direct financing. It obtained intentional comprehensive credit line of over RMB300 billion from more than ten banks. This has fully reflected the regulatory authorities' and financial institutions' support to the Group and their recognition of its performance. During the period of turbulence in the industry, the controlling shareholder and the management stood united with the Group by purchasing the Company's bonds and senior notes on the secondary market and by providing interest-free and unsecured loans to the Company. The controlling shareholder, in particular, provided the Company with an interest-free and unsecured loan of HKD5.055 billion. The controlling shareholder and the management showed their full support to the Group through thick and thin, manifesting the strong cohesion fostered by a good corporate culture.

### **Today, we brace ourselves for a long and arduous journey.**

Founded in Beijiao Town, Foshan City in 1992, Country Garden passed many milestones in its development — it got listed on the Stock Exchange of Hong Kong in 2007; its annual sales exceeded RMB100 billion in 2013; the Company made it to the list of Fortune Global 500 for the first time in 2017; and it has now developed into a high-performing, industry-leading, civilian-owned property developer. All these successes are attributable to Mr. Yeung's perseverance, determination and dedication. I am fortunate to have taken over the chairmanship of the board of directors of Country Garden which has already developed strong fundamentals through the accumulation of many years of experience in the course of its development and has a seasoned, stable management team. Yet, I am also confronted with the challenges of leading Country

Garden at a time when the property market has entered a new stage of development, transitioning from the phase of rapid growth to that of stabilization, and when both the business model and competitive landscape have changed radically. All this makes me sense the burden of responsibility. Only by initiating change and excelling itself can a company survive and aspire to a bright future. We will distill the Company's years of experience into a foundation for even better business practices and remain both customer-centric and market-oriented. We will make use of such an advantageous technology as smart construction to actively explore new ways of developing in the property sector while working for the good of people and society as a high-tech conglomerate.

2023 is a year that marks both the beginning of the national development plan according to the resolution of the 20th National Congress of the Communist Party of China and the 31st anniversary of Country Garden. A host of policies favourable to the development of economy and the property sector have been restoring industry players' confidence. The property market has bottomed out and can look forward to a recovery. However, we have to keep clear-headed because the market will not recover overnight. The property sector is still under great strain. To make the best of the situation, Country Garden will work to ensure workplace safety and punctual delivery of finished housing units, and to keep the assets intact. It will also keep enhancing its overall competitiveness throughout property projects' life cycle and optimizing its product system according to the market's needs and demand. It will improve both the quality and efficiency with the help of smart construction. Just as importantly, it will make an all-out effort to undertake public housing construction and management projects for the government to help new migrants and young people solve the housing problems.

The new business environment of the property sector has posed more exacting requirements to the industry players. The Group will promptly adapt itself to the changes in the market by cultivating a crop of regional presidents with strong overall competence in business operation and management. By adjusting the organizational structure, it will enable the excellent

# CHAIRMAN STATEMENT



Country Garden — Shenhui Garden Phase II Project, Huizhou

business managers to give their capabilities and strengths full play while ensuring the continuity of the efforts to further develop the local markets, thus allowing the Group to fully leverage its rich experience, strengths and business presence that it has built up over the years of thorough development of the local markets. Meanwhile, when making decision about investment in property projects and lands, the Group will only choose the best of the best by such criteria as the key variables of the cities, namely the demographics of the migrant population, industrial composition, economic strength and the level of housing inventory. It will sharpen its focus on the first- and second-tier cities as well as the core districts of the third- and fourth-tier cities so as to meet the expectations about the profitability of the newly acquired assets. Furthermore, in the light of the slow recovery in the property market, Country Garden will stick to the path of quality development, do its best in budget management with adequate cash flow and profitability as top priorities, and aim for preservation and appreciation of the value of the existing assets at the lowest cost. There have been signs of a recovery in

the capital market's confidence. The Group will, therefore, capitalize on the government favourable policies on financing and actively explore diverse channels for raising fund. This will enable it to reduce the amount of interest-bearing debts gradually in the light of the changes in the market conditions and to keep optimizing the debt structure, thus restoring the balance sheet to better health.

### **Tomorrow, we will persevere and remain hopeful about the future**

Technological innovation is the theme of development in our time. To grasp opportunities in the trend, the Group is determined to transform itself into a high-tech enterprise. It has committed itself to developing the businesses of construction robots and smart construction, successively establishing Guangdong Bright Dream Robotics Co., Ltd. ("Bright Dream Robotics") and a technology-enabled construction group to explore the possibility of developing a technology-enabled construction solution that encompasses construction robots as the core



technology, building information modeling (BIM), prefabricated construction and new systems. As at the end of January 2023, 33 types of Bright Dream Robotics' construction robots had been commercialized and put to work. They can be applied throughout the cycle of smart construction procedure. A cumulative total of over 1,700 units of such construction robots have been delivered and applied to more than 600 construction projects in 30 provinces/autonomous regions/municipalities and have completed a cumulative total of over 10 million sq.m. of floor area under construction. Country Garden has now become the leader in smart construction in China after it has developed, produced and applied construction robots and other products that enable both digitalization through building information modeling (BIM) and the industrialization of new types of construction technology. The Group's robotic technology has been rated in China as internationally advanced in six aspects and has over 3,000 licensed patents, including over 1,000 patents of invention.

The government is stepping up its efforts to build a housing system that encompasses multiple suppliers of housing, supply of public housing through diverse channels, and equal emphases on rental housing and home purchase. Specifically, the supply of housing, including that of the public housing, at multiple levels presents new opportunities for the business of undertaking housing construction and management projects for the government or corporations. Smart construction, as a technology that can enhance both the quality and efficiency of property development, will open up more room for the Company's further business development. In the future, undertaking housing construction and management projects for the government or corporations will become one of the Company's key businesses. We will leverage the Group's extensive business presence to meet the market's demand, especially by undertaking public housing construction and management projects for the government. The Group will carry out such projects in the spirit of the craftsman in order to develop that business into a new growth driver.

The Group is always mindful of the opportunities and challenges posed by the State's strategies of attaining carbon emission peak and carbon neutrality as well as sustainable development. To meet stakeholders' expectations, Country Garden has been pushing forward with sustainability practices and has just published its 14th sustainability report on its performance. The Group has made sustainability part of its own development strategy and has included it in its business planning. It has embarked on diverse sustainability initiatives according to its own conditions, and they can be summed up in the watchwords of "stringent corporate governance, quality first, building a green future together, people-oriented, and harmony". Answering the appeals for targeted poverty alleviation programs and rural revitalization, the Group has donated a cumulative total of over RMB10.5 billion to charity and carried out its work in poverty alleviation and rural revitalization in 57 counties in 16 provinces, benefitting over 10 million people. In the future, the Group will continue to devote itself to green, sustainable development and charitable causes as a way to fulfil its corporate social responsibility and thus to work tirelessly to help people meet their aspirations for a better life.

### Epilogue

However long and arduous the journey is, every step counts towards the goal. Country Garden was able to forge ahead despite uncertainties in the past year, thanks to recognition by the home owners, the support from the regulatory authorities, financial institutions, business partners and investors, as well as the hard work of the whole staff. On behalf of the board of directors, I would like to express my gratitude to the management and the entire staff for their contribution to the Company's achievements. Having survived the winter, we can expect the imminent arrival of the spring. All of us at Country Garden should have our feet on the ground and persevere in creating value for society and shareholders alike.

**Yang Huiyan**

*Country Garden Holdings Company Limited  
Chairman*

Foshan, Guangdong Province,  
The PRC, 30th March 2023

# BUSINESS OVERVIEW

## PROPERTY DEVELOPMENT

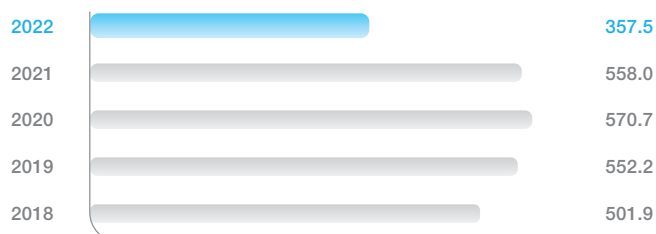
### Contracted Sales

In 2022, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB357.5 billion with contracted sales GFA attributable to the shareholders of the Company of approximately 44.50 million sq.m.

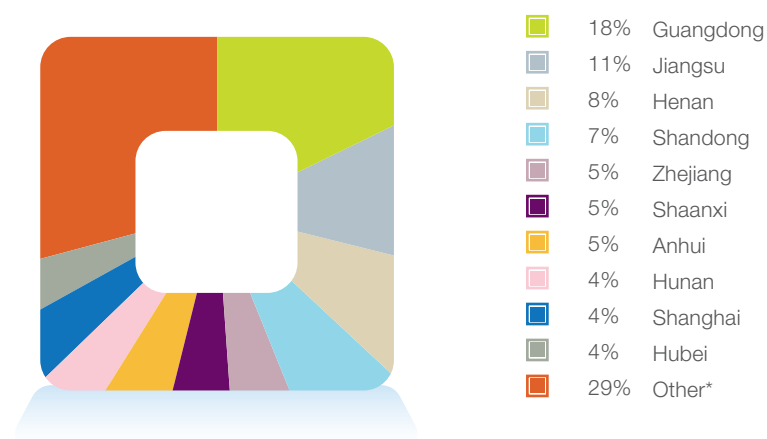
In 2022, the attributable contracted sales outside Guangdong Province was around 82% of that of the Group, reflecting the Group's efforts in geographic diversification.

In terms of tier cities, around 60% of the attributable contracted sales in Mainland China was contributed by projects located in tier 3&4 cities targeting tier 3&4 cities, around 26% was contributed by projects located in tier 2 cities targeting tier 2 cities and 14% was contributed by the others.

Attributable contracted sales (RMB billion)

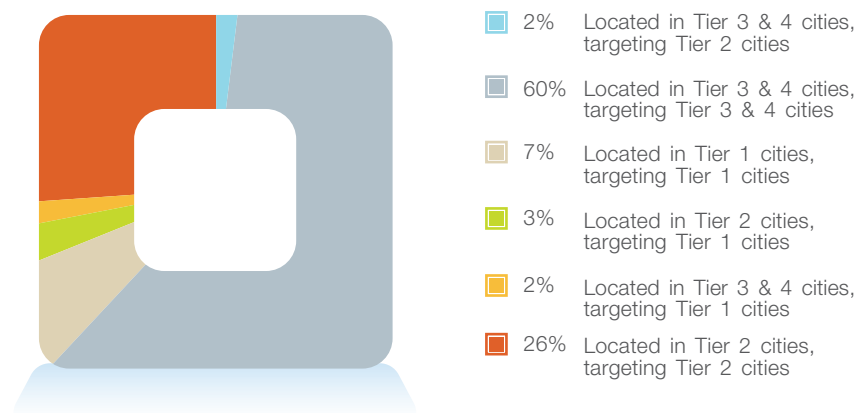


Geographical breakdown of contracted sales In 2022 (By Attributable Value)

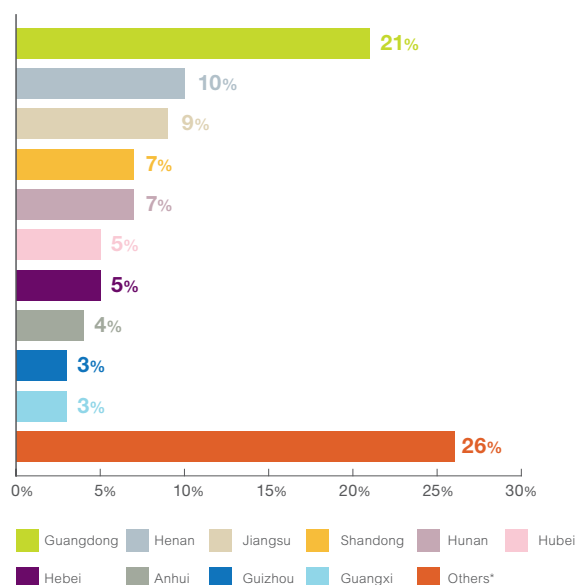


Note: Other\* include Hebei, Hainan, Jiangxi, Sichuan, Guangxi, Liaoning, Shanxi, Fujian, Guizhou, Gansu, Yunnan, Beijing, Chongqing, Inner Mongolia, Xinjiang, Qinghai, Tianjin, Malaysia, Jilin, Thailand, Ningxia, Australia, United States, Heilongjiang, Indonesia, India, Hong Kong, Tibet, United Kingdom, New Zealand.

Contracted sales breakdown in Mainland China by city type in 2022 (By Attributable Value)



### Landbank breakdown by province in Mainland China (By attributable GFA)

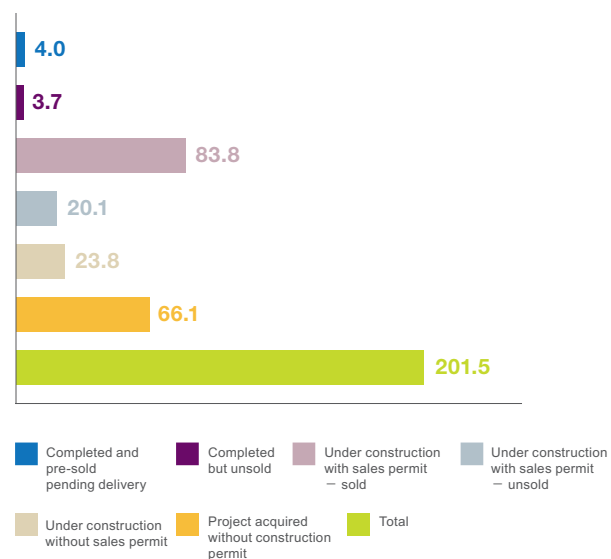


### Landbank – Mainland China

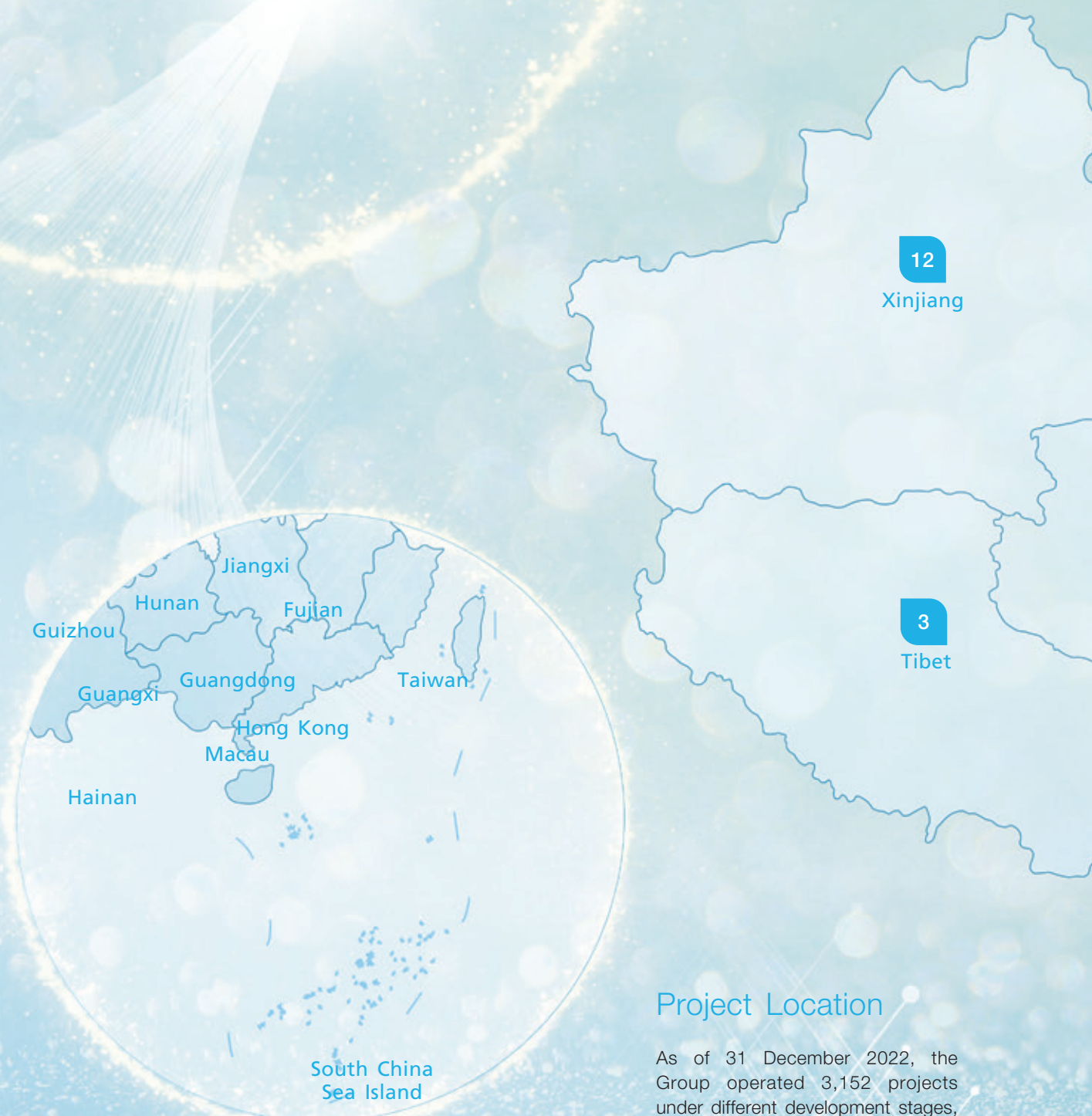
As of 31 December 2022, the acquired attributable GFA in Mainland China together with its joint venture and associates was 201.5 million sq.m. 79% of the landbank was located outside of Guangdong province.

Other\* include Sichuan, Shaanxi, Liaoning, Zhejiang, Shanxi, Gansu, Jiangxi, Hainan, Inner Mongolia, Xinjiang, Yunnan, Fujian, Chongqing, Tianjin, Beijing, Qinghai, Jilin, Shanghai, Heilongjiang, Ningxia, Tibet.

### Attributable landbank GFA breakdown by development stage in Mainland China (million sq.m.)



# BUSINESS OVERVIEW



## Project Location

As of 31 December 2022, the Group operated 3,152 projects under different development stages, 3,121 of these projects were located in Mainland China and 31 were outside Mainland China.

As of 31 December 2022, the Group's

**3,121** projects  
in **Mainland**  
were located as follows:



# BUSINESS OVERVIEW

## Top 100 Projects of Equity Contract Sales in Mainland China in 2022<sup>(1)</sup>

| Serial number | Project  | City (District)            | Aggregate saleable GFA for entire project | Completed property developments <sup>(2)</sup> |                                       |  |  |
|---------------|--|----------------------------|---|--|---------------------------------------|--|--|
|               |  |                            |   | Total completed saleable GFA                   | Total saleable GFA sold and delivered | Total saleable GFA pre-sold pending delivery |  |
|               |  |                            | sq.m.                                     | sq.m.  | sq.m.                                 | sq.m.  |  |
| 1             | Country Garden – Baiyue Qianwan<br>(碧桂園•柏悅前灣)                            | Shanghai (Minhang)         | 102,736                                   |  |                                       |  |  |
| 2             | Robot Valley Innovation and Research Center Talent Room<br>(機器人谷創研中心人才房) | Foshan (Shunde)            | 195,702                                   | 168,162  |                                       | 167,083                                      |  |
| 3             | Country Garden – Phoenix<br>(碧桂園•鳳凰城)                                    | Zhejiang (Jurong)          | 6,908,255                                 | 4,696,704                                      | 4,538,636                             | 1,785  |  |
| 4             | Shaoguan Country Garden – Sun City<br>(韶關碧桂園•太陽城)                        | Shaoguan (Wujiang)         | 3,868,217                                 | 2,423,528                                      | 2,335,413                             | 87,979                                       |  |
| 5             | Country Garden – Songhu Tianyue<br>(碧桂園•松湖天悅)                            | Dongguan (Hengli)          | 228,903                                   | 130,959  | 129,822                               | 677  |  |
| 6             | Lanzhou Country Garden<br>(蘭州碧桂園)  | Lanzhou (Chengguan)        | 5,759,310                                 | 3,093,001                                      | 3,087,265                             | 5,317  |  |
| 7             | Asian Games City<br>(亞運城)  | Guangzhou (Panyu)          | 1,060,524                                 | 728,897  | 728,897                               |  |  |
| 8             | Country Garden – Jiuhuatai<br>(碧桂園•玖華台)                                  | Xinxiang (Changyuan)       | 206,337                                   |  |                                       |  |  |
| 9             | Country Garden – Yunyue Bizhen<br>(碧桂園•雲樾碧臻)                             | Foshan (Nanhai)            | 240,121                                   | 58,754   | 26,612                                | 27,634                                       |  |
| 10            | Country Garden – Phoenix<br>(碧桂園•鳳凰城)                                    | Zhongshan (South District) | 982,719                                   | 480,493  | 480,355                               |  |  |
| 11            | Country Garden – Century City<br>(碧桂園•世紀城)                               | Maoming (Xinyi)            | 413,821                                   | 94,352   | 93,829                                | 152  |  |
| 12            | Country Garden – Fu'an Garden<br>(碧桂園•富安花園)                              | Dongguan (Chang'an)        | 40,771                                    | 40,771   | 39,216                                | 1,555  |  |
| 13            | Country Garden – Yunding<br>(碧桂園•雲頂)                                     | Qingyang (Xifeng)          | 124,276                                   |  |                                       |  |  |
| 14            | Country Garden Phoenix<br>(碧桂園鳳凰城)                                       | Baoji (Weibin)             | 1,045,636                                 | 318,879  | 318,879                               |  |  |
| 15            | Country Garden – Yunlu Jiuli<br>(碧桂園•雲麓九裡)                               | Liaocheng (Dongchangfu)    | 167,170                                   |  |                                       |  |  |
| 16            | Country Garden – Impression of Taipei<br>(碧桂園•臺北印象)                      | Jincheng (Gaoping)         | 133,006                                   |  |                                       |  |  |
| 17            | Country Garden – Xinghui<br>(碧桂園•星匯)                                     | Liaocheng (Dongchangfu)    | 282,527                                   |  |                                       |  |  |
| 18            | Country Garden – Shili Silver Beach<br>Victoria Harbour<br>(碧桂園•十裡銀灘維港灣) | Huizhou (Huidong)          | 921,772                                   | 668,815  | 588,811                               | 35,685                                       |  |
| 19            | Country Garden – Xingyue Bay<br>(碧桂園•星月灣)                                | Wenzhou (Longgang)         | 99,585                                    |  |                                       |  |  |

| Completion date | Properties under development <sup>(3)</sup> |                             |   |                           | Properties for future development <sup>(4)</sup> |                                      |                           |
|-----------------|---|-----------------------------|---|---------------------------|--|--------------------------------------|---------------------------|
|                 | Total saleable GFA under development        | Total saleable GFA pre-sold | Actual/Estimated pre-sale commencement date | Estimated completion date | GFA for future development                       | Estimated pre-sale commencement date | Estimated completion date |
|                 | sq.m.                                       | sq.m.                       |   |                           | sq.m.  |                                      |                           |
|                 | 102,736                                     | 86,113                      | 2022/3/21                                   | 2nd Quarter, 2024         |  |                                      |                           |
| 2022/12/21      | 27,540                                      | 27,540                      | 2022/9/29                                   | 2nd Quarter, 2023         |  |                                      |                           |
| 2022/09/19      | 751,447                                     | 224,543                     | 2021/12/29                                  | 4th Quarter, 2028         | 1,460,104  | 2nd Quarter, 2023                    | 4th Quarter, 2030         |
| 2022/11/16      | 486,198                                     | 300,775                     | 2021/4/23                                   | 4th Quarter, 2025         | 958,491  | 1st Quarter, 2023                    | 4th Quarter, 2029         |
| 2022/09/19      | 97,944                                      | 93,923                      | 2020/10/30                                  | 2nd Quarter, 2024         |  |                                      |                           |
| 2022/09/16      | 777,852                                     | 655,684                     | 2020/8/21                                   | 3rd Quarter, 2025         | 1,888,457  | 2nd Quarter, 2023                    | 4th Quarter, 2030         |
| 2022/11/22      | 331,627                                     | 169,948                     | 2021/3/30                                   | 2nd Quarter, 2025         |  |                                      |                           |
|                 | 203,477                                     | 157,484                     | 2021/8/11                                   | 4th Quarter, 2024         | 2,860  | 1st Quarter, 2023                    | 1st Quarter, 2025         |
| 2022/09/09      | 181,367                                     | 101,916                     | 2020/12/18                                  | 4th Quarter, 2024         |  |                                      |                           |
| 2020/12/17      | 343,816                                     | 212,058                     | 2021/2/5                                    | 2nd Quarter, 2025         | 158,410  | 2nd Quarter, 2023                    | 4th Quarter, 2025         |
| 2022/12/21      | 319,469                                     | 218,137                     | 2020/12/11                                  | 4th Quarter, 2024         |  |                                      |                           |
| 2022/10/08      |   |                             |   |                           |  |                                      |                           |
|                 | 124,276                                     | 115,383                     | 2021/9/17                                   | 2nd Quarter, 2024         |  |                                      |                           |
| 2022/12/26      | 424,215                                     | 267,131                     | 2021/6/17                                   | 2nd Quarter, 2025         | 302,542  | 2nd Quarter, 2023                    | 4th Quarter, 2026         |
|                 | 167,170                                     | 109,091                     | 2021/5/31                                   | 3rd Quarter, 2024         |  |                                      |                           |
|                 | 133,006                                     | 118,104                     | 2021/10/29                                  | 4th Quarter, 2024         |  |                                      |                           |
|                 | 282,527                                     | 190,201                     | 2021/6/18                                   | 4th Quarter, 2024         |  |                                      |                           |
| 2022/09/20      | 134,480                                     | 29,504                      | 2020/9/25                                   | 4th Quarter, 2024         | 118,477  | 1st Quarter, 2023                    | 4th Quarter, 2025         |
|                 | 99,585                                      | 59,142                      | 2021/12/7                                   | 4th Quarter, 2024         |  |                                      |                           |

# BUSINESS OVERVIEW

| Serial number | Project  | City (District)                                 | Aggregate saleable GFA for entire project | Completed property developments <sup>(2)</sup> |                                       |  |       |
|---------------|--|---|---|--|---------------------------------------|--|-------|
|               |  |   |   | Total completed saleable GFA                   | Total saleable GFA sold and delivered | Total saleable GFA pre-sold pending delivery |       |
|               |  |   |   | sq.m.  | sq.m.                                 | sq.m.  | sq.m. |
| 20            | Country Garden — Spring City Image<br>(碧桂園 • 春城映象)     | Kunming (Wuhua)                                 | 471,531                                   | 311,990  | 310,514                               | 1,232  |       |
| 21            | Country Garden — Golden Age<br>(碧桂園 • 黃金時代)            | Shangrao (Xinzhou)                              | 263,729                                   |  |                                       |  |       |
| 22            | Country Garden — Pangshan Cuidi<br>(碧桂園 • 畔山翠堤)        | Sanya (Jiyang)                                  | 99,285                                    | 97,989   |                                       | 49,056                                       |       |
| 23            | Shaoguan Country Garden<br>(韶關碧桂園)                     | Shaoguan (Zhenjiang)                            | 4,047,153                                 | 3,258,180                                      | 3,253,638                             | 1,075  |       |
| 24            | Country Garden, Yanshan Road<br>(弇山路碧桂園)               | Suzhou (Taicang)                                | 124,988                                   |  |                                       |  |       |
| 25            | Country Garden — Yonghua Mansion<br>(碧桂園 • 雍華府)        | Handan (Revival)                                | 224,908                                   |  |                                       |  |       |
| 26            | Country Garden — Binjiang Bay<br>(碧桂園 • 濱江灣)           | Jiangmen (Pengjiang)                            | 224,395                                   |  |                                       |  |       |
| 27            | Anning Country Garden<br>(安寧碧桂園)                       | Lanzhou (Anning)                                | 372,256                                   | 192,400  | 191,169                               | 704  |       |
| 28            | Country Garden — Tianhe Elegant Garden<br>(碧桂園 • 天和雅園) | Suzhou (Taicang)                                | 39,906                                    |  |                                       |  |       |
| 29            | Lvliang Country Garden<br>(呂梁碧桂園)                      | Lv Liang (Lishi)                                | 327,440                                   | 54,674   | 53,243                                | 1,324  |       |
| 30            | Country Garden — Jiyang Mansion<br>(碧桂園 • 暨陽府)         | Wuxi (Jiangyin)                                 | 709,848                                   | 367,595  | 367,595                               |  |       |
| 31            | Country Garden — Jade Tianlu<br>(碧桂園 • 翡翠天麓)           | Tangshan (Qian'an)                              | 171,402                                   |  |                                       |  |       |
| 32            | Country Garden — Jiangyu City<br>(碧桂園 • 江嶼城)           | Jiujiang (Xiushui)                              | 329,963                                   |  |                                       |  |       |
| 33            | Country Garden — Phoenix Star<br>(碧桂園 • 鳳凰星著)          | Zibo (Zhangdian)                                | 216,121                                   |  |                                       |  |       |
| 34            | Country Garden — Fengqitai<br>(碧桂園 • 鳳棲台)              | Datong (Pingcheng)                              | 404,526                                   |  |                                       |  |       |
| 35            | Country Garden — Fenghuang Yipin<br>(碧桂園 • 鳳凰壹品)       | Liaocheng (Dongchangfu)                         | 154,167                                   |  |                                       |  |       |
| 36            | Country Garden — Chama Ancient Town<br>(碧桂園 • 茶馬古鎮)    | Guiyang (Qingzhen)                              | 1,028,637                                 | 482,174  | 482,174                               |  |       |
| 37            | Country Garden — Dragon City Era<br>(碧桂園 • 龍城時代)       | Quzhou (Longyou)                                | 115,065                                   |  |                                       |  |       |
| 38            | Country Garden Smart City<br>(碧桂園智慧城市)                 | Changsha (Yuelu)                                | 517,612                                   | 93,067   | 83,463                                | 7,002  |       |
| 39            | Xingan League Country Garden<br>(興安盟碧桂園)               | Xing'an League (Horqin Right Wing Front Banner) | 1,191,424                                 | 963,870  | 892,677                               | 71,072                                       |       |
| 40            | Urumqi Country Garden<br>(烏魯木齊碧桂園)                     | Urumqi (Midong)                                 | 562,140                                   | 335,816  | 335,816                               |  |       |



| Completion date | Properties under development <sup>(3)</sup> |                             |   |                           | Properties for future development <sup>(4)</sup> |                                      |                           |
|-----------------|---|-----------------------------|---|---------------------------|--|--------------------------------------|---------------------------|
|                 | Total saleable GFA under development        | Total saleable GFA pre-sold | Actual/Estimated pre-sale commencement date | Estimated completion date | GFA for future development                       | Estimated pre-sale commencement date | Estimated completion date |
|                 | sq.m.                                       | sq.m.                       |   |                           | sq.m.  |                                      |                           |
| 2022/01/06      | 159,541                                     | 149,227                     | 2020/8/7                                    | 4th Quarter, 2023         |  |                                      |                           |
|                 | 179,774                                     | 143,887                     | 2021/4/16                                   | 4th Quarter, 2024         | 83,955   | 1st Quarter, 2023                    | 3rd Quarter, 2025         |
| 2022/11/25      | 1,296                                       | 190                         | 2021/11/29                                  | 3rd Quarter, 2023         |  |                                      |                           |
| 2022/09/28      | 350,648                                     | 211,111                     | 2021/4/23                                   | 2nd Quarter, 2025         | 438,325  | 2nd Quarter, 2023                    | 4th Quarter, 2027         |
|                 | 124,988                                     | 86,869                      | 2021/1/29                                   | 4th Quarter, 2023         |  |                                      |                           |
|                 | 224,908                                     | 145,728                     | 2020/10/30                                  | 4th Quarter, 2024         |  |                                      |                           |
|                 | 109,476                                     | 50,599                      | 2021/12/16                                  | 2nd Quarter, 2024         | 114,919  | 1st Quarter, 2023                    | 4th Quarter, 2026         |
| 2022/08/16      | 179,856                                     | 152,522                     | 2019/11/22                                  | 4th Quarter, 2023         |  |                                      |                           |
|                 | 39,906                                      | 27,762                      | 2021/10/26                                  | 3rd Quarter, 2024         |  |                                      |                           |
| 2022/11/28      | 272,766                                     | 211,567                     | 2019/12/27                                  | 4th Quarter, 2023         |  |                                      |                           |
| 2022/12/20      | 342,253                                     | 302,005                     | 2020/7/31                                   | 4th Quarter, 2023         |  |                                      |                           |
|                 | 137,852                                     | 106,209                     | 2021/7/15                                   | 3rd Quarter, 2024         | 33,550   | 2nd Quarter, 2023                    | 4th Quarter, 2024         |
|                 | 232,862                                     | 171,249                     | 2021/6/4                                    | 4th Quarter, 2024         | 97,101   | 1st Quarter, 2023                    | 1st Quarter, 2026         |
|                 | 187,168                                     | 113,017                     | 2021/5/13                                   | 4th Quarter, 2024         | 28,953   | 2nd Quarter, 2023                    | 4th Quarter, 2024         |
|                 | 404,526                                     | 237,096                     | 2020/9/30                                   | 2nd Quarter, 2025         |  |                                      |                           |
|                 | 130,677                                     | 66,034                      | 2021/12/17                                  | 2nd Quarter, 2025         | 23,490   | 1st Quarter, 2023                    | 2nd Quarter, 2025         |
| 2022/06/30      | 150,451                                     | 100,116                     | 2018/5/11                                   | 2nd Quarter, 2024         | 396,012  | 2nd Quarter, 2023                    | 4th Quarter, 2027         |
|                 | 115,065                                     | 71,689                      | 2021/5/20                                   | 3rd Quarter, 2024         |  |                                      |                           |
| 2022/10/25      | 241,738                                     | 112,181                     | 2021/12/21                                  | 4th Quarter, 2025         | 182,807  | 2nd Quarter, 2023                    | 4th Quarter, 2026         |
| 2022/09/14      | 167,942                                     | 150,288                     | 2021/8/13                                   | 4th Quarter, 2024         | 59,612   | 2nd Quarter, 2023                    | 4th Quarter, 2025         |
| 2022/06/10      | 218,715                                     | 157,680                     | 2020/10/20                                  | 4th Quarter, 2024         | 7,609  | 1st Quarter, 2023                    | 4th Quarter, 2024         |

# BUSINESS OVERVIEW

| Serial number | Project   | City (District)        | Aggregate saleable GFA for entire project | Completed property developments <sup>(2)</sup> |                                       |  |       |
|---------------|---|------------------------|---|--|---------------------------------------|--|-------|
|               |   |                        |   | Total completed saleable GFA                   | Total saleable GFA sold and delivered | Total saleable GFA pre-sold pending delivery |       |
|               |   |                        |   | sq.m.  | sq.m.                                 | sq.m.  | sq.m. |
| 41            | Country Garden – Didang Lake<br>(碧桂園•迪蕩湖)               | Shaoxing (Yuecheng)    | 114,258                                   |  |                                       |  |       |
| 42            | Country Garden – Binjiang Mansion<br>(碧桂園•濱江府)          | Huizhou (Boluo)        | 382,042                                   | 249,727  | 235,508                               | 3,170  |       |
| 43            | Country Garden – Riverside Era<br>(碧桂園•濱江時代)            | Meizhou (Fengshun)     | 635,296                                   | 46,426   | 46,426                                |  |       |
| 44            | Country Garden – Jiang Lanyue<br>(碧桂園•江蘭樾)              | Shaoguan (Wengyuan)    | 268,384                                   |  |                                       |  |       |
| 45            | Country Garden – Shili Jiangwan<br>(碧桂園•十裡江灣)           | Shangrao (Guangfeng)   | 105,041                                   |  |                                       |  |       |
| 46            | Country Garden – Star Gathering Era<br>(碧桂園•星薈時代)       | Dalian (Jinzhou)       | 305,178                                   |  |                                       |  |       |
| 47            | Country Garden – Longyue Tianchen<br>(碧桂園•瓏悅天宸)         | Xining (in the city)   | 162,694                                   |  |                                       |  |       |
| 48            | Country Garden – Canglong Yuanzhu<br>(碧桂園•藏龍原著)         | Enshi (Enshi)          | 224,756                                   |  |                                       |  |       |
| 49            | Country Garden, Linhu Avenue, FenHu<br>(汾湖臨滬大道碧桂園)      | Suzhou (Wujiang)       | 72,155                                    | 72,155   | 39,731                                | 12,272                                       |       |
| 50            | Country Garden – Phoenix<br>(碧桂園•鳳凰城)                   | Qiannan (Longli)       | 1,076,278                                 | 125,302  | 125,302                               |  |       |
| 51            | Country Garden – Baiyue Fenghua<br>(碧桂園•柏悅風華)           | Changzhou (Liyang)     | 66,436                                    |  |                                       |  |       |
| 52            | Taishan Country Garden<br>(臺山碧桂園)                       | Jiangmen (Taishan)     | 2,429,599                                 | 1,878,058                                      | 1,875,181                             | 2,662  |       |
| 53            | Country Garden Lukou<br>(碧桂園祿口)                         | Nanjing (Jiangning)    | 71,583                                    |  |                                       |  |       |
| 54            | Country Garden – Phoenix Villa<br>(碧桂園•鳳凰山莊)            | Yantai (Laishan)       | 626,377                                   | 242,124  | 239,009                               | 1,861  |       |
| 55            | Country Garden – Huiyue Terrace<br>(碧桂園•匯悅台)            | Huizhou (Boluo)        | 183,796                                   |  |                                       |  |       |
| 56            | Country Garden – Nanshan Yard<br>(碧桂園•南山院子)             | Jiujiang (Lianxi)      | 63,515                                    |  |                                       |  |       |
| 57            | Country Garden – Phoenix Xingyue<br>(碧桂園•鳳凰星樾)          | Dezhou (Qingyun)       | 115,248                                   |  |                                       |  |       |
| 58            | Country Garden Jinghu Shangjing Phase II<br>(碧桂園旌湖上境二期) | Deyang (Jingyang)      | 160,242                                   | 75,084   | 69,715                                | 219  |       |
| 59            | Country Garden – Xingyue Platform<br>(碧桂園•星樾台)          | Yinchuan (Western Xia) | 96,395                                    |  |                                       |  |       |
| 60            | Country Garden – Junfeng Mingzhu<br>(碧桂園•雋峰銘築)          | Dezhou (Decheng)       | 118,224                                   |  |                                       |  |       |
| 61            | Yiyang Country Garden<br>(益陽碧桂園)                        | Yiyang (Heshan)        | 1,350,966                                 | 1,138,527                                      | 1,138,402                             | 125  |       |

| Completion date | Properties under development <sup>(3)</sup> |                             |   |                           | Properties for future development <sup>(4)</sup> |                                      |                           |
|-----------------|---|-----------------------------|---|---------------------------|--|--------------------------------------|---------------------------|
|                 | Total saleable GFA under development        | Total saleable GFA pre-sold | Actual/Estimated pre-sale commencement date | Estimated completion date | GFA for future development                       | Estimated pre-sale commencement date | Estimated completion date |
|                 | sq.m.                                       | sq.m.                       |   |                           | sq.m.  |                                      |                           |
|                 | 114,258                                     | 94,811                      | 2019/12/20                                  | 1st Quarter, 2024         |  |                                      |                           |
| 2022/10/27      | 132,315                                     | 57,573                      | 2021/3/5                                    | 4th Quarter, 2024         |  |                                      |                           |
| 2022/09/02      | 260,202                                     | 210,200                     | 2020/10/14                                  | 2nd Quarter, 2025         | 328,668  | 2nd Quarter, 2023                    | 4th Quarter, 2026         |
|                 | 268,384                                     | 222,294                     | 2020/9/27                                   | 2nd Quarter, 2024         |  |                                      |                           |
|                 | 95,633                                      | 76,170                      | 2021/7/30                                   | 4th Quarter, 2023         | 9,408  | 1st Quarter, 2023                    | 4th Quarter, 2024         |
|                 | 175,535                                     | 121,097                     | 2021/6/15                                   | 2nd Quarter, 2024         | 129,643  | 2nd Quarter, 2023                    | 4th Quarter, 2025         |
|                 | 156,614                                     | 80,947                      | 2021/3/31                                   | 4th Quarter, 2024         | 6,080  | 1st Quarter, 2023                    | 4th Quarter, 2024         |
|                 | 189,066                                     | 142,132                     | 2021/4/23                                   | 4th Quarter, 2024         | 35,690   | 1st Quarter, 2023                    | 2nd Quarter, 2025         |
| 2020/11/03      |   |                             |   |                           |  |                                      |                           |
| 2022/10/09      | 405,859                                     | 315,044                     | 2019/10/28                                  | 2nd Quarter, 2025         | 545,117  | 1st Quarter, 2023                    | 4th Quarter, 2027         |
|                 | 66,436                                      | 65,820                      | 2021/4/23                                   | 4th Quarter, 2023         |  |                                      |                           |
| 2022/12/30      | 153,364                                     | 131,227                     | 2021/6/25                                   | 4th Quarter, 2023         | 398,177  | 2nd Quarter, 2023                    | 4th Quarter, 2026         |
|                 | 71,583                                      | 36,652                      | 2021/7/13                                   | 2nd Quarter, 2024         |  |                                      |                           |
| 2021/12/17      | 191,085                                     | 151,201                     | 2020/9/29                                   | 4th Quarter, 2023         | 193,168  | 1st Quarter, 2023                    | 2nd Quarter, 2026         |
|                 | 183,796                                     | 56,216                      | 2021/8/27                                   | 4th Quarter, 2024         |  |                                      |                           |
|                 | 63,515                                      | 54,436                      | 2021/12/17                                  | 2nd Quarter, 2024         |  |                                      |                           |
|                 | 101,910                                     | 62,318                      | 2021/10/14                                  | 4th Quarter, 2024         | 13,338   | 1st Quarter, 2023                    | 2nd Quarter, 2025         |
| 2022/06/30      | 85,158                                      | 79,982                      | 2020/11/20                                  | 4th Quarter, 2023         |  |                                      |                           |
|                 | 96,395                                      | 69,473                      | 2021/12/16                                  | 2nd Quarter, 2025         |  |                                      |                           |
|                 | 80,625                                      | 58,782                      | 2021/12/10                                  | 2nd Quarter, 2025         | 37,599   | 1st Quarter, 2023                    | 4th Quarter, 2025         |
| 2021/05/27      | 212,439                                     | 176,199                     | 2019/12/15                                  | 4th Quarter, 2023         |  |                                      |                           |

# BUSINESS OVERVIEW

| Serial number | Project  | City (District)             | Aggregate saleable GFA for entire project | Completed property developments <sup>(2)</sup> |                                       |  |       |
|---------------|--|-----------------------------|---|--|---------------------------------------|--|-------|
|               |  |                             |   | Total completed saleable GFA                   | Total saleable GFA sold and delivered | Total saleable GFA pre-sold pending delivery |       |
|               |  |                             |   | sq.m.  | sq.m.                                 | sq.m.  | sq.m. |
| 62            | Country Garden — Xiaofeng Yinyue<br>(碧桂園•曉風印月)         | Huzhou (Nanxun)             | 92,363                                    |  |                                       |  |       |
| 63            | Country Garden — Tangyue Mansion<br>(碧桂園•棠樾府)          | Shaoxing (Shengzhou)        | 163,318                                   |  |                                       |  |       |
| 64            | Country Garden — Boyue<br>(碧桂園•鉞悅)                     | Xining (in the city)        | 165,733                                   |  |                                       |  |       |
| 65            | Country Garden — Fengjing<br>(碧桂園•峰境)                  | Heze (Juye)                 | 145,045                                   |  |                                       |  |       |
| 66            | Country Garden — Tianyue<br>(碧桂園•天悅)                   | Luoyang (Old City)          | 169,551                                   |  |                                       |  |       |
| 67            | Yihe Country Garden — Lion Riding Fudi<br>(頤和碧桂園•獅乘福第) | Cangzhou (Canal)            | 136,105                                   |  |                                       |  |       |
| 68            | Country Garden — Binjiang Tianyuan<br>(碧桂園•濱江天元)       | Jiangmen (Pengjiang)        | 95,544                                    |  |                                       |  |       |
| 69            | Country Garden — Imperial Seal<br>(碧桂園•禦璽)             | Jingzhou (Jingzhou)         | 98,066                                    |  |                                       |  |       |
| 70            | Country Garden — Xinghui<br>(碧桂園•星匯)                   | Zaozhuang (City Center)     | 149,577                                   |  |                                       |  |       |
| 71            | Country Garden — Meizhu<br>(碧桂園•美築)                    | Qingdao (Huangdao)          | 134,148                                   | 64,452   | 64,452                                |  |       |
| 72            | Country Garden — Yunlu Lanting<br>(碧桂園•雲麓蘭庭)           | Chaozhou (Xiangqiao)        | 171,048                                   |  |                                       |  |       |
| 73            | Country Garden — City Light<br>(碧桂園•城市之光)              | Zhanjiang (Suixi)           | 171,495                                   |  |                                       |  |       |
| 74            | Country Garden — Prosperous Gate<br>(碧桂園•盛世名門)         | Huizhou (Boluo)             | 257,670                                   |  |                                       |  |       |
| 75            | Country Garden — Lingshu<br>(碧桂園•領墅)                   | Xinyang (Yangshan New Area) | 270,955                                   | 69,006   | 68,204                                | 361  |       |
| 76            | Country Garden — Jade heaven<br>(碧桂園•翡翠天境)             | Xi'an (Yan Liang)           | 167,591                                   |  |                                       |  |       |
| 77            | Country Garden — Longyue<br>(碧桂園•龍悅)                   | Luoyang (Luolong)           | 85,368                                    |  |                                       |  |       |
| 78            | Country Garden — Yingbin Mansion<br>(碧桂園•迎賓府)          | Cangzhou (Canal)            | 117,348                                   |  |                                       |  |       |
| 79            | Country Garden — 28 Light Years<br>(碧桂園•28光年)          | Foshan (Shunde)             | 97,871                                    | 97,871   | 96,263                                | 220  |       |
| 80            | Country Garden — Wanjin Tangwan<br>(碧桂園•萬錦棠灣)          | Changsha (Liuyang)          | 210,427                                   | 103,682  | 102,972                               |  |       |
| 81            | Country Garden — Xuefu Village<br>(碧桂園•學府裡)            | Jingdezhen (Fuliang)        | 124,338                                   |  |                                       |  |       |
| 82            | Country Garden West Lake Peak View<br>(碧桂園西湖峯景)        | Jinzhou (Taihe)             | 273,046                                   | 246,664  | 246,664                               |  |       |

| Completion date | Properties under development <sup>(3)</sup> |                             |   |                           | Properties for future development <sup>(4)</sup> |                                      |                           |
|-----------------|---|-----------------------------|---|---------------------------|--|--------------------------------------|---------------------------|
|                 | Total saleable GFA under development        | Total saleable GFA pre-sold | Actual/Estimated pre-sale commencement date | Estimated completion date | GFA for future development                       | Estimated pre-sale commencement date | Estimated completion date |
|                 | sq.m.                                       | sq.m.                       |   |                           | sq.m.  |                                      |                           |
|                 | 92,363                                      | 42,187                      | 2021/12/18                                  | 4th Quarter, 2024         |  |                                      |                           |
|                 | 163,318                                     | 56,993                      | 2022/4/22                                   | 3rd Quarter, 2024         |  |                                      |                           |
|                 | 165,733                                     | 130,433                     | 2020/11/20                                  | 2nd Quarter, 2024         |  |                                      |                           |
|                 | 145,045                                     | 136,962                     | 2021/5/27                                   | 4th Quarter, 2023         |  |                                      |                           |
|                 | 169,551                                     | 75,095                      | 2021/7/23                                   | 4th Quarter, 2024         |  |                                      |                           |
|                 | 136,105                                     | 42,292                      | 2021/9/10                                   | 4th Quarter, 2024         |  |                                      |                           |
|                 | 95,544                                      | 76,832                      | 2020/12/18                                  | 1st Quarter, 2024         |  |                                      |                           |
|                 | 98,066                                      | 64,361                      | 2021/11/25                                  | 2nd Quarter, 2024         |  |                                      |                           |
|                 | 96,118                                      | 86,796                      | 2021/7/19                                   | 3rd Quarter, 2024         | 53,459   | 1st Quarter, 2023                    | 2nd Quarter, 2025         |
| 2022/12/30      | 69,696                                      | 53,571                      | 2021/7/28                                   | 4th Quarter, 2023         |  |                                      |                           |
|                 | 135,966                                     | 95,713                      | 2021/5/7                                    | 4th Quarter, 2023         | 35,082   | 2nd Quarter, 2023                    | 4th Quarter, 2024         |
|                 | 171,495                                     | 109,320                     | 2021/6/12                                   | 4th Quarter, 2024         |  |                                      |                           |
|                 | 197,596                                     | 71,211                      | 2021/4/27                                   | 4th Quarter, 2024         | 60,074   | 1st Quarter, 2023                    | 4th Quarter, 2025         |
| 2022/12/13      | 183,498                                     | 142,723                     | 2020/11/5                                   | 4th Quarter, 2023         | 18,451   | 1st Quarter, 2023                    | 4th Quarter, 2024         |
|                 | 100,726                                     | 84,349                      | 2021/6/29                                   | 4th Quarter, 2023         | 66,865   | 2nd Quarter, 2023                    | 2nd Quarter, 2025         |
|                 | 85,368                                      | 37,093                      | 2021/11/13                                  | 3rd Quarter, 2024         |  |                                      |                           |
|                 | 117,348                                     | 68,349                      | 2021/7/30                                   | 2nd Quarter, 2025         |  |                                      |                           |
| 2022/12/02      |   |                             |   |                           |  |                                      |                           |
| 2022/11/07      | 93,606                                      | 61,897                      | 2020/9/29                                   | 1st Quarter, 2024         | 13,139   | 1st Quarter, 2023                    | 4th Quarter, 2024         |
|                 | 124,338                                     | 115,055                     | 2021/5/19                                   | 3rd Quarter, 2023         |  |                                      |                           |
| 2022/11/10      | 26,382                                      | 22,291                      | 2021/8/19                                   | 2nd Quarter, 2023         |  |                                      |                           |

# BUSINESS OVERVIEW

| Serial number | Project  | City (District)                   | Aggregate saleable GFA for entire project | Completed property developments <sup>(2)</sup> |                                       |  |       |
|---------------|--|-----------------------------------|---|--|---------------------------------------|--|-------|
|               |  |                                   |   | Total completed saleable GFA                   | Total saleable GFA sold and delivered | Total saleable GFA pre-sold pending delivery |       |
|               |  |                                   |   | sq.m.  | sq.m.                                 | sq.m.  | sq.m. |
| 83            | Country Garden — Jade City<br>(碧桂園•翡翠城)            | Qingdao (High tech Zone)          | 119,174                                   | 119,174  | 117,762                               | 219  |       |
| 84            | Country Garden — Boya Garden<br>(碧桂園•博雅花園)         | Zhejiang (Lianjiang)              | 135,893                                   |  |                                       |  |       |
| 85            | Country Garden — Xingyue City<br>(碧桂園•星悅城)         | Xinxiang (Changyuan)              | 89,609                                    |  |                                       |  |       |
| 86            | Country Garden — Yunzhu<br>(碧桂園•雲著)                | Shaoguan (Wujiang)                | 221,225                                   |  |                                       |  |       |
| 87            | Country Garden — Taoli Oriental<br>(碧桂園•桃李東方)      | Qingdao (Pingdu)                  | 123,051                                   |  |                                       |  |       |
| 88            | Country Garden Meishe Shi Jia<br>(碧桂園美舍仕家)         | Haikou (Qionghshan)               | 26,253                                    | 26,253   | 23,666                                |  |       |
| 89            | Country Garden — Yunding Water Bank<br>(碧桂園•雲頂水岸)  | Yancheng (Dongtai)                | 137,453                                   |  |                                       |  |       |
| 90            | Country Garden Yunjing<br>(碧桂園雲璟)                  | Tianjin (Wuqing)                  | 78,233                                    |  |                                       |  |       |
| 91            | Xiaogan Country Garden<br>(孝感碧桂園)                  | Xiaogan (Xiaonan)                 | 273,623                                   | 173,119  | 170,671                               | 2,448  |       |
| 92            | Country Garden — Jiuxi Terrace<br>(碧桂園•玖璽台)        | Nanchong (Gaoping)                | 141,890                                   |  |                                       |  |       |
| 93            | Country Garden — Shengshi Dongjin<br>(碧桂園•盛世東津)    | Xiangyang (Dongjin)               | 190,410                                   |  |                                       |  |       |
| 94            | Country Garden City Garden<br>(碧桂園城市花園)            | Maoming (Dianbai)                 | 2,507,508                                 | 1,235,887                                      | 1,226,719                             | 6,784  |       |
| 95            | Liuyang Country Garden<br>(瀏陽碧桂園)                  | Changsha (Liuyang)                | 1,060,903                                 | 944,880  | 940,382                               | 4,392  |       |
| 96            | Country Garden — Feilian Bay<br>(碧桂園•翡麗瀾灣)         | Jinan (Shanghe)                   | 66,052                                    |  |                                       |  |       |
| 97            | Country Garden Lake Enjoying the Sky<br>(碧桂園湖悅天境)  | Tai'an (Xintai)                   | 159,670                                   | 53,445   | 53,194                                | 112  |       |
| 98            | Country Garden — Jiangshan Fu<br>(碧桂園•江山賦)         | Yibin (Economic Development Zone) | 251,387                                   |  |                                       |  |       |
| 99            | Country Garden — The Land of the Sky<br>(碧桂園•天空之境) | Tai'an (Dongping)                 | 111,632                                   |  |                                       |  |       |
| 100           | Country Garden — Xingyue Era<br>(碧桂園•星悅時代)         | Dezhou (Decheng)                  | 146,879                                   |  |                                       |  |       |

## Notes:

- (1) All the GFAs displayed in this section are attributable to the owners of the Company.
- (2) Based on the measurement reports from relevant government departments.
- (3) Based on the actual measurements by the project management department of the Group.
- (4) GFA for future development for each project is the GFA expected to be built.

| Completion date | Properties under development <sup>(3)</sup> |                             |   |                           | Properties for future development <sup>(4)</sup> |                                      |                           |
|-----------------|---|-----------------------------|---|---------------------------|--|--------------------------------------|---------------------------|
|                 | Total saleable GFA under development        | Total saleable GFA pre-sold | Actual/Estimated pre-sale commencement date | Estimated completion date | GFA for future development                       | Estimated pre-sale commencement date | Estimated completion date |
|                 | sq.m.                                       | sq.m.                       |   |                           | sq.m.  |                                      |                           |
| 2021/02/05      |   |                             |   |                           |  |                                      |                           |
|                 | 135,893                                     | 42,702                      | 2021/11/25                                  | 2nd Quarter, 2024         |  |                                      |                           |
|                 | 89,609                                      | 55,558                      | 2021/12/3                                   | 4th Quarter, 2024         |  |                                      |                           |
|                 | 102,017                                     | 49,929                      | 2021/12/27                                  | 2nd Quarter, 2024         | 119,208  | 1st Quarter, 2023                    | 4th Quarter, 2025         |
|                 | 123,051                                     | 120,197                     | 2021/3/3                                    | 2nd Quarter, 2024         |  |                                      |                           |
| 2022/07/26      |   |                             |   |                           |  |                                      |                           |
|                 | 137,453                                     | 36,720                      | 2021/11/5                                   | 3rd Quarter, 2024         |  |                                      |                           |
|                 | 78,233                                      | 48,005                      | 2021/10/22                                  | 4th Quarter, 2024         |  |                                      |                           |
| 2021/10/28      | 100,504                                     | 92,870                      | 2021/3/19                                   | 3rd Quarter, 2023         |  |                                      |                           |
|                 | 110,732                                     | 85,491                      | 2021/9/26                                   | 4th Quarter, 2023         | 31,158   | 1st Quarter, 2023                    | 4th Quarter, 2024         |
|                 | 111,337                                     | 38,963                      | 2022/1/7                                    | 4th Quarter, 2024         | 79,073   | 1st Quarter, 2023                    | 2nd Quarter, 2025         |
| 2022/12/20      | 244,765                                     | 90,763                      | 2021/2/3                                    | 2nd Quarter, 2025         | 1,026,856  | 2nd Quarter, 2023                    | 4th Quarter, 2029         |
| 2021/04/08      | 116,023                                     | 98,764                      | 2020/12/18                                  | 4th Quarter, 2023         |  |                                      |                           |
|                 | 66,052                                      | 52,730                      | 2021/11/16                                  | 3rd Quarter, 2024         |  |                                      |                           |
| 2022/06/20      | 106,225                                     | 93,888                      | 2019/12/20                                  | 4th Quarter, 2023         |  |                                      |                           |
|                 | 251,387                                     | 197,778                     | 2020/12/10                                  | 2nd Quarter, 2024         |  |                                      |                           |
|                 | 82,071                                      | 51,063                      | 2021/10/29                                  | 2nd Quarter, 2025         | 29,561   | 1st Quarter, 2023                    | 4th Quarter, 2025         |
|                 | 146,879                                     | 82,747                      | 2021/9/3                                    | 4th Quarter, 2024         |  |                                      |                           |

# BUSINESS OVERVIEW

## Landbank GFA breakdown by location in Mainland China<sup>(1)</sup>

| Province/Location | Aggregate saleable GFA | Completed property developments <sup>(2)</sup> |                                       |  | Properties under development <sup>(3)</sup> |                             | Properties for future development <sup>(4)</sup> |
|-------------------|------------------------|--|---------------------------------------|--|---|-----------------------------|--|
|                   |                        | Total completed saleable GFA                   | Total saleable GFA sold and delivered | Total saleable GFA pre-sold pending delivery | Total saleable GFA under development        | Total saleable GFA pre-sold | GFA for future development                       |
|                   | sq.m.                  | sq.m.  | sq.m.                                 | sq.m.  | sq.m.                                       | sq.m.                       | sq.m.  |
| Guangdong         | 142,163,915            | 103,175,704                                    | 100,586,543                           | 1,757,920                                    | 20,583,745                                  | 10,220,145                  | 18,404,466                                       |
| Jiangsu           | 54,218,149             | 36,383,660                                     | 35,504,899                            | 287,787                                      | 13,023,972                                  | 7,993,294                   | 4,810,517  |
| Anhui             | 38,673,367             | 30,977,108                                     | 30,743,143                            | 157,689                                      | 6,389,899                                   | 4,999,235                   | 1,306,360  |
| Hunan             | 34,570,027             | 21,373,108                                     | 21,005,315                            | 180,542                                      | 7,822,983                                   | 5,120,705                   | 5,373,936  |
| Henan             | 33,549,644             | 14,386,452                                     | 14,255,329                            | 48,215                                       | 15,267,123                                  | 11,632,681                  | 3,896,069  |
| Shandong          | 28,330,713             | 14,445,265                                     | 14,163,216                            | 79,134                                       | 9,366,377                                   | 7,165,404                   | 4,519,071  |
| Hubei             | 26,744,439             | 17,585,342                                     | 17,142,513                            | 227,692                                      | 5,381,864                                   | 3,536,572                   | 3,777,233  |
| Guangxi           | 20,234,951             | 14,198,698                                     | 14,128,556                            | 53,370                                       | 4,192,644                                   | 3,259,843                   | 1,843,609  |
| Zhejiang          | 17,932,165             | 13,726,317                                     | 13,171,845                            | 341,782                                      | 4,205,848                                   | 2,656,221                   | 0  |
| Guizhou           | 17,284,259             | 10,606,946                                     | 10,497,458                            | 28,712                                       | 3,171,626                                   | 1,400,296                   | 3,505,687  |
| Hebei             | 15,578,071             | 6,732,553                                      | 6,572,381                             | 39,096                                       | 6,566,334                                   | 4,313,584                   | 2,279,184  |
| Liaoning          | 15,163,803             | 10,323,551                                     | 10,201,870                            | 37,508                                       | 2,986,094                                   | 1,784,956                   | 1,854,158  |
| Sichuan           | 14,296,624             | 8,826,339                                      | 8,745,688                             | 40,944                                       | 4,131,641                                   | 2,976,461                   | 1,338,644  |
| Shaanxi           | 10,785,098             | 5,655,294                                      | 5,585,460                             | 28,861                                       | 3,547,416                                   | 2,509,682                   | 1,582,388  |
| Jiangxi           | 10,231,413             | 6,172,420                                      | 6,043,437                             | 118,084                                      | 3,346,445                                   | 2,658,513                   | 712,548  |
| Gansu             | 9,350,589              | 5,034,144                                      | 4,992,488                             | 23,738                                       | 2,042,226                                   | 1,583,379                   | 2,274,219  |
| Hainan            | 8,938,853              | 5,350,844                                      | 4,837,110                             | 82,315                                       | 2,314,074                                   | 651,132                     | 1,273,935  |
| Fujian            | 8,803,133              | 7,179,964                                      | 6,864,990                             | 142,735                                      | 1,345,912                                   | 891,675                     | 277,257  |
| Shanxi            | 6,472,691              | 1,908,511                                      | 1,889,105                             | 8,554  | 3,348,321                                   | 2,329,048                   | 1,215,859  |
| Chongqing         | 6,003,856              | 4,471,328                                      | 4,416,200                             | 18,450                                       | 1,315,784                                   | 964,730                     | 216,744  |
| Inner Mongolia    | 5,766,232              | 2,742,452                                      | 2,669,945                             | 71,731                                       | 1,274,779                                   | 876,317                     | 1,749,001  |
| Yunnan            | 4,838,626              | 2,958,173                                      | 2,876,416                             | 54,041                                       | 1,329,976                                   | 950,451                     | 550,477  |
| Tianjin           | 4,270,171              | 2,844,678                                      | 2,706,951                             | 94,279                                       | 525,311                                     | 260,219                     | 900,182  |
| Xinjiang          | 3,267,053              | 793,437  | 786,933                               | 3,771  | 1,193,526                                   | 837,586                     | 1,280,090  |
| Qinghai           | 1,887,471              | 926,399  | 922,013                               | 314  | 878,572                                     | 696,127                     | 82,500   |
| Jilin             | 1,392,547              | 718,152  | 705,211                               | 7,276  | 599,935                                     | 372,412                     | 74,460   |
| Ningxia           | 1,352,022              | 957,358  | 956,393                               | 699  | 394,573                                     | 360,130                     | 91   |
| Beijing           | 1,287,963              | 261,025  | 234,235                               | 4,067  | 125,427                                     | 57,463                      | 901,511  |
| Shanghai          | 1,287,752              | 723,715  | 616,184                               | 1,779  | 424,700                                     | 359,002                     | 139,337  |
| Heilongjiang      | 1,078,427              | 539,713  | 521,670                               | 250  | 538,714                                     | 275,271                     | 0  |
| Tibet             | 170,105                | 38,216   | 38,216                                | 0  | 131,889                                     | 120,400                     | 0  |
| Total             | 545,924,129            | 352,016,866                                    | 344,381,713                           | 3,941,335                                    | 127,767,730                                 | 83,812,934                  | 66,139,533                                       |

### Notes:

- (1) All the GFAs displayed in this section are attributable to the owners of the Company.
- (2) Based on the measurement reports from relevant government departments.
- (3) Based on the actual measurements by the project management department of the Group.
- (4) "GFA for future development" for each project is the GFA expected to be built.



# FIVE YEARS FINANCIAL SUMMARY

## Consolidated Results

|                                       | 2018          | 2019          | 2020          | 2021          | 2022           |
|---------------------------------------|---------------|---------------|---------------|---------------|----------------|
|                                       | RMB million   | RMB million   | RMB million   | RMB million   | RMB million    |
| Revenue                               | 379,079       | 485,908       | 462,856       | 523,064       | 430,371        |
| Profit before income tax              | 79,563        | 98,939        | 85,529        | 68,949        | 5,361          |
| Income tax expense                    | (31,021)      | (37,737)      | (31,411)      | (27,967)      | (8,323)        |
| <b>Profit/(loss) for the year</b>     | <b>48,542</b> | <b>61,202</b> | <b>54,118</b> | <b>40,982</b> | <b>(2,962)</b> |
| <b>Profit/(loss) attributable to:</b> |               |               |               |               |                |
| Owners of the Company                 | 34,618        | 39,550        | 35,022        | 26,797        | (6,052)        |
| Non-controlling interests             | 13,924        | 21,652        | 19,096        | 14,185        | 3,090          |
|                                       | 48,542        | 61,202        | 54,118        | 40,982        | (2,962)        |
| <b>Earnings/(losses) per share:</b>   |               |               |               |               |                |
| Basic (RMB Yuan)                      | 1.61          | 1.85          | 1.62          | 1.22          | (0.26)         |

## Consolidated Financial Position

|   | 2018             | 2019             | 2020             | 2021             | 2022             |
|---|------------------|------------------|------------------|------------------|------------------|
|   | RMB million      | RMB million      | RMB million      | RMB million      | RMB million      |
| <b>Non-current assets</b>                           | <b>229,944</b>   | <b>275,635</b>   | <b>273,653</b>   | <b>234,428</b>   | <b>207,385</b>   |
| <b>Current assets</b>                               | <b>1,399,750</b> | <b>1,631,517</b> | <b>1,742,156</b> | <b>1,713,937</b> | <b>1,537,082</b> |
| <b>Current liabilities</b>                          | <b>1,219,406</b> | <b>1,398,752</b> | <b>1,492,959</b> | <b>1,378,905</b> | <b>1,231,209</b> |
| <b>Net current assets</b>                           | <b>180,344</b>   | <b>232,765</b>   | <b>249,197</b>   | <b>335,032</b>   | <b>305,873</b>   |
| <b>Total assets less current liabilities</b>        | <b>410,288</b>   | <b>508,400</b>   | <b>522,850</b>   | <b>569,460</b>   | <b>513,258</b>   |
| <b>Non-current liabilities</b>                      | <b>236,880</b>   | <b>289,792</b>   | <b>265,847</b>   | <b>268,833</b>   | <b>203,685</b>   |
| Equity attributable to owners of the Company        | 121,330          | 151,939          | 175,102          | 198,736          | 203,623          |
| Non-controlling interests                           | 52,078           | 66,669           | 81,901           | 101,891          | 105,950          |
| <b>Total equity</b>                                 | <b>173,408</b>   | <b>218,608</b>   | <b>257,003</b>   | <b>300,627</b>   | <b>309,573</b>   |
| <b>Equity attributable to owners of the Company</b> |                  |                  |                  |                  |                  |
| – NBV per share (RMB Yuan)                          | 5.61             | 6.96             | 7.95             | 8.59             | 8.61             |
| <b>Net debt<sup>1</sup></b>                         | <b>85,932</b>    | <b>101,255</b>   | <b>142,862</b>   | <b>136,622</b>   | <b>123,757</b>   |
| <b>Net gearing ratio (%)</b>                        | <b>49.6</b>      | <b>46.3</b>      | <b>55.6</b>      | <b>45.4</b>      | <b>40.0</b>      |

Note:

1. Net debt equals to total debt (representing bank and other borrowings, senior notes, corporate bonds and convertible bonds) net of available cash.

# MANAGEMENT DISCUSSION AND ANALYSIS



Country Garden — Jinhu Yuanzhu Project, Longan, Fujian

## FINANCIAL REVIEW

### Revenue

The Group's revenue was primarily derived from two business segments as follows: Property development and Construction. Revenue of the Group decreased by 17.7% to approximately RMB430,371 million in 2022 from approximately RMB523,064 million in 2021. 97.0% of the Group's revenue was generated from the sales of properties (2021: 97.0%), and 3.0% from Construction and Others segments (2021: 3.0%).

### Property Development

Since the continued impact of COVID-19 has caused the slowdown in the progress of GFA delivered, revenue generated from property development decreased by 17.8% to approximately RMB417,296 million in 2022 from approximately RMB507,478 million in 2021. The recognised average selling price of property delivered (value-added taxes not included) was approximately RMB7,592 per sq.m. in 2022.

The Group recorded revenue of approximately RMB **430,371** million

Revenue generated from property development was approximately RMB **417,296** million

### **Construction**

Construction revenue from external parties decreased by 19.1% to approximately RMB7,568 million in 2022 from approximately RMB9,360 million in 2021, primarily resulting from the decreased construction volume that impacted by the COVID-19.

### **Others**

Others segment mainly includes property investment, hotel operation and smart construction. Revenue from external parties of these segments decreased by 11.5% to approximately RMB5,507 million in 2022 from approximately RMB6,226 million in 2021.

### **Selling and marketing costs and Administrative expenses**

Benefited by the excellent cost control and the improvement of organization efficiency, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB19,736 million in 2022. It accounted for 4.6% of the revenue in 2022, with a decrease of 0.9 percentage points compared with 2021.

### **Finance Costs — Net**

The Group recorded net finance costs of approximately RMB4,807 million in 2022 (2021: net finance income of approximately RMB3,497 million).

In 2022, the Group recorded post-hedging net foreign exchange losses of approximately RMB8,379 million (2021: net foreign exchange gains of approximately RMB1,686 million), interest income of approximately RMB1,772 million (2021: approximately RMB2,138 million), and gains on repurchase of senior notes and corporate bonds of approximately RMB1,800 million (2021: early redemption costs of senior notes and convertible bonds of approximately RMB327 million). Interest expenses, amounting to approximately RMB17,305 million in 2022 (2021: approximately RMB18,111 million) was fully capitalised on qualifying assets. Interest expenses decreased primarily due to the decrease of total debt.

Construction revenue was approximately RMB  
**7,568** million

Selling and marketing costs and administrative expenses over revenue decreased by  
**0.9** percentage points

to  
**4.6%**

# MANAGEMENT DISCUSSION AND ANALYSIS

## Loss and Core Net Profit Attributable to Owners of the Company

In 2022, the loss attributable to owners of the Company was approximately RMB6,052 million (2021: the profit attributable to owners of the Company was approximately RMB26,797 million).

After deduction of effects such as fair value changes and net foreign exchange gains/losses from realized earnings, the core net profit attributable to owners of the Company in 2022 was approximately RMB2,612 million (2021: approximately RMB26,932 million).

## Liquidity, Financial and Capital Resources

### *Cash position*

As at 31 December 2022, the Group's available cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB147,550 million (31 December 2021: approximately RMB181,300 million), including approximately RMB128,281 million in cash and cash equivalents and approximately RMB19,269 million in restricted cash.

Restricted cash mainly represented unreleased guarantee deposits for construction of pre-sale properties placed in designated bank accounts as at 31 December 2022, and will be released in accordance with certain construction progress.

As at 31 December 2022, 94.3% (31 December 2021: 96.9%) of the Group's available cash was denominated in Renminbi and 5.7% (31 December 2021: 3.1%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

### *Debt Composition*

As at 31 December 2022, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB162,540 million, RMB70,655 million, RMB32,319 million and RMB5,793 million respectively (31 December 2021: approximately RMB206,525 million, RMB75,069 million, RMB34,160 million and RMB2,168 million respectively).

For bank and other borrowings, approximately RMB61,205 million, RMB97,490 million and RMB3,845 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2021: approximately RMB64,382 million, RMB139,005 million and RMB3,138 million respectively). As at 31 December 2022 and 31 December 2021, the majority of the bank and other borrowings were secured by certain properties, right-of-use assets and equipment of the Group and secured by the equity interests of certain group companies, and/or guaranteed by the Group.

The Group strictly manages the debt scale. As at 31 December 2022, the total debt decreased to approximately RMB271,307 million, from approximately RMB317,922 million as at 31 December 2021.

### ***Net Gearing Ratio***

Net gearing ratio is measured by the net debt (representing bank and other borrowings, senior notes, corporate bonds and convertible bonds, net of available cash, which equals to the sum of cash and cash equivalents and restricted cash) over total equity. The Group's net gearing ratio slightly decreased from approximately 45.4% as at 31 December 2021 to approximately 40.0% as at 31 December 2022.

### **Key Risk Factors and Uncertainties**

The following lists out the key risks and uncertainties the Group is facing. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

#### ***Risks Pertaining to the Property Market and Operation***

The Group's businesses and prospects are largely dependent on the performance of the property market in Mainland China. The property market in Mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and environmental conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. Therefore, the Group continues to implement its strategies to develop and strengthen penetration of different regional markets thereby reducing its dependence on specific markets. Meanwhile, the Group's operation is subject to a number of risk factors distinctive to property development, property investment and property related businesses, such as default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors which may have various levels of negative impact on the results of operations.



Country Garden — The Art Bay Project, Shanghai

# MANAGEMENT DISCUSSION AND ANALYSIS

## *Interest Rate Risk*

The Group's bank and other borrowings mainly bear floating rates. As at 31 December 2022, the weighted average borrowing cost of the Group's total debt was 5.73%, increased by 53 basic points as compared with that as at 31 December 2021, mainly because of the increase of floating interest rate of certain borrowings denominated in foreign currencies under the background of the US's raise of interest rates. The Group has implemented certain interest rate management which includes, among others, close monitoring of interest rate movements, applying interest rate swaps to mitigate interest rate risk, refinancing on existing banking facilities and entering into new banking facilities when good pricing opportunities arise.

## *Foreign Exchange Risk*

The Group's business is mainly denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars and HK dollars). Since 2015, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast repayments of foreign debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging. The Group uses a combination of foreign exchange forward contracts, foreign currency option contracts and foreign exchange structured derivatives and cross currency swaps to hedge its exposure to foreign exchange risk.



Country Garden — Mid-Levels Yunting Project, Bengbu

### **Guarantees**

As at 31 December 2022, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to approximately RMB401,887 million (31 December 2021: approximately RMB383,217 million).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees were to be discharged upon the earlier of: (i) issuance of the real estate ownership certificates which are generally available within three months after the buyers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the property buyers.

The Group considers that in case of default in payments by property buyers, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

In addition, as at 31 December 2022, the Group had provided guarantees amounting to approximately RMB24,178 million (31 December 2021: approximately RMB43,221 million) for certain liabilities of the joint ventures, associates and other related parties of the Group.

### **Employees and Remuneration Policy**

Human resource has always been the most valuable resource of the Group. As at 31 December 2022, the Group had approximately 69,932 full-time employees.

Employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group is subject to social insurance contribution plans or other pension schemes organised by the regional governments and is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing fund or to contribute regularly to other mandatory provident fund schemes on behalf of the employees. As at the date of this report, there were no significant labor disputes which adversely affect or are likely to have an adverse effect on the operations of the Group.

In order to achieve sustainable development and corporate core advantage, the Group is establishing a "Corporate University". Employees from different levels and different fields can all have opportunities to receive training, including Leadership Development Program, New Staff Campaign and On-the-job Training. All the projects are aimed at enabling employees to become senior management and inter-disciplinary talent and form a perfect HR training system of the Group.

The Group has approved and/or adopted certain share option scheme and share award scheme, details of which are set out in the sections headed "Share Option Schemes" and "Share Award Scheme" in "Report of the Directors" of this report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Forward Looking

Since this year, the market has experienced a rapid decline and the industry is facing enormous challenges. The government aims to maintain healthy and stable development of the real estate industry, stabilize land prices, housing prices and market expectations, adhere to 'housing is for living, not for speculation', and implement a long-term mechanism. The Group firmly believes that the industry will gradually return to a long-term healthy cycle. China's new type of urbanization still has a long way to go, the desire for a good living will always remain in people's hearts and the real estate market will always exist. Property development is the fundamental business of the Group, and the Group will continue to strengthen the business, advance the landbank structure across tier one to four cities national-wide in a balanced and diverse manner and stick to the path of quality development, with emphasis on cash flow and profitability as top priorities. The Group will devote itself to do the right thing and continue to improve its overall competitiveness through the cycle.

To better create value for shareholders, the Group will further focus on its brand awareness and reputation, optimize costs and deliver good-value products on the premise of guaranteed quality and strengthen our competitive edge in established markets. During this year, the Group has established the Science and Technology Construction Group (STCG), aiming to accelerate the industrialization, digitization and intelligentization of the traditional operating modes of construction industry. The STCG consolidates existing functional units and restructures the project planning process within manageable radius in order to deliver systematic smart construction solutions that best suit with the construction market. With the implementation of such advanced construction technologies and new ways of organizing and managing construction, the Group seeks new opportunities in expanding the business of providing property development services and management services for other parties.



Country Garden — Hainan Zhixin Shibei Project



To embrace the challenges and opportunities mentioned above, the Group continues to adopt prudent financial policies and risk control measures, ensure the quality and safety of the buildings, apply a more prudent strategy on new land acquisition, strengthen its contracted sales and cash collection to strengthen operating cash flows and ensure good investment return.

In conjunction with our property development and construction business, the Group has incurred research and development expenses to approximately RMB2,164 million in 2022. The way forward, we will rely more on the application of artificial intelligence to solve the aging problem of workforce in the construction, industry workforce and the increasing consumer demand for sustainable environment. At the same time, the Group engages to the call from the government to solve housing problems for residents, and to foster the progress of the construction of affordable housing. The advantages of our STCG can be fully utilized by providing development and management services for the construction of affordable rental housing. The Group will continue to provide an integrated platform covering the needs of various stages in life for our clients.

# GOVERNANCE

A modern, multi-story building with large glass windows and balconies, set against a bright blue sky with a sun flare and digital network lines. The building has a white facade and dark window frames. The sky is a vibrant blue with a bright sun flare in the upper right quadrant. Overlaid on the sky are white digital network lines and nodes, suggesting a technological or data-driven theme. The word "GOVERNANCE" is written in large, bold, teal letters across the upper part of the image.



# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



**YANG Huiyan**  
楊惠妍

## Executive Directors

**YANG Huiyan (楊惠妍)**, aged 41, was appointed as an executive Director in December 2006 and a Vice Chairman in March 2012, was re-designated from a Vice Chairman to a Co-Chairman in December 2018, and succeeded the position of the Chairman on 1 March 2023. Ms. YANG is also a chairman of the Nomination Committee, the Corporate Governance Committee, the Environmental, Social and Governance Committee, the Executive Committee and a member of the Remuneration Committee and the Finance Committee, and a director of various members of the Group. Ms. YANG graduated from Ohio State University with a bachelor degree in marketing and logistics and she also obtained an EMBA degree from Tsinghua University in 2019. Ms. YANG joined the Group in 2005 and has successively held key management positions in critical business departments such as investment planning center, procurement department, human resource management center and digital management center. Since 2018 till succession as the Chairman, Ms. YANG has served as a Co-Chairman of the Company and jointly managed the day-to-day work of the Group with Mr. YEUNG Kwok Keung, the then Chairman of the Company, and has been responsible for the Group's strategic investments and new business exploration based on the existing business, contributing to the Company's sustainable development. Ms. YANG is a director of Concrete Win Limited, the substantial shareholder of the Company, which has an interest in the shares and underlying shares in the Company which falls to be disclosed to the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance. Ms. YANG was appointed as the chairman and a non-executive director of Country Garden Services Holdings Company Limited, a company whose shares are listed on the Stock Exchange, in March 2018. Ms. YANG was awarded "China Charity Award Special Contribution Award" in 2008, "China Poverty Alleviation Award Contribution Award" in 2019 and "The 11th China Charity Award Individual Donor Award" in 2021. Ms. YANG is the sister of Ms. YANG Ziying, an executive Director; the wife of Mr. CHEN Chong, a non-executive Director; and a cousin of Mr. YANG Zhicheng, a member of Senior Management.

**MO Bin (莫斌)**, aged 56, was appointed as the President and an executive Director in July 2010. Mr. MO is also a member of the Remuneration Committee, the Corporate Governance Committee, the Environmental, Social and Governance Committee, the Executive Committee and the Finance Committee and a director of several members of the Group. Mr. MO graduated from Hengyang Institute of Technology (currently known as University of South China) with a bachelor degree in industrial and civil architecture. He obtained his postgraduate degree from Zhongnan University of Economics and Law and is a professor-grade senior engineer. Mr. MO is primarily responsible for the management of daily operation and general administration of the Group. Prior to joining the Group, Mr. MO was employed by an internationally competitive construction and property group in Mainland China, China Construction, in a number of senior positions since 1989, most recently as a director and general manager of China Construction Fifth Division. Mr. MO has over 33 years of extensive experience in property development, construction business, construction management, marketing, cost control and corporate management. Mr. MO won the 1st place of “Best CEO – Property (Combined)/(Buy-Side)/(Sell-Side)” at the “2019 All-Asia Executive Team” and the 1st place of “Best CEO – Property (Sell-side)” at the “2020 All-Asia Corporate Executive Team” organised by financial magazine, Institutional Investor.



**MO Bin**  
莫斌

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



**YANG Ziying**  
楊子莹

**YANG Ziying (楊子莹)**, aged 35, was appointed as an executive Director in May 2011. Ms. YANG is also a member of the Executive Committee and the Finance Committee. Ms. YANG graduated from Ohio State University with a bachelor degree in psychology. Ms. YANG joined the Group in 2008 as an assistant to the Chairman. Currently, she is primarily responsible for overseeing the finance of the Group, including offshore and onshore financing. Prior to joining the Group, Ms. YANG worked in a renowned global investment bank. Ms. YANG is the sister of Ms. YANG Huiyan, the Chairman, an executive Director and the controlling Shareholder; a sister-in-law of Mr. CHEN Chong, a non-executive Director; and a cousin of Mr. YANG Zhicheng, a member of Senior Management.



**CHENG Guangyu**  
程光煜

**CHENG Guangyu (程光煜)**, aged 42, is an executive vice President, was appointed as an executive Director and as a member of Finance Committee on 20 December 2022 and was further appointed as member of the Corporate Governance Committee, the Environmental, Social and Governance Committee and the Executive Committee on 1 March 2023. Dr. CHENG graduated from Tsinghua University with a bachelor's and doctoral degree in civil engineering in 2002 and 2007 respectively, and from Guanghua School of Management of Peking University with an EMBA degree in 2015. Dr. CHENG joined the Group in 2007 and has been responsible for overall operation management and sustainable development of property projects in certain regions under his supervision from 2012 to 2014. Since 2014, Dr. CHENG has been responsible for the overall sales and marketing management of the Group. Currently, Dr. CHENG is responsible for the overall sales and marketing management, brand management, investment planning management and product design management of the Group. Dr. CHENG also oversees the Risk Control, Audit and Supervision Center and Commercial and Culture Tourism Group, and served as the general manager of the Operation Center of the Group since February 2023. Dr. CHENG has over 15 years of experience in management of property development.

**WU Bijun (伍碧君)**, aged 49, being the Company's vice President and the Chief Financial Officer, was appointed as an executive Director on 20 December 2022. Ms. WU is also the chairman of the Finance Committee and the general manager of the finance centre of the Company, and a director of various members of the Group. Ms. WU graduated from the Department of Public Finance and Taxation of Zhongnan University of Finance and Economics (currently known as Zhongnan University of Economics and Law) with a bachelor's degree of economics majoring in public finance in 1995, and obtained an EMBA degree from China Europe International Business School in 2015. She is qualified as a Chinese certified public accountant and a Chinese certified tax agent. Ms. WU is responsible for finance and capital management of the Group. Prior to joining the Group in 2005, Ms. WU worked at Hubei Branch of China Construction Bank and was responsible for accounting and auditing management. From 1999 to 2002, Ms. WU was the chief auditor of Guangdong Foshan Zhixin Certified Public Accountants Co., Ltd. and was responsible for reviewing the auditor's reports. From 2002 to 2005, Ms. WU worked at Shunde Finance Bureau and was responsible for the financial management of foreign investment enterprises. Since joining the Group in 2005, Ms. WU has been mainly responsible for the financial management of the Group. Ms. WU has 18 years of experience in the management of real estate financial resources and approximately 28 years of experience in financial management. Ms. WU won the 1st place of "Best CFO – Property (Combined)/(Sell-Side)" at the "2019 All-Asia Executive Team" and the 1st place of "Best CFO – Property (Sell-Side)" at the "2020 All-Asia Corporate Executive Team" organized by financial magazine, Institutional Investor.



**WU Bijun**  
伍碧君

**SU Baiyuan (蘇柏垣)**, aged 57, was appointed as an executive Director in December 2013. Mr. SU graduated from Guangzhou Normal Institute (currently known as Guangzhou University) with a degree in geography and obtained a postgraduate degree in human geography from Sun Yat-sen University. Prior to joining the Group in 2005, Mr. SU had over 10 years of experience in land planning and development as well as operational management. Mr. SU was a vice President until February 2013, and was primarily responsible for investment development and the overall management of certain property development projects of the Group. Mr. SU was reappointed as a vice President in November 2013. Currently, he is primarily responsible for overseas development and the management of certain overseas property development projects of the Group.



**SU Baiyuan**  
蘇柏垣

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



**CHEN Chong**  
陳翀

## Non-executive Director

**CHEN Chong (陳翀)**, aged 44, was appointed as a non-executive Director in December 2016. Mr. CHEN graduated from Tsinghua University with a bachelor of science in chemistry and obtained an EMBA degree in 2016. Mr. CHEN also obtained a master of science in biological sciences research from Royal Holloway and Bedford New College, University of London. In 2015, Mr. CHEN was appointed as the first president of the Overseas Study Youth Association of Guangdong Province, and was elected as a member of the 13th Standing Committee of the All-China Youth Federation in 2020. Mr. Chen is a member of the 12th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference and the President of Guoqiang Foundation. Mr. CHEN is the husband of Ms. YANG Huiyan, the Chairman, an executive Director and the controlling Shareholder; a brother-in-law of Ms. YANG Ziyang, an executive Director; and a cousin-in-law of Mr. YANG Zhicheng, a member of Senior Management.



**LAI Ming, Joseph**  
黎明

## Independent Non-Executive Directors

**LAI Ming, Joseph (黎明)**, aged 78, was appointed as an independent non-executive Director in December 2006 and is currently the chairman of the Audit Committee and a member of the Remuneration Committee, the Nomination Committee and the Environmental, Social and Governance Committee. Mr. LAI is a fellow member of the HKICPA, CPA Australia, CIMA and the Hong Kong Institute of Directors. Mr. LAI was one of the co-founders of the Hong Kong Branch of CIMA founded in 1973 and was its president in 1974/75 and 1979/80. He was the president of the HKICPA in 1986. Mr. LAI also holds directorships in several private companies engaging in property development in Canada. He is also an independent non-executive director of Nan Fung Group Holdings Limited.



**SHEK Lai Him, Abraham (石禮謙)** G.B.S., S.B.S., J.P., aged 77, was appointed as an independent non-executive Director in December 2006 and is currently a member of the Audit Committee, the Remuneration Committee and the Environmental, Social and Governance Committee. Mr. SHEK graduated from the University of Sydney and holds a bachelor of Arts degree and a diploma in Education. Mr. SHEK has attained a Juris Doctor Degree at City University of Hong Kong in June 2022. Mr. SHEK was appointed as a Justice of the Peace in 1995 and was awarded the Silver Bauhinia Star and the Gold Bauhinia Star by the Government of the HKSAR in 2007 and 2013 respectively. Mr. SHEK is an honorary member of the court of Hong Kong University of Science and Technology, a member of Court and Council of University of Hong Kong and a member of the court of City University of Hong Kong. He acted as a member of the HKSAR Legislative Council representing the Real Estate and Construction Functional Constituency until 31 December 2021 and a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption until 31 December 2022.

Mr. SHEK currently holds directorship in a number of listed companies on the Main Board of the Stock Exchange: (i) the honorary chairman and independent non-executive director of Chuang's China Investments Limited; (ii) the vice chairman and an independent non-executive director of ITC Properties Group Limited; (iii) an independent non-executive director of ALLIANCE INTERNATIONAL EDUCATION LEASING HOLDINGS LIMITED (formerly known as International Alliance Financial Leasing Co., Ltd.), Far East Consortium International Limited, NWS Holdings Limited, Paliburg Holdings Limited, Lai Fung Holdings Limited, Chuang's Consortium International Limited, China Resources Cement Holdings Limited, Cosmopolitan International Holdings Limited, Everbright Grand China Assets Limited, CSI Properties Limited, Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust), Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), Shin Hwa World Limited (formerly known as Landing International Development Limited) and Hao Tian International Construction Investment Group Limited respectively; and (iv) the chairman of the board and executive director of Goldin Financial Holdings Limited.



**SHEK Lai Him, Abraham**  
石禮謙

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



**TONG Wui Tung**  
唐滙棟

**TONG Wui Tung (唐滙棟)**, aged 72, was appointed as an independent non-executive Director in December 2006. He is the chairman of the Remuneration Committee and a member of the Audit Committee, the Nomination Committee and the Environmental, Social and Governance Committee. Mr. TONG has been practicing as a solicitor in Hong Kong for over 40 years and became a partner of the law firm, Messrs. Ronald Tong & Co., with effect from 1 June 2021. He is also a Notary Public and a China Appointed Attesting Officer, and is admitted as a solicitor in several other jurisdictions. Mr. TONG ceased to be a partner of Messrs. Cheung, Tong & Rosa Solicitors with effect from 31 July 2021.



**HUANG Hongyan**  
黃洪燕

**HUANG Hongyan (黃洪燕)**, aged 52, was appointed as an independent non-executive Director in December 2012. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. HUANG graduated from Toulouse Business School, Doctorate of Business Administration, and is also qualified as a Chinese certified public accountant, a Chinese certified tax agent, a Chinese certified public valuer, a certified internal auditor and a corporate accountant. Currently, Mr. HUANG serves as a general manager of Foshan Yestar Consulting Co., Ltd. Mr. HUANG was appointed as an independent director of Guangdong Rifeng Electric Cable Co., Ltd. (whose shares are listed on the Shenzhen Stock Exchange) since 12 December 2022.



**TO Yau Kwok**  
杜友國

**TO Yau Kwok (杜友國)**, aged 70, was appointed as an independent non-executive Director in June 2019. Mr. TO graduated from Jinan University majoring in economics and management in 1992. Since 1993, Mr. TO engaged in business activities in Mainland China such as property development, and had gained ample experience in areas such as property development, wholesale and retail, and machinery trade. Mr. TO is currently the honorary chairman of Foshan City Shunde District Xinlixin Business Development Limited and Foshan City Shunde District Renfu Car Maintenance Plant Limited respectively.

### Joint Company Secretaries

**LEUNG Chong Shun (梁創順)**, aged 57, was appointed as the company secretary of the Company on 1 October 2016 and remained as the joint company secretary from March 2019. Mr. LEUNG graduated from the University of Hong Kong in November 1988 where he was awarded a bachelor degree of Laws with honors. He is qualified as solicitor in both Hong Kong and England and has been a practicing lawyer in Hong Kong since 1991.

**LUO Jie (羅杰)**, aged 43, was appointed as a joint company secretary of the Company in March 2019. Mr. LUO graduated from Sun Yat-sen University in June 2002 where he was awarded a bachelor of Laws degree. He graduated from The Chinese University of Hong Kong in 2008 where he was awarded a Juris Doctor degree, and obtained the Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong in 2009, followed by being awarded an MBA degree by the Hong Kong University of Science and Technology in 2022. He passed the National Judicial Examination of the PRC in 2005 and obtained the Legal Profession Qualification Certificate. He is qualified as a solicitor in Hong Kong since 2011. He joined the Company in May 2017 and was appointed as the joint company secretary in March 2019.

### Senior Management

**YANG Zhicheng (楊志成)**, aged 49, is a vice President and a regional president of the Group. Mr. YANG is primarily responsible for the overall development and management of certain property development projects of the Group. Prior to joining the Group in 1997, Mr. YANG served as a project manager of Shunde Sanhe Co. and the general manager of Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. After joining the Group, he served as the project general manager, and was appointed as a vice President in November 2017 and an executive Director during the period from December 2006 to December 2022. Mr. YANG has approximately 29 years of experience in project development. Mr. YANG is a cousin of Ms. YANG Huiyan, the Chairman, an executive Director and the controlling Shareholder; a cousin of Ms. YANG Ziyang, an executive Director; and a cousin-in-law of Mr. CHEN Chong, a non-executive Director.

**SONG Jun (宋軍)**, aged 55, is a vice President. Mr. SONG graduated from Chongqing College of Construction and Architecture (currently known as Chongqing University) with a bachelor degree in engineering and is a qualified PRC architect. Prior to joining the Group in 1994, Mr. SONG worked in Hunan Province Jishou City Construction Institute and Elite Architectural and was responsible for architectural design work. Since 1997, he served as a project manager and a general manager of Shunde Country Garden and Guangzhou Country Garden Company, and has been serving as vice President since 2005, and has been responsible for the management of property project development of the Group. Mr. SONG was appointed as an executive Director during the period from May 2013 to December 2022. Currently, Mr. SONG is responsible for the overall operation, management and sustainable development of property projects of the Group in certain regions. Mr. SONG has 26 years of experience in the management of property development.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

**LI Xiaolin (黎曉林)**, aged 51, is a vice President. Mr. LI graduated from Department of Civil Engineering of Tsinghua University and Guanghua School of Management of Peking University with a bachelor degree of architecture and structural engineering with EMBA respectively, and is a qualified PRC architecture engineer and a qualified real estate appraiser in the PRC. Prior to joining the Group in 2008, Mr. LI worked in Zhuhai Zhuguang Architecture Design Engineering Company and was responsible for architecture design, as well as in various property developers, namely China Vanke Co., Ltd., Zhongshan Paramount Development Co., Ltd., and New Home (Zhuhai) Real Estate Co. Ltd., and was responsible for property development and management. Since 2008, Mr. LI has been responsible for the overall operation, management and sustainable development of property projects in certain regions of the Group. He has been served as the regional President of the Hunan region, Chongqing region, Sichuan region and Jiangxi Region. Mr. LI was appointed as a vice President of the Group in 2013, and he was designated to the general manager of the human resource management centre of the Group since February 2020 and also served as the general manager of the operation center of the Group during the period from October 2020 to February 2023. Mr. LI has 26 years of experience in the management of property development.

**YANG Cuilong (楊翠瓏)**, aged 51, is a vice President. Ms. YANG graduated from South China University of Technology with a bachelor's degree of architecture and is a national first class registered architect in the PRC and a senior engineer. In 2019, Ms. YANG also obtained an EMBA degree from Tsinghua University School of Economics and Management. Prior to joining the Group in 2000, Ms. YANG worked in Elite Architectural as director of the architectural office from 1993 to 2000 and was responsible for architecture design. Since 2000, she served as the head of general office of the projects and an assistant to President, as well as the general manager for project tendering management department of the Group. She was appointed as the vice President and served as the general manager of the cost management centre of the Group since September 2014 and was responsible for the Group's construction cost, construction tendering and cost management. Since January 2019, Ms. YANG was appointed as the general manager of the design management centre of the Group and was responsible for the design system management. Since February 2020, Ms. YANG was re-appointed as the general manager of the cost management center of the Group. During the period from November 2021 to March 2023, Ms. YANG was appointed as the general manager of the Office of Cost Analysis for Smart Building. Ms. YANG has 12 years of experience in architectural design and management and 21 years of experience in operation management and construction cost management for real estate.

**YANG Lixing (楊麗興)**, aged 52, is a vice President. Ms. YANG graduated from South China University of Technology majoring in management. Ms. YANG joined the Group in 1992 and has been responsible for procurement management of the Group. Ms. YANG was appointed as the vice President in September 2014 as well as the general manager of the bidding and procurement center of the Group in November 2021. Ms. YANG was appointed as the president of the general manager of the procurement center of the Group during the period from September 2014 to November 2021. Ms. YANG has 30 years of experience in the procurement management for real estate.

**HUANG Yuzang (黃宇英)**, aged 47, is a vice President. Mr. HUANG graduated from Zhejiang University with a bachelor's degree in architecture and from Peking University with a master's degree in geography (city and urban planning). He is a first-class national registered architect. Prior to joining the Group, Mr. HUANG worked in Hong Kong Huayi Design Consultants (Shenzhen) Limited as the managing director and a design director. Mr. HUANG has 24 years of experience in architecture design with extensive practical experience in engineering and acquired dozens of awards both in Mainland China and overseas with his advanced design ideas. Mr. HUANG was recognised as "The First Top Ten Young Architect of Shenzhen", "The Ninth Chinese Architecture Academy Young Architect" and "New Real Estate Architect for the year of 2014". Mr. HUANG joined the Group in March 2015 and was responsible for the design system as the chief designer of the Group. Mr. HUANG was appointed as the general manager of the cost management center of the Group in January 2019 and was responsible for the Group's construction cost, construction tendering and cost management, and was appointed as the president of Anhui region of the Group during the period from February 2020 to April 2021. Mr. HUANG was appointed by the Company to take charge of the New Business Division in March 2023.

**LI Jing (李靜)**, aged 43, is a vice President. Ms. LI graduated from Northwest University of Political Science and Law with a bachelor's degree in law and Sun Yat-sen University with a master's degree in public administration. Prior to joining the Group, she worked for the China Communist Youth League Guangdong Committee and the Guangzhou Municipal People's Procuratorate. Ms. LI joined the Group in October 2017 and currently serves as a vice President, director of the Group General Office, director of the Rural Revitalization Office and executive vice president and Secretary-general of Guoqiang Foundation. Ms. LI is responsible for the Group's administrative affairs, charitable endeavors, and rural revitalization efforts.

# CORPORATE GOVERNANCE REPORT

The Group continues to improve its corporate governance practices, emphasising the attainment and maintenance of a quality Board, sound risk management and internal controls, and high transparency and accountability to the Shareholders. The Board and the management are committed to the principles of good corporate governance consistent with prudent management and enhancement of shareholder value. The Board believes that good corporate governance will bring long-term benefits to the Shareholders and the Group.

## Corporate Governance Practices

As described in this report, the Company has applied the principles to its corporate governance structure and practices and has complied with the code provisions of the Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2022, save and except for the code provision F.2.2 of Part 2 of the Corporate Governance Code as Mr. YEUNG Kwok Keung, the then Chairman of the Board (who was also the then chairman of the Nomination Committee, Corporate Governance Committee, Environmental, Social and Governance Committee and Executive Committee of the Company), was unable to attend the annual general meeting of the Company held on 26 May 2022 as he had other important engagement. Mr. MO Bin, the President and an executive Director, presided the meeting as chairman instead, and he and the attending independent non-executive Directors (being chairman and/or members of all the committees of the Board) were available to answer questions at the meeting.

## Compliance with the Model Code

The Company has adopted the Model Code as the code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the year ended 31 December 2022. No incident of non-compliance was noted by the Company in 2022. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

## Strategic Planning

The Group has been committed to implementing a strategic management system which identifies and assesses potential opportunities and challenges, so as to formulate a long-term development strategy and a planned course of action. The strategy management department of the Group is responsible for organizing strategy research and discussions. At the start of every year, senior management of the Group reviews and develops the medium to long term strategic planning of the Group as well as annual budget planning.

## Board of Directors

### Composition

As at 31 December 2022, the Board consisted of seven executive Directors, namely, Mr. YEUNG Kwok Keung (Chairman) (resigned as executive Director and Chairman on 1 March 2023), Ms. YANG Huiyan (Co-Chairman) (succeeded as the Chairman on 1 March 2023), Mr. MO Bin (President), Ms. YANG Ziyang, Dr. CHENG Guangyu, Ms. WU Bijun, and Mr. SU Baiyuan, one non-executive Director, namely, Mr. CHEN Chong and five independent non-executive Directors, namely, Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Mr. HUANG Hongyan and Mr. TO Yau Kwok. A list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company respectively.

Ms. YANG Huiyan and Ms. YANG Ziyang are the daughters of Mr. YEUNG Kwok Keung, Mr. CHEN Chong is the husband of Ms. YANG Huiyan. Save as disclosed above, none of the other Directors has or maintains any family relationship with any of the other Directors.

### **Independent Non-executive Directors**

The independent non-executive Directors are of sufficient number and calibre for their views to carry weight. The functions of independent non-executive Directors include:

- bringing an independent view and judgement at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinizing the Company's performance and monitoring performance reporting.

The independent non-executive Directors have made a positive contribution to the development of the Company's strategies and policies through independent, constructive and informed comments. They benefit the Board and the Board committees by their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation at the meetings of the Board and the Board committees.

In addition to the regular Board meetings, the Chairman met with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2022.

Composition of the Board is disclosed, and the independent non-executive Directors are identified, in all corporate communications to the Shareholders.

### **Confirmation of Independence**

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules. Each of the independent non-executive Directors has made an annual written confirmation of independence pursuant to rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in rule 3.13 of the Listing Rules and are independent.

### **Board Diversity Policy**

The Board has adopted a board diversity policy effective as from 6 August 2013, and has updated the policy on 25 March 2021 and 13 December 2022. The Company takes into consideration the benefits of various aspects of diversity, including but not limited to gender, age, culture, ethnicity, education background, skills, knowledge, professional experience and other factors that may be relevant from time to time towards achieving a diversified Board. Appointment to the Board is based on merit and attributes that the selected candidates will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, support good decision making in view of the core businesses and the corporate strategy of the Company, and support succession planning and development of the Board.

# CORPORATE GOVERNANCE REPORT

In addition, the Company recruits and elects suitable persons as Director candidates in accordance with the nomination policy of the Company so as to comprehensively achieve the Board's decision making and supervisory functions. The Company may also train their executives as Director candidates by assigning the executives different jobs through job rotation, going abroad and being directors of subsidiaries. To maintain the professional and experience inheritance of the Directors, the Company plans the succession for the Board through taking into account the nomination policy as a reference, inviting current Directors to recommend suitable candidates, and considering the Company's executives as well as the Director candidates recommended by Shareholders and will measure the gender diversity of the succession pipeline. The Company sets to obtain one or two female candidates to be considered and, if appropriate, be appointed as Director(s) within a few years so as to achieve better gender diversity on the Board. In the year ended 31 December 2022, the Board has welcomed Ms. WU Bijun as a newly-appointed female Director.

As at 31 December 2022, an analysis of the Board composition based on the range of diversity perspectives is set out as follows:

| Number of Directors | Gender | Designation            | Age Group   | Years of Service  | Skills and Knowledge                          |
|---------------------|--------|------------------------|---|---|---|
| 13                  | Female | Executive Director     | >= 60   | >= 5  | Legal   |
| 12                  |        |                        |   |   | Investment development management             |
| 11                  | Male   | Executive Director     | >= 60   | >= 5  | Administration and business management        |
| 10                  |        |                        |   |   | Financial management                          |
| 9                   |        | Non-executive Director | 50-59   | >= 5  | Development strategy and marketing management |
| 8                   |        |                        |   |   |   |
| 7                   |        | 3-4                    | 0-2   | Property development, construction and building construction management |   |
| 6                   |        |                        |   |   | 0-2   |
| 5                   |        | 3-4                    | 0-2   | Property development, construction and building construction management |   |
| 4                   |        |                        |   |   | 3-4   |
| 3                   |        | 3-4                    | 0-2   | Property development, construction and building construction management |   |
| 2                   |        |                        |   |   | 3-4   |
| 1                   | 3-4    | 0-2                    | Property development, construction and building construction management |   |   |

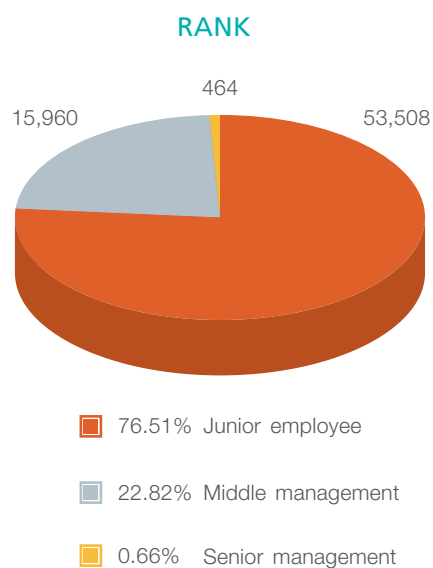
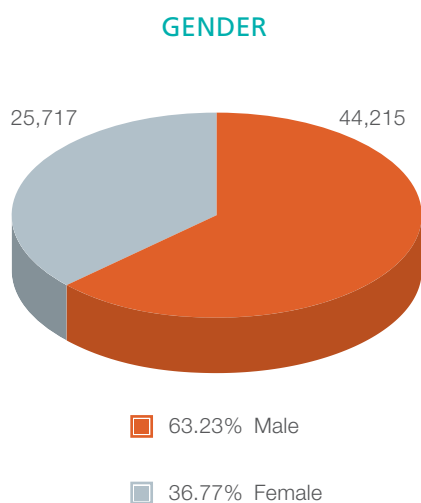
Each of the Board members possessed different skills and knowledge, including property development, construction and building construction management, development strategy and marketing management, financial management, administration and business management, investment development management and legal, etc. The Board is characterized by significant diversity in terms of gender, age, designation, length of service, skills and knowledge. The Board reviewed the implementation and effectiveness of the board diversity policy of the Company on an annual basis.



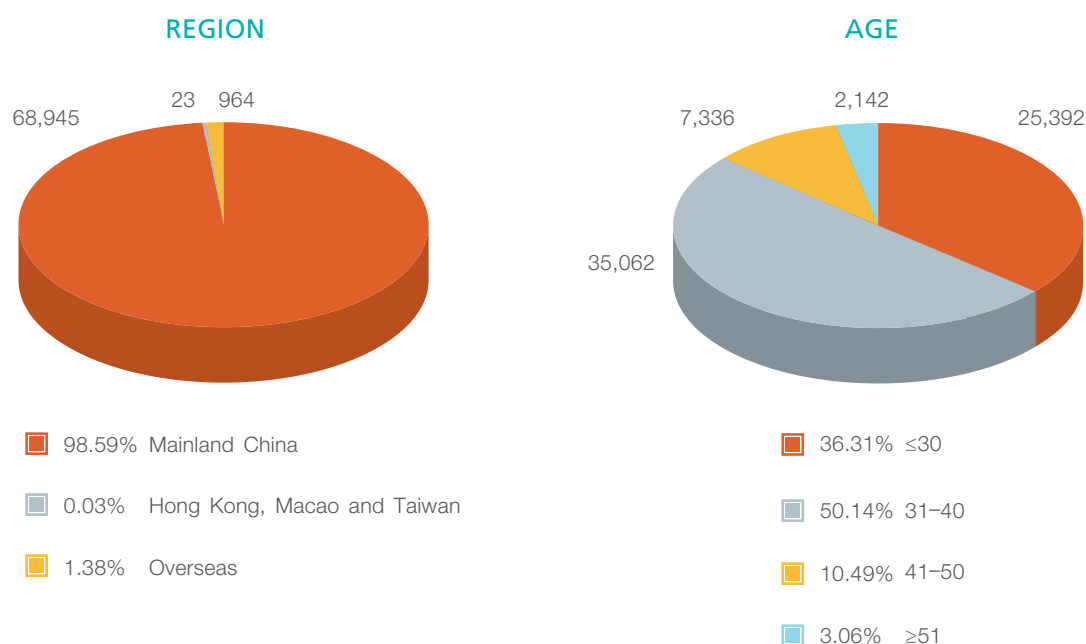
In 2022, the Company's gender diversity in the workforce is set out as follows:

| EMPLOYMENT                |                             | NUMBER OF EMPLOYEES | PERCENTAGE (%) |
|---------------------------|-----------------------------|---------------------|----------------|
| Total number of employees |                             | 69,932              | 100%           |
| By gender                 | Male                        | 44,215              | 63.23%         |
|                           | Female                      | 25,717              | 36.77%         |
| By age                    | ≤30                         | 25,392              | 36.31%         |
|                           | 31–40                       | 35,062              | 50.14%         |
|                           | 41–50                       | 7,336               | 10.49%         |
|                           | ≥51                         | 2,142               | 3.06%          |
| By rank                   | Junior employee             | 53,508              | 76.51%         |
|                           | Middle management           | 15,960              | 22.82%         |
|                           | Senior management           | 464                 | 0.66%          |
| By employment type        | Full-time                   | 69,932              | 100%           |
|                           | Part-time                   | 0                   | 0%             |
|                           | Others                      | 0                   | 0%             |
| By geographical region    | Mainland China              | 68,945              | 98.59%         |
|                           | Hong Kong, Macao and Taiwan | 23                  | 0.03%          |
|                           | Overseas                    | 964                 | 1.38%          |

### COUNTRY GARDEN'S RECRUITMENT IN 2022



# CORPORATE GOVERNANCE REPORT



## Roles and Functions of the Board and the Management

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management is delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

## Appointment, Continuation of Appointment and Re-election of Directors

All executive Directors have entered into service contracts with the Company, the non-executive Director and all independent non-executive Directors have entered into letters of appointment with the Company with a specific term of two years setting out key terms and conditions of their appointments. All Directors are subject to retirement in accordance with the Articles of Association.

According to the Articles of Association, (i) any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting; (ii) any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election; and (iii) at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting at least once every three years. As such, no Directors have a term of appointment longer than three years.

**Board Meetings**

The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. The date of each meeting is decided in advance to enable the Directors to attend the meeting in person. For those Directors who are not able to attend these meetings in person, participation by telephone conference is available.

Notice of at least 14 days shall be given for a regular Board meeting to give all Directors an opportunity to attend. The draft of the agenda of the Board meeting shall be sent together with the notice of the Board meeting to the Directors so as to allow the Directors to have sufficient time to propose matters for inclusion in the agenda. For all other Board meetings, reasonable notice will be given. To ensure that all Directors are properly informed about the matters to be discussed at each regular Board meeting, documents in relation to the regular Board meeting are sent to each Director at least three days prior to the meeting.

If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution.

The joint company secretaries of the Company prepare detailed minutes of each Board meeting and Board committee meeting. After the meeting, draft and final versions of the minutes would be sent to the Directors for comment and records respectively as soon as practicable. Minutes of the meetings are kept by the Listing Company Secretariat of the Company and are open for inspection by any Director on reasonable notice.

During the year ended 31 December 2022, the Directors have made active contribution to the affairs of the Group and eleven Board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve the interim results and annual results of the Group. According to Article 100(1) of the Articles of Association, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested.

# CORPORATE GOVERNANCE REPORT

## Attendance Record of Directors

The attendance record of Directors at the meetings of the Board, the Board committees and the Shareholders held during the year ended 31 December 2022 is set out below:

| Directors  | Number of meetings attended/Number of meetings held<br>for the year ended 31 December 2022 |                    |                         |                           |                                      |   |                     |
|--|--|--------------------|-------------------------|---------------------------|--------------------------------------|---|---------------------|
|  | Board  | Audit<br>Committee | Nomination<br>Committee | Remuneration<br>Committee | Corporate<br>Governance<br>Committee | Environmental,<br>Social and<br>Governance<br>Committee | General<br>Meetings |
| <b>Executive Directors</b>                           |  |                    |                         |                           |                                      |   |                     |
| Mr. YEUNG Kwok Keung<br>(Chairman) <sup>Note 1</sup> | 11/11  | N/A                | 3/3                     | 6/6                       | 3/3                                  | 4/4   | 0/1                 |
| Ms. YANG Huiyan<br>(Co-Chairman) <sup>Note 1</sup>   | 11/11  | N/A                | N/A                     | N/A                       | 3/3                                  | 4/4   | 1/1                 |
| Mr. MO Bin (President)                               | 11/11  | N/A                | N/A                     | 6/6                       | 3/3                                  | 4/4   | 1/1                 |
| Ms. YANG Ziying                                      | 11/11  | N/A                | N/A                     | N/A                       | N/A                                  | N/A   | 0/1                 |
| Dr. CHENG Guangyu <sup>Note 2</sup>                  | N/A  | N/A                | N/A                     | N/A                       | N/A                                  | N/A   | N/A                 |
| Ms. WU Bijun <sup>Note 3</sup>                       | N/A  | N/A                | N/A                     | N/A                       | N/A                                  | N/A   | N/A                 |
| Mr. SU Baiyuan                                       | 11/11  | N/A                | N/A                     | N/A                       | N/A                                  | N/A   | 0/1                 |
| Mr. YANG Zhicheng <sup>Note 4</sup>                  | 10/11  | N/A                | N/A                     | N/A                       | N/A                                  | N/A   | 0/1                 |
| Mr. SONG Jun <sup>Note 5</sup>                       | 10/11  | N/A                | N/A                     | N/A                       | N/A                                  | N/A   | 0/1                 |
| <b>Non-executive Director</b>                        |  |                    |                         |                           |                                      |   |                     |
| Mr. CHEN Chong                                       | 11/11  | N/A                | N/A                     | N/A                       | N/A                                  | N/A   | 1/1                 |
| <b>Independent non-executive Directors</b>           |  |                    |                         |                           |                                      |   |                     |
| Mr. LAI Ming, Joseph                                 | 11/11  | 3/3                | 3/3                     | 6/6                       | N/A                                  | 4/4   | 1/1                 |
| Mr. SHEK Lai Him, Abraham                            | 11/11  | 3/3                | N/A                     | 6/6                       | N/A                                  | 4/4   | 1/1                 |
| Mr. TONG Wui Tung                                    | 11/11  | 3/3                | 3/3                     | 6/6                       | N/A                                  | 4/4   | 1/1                 |
| Mr. HUANG Hongyan                                    | 11/11  | 3/3                | 3/3                     | 6/6                       | N/A                                  | N/A   | 1/1                 |
| Mr. TO Yau Kwok                                      | 11/11  | N/A                | N/A                     | N/A                       | N/A                                  | N/A   | 1/1                 |

Note 1: Mr. YEUNG Kwok Keung resigned as Chairman, executive Director, chairman of Nomination Committee, Corporate Governance Committee and Environmental, Social and Governance Committee as well as a member of Remuneration Committee with effect from 1 March 2023. Ms. YANG Huiyan succeeded as the Chairman, and was appointed as the chairman and members of the aforementioned Board committees in place of Mr. YEUNG Kwok Keung with effect from 1 March 2023.

Note 2: Dr. CHENG Guangyu was appointed as executive Director with effect from 20 December 2022. He was also appointed as a member of Corporate Governance Committee and Environmental, Social and Governance Committee with effect from 1 March 2023.

Note 3: Ms. WU Bijun was appointed as executive Director with effect from 20 December 2022.

Note 4: Mr. YANG Zhicheng resigned as executive Director with effect from 20 December 2022.

Note 5: Mr. SONG Jun resigned as executive Director with effect from 20 December 2022.

### Access to Information

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including those changes to relevant rules and regulations and are able to make further enquiries when necessary. Sufficient explanation and information have been provided to the Board by the management to enable the Board to make an informed assessment of financial and other information put before it for approval. They also have unrestricted access to the advice and services of the joint company secretaries of the Company, who are responsible for providing the Directors with board papers and related materials. A monthly update which gives a balanced and concise assessment of the Company's performance, position and prospects in sufficient details is provided to all Directors to enable the Board as a whole and each Director to discharge his or her duty. The Board has also agreed that the Directors may seek independent professional advice in performing their Directors' duties at the Company's expense.

### Directors and Officers Liability Insurance

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

### Directors' Training and Professional Development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills. During the year ended 31 December 2022, the Directors have participated in continuing professional development ("CPD"). All Directors have provided the Company with their records of training received for the year. A summary of their records of training is provided as follows:

| Directors   | Types of CPD | Subject of CPD |
|---|--------------|----------------|
|   | (Note 1)     | (Note 2)       |
| <b>Executive Directors</b>                        |              |                |
| Mr. YEUNG Kwok Keung                              | 1, 2         | A, B           |
| Ms. YANG Huiyan                                   | 1, 2         | A, B           |
| Mr. MO Bin  | 1, 2         | A, B           |
| Ms. YANG Ziying                                   | 1, 2         | A, B           |
| Dr. CHENG Guangyu (appointed on 20 December 2022) | 1, 2         | A, B           |
| Ms. WU Bijun (appointed on 20 December 2022)      | 1, 2         | A, B           |
| Mr. SU Baiyuan                                    | 1, 2         | A, B           |

# CORPORATE GOVERNANCE REPORT

| Directors                                  | Types of CPD<br><small>(Note 1)</small> | Subject of CPD<br><small>(Note 2)</small> |
|--|---|---|
| <b>Non-executive Director</b>              |   |   |
| Mr. CHEN Chong                             | 1, 2                                    | A, B                                      |
| <b>Independent non-executive Directors</b> |   |   |
| Mr. LAI Ming, Joseph                       | 1, 2                                    | A, B                                      |
| Mr. SHEK Lai Him, Abraham                  | 1, 2                                    | A, B                                      |
| Mr. TONG Wui Tung                          | 2                                       | A, B                                      |
| Mr. HUANG Hongyan                          | 1, 2                                    | A, B                                      |
| Mr. TO Yau Kwok                            | 2                                       | A, B                                      |

Note 1:

- 1 Attending in-house briefings/trainings, seminars, conferences or forums
- 2 Reading newspapers, journals and updates

Note 2:

- A. Businesses related to the Company
- B. Laws, rules and regulations, accounting standards

## Chairman and President

The roles of the Chairman and the President are separated to reinforce independence, accountability and responsibility. During the year ended 31 December 2022, Mr. YEUNG Kwok Keung, the then Chairman (who has resigned on 1 March 2023 and been succeeded by Ms. YANG Huiyan as Chairman), was responsible for the formulation of development strategies, investment decision making, overall project planning at the Group level, leading the Board and ensuring that the Board functions properly and effectively, whilst Mr. MO Bin, the President, was responsible for the management of the daily operation and general administration of the Group. Their respective responsibilities are clearly established and defined by the Board in writing.

In performing the role of Chairman, Mr. YEUNG Kwok Keung was responsible for, among other things:

- ensuring that good corporate governance practices and procedures are established;
- ensuring that all Directors are properly briefed on issues arising at Board meetings and that all Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
- encouraging all Directors to make a full and active contribution to the Board's affair and to voice their concerns even with different views, allowing sufficient time for discussion of issues, ensuring that Board decisions fairly reflect the Board's consensus, and taking the lead to ensure that the Board acts in the best interests of the Group;
- ensuring that appropriate steps are taken to provide effective communication with the Shareholders and their views are communicated to the Board as a whole; and
- promoting a culture of openness and debate by facilitating the effective contribution of non-executive Director and independent non-executive Directors in particular and ensuring constructive relations among executive Directors, non-executive Director and independent non-executive Directors.

In performing the role of President, Mr. MO Bin is responsible for, among other things:

- organizing and managing the Group's business;
- leading the corporate team to implement the strategies and plans established by the Board; and
- coordinating overall daily business operations of the Group.

### **Board Committees**

The Board has established seven committees with specific written terms of reference to oversee particular aspects of the Company's affairs.

#### **Audit Committee**

The Audit Committee was established in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and of the Company respectively. All the members of the Audit Committee are independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung and Mr. HUANG Hongyan. Mr. LAI Ming, Joseph, who has appropriate professional accounting qualifications and financial management expertise as required under the Listing Rules, was appointed as the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the auditors of the Company.

# CORPORATE GOVERNANCE REPORT

The principal duties of the Audit Committee include, among other things: (i) being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) developing and implementing a policy on engaging an external auditor to supply non-audit services; (iv) monitoring the integrity of the Company's financial statements and the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, before submission of the financial statements and reports to the Board, and reviewing significant financial reporting judgements contained in them; (v) reviewing the Company's financial control, risk management and internal control systems; and (vi) discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems.

The Audit Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2022, the Audit Committee held three meetings and has duly discharged the above-mentioned duties. The attendance record of individual Directors at the Audit Committee meetings is set out on page 58 of this annual report.

## **Nomination Committee**

The Nomination Committee was established in March 2012 with written terms of reference, which are posted on the websites of the Stock Exchange and of the Company respectively. As at 31 December 2022, the Nomination Committee was chaired by an executive Director, Mr. YEUNG Kwok Keung and consisted of three other members, who were independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. TONG Wui Tung and Mr. HUANG Hongyan.

On 1 March 2023, Mr. YEUNG Kwok Keung resigned as the chairman of the Nomination Committee and was succeeded by Ms. YANG Huiyan.

The principal duties of the Nomination Committee include, among other things: (i) reviewing the policy concerning diversity of board members and the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) developing and maintaining a policy for the nomination of board members which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select and recommend candidates for directorship during the year and reviewing periodically the policy and the progress made towards achieving the objectives set in the policy; (iii) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (iv) assessing the independence of independent non-executive Directors; and (v) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.



On 6 December 2018, the Nomination Committee and the Board respectively adopted the nomination policy of the Company:

### ***Objectives***

- The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to Shareholders for election as Directors at general meetings for appointment or re-appointment or appointment as Directors to fill casual vacancies or as an addition to the existing Board.
- The Nomination Committee may, as it considers appropriate, nominate a number of candidates more than the number of directors to be appointed or re-appointed at a general meeting, or the number of casual vacancies to be filled.
- The Nomination Committee should ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

### ***Selection Criteria***

- The factors to be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate include:
  - (i) reputation for integrity;
  - (ii) accomplishment and experience in different industries;
  - (iii) commitment in respect of available time and relevant interest;
  - (iv) independence;
  - (v) diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, qualifications, professional experience, skills, knowledge, independence and length of service;
  - (vi) for proposed independent non-executive Directors who will be holding their seventh (or more) listed company directorship, whether the individuals would still be able to devote sufficient time to the board (including whether the individuals have extensive experience in corporate governance of listed companies, are familiar with the management of listed companies, have close and good communication with the management and other independent non-executive Directors, can make the management decision of the Company work properly, are a chairman of the board or chief executive officer or full time executive director of other listed companies, the business activity of other listed companies in which the individuals hold directorship, etc.); and
  - (vii) other factors considered to be relevant by the Nomination Committee on a case-by-case basis, including the requirements and restrictions as stated in the Listing Rules.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

# CORPORATE GOVERNANCE REPORT

- Retiring Directors are eligible for nomination by the Nomination Committee and recommendation by the Board to stand for re-election at a general meeting.
- Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director.
- The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

## ***Nomination Procedures***

- The secretary of the Nomination Committee or the joint company secretaries of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also identify candidates pursuant to the criteria set out above and put forward candidates who are not nominated by Board members.
- The Nomination Committee may use any process it deems appropriate to evaluate the candidates pursuant to the criteria set out above, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references.
- For filling a casual vacancy and for addition to the existing Board, the Nomination Committee shall make recommendations for the Board's consideration, approval and appointment. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation to the Shareholders.
- In case of election at a general meeting, until the issue of the Shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.
- In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, a circular will be sent to Shareholders by the Company. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations (including the Listing Rules), of the proposed candidates will be included in the circular to Shareholders. In addition, where a new Director is appointed or re-designated, the Company will announce the change as soon as practicable and include details of the relevant Director as required pursuant to the Listing Rules.

- The Shareholders may propose a person for election as a Director, details of which are set out in the “Procedures for Shareholders to Propose a Person for Election as a Director” of the Company. A Shareholder can serve a notice at the registered office, head office or the registration office (such place as the Board may from time to time determine to keep a branch register of members and where (except the Board otherwise directs) the transfer or other documents of title are to be lodged for registration and are to be registered) of the Company within the lodgement period of its intention to propose a resolution to elect certain person(s) as a Director, without the Board’s recommendation or the Nomination Committee’s nomination, other than those candidates set out in the Shareholder circular. The particulars of the candidates so proposed will be sent to all Shareholders for information by a supplementary circular.
- A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the joint company secretaries of the Company.
- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting. The ultimate responsibility for selection and appointment of Directors rest with the entire Board.

The Nomination Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company’s expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2022, the Nomination Committee held three meetings and has duly discharged the above-mentioned duties. The attendance of individual Directors at the Nomination Committee meeting is set out on page 58 of this annual report.

### **Remuneration Committee**

The Remuneration Committee was established in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and of the Company respectively. As at 31 December 2022, the Remuneration Committee was chaired by an independent non-executive Director, Mr. TONG Wui Tung and consisted of five other members, of whom two were executive Directors being Mr. YEUNG Kwok Keung and Mr. MO Bin, and three were independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. HUANG Hongyan.

On 1 March 2023, Mr. YEUNG Kwok Keung resigned as a member of the Remuneration Committee and was succeeded by Ms. YANG Huiyan.

The principal duties of the Remuneration Committee include, among other things: (i) making recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management’s remuneration; (ii) reviewing and approving the management’s remuneration proposals with reference to the Board’s corporate goals and objectives; (iii) making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Director and senior management with reference to their performance and terms of the service contracts; and (iv) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

# CORPORATE GOVERNANCE REPORT

The Remuneration Committee may consult the Chairman or the President about its remuneration proposals for the other executive Directors and senior management, seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2022, the Remuneration Committee held six meetings and has duly discharged its duties, including but not limited to: (i) reviewing and approving the management's remuneration proposals; (ii) making recommendations to the Board on the grant of share options proposals; (iii) approving the terms of executive Directors' service contracts; (iv) reviewing and approving the relevant disclosures of the Company regarding remuneration and service contracts of the Directors prior to approval by the Board; and (v) according to the amendment of the Listing Rules, adopted a revised terms of reference of Remuneration Committee. The attendance of individual Directors at the Remuneration Committee meetings is set out on page 58 of this annual report.

The Company has adopted a formal and transparent policy on remuneration of Directors and senior management (the "Remuneration Policy"). The Remuneration Policy was established by the Human Resources Department and Finance Department of the Company, and reviewed and approved by the Remuneration Committee and the Board. The Remuneration Policy may be revised by the Human Resources Department and Finance Department of the Group with reference to corporate policies and objectives, market research, market conditions, industry practices and other factors. All revisions of the Remuneration Policy will be subject to the review and approval of the Remuneration Committee and the Board. The Remuneration Committee is also responsible for annual review of the Remuneration Policy and the procedure for setting the policy. Under the Remuneration Policy, the remuneration packages of Directors and senior management shall be recommended by the Remuneration Committee to the Board (and to be reviewed and adjusted periodically) with reference to the following factors:

- remuneration packages of similar positions of other companies engaging in similar businesses and of similar size;
- business needs, general economic conditions and changes in the relevant human resources market;
- personal experience, level of responsibility, job complexity, time commitment, years of service and personal potential;
- any discretionary bonuses, performance bonuses, share awards, etc. for executive Directors and senior management should be linked to the financial performance of the Group and their individual performance, and the Chairman or President or independent professional advice should be consulted to ensure fairness of the remuneration packages and compliance with established policy and guidelines; remuneration levels should be sufficient to attract and retain executive Directors and senior management to supervise and run the Company without paying more than necessary;
- remuneration of non-executive Directors should be determined with reference to their workload, responsibilities and remuneration paid to other non-executive directors by organizations of similar size and nature; and
- no directors should be involved in deciding that director's own remuneration.

Under the Remuneration Policy, the remuneration packages of the employees other than directors and senior management shall be viewed and adjusted periodically by the Human Resources Department and Finance Department of the Group with reference to the following factors:

- salary adjustment based on up-to-market information, including the competitive positioning, the cost of living and the projected pay increase in the similar business;
- to establish indicators to evaluate performance and profitability of each department and individual of the Group, and distribute the appropriate level of bonuses, cash bonuses and grant share awards according to the terms of Share Award Scheme;
- distribution to individual employees are guided by divisional and individual performances, where managers may make adjustments to account for other factors, including overall total compensation position (i.e. base salary plus bonuses and share awards, etc.), internal pay levels and external remuneration benchmarks; and
- no employees should be involved in deciding that employee's own remuneration.

The remuneration of the members of the senior management (other than Directors) by band for the year ended 31 December 2022 is set out below:

| RMB                      | Number of members of senior management |
|--------------------------|--|
| 6,000,001 to 7,000,000   | 1                                      |
| 7,000,001 to 8,000,000   | 2                                      |
| 9,000,001 to 10,000,000  | 2                                      |
| 27,000,001 to 28,000,000 | 2                                      |

#### Corporate Governance Committee

The Corporate Governance Committee was established in March 2012 with written terms of reference. As at 31 December 2022, the members of the Corporate Governance Committee were all executive Directors, namely Mr. YEUNG Kwok Keung, Ms. YANG Huiyan and Mr. MO Bin. Mr. YEUNG Kwok Keung was appointed as the chairman of the Corporate Governance Committee.

On 1 March 2023, Mr. YEUNG Kwok Keung resigned as the chairman of the Corporate Governance Committee and was succeeded by Ms. YANG Huiyan. On the same day, Dr. CHENG Guangyu was also appointed as a member of the Corporate Governance Committee.

# CORPORATE GOVERNANCE REPORT

The principal duties of the Corporate Governance Committee include, among other things: (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Group's employees and Directors; and (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The Corporate Governance Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2022, the Corporate Governance Committee held three meetings and has duly discharged the above-mentioned duties. The attendance of individual Directors at the Corporate Governance Committee meetings is set out on page 58 of this annual report.

## **Environmental, Social and Governance Committee**

The Environmental, Social and Governance Committee was established in May 2020 with written terms of reference. As at 31 December 2022, the Environmental, Social and Governance Committee was chaired by an executive Director, Mr. YEUNG Kwok Keung and consisted of five other members, of whom two were executive Directors being Ms. YANG Huiyan and Mr. MO Bin, and three were independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung.

On 1 March 2023, Mr. YEUNG Kwok Keung resigned as the chairman of the Environmental, Social and Governance Committee and was succeeded by Ms. YANG Huiyan. On the same day, Dr. CHENG Guangyu was also appointed as a member of the Environmental, Social and Governance Committee.

The principal duties of the Environmental, Social and Governance Committee include, among other things: (i) formulating and reviewing the Group's environmental, social and governance ("ESG") liabilities, vision, strategies, structure, principles and policies; (ii) monitoring the channels and means of communication with the Group's stakeholders; (iii) reviewing key ESG trends and related risks and opportunities, and assess the adequacy and effectiveness of the Group's ESG structure and business model; (iv) overseeing the Group's sustainability performance; (v) overseeing the funding of the initiatives on corporate social responsibilities; and (vi) reviewing and recommending to the Board for approval of the annual Environmental, Social and Governance Report of the Company.

The Environmental, Social and Governance Committee may seek any necessary information from employees within its terms of reference and it is authorised by the Board to obtain external legal or other independent professional advice and to invite outsiders with relevant experience and expertise to attend the meetings if required. During the year ended 31 December 2022, the Environmental, Social and Governance Committee held four meetings. The attendance of individual Directors at the Environmental, Social and Governance Committee meetings is set out on page 58 of this annual report.

### **Executive Committee**

The Executive Committee was established in June 2014 with written terms of reference. As at 31 December 2022, the members of the Executive Committee were all executive Directors, namely Mr. YEUNG Kwok Keung, Ms. YANG Huiyan, Mr. MO Bin and Ms. YANG Ziying. Mr. YEUNG Kwok Keung was appointed as the chairman of the Executive Committee.

On 1 March 2023, Mr. YEUNG Kwok Keung resigned as the chairman of the Executive Committee and was succeeded by Ms. YANG Huiyan. On the same day, Dr. CHENG Guangyu was appointed as a member of the Executive Committee.

The principal duties of the Executive Committee include, among other things: (i) discussing and making decisions on matters relating to the management and operations of the Company including but not limited to corporate matters, financial/treasury planning and to form strategy; (ii) considering and making recommendations to the Board on acquisitions of or investments in business or projects; and (iii) reviewing and discussing any other matters as may from time to time be delegated by the Board.

The Executive Committee may seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2022, the Executive Committee has passed two resolutions (by way of written resolutions or by way of meetings) and has duly discharged the above-mentioned duties.

### **Finance Committee**

The Finance Committee was established in August 2014 with written terms of reference. As at 31 December 2022, the Finance Committee consisted of seven members, of whom five were executive Directors being Ms. YANG Huiyan, Mr. MO Bin, Ms. YANG Ziying, Dr. CHENG Guangyu and Ms. WU Bijun, and the two other members are senior management of the finance centre of the Company. Ms. WU Bijun was appointed as the chairman of the Finance Committee.

The principal duties of the Finance Committee include, among other things: (i) approving the opening and cancelling of bank/securities accounts in name of the Company ("Accounts") and the changing of authorised signatories of the Accounts and dealing with any other matters from time to time in relation to the Accounts; (ii) executing any matters in relation to buy-back of shares of the Company pursuant to the authorisation granted by the Board from time to time and the mandate given by the Shareholders; and (iii) executing any matters in relation to the employees' share incentive scheme pursuant to the authorisation granted by the Board from time to time (unless otherwise provided for under Chapter 17 of the Listing Rules).

The Finance Committee may seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2022, the Finance Committee held six meetings and has duly discharged the above-mentioned duties.

# CORPORATE GOVERNANCE REPORT

## Joint Company Secretaries

Mr. LEUNG Chong Shun and Mr. LUO Jie are joint company secretaries of the Company. Mr. LEUNG Chong Shun is a practicing lawyer in Hong Kong and is not a full-time employee of the Company. Mr. LUO Jie is a full-time employee of the Company. They are responsible for advising the Board on corporate governance and Hong Kong legal matters.

During the year ended 31 December 2022, the primary contact person of the Company with Mr. LEUNG Chong Shun is Mr. LUO Jie, the head of the Listing Company Secretariat of the Company. Mr. LEUNG Chong Shun and Mr. LUO Jie have confirmed that they have taken no less than 15 hours of relevant professional training during the year ended 31 December 2022.

## Risk Management and Internal Control Systems

The Board has the overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and the Shareholders' interests, as well as, with the Audit Committee and the Risk Management Internal Committee, reviewing the effectiveness of these systems. The Group's risk management and internal audit department is delegated with responsibility to ensure and maintain sound risk management and internal control systems by continuously reviewing and monitoring the operation of the risk management and internal control systems and procedures so as to manage rather than eliminate the risk of failure to achieve business objectives and ensure that they can provide reasonable and not absolute assurance against material misstatement or loss and to manage risks of failure in the Group's operational systems. In addition, the Company has engaged independent consultants to conduct review of the risk management and internal control systems of the Group.

## Risk Management and Internal Control

### *Objectives*

The risk management and internal control systems are designed and implemented to achieve the following business objectives:

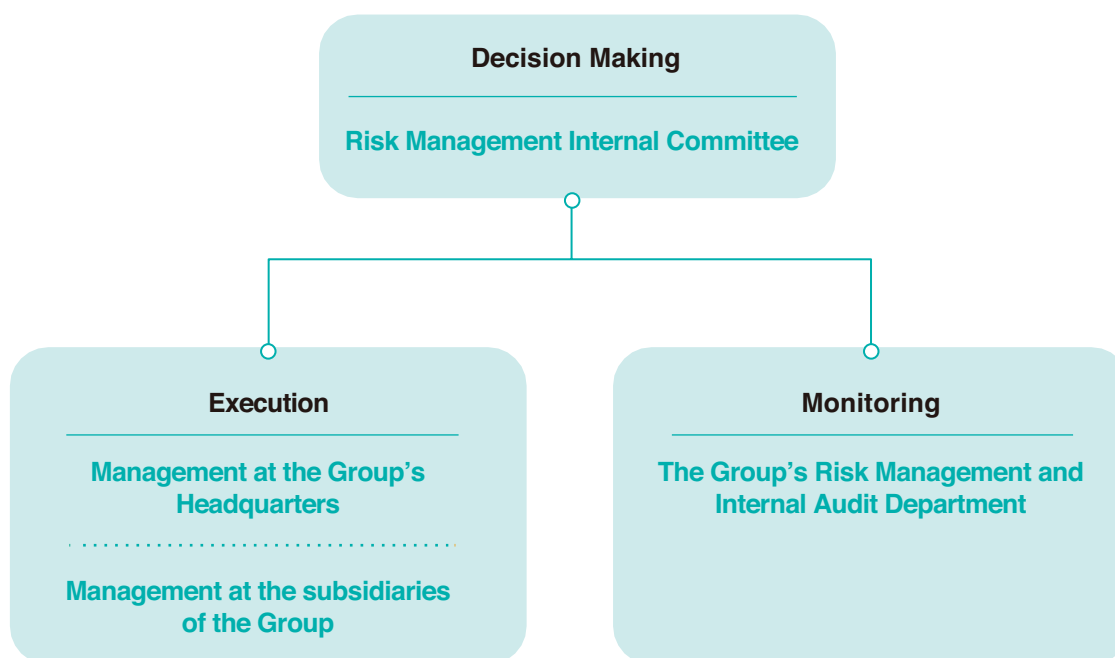
- evaluating and determining the nature and extent of the risks (including ESG risks) that the Company is willing to take in achieving its strategic objectives
- effectiveness and efficiency of operations
- reliability of financial reporting
- compliance with applicable laws and regulations



### **Group Risk Management Framework**

The Group's risk management and internal control systems were developed by making reference to the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Group's risk management and internal control systems consist of eight interdependent integrated components. They jointly ensure the operation of the Group's risk management and internal control systems. These components are internal environment, objective setting, event identification, risk assessment, risk response, control activities, information and communication, and monitoring.

In order to enhance the effectiveness of the risk management and internal control systems, as well as to improve the level of management and risk response ability of the Group, the Board announced the establishment of the Risk Management Internal Committee on 13 May 2015. The Risk Management Internal Committee is authorized by the Audit Committee to deal with the Group's risk management matters, including overseeing the effectiveness of the Group's strategies and risk management system. On this basis, the Board established a risk management structure which consists of three levels, i.e. the Risk Management Internal Committee, risk management execution party and risk management monitoring party. The chart below shows the organization structure of the Group's risk management framework.



# CORPORATE GOVERNANCE REPORT

The roles of the key parties in our risk management structure are outlined below:

## ***Risk Management Internal Committee (Decision Making)***

- Establish and update the Company's risk management policies
- Review the Company's risk appetite, risk management strategies and risk management framework, and report the review results to the Audit Committee and provide recommendations for improvement
- Set up risks identification, assessment and management procedures
- Oversee the implementation of risk management policies and compliance with relevant statutory rules and regulations
- Report any significant risk management issues to the Audit Committee and the suggested solutions
- Review the results of the stress-testing for the major risks (including ESG risks) and the assessment on the Company's capability to withstand the stressed conditions particularly in terms of profitability, capital adequacy and liquidity
- Perform other relevant duties as requested by the Audit Committee

## ***Management at the Group's Headquarters (Execution)***

Senior management (President and Vice Presidents) are responsible for group-level risk management:

- Responsible for the design and implementation of the overall risk management systems, including organizing and coordinating cross-functional risk management work, as well as providing professional advice to significant decisions which involve considerable risks (including ESG risks)
- Under the organization and coordination of senior management, the respective functional centers participate in cross-divisional and other relevant risk management activities

## ***Management at the subsidiaries of the Group (Execution)***

- Management as divided by areas, projects, subsidiaries and branches are responsible for risk management at the respective level
- Under the organization and coordination of the Risk Management Internal Committee of the Group, the management staff members who are responsible for risk management at subsidiary level carry out risk management activities at business level according to the risk management procedures

***The Group's Risk Management and Internal Audit Department (Monitoring)***

- Monitor, review and evaluate the operation of risk management by the Group and its subsidiaries

During the year ended 31 December 2022, the Risk Management and Internal Audit Department assisted the Risk Management Internal Committee to coordinate an enterprise risk assessment, identify and score top ten risks at Group level, assess existing risk management measures and management action plans. Assessment results have been properly reported to the Audit Committee.

***Review of the Risk Management and Internal Control Systems***

Management has formulated remedial action plans to address the gaps and weakness identified during internal control self-assessment, internal control reviews and internal audits, covering 10 business areas and 40 key business processes. The Group's risk management and internal audit department has conducted follow-up reviews periodically to ensure remedial actions are taken on a timely basis, and has reported the results of the follow-up reviews to the Audit Committee.

The Board, in conjunction with the Audit Committee and the Risk Management Internal Committee, annually assessed and reviewed the effectiveness of the Group's risk management and internal control systems and procedures for the relevant financial year covering all material controls, including financial, operational and compliance control and considered the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financing reporting function, and their training programmes and budget, as well as those relating to the Company's ESG performance and reporting. The risk management and internal control systems were considered effective and adequate.

During the year ended 31 December 2022, the Audit Committee and the Risk Management Internal Committee have reviewed reports from the Group's risk management and internal audit department with their findings and recommendations for improvement. The external auditors have also reported any observations they identified in the course of their work to the Group, and are satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

During the year ended 31 December 2022, the Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;
- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and their implementation was monitored by the Company; and
- has made broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

# CORPORATE GOVERNANCE REPORT

## Whistleblower Policy and Anti-Corruption Policy

The Group has established a whistleblower policy since 2008 and updated the policy in 2022. Whistleblowing channels are published in all workplace. The policy is to facilitate employees, partners and customers to report complaints and internal malpractices anonymously and confidentially to the Risk Control Audit and Supervision Centre or the Audit Committee of the Company via telephone, Email or mail. The Group will review, investigate and follow up these complaints. Once cases are verified, investigation results will be reported to the senior management of the Group and the Board. If there is sufficient evidence to prove that the reported matter is suspected to constitute a crime, the Group will transfer the case to relevant judicial department for their handling, and will cooperate with the relevant judicial department to carry out investigation.

The Group always upholds a culture of transparency and has zero tolerance for fraud and corruption. Details of internal policies on anti-corruption of the Group are set out in the website of the Company.

## Mechanism on Independent Views to the Board

According to the written terms of the “Mechanism on Independent Views to the Board” of the Company (the “Mechanism”), the Directors may seek independent legal, financial or other professional advice from advisors independent of those advising the Company as and when necessary in appropriate circumstances to enable them to discharge their responsibilities effectively, either on the Company’s affairs or in respect of their fiduciary or other duties, at the Company’s expense.

To ensure independent views and input are available to the Board, the selection criteria and process of independent non-executive Directors set out in the Company’s Nomination Policy and all requirements on independent non-executive Directors set out in the Listing Rules form an integral part of the Mechanism. The independent non-executive Directors shall make a positive contribution to the development of the Company’s strategies and policies through independent, constructive and informed comments, as well as benefit the Board and the Board committees by their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation at the meetings of the Board and the Board committees. Their functions include but not limited to bringing an independent view and judgment at Board meetings; taking the lead where potential conflicts of interests arise; serving on Board committees if invited; and scrutinizing the Company’s performance and monitoring performance reporting.

The Board reviewed the Mechanism on an annual basis to ensure the implementation and effectiveness of the Mechanism.

### Auditor's Remuneration

For the year ended 31 December 2022, the remuneration paid/payable to the auditor of the Company is set out as follows:

| Service rendered                          | RMB million |
|---|-------------|
| <b>Audit service for 2022:</b>            |             |
| – Annual audit services of the Company    | 14.2        |
| – Others                                  | 3.7         |
| <b>Non-audit services in relation to:</b> |             |
| – Issue of corporate bonds                | 1.6         |
| – Accounting advisory services            | 0.3         |
| – Others                                  | 0.9         |

### Directors' Responsibility on the Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2022, which were prepared in accordance with statutory requirements and applicable accounting standards. The Board aims to present a balanced, clear and understandable assessment of the Group's position and prospects in annual reports, interim reports and other financial disclosures required by the Listing Rules.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group is set out in the independent auditor's report on pages 118 to 125 of this annual report.

### Communication with Shareholders

The Board adopted a shareholders' communication policy and revised the same in December 2022 to reflect the current practices of the Company for communication with its Shareholders, which has been posted on the website of the Company. Information shall be communicated to Shareholders and the investors through continuous disclosure of all material information of the Company, periodic disclosure through financial announcements and reports (interim and annual reports) of the Company, investor presentations, annual general meetings and other Shareholders' meetings of the Company (if any), and websites of the Stock Exchange and of the Company. Shareholders should direct their questions about their shareholdings or corporate communication to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited. The general meeting of the Company and the provision of email address of the Investor Relations Department of the Company for shareholders' enquires provided a platform for Shareholders to provide comments and suggestions and exchange views with the Board, and for the Board to solicit and understand the views of the Shareholders. Shareholders are encouraged to provide, among other things, in particular, their email address to the Company in order to facilitate timely and effective communications. The Board reviews the implementation and effectiveness of this policy regularly. In light of the availability of various channels to communicate with the Shareholders, the Board has considered the implementation and effectiveness of the shareholders' communication policy to be effective and adequate during the year.

# CORPORATE GOVERNANCE REPORT

## Dividend Policy

The Board adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate liquidity for its working capital requirements and for future growth and shall comply with the Articles of Association and all applicable laws and regulations. The Board shall have regard to the following factors of the Group when considering the declaration and payment of dividends:

- past financial results;
- past and forecasted cash flows;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of Shareholders;
- any restrictions on payment of dividends (including contractual restrictions, i.e. from financing-related agreements); and
- any other factors that the Board may consider relevant.

The Company does not have any pre-determined dividend payout ratio. The Board will continually review, revise and update the dividend policy from time to time. If the Board decides to recommend, declare or pay dividends, the form, frequency and amount will depend upon the situation and applicable factors at the relevant time.

The dividend policy does not constitute a legally binding commitment that the Company will distribute any specific amount of dividends, nor will it in any way hold the Company liable to declare dividends at any time or from time to time.

## Shareholders' Right

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company can make a written requisition to the Board or the joint company secretaries of the Company to require an extraordinary general meeting to be convened pursuant to Article 58 of the Articles of Association. The written requisition must state the objects of the meeting, and must be signed by the relevant Shareholder(s) and deposited at the registered office of the Company at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, in addition to the principal place of business in Hong Kong at Suite 1702, 17/F., Dina House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong.

If within 21 days of the deposit of the requisition, the Board fails to proceed to convene an extraordinary general meeting, the relevant Shareholder(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place (as defined in Article 59(2) of the Articles of Association), and all reasonable expenses incurred by the relevant Shareholder(s) as a result of the failure of the Board to convene a meeting shall be reimbursed to the relevant Shareholder(s) by the Company.

There are no provisions under the Articles of Association or the Companies Act (As revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Shareholders may at any time send their enquiries and concerns in writing to the Board or the joint company secretaries of the Company at the principal place of business in Hong Kong at Suite 1702, 17/F., Dina House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong or by email to [ir@countrygarden.com.cn](mailto:ir@countrygarden.com.cn).

### Constitutional Documents

During the year ended 31 December 2022, there was no change in the Company's constitutional documents.

### Investor Relations

As a listed company, the Group respects voices from the Shareholders and the capital market. The Group is constantly committed to enhancing the information transparency and strengthening the level of corporate governance so as to strive for greater value for the Shareholders.

The Group formulated a systematic platform for information disclosure and communication. The Group facilitates communication through various channels such as internet networks, site visits, media interviews, roadshows (online, domestic or international) and meetings, and timely responses to the demand from the Shareholders and investors. For the year ended 31 December 2022, the Group further optimized its monthly newsletters and results presentations in order to provide further details which improved the quality of information disclosure; the Group continued its close communication with investors by organizing annual and interim results meetings with analysts and media, reverse roadshows, exchanging ideas with senior management and participating in roadshows held by various financial institutions in Asia-Pacific and Europe regions. In the communication process, the Group timely introduced to investors its operating results, development strategy and business updates that enhanced investors' understanding of and confidence in the Group. Meanwhile, the dedicated team of the Group timely summarized and analyzed information of the capital market, and gave feedback to the management in a systematic manner.

Going forward, the dedicated investor relations team will, by way of calls, emails, online interaction platform, meetings, and site visits etc., continue its interaction with investors, listen to opinions from the market, convey information of the Group and protect the long-term trust between investors and the Group. The Directors and employees who have contacts or dialogues with investors, analysts, media or other interested outside parties are required to comply with the disclosure obligations and requirements under the Company's relevant information disclosure policy and other laws and regulations.

# CORPORATE GOVERNANCE REPORT

## Major Events in 2022

| Date        | Events  | Location |
|-------------|---|----------|
| 5 Jan       | J.P. Morgan China & Hong Kong Property Day  | Virtual  |
| 12 Jan      | UBS Greater China Conference 2022   | Virtual  |
| 13 Jan      | Morgan Stanley China Cyclical Corporate Day 2022                                  | Virtual  |
| 30 Mar      | Announcement of 2021 Annual Results<br>Press Conference<br>Investor Presentation  | Virtual  |
| 1 Apr–7 Apr | Post Results Roadshow   | Virtual  |
| 12 May      | Goldman Sachs China Property Corporate Day  | Virtual  |
| 13 May      | 2022 APAC Financial, Real Estate Equity and Credit Conference                     | Virtual  |
| 17 May      | CICC interim Strategy Summit 2022   | Virtual  |
| 18 May      | J.P. Morgan's Global China Summit — Property Forum                                | Virtual  |
| 26 May      | Morgan Stanley Virtual China Summit 2022  | Virtual  |
| 1 Jun       | Huatai Security interim Investment Conference 2022                                | Virtual  |
| 9 Jun       | Shenwan Hongyuan Strategy Summit 2022 summer                                      | Virtual  |
| 10 Jun      | Nomura Investment Forum Asia 2022   | Virtual  |
| 21 Jun      | Credit Suisse HK/China Property Corporate Day                                     | Virtual  |
| 22 Jun      | Citi Asia Pacific Property Conference 2022  | Virtual  |
| 28 Jun      | UBS APAC property conference  | Virtual  |
| 29 Jun      | Jefferies China Property & Finance Access Days                                    | Virtual  |
| 30 Aug      | Announcement of 2022 Interim Results<br>Press Conference<br>Investor Presentation | Virtual  |
| 1 Sep–8 Sep | Post Results Roadshow   | Virtual  |
| 9 Sep       | 3rd Annual Jefferies Asia Forum   | Virtual  |
| 16 Sep      | 29th Annual CITIC CLSA Flagship Investors' Forum 2022                             | Virtual  |
| 2 Nov       | 13th Credit Suisse China Investment Conference                                    | Virtual  |
| 4 Nov       | Goldman Sachs 2022 China Conference   | Virtual  |
| 17 Nov      | Morgan Stanley Twenty-First Annual Asia Pacific Summit                            | Virtual  |
| 22 Nov      | CICC Investment Forum Asia 2022   | Virtual  |
| 23 Nov      | CMS Annual Strategy Summit 2022   | Virtual  |
| 14 Dec      | BOCI corporate day  | Virtual  |



# REPORT OF THE DIRECTORS

The Board is pleased to present the audited consolidated financial statements of the Group for the year ended 31 December 2022.

## Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in property development, construction, undertaking housing construction and management projects for the government or corporations decoration, property investment, development and management of hotels, robotics and smart construction and modern agricultural businesses.

An analysis of the Group's revenue and operating results for the year ended 31 December 2022 by principal activities is set out in note 5 to the audited consolidated financial statements of the Group.

## Results

The results of the Group for the year ended 31 December 2022 are set out in the audited consolidated income statement and the audited consolidated statement of comprehensive income of the Group on pages 128 to 129 of this annual report.

## Business Review

The business review of the Group for the year ended 31 December 2022 is set out as below:

| Section(s) in this Annual Report |   | Page No. of this Annual Report  |
|----------------------------------|---|---|
| a.                               | Fair review of the Company's business   | Management Discussion and Analysis<br>32 to 39  |
| b.                               | Description of the principal risks and uncertainties the Company is facing  | Management Discussion and Analysis<br>32 to 39  |
| c.                               | Particulars of important events affecting the Company that have occurred since the year ended 31 December 2022 (if any) | No such events since the year ended 31 December 2022<br>—                             |
| d.                               | Indication of likely future development in the Company's business   | Chairman Statement and Management Discussion and Analysis<br>12 to 15 and 32 to 39    |
| e.                               | Analysis using financial key performance indicators   | Five Year Financial Summary and Management Discussion and Analysis<br>31 and 32 to 39 |

# REPORT OF THE DIRECTORS

| Section(s) in this Annual Report |  | Page No. of this Annual Report  |                        |
|----------------------------------|--|---|------------------------|
| f.                               | Discussion on the Company's environmental policies and performance   | <p>Country Garden has always strived to operate environmentally, make efficient use of resources and foster a green living environment in property projects that we develop. Minimising adverse impact of construction and development as well as promoting green buildings and green offices are some of our most important environmental responsibilities.</p> <p>We stringently comply with legislations related to environmental protection in markets that we operate in, and take location specific environmental conditions into concern whenever we develop a project, to minimise our impact on the natural environment.</p> <p>Further information about the Company's environmental policies and performance is described in the "2022 Environmental, Social and Governance Report" (a standalone report).</p> | Not applicable         |
| g.                               | An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depend | Management Discussion and Analysis and Report of the Directors  | 32 to 39 and 79 to 115 |
| h.                               | Discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Company  | Corporate Governance Report and Report of the Directors   | 52 to 78 and 79 to 115 |

### Final Dividend

The Board does not recommend the payment of a final dividend (2021 final dividend: RMB10.12 cents) per Share for the year ended 31 December 2022.

### Property, Plant and Equipment

Details of the movements in property, plant and equipment during the year ended 31 December 2022 are set out in note 6 to the audited consolidated financial statements of the Group.

### Borrowings

Details of the borrowings during the year ended 31 December 2022 are set out in note 24 to the audited consolidated financial statements of the Group.

### Share Capital

Details of the movements in the share capital of the Company during the year ended 31 December 2022 are set out in note 25 to the audited consolidated financial statements of the Group.

### Adjustment to Conversion Price of Convertible Bonds, Adjustment to Strike Price of Written Call Options and Issue of HKD3,900 million 4.95% Convertible Bonds Due 2026

On 21 November 2018, the Company, Smart Insight International Limited (the “Issuer”, a wholly-owned subsidiary of the Company), J.P. Morgan Securities plc, Goldman Sachs (Asia) L.L.C and The Hongkong and Shanghai Banking Corporation Limited (the “Joint Lead Managers”) entered into an agreement, under which the Joint Lead Managers agreed to subscribe for the 4.50% secured guaranteed convertible bonds due 2023 to be issued by the Issuer in the aggregate principal amount of HKD7,830 million (the “2023 Convertible Bonds”). On 5 December 2018, the Issuer issued the 2023 Convertible Bonds in the principal amount of HKD7,830 million. The 2023 Convertible Bonds are listed on SGX. Based on the total outstanding principal amount of 2023 Convertible Bonds of HKD3,000 million as at the date of this report, the 2023 Convertible Bonds may be converted into the maximum number of 293,829,578 Shares at the latest modified conversion price of HKD10.21 per Share during the conversion period under the terms of the 2023 Convertible Bonds.

On 21 November 2018, the Issuer entered into call option transaction(s) involving the sale of call option(s) by the Issuer to J.P. Morgan Securities plc and Goldman Sachs International or their respective affiliates with the initial strike price of HKD17.908 (the “Written Call Option(s)”). As at the date of this report, the strike price of the Written Call Options had been adjusted to the latest modified strike price of HKD14.53 per Written Call Option and its total number had been adjusted from 286,532,935 to 293,804,662 Written Call Options. The Written Call Options are exercisable only on their expiration dates ranging from 14 September 2023 to 24 November 2023. The maximum number of Shares that may be issued upon physical settlement of the Written Call Options is 293,804,662 Shares as at the date of this report.

Please refer to the announcements of the Company dated 21 November 2018, 22 November 2018, 12 December 2018, 24 May 2019, 3 June 2019, 12 September 2019, 1 June 2020, 15 September 2020, 2 June 2021, 13 September 2021 and 6 June 2022, and the circular of the Company dated 11 April 2019 for further details.

# REPORT OF THE DIRECTORS

On 20 January 2022, the Company, the Issuer and UBS AG Hong Kong Branch (the “Sole Bookrunner”) entered into an agreement, under which the Sole Bookrunner agreed to subscribe for the 4.95% secured guaranteed convertible bonds due 2026 to be issued by the Issuer in the aggregate principal amount of HKD3,900 million (the “2026 Convertible Bonds”). On 28 January 2022, the Issuer issued the 2026 Convertible Bonds in the principal amount of HKD3,900 million. The 2026 Convertible Bonds are listed on SGX. Based on the total outstanding principal amount of the 2026 Convertible Bonds of HKD3,900 million as at the date of this report, the 2026 Convertible Bonds may be converted into the maximum number of 492,424,242 Shares at the latest modified conversion price of HKD7.92 per Share during the conversion period under the terms of the 2026 Convertible Bonds. The initial conversion price of HKD8.10 per Share was determined with reference to the prevailing market price of the Shares (the market price per Share on 20 January 2022 was HKD6.96). The net proceeds from the issue of the 2026 Convertible Bonds was approximately HKD3,861 million. In accordance with the intentions previously disclosed by the Company, the net proceeds were applied as to (1) partial repurchase of 4.75% senior notes due July 2022 and 4.75% senior notes due January 2023 with principal amount of USD30.6 million; (2) USD209.2 million equivalent of principal repayment of the Company’s offshore indebtedness; and (3) USD255.2 million equivalent of interest and coupon payment of the Company’s existing offshore indebtedness.

Please refer to the announcement of the Company dated 21 January 2022 and 6 June 2022 for further details.

Details of convertible bonds are set out in note 23 to the audited consolidated financial statements of the Group, which form part of the disclosure in this report of the Directors.

## PLACING

In order to raise capital for the Company while broadening its Shareholders and capital base, on 27 July 2022, the Company and UBS AG Hong Kong Branch (“UBS”) entered into a placing agreement (the “1st Placing Agreement”), under which the Company conditionally agreed to appoint UBS and UBS conditionally agreed to act as agent for the Company and to procure placees to subscribe for an aggregate of 870,000,000 Shares at a price of HKD3.25 per Share (the “1st Placing Price”) (the “1st Placing”). The 1st Placing Price was determined on an arm’s length basis between the Company and UBS and with reference to the market condition and the prevailing market price of the Shares (the market price per Share on 27 July 2022 was HKD3.16). On 3 August 2022, all conditions set out in the 1st Placing Agreement have been fulfilled and the 1st Placing has been completed. A total of 870,000,000 Shares having an aggregate nominal value of HKD87,000,000 have been successfully placed by UBS to not less than six professional, institutional and/or other investors at the 1st Placing Price. The net proceeds from the 1st Placing was approximately HKD2,790.7 million. The net price per 1st Placing Share was approximately HKD3.21. In accordance with the intentions previously disclosed by the Company, the net proceeds were applied as to (1) USD198.4 million equivalent of principal repayment of the Company’s offshore indebtedness; and (2) USD159.3 million equivalent of interest and coupon payment of the Company’s existing offshore indebtedness. Please refer to the announcements of the Company dated 27 July 2022 and 3 August 2022 for further details.

On 15 November 2022, the Company and each of UBS and J.P. Morgan Securities plc (the “Placing Agents”) entered into placing agreements (the “2nd Placing Agreements”), under which the Company conditionally agreed to appoint the Placing Agents and the Placing Agents conditionally agreed to act as agents for the Company and to procure placees to subscribe for an aggregate of 1,463,000,000 Shares at a price of HKD2.68 per Share (the “2nd Placing Price”) (the “2nd Placing”). The 2nd Placing Price was determined on an arm’s length basis between the Company and the Placing Agents and with reference to the market condition and the prevailing market price of the Shares (the market price per Share on 15 November 2022 was HKD3.20). On 22 November 2022, all conditions set out in the 2nd Placing Agreements have been fulfilled and the 2nd Placing has been completed. A total of 1,463,000,000 Shares having an aggregate nominal value of HKD146,300,000 have been successfully placed by the Placing Agents to not less than six professional, institutional and/or other investors at the 2nd Placing Price. The net proceeds from the 2nd Placing was approximately HKD3,871.8 million. The net price per 2nd Placing Share was approximately HKD2.65. In accordance with the intentions previously disclosed by the Company, the net proceeds were applied as to (1) USD178 million equivalent of principal repayment of the Company’s offshore indebtedness; (2) USD79.98 million equivalent of interest and coupon payment of the Company’s existing offshore indebtedness; and (3) partial repurchase of 4.75% senior notes due January 2023 with principal amount of USD238.4 million. Please refer to the announcements of the Company dated 15 November 2022 and 22 November 2022 for further details.

On 7 December 2022, the Company and UBS entered into a placing agreement (the “3rd Placing Agreement”), under which the Company conditionally agreed to appoint UBS and UBS conditionally agreed to act as agent for the Company and to procure placees to subscribe for an aggregate of 1,780,000,000 Shares at a price of HKD2.70 per Share (the “3rd Placing Price”) (the “3rd Placing”). The 3rd Placing Price was determined on an arm’s length basis between the Company and UBS and with reference to the market condition and the prevailing market price of the Shares (the market price per Share on 7 December 2022 was HKD2.68). On 14 December 2022, all conditions set out in the 3rd Placing Agreement have been fulfilled and the 3rd Placing has been completed. A total of 1,780,000,000 Shares having an aggregate nominal value of HKD178,000,000 have been successfully placed by UBS to not less than six professional, institutional and/or other investors at the 3rd Placing Price. The net proceeds from the 3rd Placing was approximately HKD4,741.1 million. The net price per 3rd Placing Share was approximately HKD2.66. In accordance with the intentions previously disclosed by the Company, the net proceeds were applied as to (1) USD146.6 million equivalent of principal repayment of the Company’s offshore indebtedness; (2) USD100 million equivalent of interest and coupon payment of the Company’s existing offshore indebtedness; and (3) partial repurchase of 4.75% senior notes due January 2023 with principal amount of USD361.3 million. Please refer to the announcements of the Company dated 7 December 2022 and 14 December 2022 for further details.

# REPORT OF THE DIRECTORS

## Senior Notes and Corporate Bonds

During the year ended 31 December 2022, the Company has issued, redeemed, repurchased or purchased under tender offer senior notes and corporate bonds as follows:

### (a) Senior Notes

- (i) The Company had partially repurchased senior notes from the open market on SGX in the cumulative total principal amount of USD533,632,000, including but not limited to:
- an aggregate principal amount of USD22,620,000 of the 4.75% senior notes due July 2022 (ISIN: XS1637076164) (the “July 2022 Notes”);
  - an aggregate principal amount of USD233,390,000 of the 4.75% senior notes due January 2023 (ISIN: XS1751178499); and
  - an aggregate principal amount of USD5,000,000 of the 7.25% senior notes due April 2026 (ISIN: XS1974522937).

For further details, please refer to the announcements of the Company dated 17 January 2022, 4 February 2022, 3 March 2022, 13 March 2022, 2 May 2022 and 11 January 2023.

- (ii) On 27 January 2022, the 7.125% senior notes due January 2022 in an aggregate principal amount of USD425 million (ISIN: XS1880450140) issued by the Company and listed on the SGX has matured. The Company has repaid the outstanding amount of the notes in full with accrued interest. Following such repayment, no such notes were outstanding, and such notes have been cancelled and delisted from the SGX.

For further details, please refer to announcement of the Company dated 27 January 2022.

- (iii) On 15 June 2022, the Company made an offer to purchase for cash of the July 2022 Notes at a purchase price of USD1,000 per USD1,000 principal amount of the July 2022 Notes. The July 2022 Notes purchased to the offer will be cancelled and delisted from the SGX and the aggregate principal amount of the July 2022 Notes which remains outstanding is USD272,447,000 after completion of the offer.

For further details, please refer to the announcements of the Company dated 15 June 2022, 23 June 2022 and 26 June 2022. The July 2022 Notes have been repaid in full upon maturity and there are no other offshore senior notes that are due to mature by the end of 2022.

**(b) Corporate Bonds**

As at 31 December 2022, the aggregate par value of corporate bonds newly issued or refinanced by certain subsidiaries of the Group is RMB4,491 million. The Group received net proceeds of approximately RMB4,421 million in aggregate, which would be used for refinancing certain of the Group's existing indebtedness and for general working capital purposes.

Details of the senior notes and corporate bonds issued, redeemed or repurchased during the year ended 31 December 2022 and the outstanding senior notes and corporate bonds as at 31 December 2022 are set out in notes 21 and 22 to the audited consolidated financial statements of the Group, which form part of the disclosure in this report of the Directors.

**Equity Linked Agreements**

Save as disclosed in the sections headed "Adjustment to Conversion Price of Convertible Bonds, Adjustment to Strike Price of Written Call Options and Issue of HKD3,900 million 4.95% Convertible Bonds Due 2026", "Share Option Schemes" and "Share Award Scheme", no equity linked agreements were entered into during or subsisted at the end of the year ended 31 December 2022.

**Directors' Right to Acquire Shares or Debentures**

Save as disclosed in the sections headed "Connected Transactions", "Share Option Schemes" and "Share Award Scheme", at no time during the year ended 31 December 2022 was the Company, any of its subsidiaries, fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

**Distributable Reserves**

As at 31 December 2022, the distributable reserve of the Company amounted to approximately RMB4,651 million (2021: approximately RMB6,922 million).

Details of the movements in reserves during the year ended 31 December 2022 are set out in note 43 to the audited consolidated financial statements of the Group.

**Donations**

The total donations made by the Group during the year ended 31 December 2022 amounted to approximately RMB240 million (2021: approximately RMB1,097 million).

# REPORT OF THE DIRECTORS

## Permitted Indemnity Provision

The Articles of Association provide that every Director is entitled to be indemnified out of the assets of the Company against all losses and damages which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Group has taken out and maintained directors' liability insurance for the year ended 31 December 2022, which provides appropriate cover for the Directors.

The permitted indemnity provisions were in force during the year ended 31 December 2022 for the benefit of the Directors.

## Five Years Financial Summary

A five years financial summary of the Group is set out on page 31 of this annual report.

## Major Customers and Suppliers

For the year ended 31 December 2022, revenue attributable to the largest customer of the Group amounted to approximately 0.11% of the total revenue of the year and the five largest customers of the Group accounted for less than 30% of the Group's revenue of the year.

For the year ended 31 December 2022, purchases attributable to the largest supplier of the Group amounted to approximately 1.81% of the total purchases in the year and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

## Directors' and Shareholders' Interests in Suppliers and Customers of the Group

The Directors, their close associates and the Shareholders (who to the knowledge of the Directors own more than 5% of the issued Shares) did not have any interests in the five largest customers and suppliers of the Group for the year ended 31 December 2022.

## Management Contracts

No contracts other than employment contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2022.



### Directors and Directors' Service Contracts

The Directors during the year ended 31 December 2022 and up to the date of this annual report are:

#### Executive Directors

Ms. YANG Huiyan (*Chairman*, succeeded on 1 March 2023)

Mr. MO Bin (*President*)

Ms. YANG Ziyang

Dr. CHENG Guangyu (appointed on 20 December 2022)

Ms. WU Bijun (appointed on 20 December 2022)

Mr. SU Baiyuan

Mr. YEUNG Kwok Keung (resigned on 1 March 2023)

Mr. YANG Zhicheng (resigned on 20 December 2022)

Mr. SONG Jun (resigned on 20 December 2022)

#### Non-executive Director

Mr. CHEN Chong

#### Independent non-executive Directors

Mr. LAI Ming, Joseph

Mr. SHEK Lai Him, Abraham

Mr. TONG Wui Tung

Mr. HUANG Hongyan

Mr. TO Yau Kwok

In accordance with article 83(3) of the Articles of Association, Dr. CHENG Guangyu and Ms. WU Bijun will hold office only until the 2023 AGM and, being eligible, offer themselves for re-election at the 2023 AGM.

In accordance with article 84 of the Articles of Association, Mr. CHEN Chong, Mr. LAI Ming, Joseph and Mr. TO Yau Kwok shall retire from office by rotation and, being eligible, offer themselves for re-election at the 2023 AGM. Mr. HUANG Hongyan had notified the Company that due to other work commitment, he will retire from office and will not seek for re-election at the 2023 AGM. He confirmed that he has no disagreement with the Board and there are no other matters in relation to his retirement that need to be brought to the attention of the holders of securities of the Company or the Stock Exchange.

No Director proposed for re-election at the 2023 AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

# REPORT OF THE DIRECTORS

## Changes to Information in Respect of Directors

In accordance with rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) during the year ended 31 December 2022 and up to the date of this report are set out below:

### 1. Directors' other directorships held in public companies the securities of which are listed on any securities market in Hong Kong or overseas and other major appointments and professional qualifications

| Directors' Information   | Appointment<br>(effective date) | Cessation<br>(effective date) |
|--|---------------------------------|-------------------------------|
| Ms. YANG Huiyan  |                                 |                               |
| • Bright Scholar Education Holdings Limited (NYSE: BEDU)                                   |                                 |                               |
| — director   | —                               | 30 November 2022              |
| — chairperson of the board   | —                               | 30 November 2022              |
| Mr. SHEK Lai Him, Abraham  |                                 |                               |
| • Goldin Financial Holdings Limited (Stock Code: 530)                                      |                                 |                               |
| — vice chairman  | —                               | 6 June 2022                   |
| — chairman of the board  | 6 June 2022                     | —                             |
| • Juris Doctor degree at The City University of Hong Kong                                  | 1 June 2022                     | —                             |
| • Advisory Committee on Corruption of the Independent Commission Against Corruption (ICAC) |                                 |                               |
| — membership   | —                               | 31 December 2022              |
| • City University of Hong Kong   |                                 |                               |
| — court member   | 1 January 2023                  | —                             |
| Mr. TONG Wui Tung  |                                 |                               |
| • Y. T. Realty Group Limited (Stock Code:75)   |                                 |                               |
| — company secretary  | —                               | 28 February 2023              |
| Mr. HUANG Hongyan  |                                 |                               |
| • Guangdong Rifeng Electric Cable Co., Ltd. (SZSE: 002953)                                 |                                 |                               |
| — independent director   | 12 December 2022                | —                             |

## 2. Directors' service agreement and remuneration

Each of the following Directors has entered into director's service supplemental agreement with the Company on 31 March 2022 and 7 September 2022. Under the supplemental agreements, the latest annual salary as a Director has been adjusted as follows (with effect from 7 September 2022):

| Director   | Annual Salary<br>Before Adjustment<br>RMB million | Annual Salary<br>After Adjustment<br>RMB million |
|--|---|--|
| Mr. MO Bin                                       | 15  | 3  |
| Ms. YANG Ziyi                                    | 10  | 2  |
| Mr. SU Baiyuan                                   | 4   | 1  |
| Mr. YEUNG Kwok Keung (resigned on 1 March 2023)  | 10  | 0.3  |
| Mr. YANG Zhicheng (resigned on 20 December 2022) | 4   | 1  |
| Mr. SONG Jun (resigned on 20 December 2022)      | 4   | 1  |

Mr. YEUNG Kwok Keung has resigned from his positions as the Chairman and executive Director of the Company with effect from 1 March 2023 and continues to participate in the corporate operations of the Group as a Special Advisor. He did not receive any remuneration from the Company after 1 March 2023.

The Remuneration Committee and the Board will consider the possibility of further adjusting the annual salary of the relevant Directors when appropriate according to the market situation and the Company's performance.

### Directors' and Senior Management's Emoluments and Five Highest Paid Individuals

Details of the remuneration of the Directors and senior management, together with those of the five highest paid individuals of the Group for the year ended 31 December 2022 are set out in note 45 and note 31 to the audited consolidated financial statements of the Group and the section headed "Board Committees — Remuneration Committee" under the corporate governance report.

The emolument payable to the Directors (including salary and other benefits) are recommended by the Remuneration Committee of the Company for the Board's approval, having regard to the Group's results, Directors' performance, duties, etc.

### Directors' Interests in Contracts of Significance

Save as disclosed under the section headed "Connected Transactions and Continuing Connected Transactions" and note 42 to the audited consolidated financial statements of the Group, no transactions, arrangements or contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director or his or her connected entities had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2022.

# REPORT OF THE DIRECTORS

## Directors' and Their Close Associates' Interests in Competing Business

On 21 July 2021, the Company entered into the deeds of non-competition and indemnity (the “Deeds”) with Mr. YEUNG Kwok Keung and Ms. YANG Huiyan (collectively the “Covenantors”) to replace the original deeds of non-competition (the “Original Deeds of Non-Competition”) entered into on 29 March 2007 with the Covenantors and other then relevant covenantors (including Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd.) prior to the listing of the shares of the Company in 2007. The Deeds have been considered and passed in the extraordinary general meeting of the Company on 22 December 2021 (the “Effective Date of the Deeds”), and the Original Deeds of Non-Competition were terminated at the same time.

After the Effective Date of the Deeds, the Covenantors have unconditionally and irrevocably undertaken and warranted that they (i) will not, and will procure any of their respective close associates (other than members of the Group) not to, participate in or operate any business which directly or indirectly competes or may compete with business from time to time engaged in by the Group, other than: (a) the Group’s business; (b) investment which is not in the nature of a “business”; (c) business which the Group has newly engaged in that was not a restricted business and the Covenantors or their close associates have hitherto carried on or participated in or been interested in; and (d) any business segment or market which the Group will not invest in, as approved by a board committee comprising independent non-executive directors who do not have an interest in the business opportunity (the “Independent Board”) ((a)-(d) collectively, the “Exempted Business”) (the “Restricted Business”), or (ii) hold any interests or rights in any companies or businesses (other than the Group and the Exempted Business) which directly or indirectly so competes or may compete with the business of the Group except where they hold less than 5% of the total issued share capital in any company which competes with the business of the Group and have no right to appoint the majority of the board of directors thereof.

Besides, the Deeds also formulate a competing business opportunity review mechanism, which requires the Covenantors and their close associates to first refer new business opportunity of the Restricted Business to the Company. In case the Company declines such business opportunity, the Covenantors and their close associates are entitled to accept such business opportunity upon passing the competing business opportunity review mechanism (including the approval by the Independent Board). Similarly, in case any restricted business opportunity offered by a third party is declined by the Company or the Company intends to sell a project and the Covenantors or their close associates wish to accept, they could participate in or operate relevant Restricted Business upon passing the competing business opportunity review mechanism (including the approval by the Independent Board). For those Restricted Business participated or operated by the Covenantors or their close associates upon passing the competing business opportunity review mechanism, the Company shall have the pre-emptive right thereof.

The independent non-executive Directors shall review, at least once every year, the performance of the Deeds by the Covenantors to confirm that they have complied with the terms of the Deeds. The Company has received confirmation letters from the Covenantors on the compliance with the terms of the Deeds by themselves and their close associates, confirming that all conditions and terms of the Deeds have been complied with during the year ended 31 December 2022. In particular, Mr. YEUNG Kwok Keung has not used the competing business opportunity review mechanism under the Deeds, while Ms. YANG Huiyan has used the competing business opportunity review mechanism under the Deeds for 12 new business opportunities during the year ended 31 December 2022 in addition to the share investment business opportunity of China Resources Vanguard (Holding) Company Limited (“Vanguard”) in 2021. For details regarding the business opportunity of Vanguard, please refer to the section headed “Directors’ and Their Close Associates’ Interests in Competing Business” in the report of the Directors in the Annual Report 2021 of the Company. The aforesaid 11 out of the 12 new business opportunities involve the purchase, holding and operation of certain real estates, shops, parking spaces etc. by various subsidiaries of CG Services. The total value of those real estates, shops and parking spaces is approximately RMB656.57 million, all of which are used to offset the debts of the debtors of various subsidiaries of CG Services. The remaining one opportunity involves developing of a self-operated retail business using its membership program platform and offline sales channel by a CG Services subsidiary, which involved annual sales amount of approximately RMB60 million, the market positioning, sale strategy and customer group of which are substantially different from the community retail business of Guangdong Biyouxuan Commercial Holding Co., Ltd, a subsidiary of the Company. Taking into account of, among other things, the relevant factors of the unclear outlook of the current real estate industry adjustment period, the Company’s operating risks and cash flows, the fact that the Company’s capital shall first be used in the development of its major property business and to secure capital turnover, the total business volume and profit margin of the relevant business opportunities, and the fact that the geographical locations of the business opportunities of the relevant real estates, shops, parking spaces do not constitute substantial competition etc., the Independent Board has convened meetings to review and decide that the Company would not participate in such business opportunities, and approved that Ms. YANG Huiyan is entitled to participate in or operate such business opportunities pursuant to the terms of the Deeds. As such, Ms. YANG Huiyan has participated in or operated such business opportunities. The Company is independent of businesses of CG Services and Vanguard, and the Company and each of CG Services and Vanguard operate their respective businesses at arm’s length for their own interests. For details regarding the Company’s independence from CG Services, please refer to the section headed “Relationship with our Controlling Shareholders” in the listing documents of CG Services.

The Covenantors hereby declare that they have complied with all conditions and terms within the Deeds during the year ended 31 December 2022. The independent non-executive Directors have reviewed the confirmation letters from the Covenantors, and assessed whether the Covenantors and their close associates have complied with the Deeds, and are satisfied that the Covenantors have complied with the terms of the Deeds during the year ended 31 December 2022.

# REPORT OF THE DIRECTORS

In addition, as stated in the Company's Annual Report 2021, Qingyuan CG acts as the developer of the single Qingyuan Holiday Islands project situated in Qingyuan while Qingyuan Country Cultural Development Co., Ltd. operates the Qingyuan Cultural Park located in Shijiao Town, Qingcheng District in Qingyuan. The competition between Qingyuan CG and the Company is only in a technical sense, and in practice, the single project owned by Qingyuan CG and the major property development business of the Company in Qingyuan are quite different. The Company was independent of the business of these two companies, and the Company and these two companies were operating their respective businesses at arm's length for their own interests.

Save as disclosed above, as at 31 December 2022, none of the Directors and their close associates was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group. The Deed in respect of Mr. YEUNG Kwok Keung has terminated when Mr. YEUNG Kwok Keung ceased to be the chairman of the Board and executive Director, and ceased to be binding on Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd. (both being close associates of Mr. YEUNG Kwok Keung), with effect from 1 March 2023.

## Connected Transactions and Continuing Connected Transactions

Details of connected transactions and continuing connected transactions not exempted under Chapter 14A of the Listing Rules are disclosed below.

### (1) Connected Transactions

There were no connected transactions of the Company which were required by the Listing Rules to be disclosed during the year ended 31 December 2022.

### (2) Continuing Connected Transactions

During the year ended 31 December 2022, the Company has entered into certain transactions which constitute continuing connected transactions (as defined in the Listing Rules) of the Company. Pursuant to the disclosure requirements in the annual report under rules 14A.49 and 14A.71 of the Listing Rules, details of these transactions are set out below:

#### (a) *Agreements of Continuing Connected Transactions*

##### (i) *Design Services Agreement*

Pursuant to the design services further supplemental agreement dated 22 August 2017 and the 2018 Design Services Supplemental Agreement dated 21 March 2018 entered into between Shunde Country Garden and Elite Architectural, Elite Architectural agreed to provide survey work, property design and interior design services to the Group on terms no less favourable than those available to independent third parties for three years commencing from 1 January 2017 to 31 December 2019 which later extended for a further term of one year commencing on 1 January 2020 by virtue of the 2018 Design Services Supplemental Agreement.

The engagement pursuant to the 2018 Design Services Supplemental Agreement expired on 31 December 2020. Accordingly, on 4 December 2020, Elite Architectural and Shunde Country Garden entered into a further supplemental agreement (“2020 Design Services Supplemental Agreement”), pursuant to which the 2018 Design Services Supplemental Agreement was extended for a further term of three years commencing on 1 January 2021 with annual caps for the fees for the relevant transactions being approximately RMB7,000 million, RMB7,700 million and RMB8,400 million respectively for each of the three years ending 31 December 2023. For the year ended 31 December 2022, the total amount of survey work, property design and interior design services charged by Elite Architectural amounted to RMB2,051 million.

Shunde Country Garden is a wholly-owned subsidiary of the Company, and Ms. YANG Meirong (Mr. YEUNG Kwok Keung’s associate) indirectly owned more than 50% interest in Elite Architectural. Mr. YEUNG Kwok Keung is the then Chairman and executive Director, and Elite Architectural is therefore a majority-controlled company indirectly held by the associate of Mr. YEUNG Kwok Keung. Elite Architectural is therefore a connected person of the Company under the Listing Rules. Transactions contemplated under the 2020 Design Services Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(ii) *Property Management Services Framework Agreement*

As disclosed in the Company’s announcement dated 19 March 2018, the Company proposed to spin-off and separately list CG Services, engaging in the property management business of the Group then, on the main board of the Stock Exchange by way of introduction (the “Spin-off”). CG Services was listed on the main board of the Stock Exchange on 19 June 2018. Following the completion of the Spin-off, CG Services has become a 30%-controlled company indirectly held by Ms. YANG Huiyan, the Chairman, an executive Director and the controlling Shareholder. As such, CG Services is an associate of Ms. YANG Huiyan and thus a connected person of the Company.

On 1 June 2018, the Company entered into a property management services framework agreement with CG Services, which sets out the principal terms of the property management services to be provided by CG Services and its subsidiaries (collectively, the “CG Services Group”) to the Group immediately after the Spin-off, in respect of the unsold property units and the sold property units prior to the agreed delivery date set out in the relevant property purchase contract for projects developed by the Group and managed by CG Services Group, for a term commencing on 19 June 2018 until 31 December 2020 (the “2018 Property Management Services Framework Agreement”).

## REPORT OF THE DIRECTORS

Since the 2018 Property Management Services Framework Agreement expired on 31 December 2020, the Company entered into a new property management services framework agreement with CG Services on 4 December 2020 (the “2020 Property Management Services Framework Agreement”), for a term commencing on 1 January 2021 until 31 December 2023, which has been approved by the independent shareholders of CG Services. The annual caps of transactions contemplated under the 2020 Property Management Services Framework Agreement are respectively RMB416 million, RMB493 million and RMB571 million for each of the three years ending 31 December 2023. For the year ended 31 December 2022, the value of the property management services provided by the CG Services Group to the Group is RMB300 million.

Since CG Services is a connected person of the Company, transactions between the Group and the CG Services Group under the 2020 Property Management Services Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(iii) *Sales and Leasing Agency Services Framework Agreement*

On 18 September 2018, the Company entered into a sales and leasing agency services framework agreement with CG Services, which sets out the principal terms for the provision of sales and leasing agency services in respect of unsold parking spaces of the Group and provision of sales agency services in respect of unsold property units of the Group, by the CG Services Group to the Group for a term commencing on 18 September 2018 until 31 December 2020 (the “2018 Sales and Leasing Agency Services Framework Agreement”).

Since the 2018 Sales and Leasing Agency Services Framework Agreement expired on 31 December 2020, the Company entered into a new sales and leasing agency services framework agreement with CG Services on 4 December 2020 (the “2020 Sales and Leasing Agency Services Framework Agreement”), for a term commencing on 1 January 2021 until 31 December 2023, which has been approved by independent shareholders of CG Services. The annual caps of transactions contemplated under the 2020 Sales and Leasing Agency Services Framework Agreement are respectively RMB700 million, RMB850 million and RMB1,000 million for each of the three years ending 31 December 2023. For the year ended 31 December 2022, the value of the sales and leasing agency services in respect of unsold parking spaces of the Group and the sales agency services in respect of unsold property units of the Group provided by the CG Services Group to the Group is RMB346 million.

Since CG Services is a connected person of the Company (see above), transactions between the Group and the CG Services Group under the 2020 Sales and Leasing Agency Services Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.



(iv) *Consultancy and Other Services Framework Agreement*

The consultancy and other services framework agreement dated 1 June 2018 (the “2018 Consultancy and Other Services Framework Agreement”) and consultancy and other services supplemental agreement dated 18 September 2018 (the “2018 Consultancy and Other Services Supplemental Agreement”) were entered into between the Company and CG Services, which set out the principal terms of the consultancy and other services to be provided by CG Services Group to the Group, such as consultancy services to the on-site sales office of the Group and cleaning services for the properties developed by the Group before delivery to homeowners (the “Consultancy Services”), for a term commencing on 19 June 2018 until 31 December 2020.

The advertising and domestic services framework agreement dated 23 August 2019 (the “Advertising and Domestic Services Framework Agreement”) was entered into between the Company and CG Services, which set out the principal terms for the provision of advertising services (which comprise installation, maintenance and dismantling services) by the CG Services Group to the Group in relation to advertisements to be displayed at certain advertising spaces located in the common areas of the property projects managed by the CG Services Group (the “Advertising Services”) and domestic services including home cleaning, household appliances cleaning, garden maintenance, home maintenance and other domestic services by the CG Services Group to the purchasers of property units of the Group (the “Domestic Services”), for a term commencing on 23 August 2019 until 31 December 2020.

On 18 March 2020, the Company entered into an elevators installation and other services framework agreement with CG Services (the “Elevators Installation and Other Services Framework Agreement”), which sets out the principal terms for provision of elevator products installation, supporting services and other services to be provided by the CG Services Group to the Group (the “Elevators Installation Services”), for a term commencing on 18 March 2020 until 31 December 2020.

Since the 2018 Consultancy and Other Services Framework Agreement, 2018 Consultancy and Other Services Supplemental Agreement, Advertising and Domestic Services Framework Agreement and Elevators Installation and Other Services Framework Agreement expired on 31 December 2020, the Company entered into a new consultancy and other services framework agreement with CG Services on 4 December 2020 (the “2020 Consultancy and Other Services Framework Agreement”), which sets out the principal terms for provision of the Consultancy Services, the Advertising Services, the Domestic Services, the Elevators Installation Services and other services (including technology services, after-sales maintenance and warranty services for houses and buildings, turnkey furnishing services, hotel management services, institutional food services, disinfection and pest control services and other services) to be provided by the CG Services Group to the Group, for a term commencing on 1 January 2021 until 31 December 2023, which has been approved by independent shareholders of CG Services. The annual caps of transactions contemplated under the 2020 Consultancy and Other Services Framework Agreement are respectively RMB1,500 million, RMB1,800 million and RMB2,200 million for each of the three years ending 31 December 2023. For the year ended 31 December 2022, fees payable by the Group to the CG Services Group under the 2020 Consultancy and Other Services Framework Agreement were RMB1,317 million.

## REPORT OF THE DIRECTORS

Since CG Services is a connected person of the Company (see above), transactions between the Group and the CG Services Group under the 2020 Consultancy and Other Services Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(v) *Property Lease Framework Agreement*

On 13 April 2021, the Company entered into a property lease framework agreement (as amended by a property lease supplemental agreement dated 12 July 2022 with regards to, among other things, (i) the scope of the subject matter under individual leasing contracts; (ii) the individual lease term; (iii) the rental mechanism; and (iv) the rent adjustment mechanism, details of which are set out in the Company's announcement published on the same day) with CG Services, which sets out the principal terms for the leasing of assets including but not limited to office spaces, shops, parking lots, apartments, etc. by the Group (as lessor) to the CG Services Group (as lessee) to be used for commercial service for a term commencing on 13 April 2021 until 31 December 2023 (the "Property Lease Framework Agreement"). The annual caps of the rental income (fixed rent and/or variable rent including expenditure, if any) receivable by the Group from the CG Services Group under the Property Lease Framework Agreement are RMB143 million, RMB295 million and RMB439 million respectively for each of the three years ending 31 December 2023. For the year ended 31 December 2022, the rental income (fixed rent and/or variable rent including expenditure, if any) received by the Group from the CG Services Group is RMB148 million.

Since CG Services is a connected person of the Company (see above), transactions between the Group and the CG Services Group under the Property Lease Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(vi) *Business Management Service Framework Agreement*

On 13 April 2021, the Company entered into a business management service framework agreement (as amended by a business management service supplemental agreement dated 12 July 2022 with regards to the individual contract service period, details of which are set out in the Company's announcement published on the same day) with CG Services, which sets out the principal terms for the provision of business planning and consulting, business solicitation, operation and corporate planning services by the CG Services Group to the Group for a term commencing on 13 April 2021 until 31 December 2023 (the "Business Management Service Framework Agreement"). The annual caps of the service fees payable by the Group to the CG Services Group under the Business Management Service Framework Agreement are RMB420 million, RMB450 million and RMB480 million respectively for each of the three years ending 31 December 2023. For the year ended 31 December 2022, the service fees paid by the Group to the CG Services Group is RMB302 million.

Since CG Services is a connected person of the Company (see above), transactions between the Group and the CG Services Group under the Business Management Service Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The above continuing connected transactions are all subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders' approval requirement under the Listing Rules.

**(b) Annual Review of Continuing Connected Transactions**

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

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms or better, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of rule 14A.56 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the cap.

**(c) Others**

The connected transactions and continuing connected transactions disclosed above also constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions made during the year ended 31 December 2022 is disclosed in note 42 to the financial statements.

Certain items under note 42(a) to the financial statements also constitute connected or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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

# REPORT OF THE DIRECTORS

## Share Option Schemes

### (a) 2007 Share Option Scheme

On 20 March 2007, the 2007 Share Option Scheme was approved and adopted by the then Shareholders for a period of 10 years commencing on the adoption date. The 2007 Share Option Scheme has expired on 19 March 2017. A summary of the principal terms of the 2007 Share Option Scheme is set out as follows:

#### (i) *Purpose of the 2007 Share Option Scheme*

The purpose of the 2007 Share Option Scheme was to provide incentives to the participants.

#### (ii) *Eligible Participants*

The participants of the 2007 Share Option Scheme were employees of the Company and its subsidiaries including the executive Directors and non-executive Directors.

#### (iii) *Grant of Options*

The Board was entitled at any time, within 10 years after the date of adoption of the 2007 Share Option Scheme, to make an offer of the grant of an option to any participant. Following the date of expiry of the 2007 Share Option Scheme, no subsequent options may be granted under the 2007 Share Option Scheme.

#### (iv) *Payment on Acceptance of Option Offer*

HKD1.00 was payable by the participant to the Company on acceptance of the option offer as consideration for the grant within 28 days from the date upon which the option offer was made.

#### (v) *Subscription Price of Shares*

The subscription price of an option to subscribe for Shares granted pursuant to the 2007 Share Option Scheme was the highest of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option offer was made to a participant, which had to be a business day;
- the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an option offer was made; and
- the nominal value of a Share.

**(vi) Maximum Number of Shares Available for Subscription**

The total number of Shares which might be issued upon exercise of all options to be granted under the 2007 Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the global offering and the capitalization issue of the Company. The 10% limit might be refreshed with the approval by ordinary resolution of the Shareholders. The maximum number of Shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the 2007 Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time. As at 19 March 2017 (the date of expiry of the 2007 Share Option Scheme), a total of 1,636,000,000 Shares (including options to subscribe for 14,061,871 Shares that have been granted but not yet lapsed or exercised as at that date) (representing approximately 7.66% of the issued share capital of the Company as at 19 March 2017) were available for issue under the 2007 Share Option Scheme. As at 31 December 2022, 5,699,319 options granted under the 2007 Share Option Scheme remained outstanding. The number of Shares issued upon exercise of all these options represented approximately 0.02% of the issued share capital of the Company as at 31 December 2022.

**(vii) Maximum Entitlement of Shares of each Participant**

- The total number of Shares issued and to be issued upon exercise of all options granted under the 2007 Share Option Scheme and any other share option schemes of the Company to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- Where Shares issued and to be issued upon exercise of all options already granted and to be granted under the 2007 Share Option Scheme and any other share option scheme of the Company (including options exercised, cancelled and outstanding) to a participant who is a substantial Shareholder or an independent non-executive Director, or any of his or her associate in the 12-month period up to and including the date of grant, (1) representing in aggregate more than 0.1% of the total number of Shares in issue; and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HKD5,000,000, the proposed grant of option must be approved by the Shareholders by poll in general meeting.

# REPORT OF THE DIRECTORS

## (viii) Option Period

The exercise period of any option granted under the 2007 Share Option Scheme was not longer than 10 years from the date of grant of the relevant option. The Board had the authority to determine the minimum period for which an option had to be held before it could be exercised.

During the year ended 31 December 2022, details of movements in the share options under the 2007 Share Option Scheme are as follows:

| Category and name of grantees        | Options to subscribe for Shares |                                      |                           |                           |                        | Outstanding at 31 December 2022 | Exercise price per Share HKD | Date of grant | Exercisable period         |
|--------------------------------------|---------------------------------|--------------------------------------|---------------------------|---------------------------|------------------------|---------------------------------|------------------------------|---------------|----------------------------|
|                                      | Outstanding at 1 January 2022   | Granted during the year <sup>1</sup> | Exercised during the year | Cancelled during the year | Lapsed during the year |                                 |                              |               |                            |
| <b>Directors</b>                     |                                 |                                      |                           |                           |                        |                                 |                              |               |                            |
| Mr. YANG Zhicheng <sup>2</sup>       | 1,515,933                       | –                                    | –                         | –                         | –                      | 1,515,933                       | 4.773                        | 13.12.2013    | 13.12.2018<br>– 12.12.2023 |
|                                      | 691,708                         | –                                    | –                         | –                         | –                      | 691,708                         | 3.332                        | 16.03.2016    | 16.03.2021<br>– 15.03.2026 |
|                                      | 525,597                         | –                                    | –                         | –                         | –                      | 525,597                         | 3.106                        | 11.05.2016    | 11.05.2021<br>– 10.05.2026 |
| Mr. SONG Jun <sup>2</sup>            | 628,177                         | –                                    | –                         | –                         | –                      | 628,177                         | 3.332                        | 16.03.2016    | 16.03.2021<br>– 15.03.2026 |
|                                      | 1,074,264                       | –                                    | –                         | –                         | –                      | 1,074,264                       | 3.106                        | 11.05.2016    | 11.05.2021<br>– 10.05.2026 |
|                                      | 816,050                         | –                                    | –                         | –                         | –                      | 816,050                         | 3.740                        | 19.08.2016    | 19.08.2021<br>– 18.08.2026 |
| Sub-total                            | 5,251,729                       | –                                    | –                         | –                         | –                      | 5,251,729                       |                              |               |                            |
| <b>Employees of the Group</b>        | 261,248                         | –                                    | –                         | –                         | –                      | 261,248                         | 4.773                        | 13.12.2013    | 13.12.2018<br>– 12.12.2023 |
| Sub-total                            | 261,248                         | –                                    | –                         | –                         | –                      | 261,248                         |                              |               |                            |
| <b>Other participant<sup>3</sup></b> | 186,342                         | –                                    | –                         | –                         | –                      | 186,342                         | 3.332                        | 16.03.2016    | 16.03.2021<br>– 15.03.2026 |
| Sub-total                            | 186,342                         | –                                    | –                         | –                         | –                      | 186,342                         |                              |               |                            |
| <b>Total</b>                         | 5,699,319                       | –                                    | –                         | –                         | –                      | 5,699,319                       |                              |               |                            |

Notes:

1. During the year ended 31 December 2022, no share options were granted by the Company in accordance with the terms of the 2007 Share Option Scheme.
2. Mr. YANG Zhicheng and Mr. SONG Jun resigned as Directors on 20 December 2022.
3. The “Other participant” is a former Director.

**(b) 2017 Share Option Scheme**

In view of the expiry of the 2007 Share Option Scheme on 19 March 2017, the 2017 Share Option Scheme was approved and adopted by the Shareholders at the annual general meeting of the Company held on 18 May 2017 for the period of 10 years commencing on the adoption date and ending 17 May 2027. A summary of the principal terms of the 2017 Share Option Scheme is set out as follows:

**(i) Purpose of the 2017 Share Option Scheme**

The purpose is to provide the people and the parties working for the interests of the Group with an opportunity to obtain equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with incentives to work better for the interest of the Group and/or rewards for their contribution and support to the Group.

**(ii) Eligible Participants**

The following persons are eligible to participate in the 2017 Share Option Scheme:

- any executive or non-executive directors (including certain Senior Management who were also executive Directors of the Company at the time of grant) of each member of the Group and their associates; and
- any full-time employees of each member of the Group.

**(iii) Grant of Options**

The Board shall be entitled at any time and from time to time, within 10 years after the date of adoption of the 2017 Share Option Scheme, to make an offer of the grant of an option to any participant.

**(iv) Payment on Acceptance of Option Offer**

HKD1.00 is payable by the participant to the Company on acceptance of the option offer as consideration for the grant within 28 days from the date upon which the option offer is made.

**(v) Subscription Price of Shares**

The subscription price of an option to subscribe for Shares granted pursuant to the 2017 Share Option Scheme shall be at least the highest of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day;
- the price being the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and
- the nominal or par value of a Share on the date of grant.

# REPORT OF THE DIRECTORS

## **(vi) Maximum Number of Shares Available for Subscription**

- The total number of Shares which may be issued upon exercise of all options to be granted under the 2017 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the adoption date (the “Original Scheme Limit”), unless the Company obtains an approval from its Shareholders pursuant to the scheme rules of the 2017 Share Option Scheme.
- The Company may seek approval of its Shareholders in general meeting for refreshing the Original Scheme Limit.
- The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2017 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time.
- As at the date of this report, a total number of 2,048,830,798 Shares (including options to subscribe for 12,165,156 Shares that have been granted but not yet lapsed or exercised) (representing approximately 7.41% of the issued share capital of the Company as at the date of this report) were available for issue under the 2017 Share Option Scheme.

## **(vii) Maximum Entitlement of Shares of each Participant**

- Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of all options granted under the 2017 Share Option Scheme or any other share option schemes of the Company to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- Where any proposed grant of options would result in Shares issued and to be issued upon exercise of all options already granted and to be granted under the 2017 Share Option Scheme and any other share option scheme of the Company (including options exercised, cancelled and outstanding) to a participant who is a substantial Shareholder or an independent non-executive Director, or their respective associates in the 12-month period up to and including the date of grant, (1) representing in aggregate more than 0.1% of the total number of Shares in issue; and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HKD5,000,000, the proposed grant of option must be approved by the Shareholders by poll in general meeting.

## **(viii) Option Period**

The period within which the options must be exercised will be specified by the Company at the time of grant. This period shall not be longer than 10 years from the date of grant, but subject to the provisions for early termination thereof under the 2017 Share Option Scheme. The Board may also provide restrictions on the exercise of an option during the period an option may be exercised. Unless otherwise determined by the Board and specified in the offer letter at the time of the grant, there is neither any performance target that needs to be achieved by the grantee before an option can be exercised nor any minimum period for which an option must be held before the option can be exercised.



During the year ended 31 December 2022, details of movements in the share options under the 2017 Share Option Scheme are as follows:

| Category and name of grantees  | Options to subscribe for Shares |                                      |                           |                           |                        | Outstanding at 31 December 2022 | Exercise price per Share HKD | Date of grant <sup>2</sup> | Exercisable period         |
|--------------------------------|---------------------------------|--------------------------------------|---------------------------|---------------------------|------------------------|---------------------------------|------------------------------|----------------------------|----------------------------|
|                                | Outstanding at 1 January 2022   | Granted during the year <sup>1</sup> | Exercised during the year | Cancelled during the year | Lapsed during the year |                                 |                              |                            |                            |
| <b>Directors</b>               |                                 |                                      |                           |                           |                        |                                 |                              |                            |                            |
| Mr. YANG Zhicheng <sup>3</sup> | 484,454                         | –                                    | 113,996 <sup>4</sup>      | –                         | –                      | 370,458                         | 8.250                        | 22.05.2017                 | 22.05.2022<br>– 21.05.2027 |
|                                | 495,084                         | –                                    | –                         | –                         | –                      | 495,084                         | 10.100                       | 24.08.2017                 | 24.08.2022<br>– 23.08.2027 |
|                                | 205,255                         | –                                    | –                         | –                         | –                      | 205,255                         | 12.980                       | 08.12.2017                 | 08.12.2022<br>– 07.12.2027 |
|                                | 434,145                         | –                                    | –                         | –                         | –                      | 434,145                         | 9.654                        | 06.12.2018                 | 06.12.2023<br>– 05.12.2028 |
|                                | 348,158                         | –                                    | –                         | –                         | –                      | 348,158                         | 12.044                       | 25.03.2019                 | 25.03.2024<br>– 24.03.2029 |
|                                | 429,995                         | –                                    | –                         | –                         | –                      | 429,995                         | 12.408                       | 09.05.2019                 | 09.05.2024<br>– 08.05.2029 |
|                                | 744,899                         | –                                    | –                         | –                         | –                      | 744,899                         | 9.834                        | 23.08.2019                 | 23.08.2024<br>– 22.08.2029 |
|                                | 432,848                         | –                                    | –                         | –                         | –                      | 432,848                         | 11.092                       | 05.12.2019                 | 05.12.2024<br>– 04.12.2029 |
|                                | 237,303                         | –                                    | –                         | –                         | –                      | 237,303                         | 10.040                       | 12.05.2020                 | 12.05.2025<br>– 11.05.2030 |
|                                | 189,361                         | –                                    | –                         | –                         | –                      | 189,361                         | 10.160                       | 24.07.2020                 | 24.07.2025<br>– 23.07.2030 |
|                                | 248,853                         | –                                    | –                         | –                         | –                      | 248,853                         | 10.332                       | 03.12.2020                 | 03.12.2025<br>– 02.12.2030 |
|                                | 644,397                         | –                                    | –                         | –                         | –                      | 644,397                         | 9.730                        | 26.03.2021                 | 26.03.2026<br>– 25.03.2031 |

# REPORT OF THE DIRECTORS

| Category and name of grantees | Options to subscribe for Shares |                                      |                           |                           |                        | Outstanding at 31 December 2022 | Exercise price per Share HKD | Date of grant <sup>2</sup> | Exercisable period         |
|-------------------------------|---------------------------------|--------------------------------------|---------------------------|---------------------------|------------------------|---------------------------------|------------------------------|----------------------------|----------------------------|
|                               | Outstanding at 1 January 2022   | Granted during the year <sup>1</sup> | Exercised during the year | Cancelled during the year | Lapsed during the year |                                 |                              |                            |                            |
| Mr. SONG Jun <sup>3</sup>     | 1,157,991                       | –                                    | –                         | –                         | –                      | 1,157,991                       | 8.250                        | 22.05.2017                 | 22.05.2022<br>– 21.05.2027 |
|                               | 483,325                         | –                                    | –                         | –                         | –                      | 483,325                         | 10.100                       | 24.08.2017                 | 24.08.2022<br>– 23.08.2027 |
|                               | 454,562                         | –                                    | –                         | –                         | –                      | 454,562                         | 12.980                       | 08.12.2017                 | 08.12.2022<br>– 07.12.2027 |
|                               | 421,667                         | –                                    | –                         | –                         | –                      | 421,667                         | 16.460                       | 21.03.2018                 | 21.03.2023<br>– 20.03.2028 |
|                               | 258,092                         | –                                    | –                         | –                         | –                      | 258,092                         | 16.280                       | 10.05.2018                 | 10.05.2023<br>– 09.05.2028 |
|                               | 202,300                         | –                                    | –                         | –                         | –                      | 202,300                         | 12.240                       | 22.08.2018                 | 22.08.2023<br>– 21.08.2028 |
|                               | 185,762                         | –                                    | –                         | –                         | –                      | 185,762                         | 9.654                        | 06.12.2018                 | 06.12.2023<br>– 05.12.2028 |
|                               | 66,723                          | –                                    | –                         | –                         | –                      | 66,723                          | 12.044                       | 25.03.2019                 | 25.03.2024<br>– 24.03.2029 |
|                               | 294,537                         | –                                    | –                         | –                         | –                      | 294,537                         | 9.834                        | 23.08.2019                 | 23.08.2024<br>– 22.08.2029 |
|                               | 206,292                         | –                                    | –                         | –                         | –                      | 206,292                         | 11.092                       | 05.12.2019                 | 05.12.2024<br>– 04.12.2029 |
|                               | 109,619                         | –                                    | –                         | –                         | –                      | 109,619                         | 10.040                       | 12.05.2020                 | 12.05.2025<br>– 11.05.2030 |
|                               | 291,254                         | –                                    | –                         | –                         | –                      | 291,254                         | 10.160                       | 24.07.2020                 | 24.07.2025<br>– 23.07.2030 |
|                               | 130,535                         | –                                    | –                         | –                         | –                      | 130,535                         | 10.332                       | 03.12.2020                 | 03.12.2025<br>– 02.12.2030 |
|                               | Mr. SU Baiyuan                  | 1,135,435                            | –                         | –                         | –                      | –                               | 1,135,435                    | 8.250                      | 22.05.2017                 |
| 526,868                       |                                 | –                                    | –                         | –                         | –                      | 526,868                         | 16.460                       | 21.03.2018                 | 21.03.2023<br>– 20.03.2028 |
| 320,165                       |                                 | –                                    | –                         | –                         | –                      | 320,165                         | 12.408                       | 09.05.2019                 | 09.05.2024<br>– 08.05.2029 |
| 176,545                       |                                 | –                                    | –                         | –                         | –                      | 176,545                         | 10.040                       | 12.05.2020                 | 12.05.2025<br>– 11.05.2030 |
| 901,113                       |                                 | –                                    | –                         | –                         | –                      | 901,113                         | 9.730                        | 26.03.2021                 | 26.03.2026<br>– 25.03.2031 |
| Sub-total                     | 12,217,537                      | –                                    | 113,996                   | –                         | –                      | 12,103,541                      |                              |                            |                            |

| Category and name of grantees        | Options to subscribe for Shares |                                      |                           |                           |                        |                                 | Outstanding at 31 December 2022 | Exercise price per Share HKD | Date of grant <sup>2</sup> | Exercisable period |
|--------------------------------------|---------------------------------|--------------------------------------|---------------------------|---------------------------|------------------------|---------------------------------|---------------------------------|------------------------------|----------------------------|--------------------|
|                                      | Outstanding at 1 January 2022   | Granted during the year <sup>1</sup> | Exercised during the year | Cancelled during the year | Lapsed during the year | Outstanding at 31 December 2022 |                                 |                              |                            |                    |
| <b>Employee of the Group</b>         | 6,955,657                       | –                                    | –                         | –                         | –                      | 6,955,657 <sup>4</sup>          | 9.600                           | 08.06.2021                   | 08.06.2021<br>– 07.06.2031 |                    |
|                                      | –                               | 6,955,657                            | 6,955,657 <sup>5</sup>    | –                         | –                      | –                               | 4.830                           | 17.05.2022                   | 17.05.2022<br>– 16.05.2032 |                    |
|                                      | 6,955,657                       | 6,955,657                            | 6,955,657                 | –                         | –                      | 6,955,657                       |                                 |                              |                            |                    |
| <b>Sub-total</b>                     | 6,955,657                       | 6,955,657                            | 6,955,657                 | –                         | –                      | 6,955,657                       |                                 |                              |                            |                    |
| <b>Other participant<sup>6</sup></b> | 117,526                         | –                                    | 55,911 <sup>5</sup>       | –                         | –                      | 61,615                          | 8.250                           | 22.05.2017                   | 22.05.2022<br>– 21.05.2027 |                    |
|                                      | 117,526                         | –                                    | 55,911                    | –                         | –                      | 61,615                          |                                 |                              |                            |                    |
| <b>Sub-total</b>                     | 117,526                         | –                                    | 55,911                    | –                         | –                      | 61,615                          |                                 |                              |                            |                    |
| <b>Total</b>                         | 19,290,720                      | 6,955,657                            | 7,125,564                 | –                         | –                      | 19,120,813                      |                                 |                              |                            |                    |

## Notes:

- During the year ended 31 December 2022, share options of 6,955,657 Shares with a fair value on the grant date of approximately HKD34 million were granted to eligible person in accordance with the terms of the 2017 Share Option Scheme. For the option pricing model and details of the significant assumptions and inputs used in that pricing model, please refer to note 26 to the "Notes to the Consolidated Financial Statements" of this annual report.
- The closing price of the Shares immediately before the date of grant of 17 May 2022 was HKD4.88.
- Mr. YANG Zhicheng and Mr. SONG Jun resigned as Directors on 20 December 2022.
- As of the date of this report, such share options are undergoing cancellation procedures.
- The weighted average closing price of these Shares immediately before 2 June 2022, 7 June 2022, 20 July 2022 and 8 August 2022 (the date on which the relevant share options were exercised) was HKD4.61.
- The "Other participant" is a former Director.

# REPORT OF THE DIRECTORS

## Share Award Scheme

For the purpose of rewarding the contribution of the senior management and employees of the Group (including the executive Directors of the Company who are also senior management) engaging in profitable property development projects of the Group, two incentive mechanisms (the “Incentive Mechanisms”) were adopted by the Group on 27 December 2019 and 18 September 2020, which respectively concern property development projects located in the Mainland China and property development projects located in Hong Kong and other overseas jurisdictions (the “Property Development Projects”). The Incentive Mechanisms are the existing incentive mechanisms of the Group. Under the Incentive Mechanisms, in general, Senior Management and employees will be provided with cash rewards calculated with reference to net profits generated from the Property Development Projects and the Group’s internal rate of return. A portion of these cash rewards will be used as the consideration for the exercise of the share options to be granted to them by the Company (in respect of certain executive Directors of the Company who are also Senior Management) or the consideration for the purchase of shares of the share awards (in respect of other Senior Management and employees). The aforementioned share awards are funded by existing shares of the Company, and shall be distributed in accordance with the Principles for Employees’ Shares Conversion Rights (as amended from time to time) adopted by the Group on 11 February 2015 (the “Share Award Scheme”). The Share Award Scheme has no fixed expiry date.

According to the trust deed approved by the Board on 27 January 2015, the trustee of the Share Award Scheme is Power Great Enterprises Limited (“Power Great”), a wholly-owned subsidiary of the Company.

The following is a summary of the principal terms of the Share Award Scheme:

**(a) Purpose of the Share Award Scheme**

The purpose of the Share Award Scheme is to align with the Incentive Mechanisms so that the Senior Management and employees of the Group may receive cash awards under the Incentive Mechanisms in exchange for the existing Shares of the Company, thereby incentivising those who have served the Group loyally for a long time and at the same time created better efficiency and made great contribution to the Group.

**(b) Eligible Participants**

The eligible participants are Senior Management and employees of the Group.

**(c) Total Number of Shares held by Power Great under the Share Award Scheme**

As of 31 December 2022, pursuant to the Share Award Scheme, Power Great held a total of 283,259,032 Shares (which includes Shares that have been granted to the relevant employees with the registration and transfer procedures yet to be completed), representing 1.02% of the issued Shares.

**(d) Number of Shares to be Granted to each Participant and the Grant Price of Shares**

The Group calculates the number of Shares that can be obtained by the relevant participants by dividing the after-tax bonuses for share awards that may be allocated to the relevant participants under the Incentive Mechanisms by the grant price of Shares specified in the Share Award Scheme.

The grant price of Shares under the Share Award Scheme shall be the higher of:

- (i) the closing price of the Shares for the last trading day of the calendar month in which the date of grant falls; and
- (ii) the average closing price of the Shares for the last 5 trading days of the calendar month in which the date of grant falls.

“Date of grant” means the date of approval by the Board or its authorized persons (being the president and chief financial officer of the Group). If such dates fall within the black-out period (if any) under the Listing Rules, the date of grant shall be the working day immediately following the black-out period.

**(e) Lock-up Period**

The Shares granted under the Share Award Scheme are subject to a lock-up period of 5 years from the date of grant (the “Lock-up Period”). On the date of grant, the relevant participants are entitled to the beneficial interest in the Shares, provided that the Shares are held and managed by Power Great as trustee, and Power Great as the registered Shareholder. The management of the Group may adjust the Lock-up Period according to the timing of settlement of the Property Development Projects or other reasons that are beneficial to the incentive of employees.

After the end of the Lock-up Period, if the relevant participants can satisfy the terms and requirements of the Incentive Mechanisms, the Group will discharge the trust in respect of all the relevant Shares and arrange for the transfer and registration procedures to transfer the legal interest in the Shares to the relevant participants.

If the relevant participant fails to satisfy the terms and requirements of the Incentive Mechanisms, including death, voluntary resignation or being dismissed due to work error (including but not limited to violation of the Company’s regulations, damaging the Company’s interests, dereliction of duty, corruption and bribery, etc.) prior to the satisfaction of the terms and requirements of the Incentive Mechanisms, the relevant participant shall transfer the beneficial interest in all the relevant Shares to Power Great at a consideration of HKD1.00.

The Board will continue to monitor the Share Option Schemes and Share Award Scheme for motivating the eligible person, Senior Management and employees of the Group and consider when it may be appropriate and/or desirable to modify or replace the schemes with and/or adopt any other incentive scheme.

## REPORT OF THE DIRECTORS

During the year ended 31 December 2022, Power Great as the trustee of the Share Award Scheme was awarded 7,192,007 Shares and fractional entitlements of 166 Shares respectively under the scrip dividend scheme of the Company in relation to the 2021 final dividends, and save as mentioned, no further Shares were acquired by other means. During the year ended 31 December 2022, no Shares were granted under the Share Award Scheme. Details are as follows:

| Category of grantees   | Share awards                     |                         |                        |                        |                                    |                           |                       |                            |
|--|----------------------------------|-------------------------|------------------------|------------------------|------------------------------------|---------------------------|-----------------------|----------------------------|
|  | Outstanding as at 1 January 2022 | Granted during the year | Vested during the year | Lapsed during the year | Outstanding as at 31 December 2022 | Grant price per Share HKD | Date of grant         | Lock-up period Expiry Date |
| Director   | 0                                | 0                       | 0                      | 0                      | 0                                  | N/A                       | N/A                   | N/A                        |
| Five highest paid individuals during the financial year (in aggregate) | 44,504,494                       | 0                       | 8,474,494 <sup>1</sup> | 0                      | 36,030,000                         | 3.066-14.90               | 11.02.2015-25.12.2017 | 11.02.2020-24.12.2022      |
| Other grantees (in aggregate)  | 139,933,426                      | 0                       | 4,663,980 <sup>2</sup> | 5,531,578              | 129,737,868                        | 2.92-16.42                | 11.02.2015-27.12.2017 | 11.02.2020-26.12.2022      |

Notes:

1. The weighted average closing price of such Shares immediately before the date of exercise was HKD3.94.
2. The weighted average closing price of such Shares immediately before the date of exercise was HKD4.47.

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

The Directors and chief executive of the Company who held office at 31 December 2022 had the following interests in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

#### Long positions in the Shares, underlying Shares and debentures of the Company

| Name of Directors                 | Capacity                           | Number of Shares held       | Number of underlying Shares held under equity derivatives | Total          | Percentage of total issued Shares as at 31 December 2022 | Amount of debentures held       |
|-----------------------------------|------------------------------------|-----------------------------|---|----------------|--|---------------------------------|
| Ms. YANG Huiyan                   | Interest of controlled corporation | 14,539,618,535 <sup>1</sup> | —   | 14,539,618,535 | 52.60%   | —                               |
| Mr. MO Bin                        | Beneficial owner                   | 86,591,006                  | —   | 86,591,006     | 0.31%  | USD<br>30,000,000               |
| Ms. YANG Ziyang                   | Interest of controlled corporation | —                           | —   | —              | —  | USD<br>18,000,000 <sup>2</sup>  |
| Dr. CHENG Guangyu <sup>3</sup>    | Beneficial owner                   | 12,338,951                  | 1,757,149 <sup>4</sup>                                    | 14,096,100     | —  | —                               |
|                                   | Interest of spouse                 | 17,307,339 <sup>5</sup>     | —   | 17,307,339     | —  | —                               |
|                                   |                                    |                             |   | 31,403,439     | 0.11%  |                                 |
| Ms. WU Bijun <sup>3</sup>         | Beneficial owner                   | —                           | —   | —              | —  | USD<br>1,500,000                |
|                                   | Beneficial owner                   | —                           | —   | —              | —  | RMB<br>2,900,000                |
| Mr. SU Baiyuan                    | Beneficial owner                   | 492,544                     | 3,060,126 <sup>6</sup>                                    | 3,552,670      | —  | —                               |
|                                   | Interest of spouse                 | 473,961 <sup>7</sup>        | —   | 473,961        | —  | —                               |
|                                   |                                    |                             |   | 4,026,631      | 0.01%  |                                 |
| Mr. CHEN Chong                    | Interest of spouse                 | 14,539,618,535 <sup>8</sup> | —   | 14,539,618,535 | 52.60%   | —                               |
| Mr. LAI Ming, Joseph              | Beneficial owner                   | 1,140,810                   | —   | 1,140,810      | 0.01%  | —                               |
| Mr. SHEK Lai Him, Abraham         | Beneficial owner                   | 1,206,085                   | —   | 1,206,085      | 0.01%  | —                               |
| Mr. TONG Wui Tung                 | Beneficial owner                   | 1,014,786                   | —   | 1,014,786      | 0.01%  | —                               |
| Mr. YEUNG Kwok Keung <sup>3</sup> | Interest of controlled corporation | —                           | —   | —              | —  | USD<br>580,000,000 <sup>9</sup> |
| Mr. YANG Zhicheng <sup>3</sup>    | Beneficial owner                   | 1,452,795                   | 7,513,994 <sup>6</sup>                                    | 8,966,789      | 0.03%  | —                               |
| Mr. SONG Jun <sup>3</sup>         | Beneficial owner                   | 108,310                     | 6,781,150 <sup>6</sup>                                    | 6,889,460      | 0.02%  | —                               |

# REPORT OF THE DIRECTORS

## Notes:

1. These Shares represent Shares held by Concrete Win Limited in which Ms. YANG Huiyan beneficially owns the entire issued share capital.
2. The amount of debentures represents the debentures held by Shiny Dragon Assets Limited in which Ms. YANG Ziying beneficially owns the entire issued share capital.
3. Dr. CHENG Guangyu and Ms. WU Bijun appointed as executive Directors and Mr. YANG Zhicheng and Mr. Song Jun resigned as executive Directors with effect from 20 December 2022. Mr. YEUNG Kwok Keung resigned as executive Director with effect from 1 March 2023.
4. The relevant interests are share awards granted pursuant to the Share Award Scheme. The grant date was prior to appointment of Dr. CHENG Guangyu as Director on 20 December 2022.
5. These Shares represent Shares held by Ms. ZUO Ying who is the spouse of Dr. CHENG Guangyu.
6. The relevant interests are unlisted physically settled options granted pursuant to the Share Option Schemes. Upon exercise of the share options in accordance with the Share Option Schemes, ordinary shares of HKD0.10 each in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the section of "Share Option Schemes" of this report.
7. These Shares represent Shares held by Ms. LIU Qing who is the spouse of Mr. SU Baiyuan.
8. These Shares represent Shares held by Ms. YANG Huiyan who is the spouse of Mr. CHEN Chong.
9. The amount of debentures represents the debentures held by Fine Nation Group Limited in which Mr. YEUNG Kwok Keung beneficially owns the entire issued share capital.

Save as disclosed above, during the year ended 31 December 2022, none of the Directors, their spouse or children under the age of 18 had any rights to subscribe for equity or debt securities of the Company, nor has any of them exercised such rights.

## Interests and Short Positions of Shareholders Disclosable Under the SFO

As at 31 December 2022, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons, other than the Directors and chief executive of the Company, had long positions of 5% or more in the Shares and underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

### Long positions in the Shares

| Name of Shareholders                             | Capacity                           | Number of ordinary Shares held | Percentage of total issued Shares as at 31 December 2022 |
|--|------------------------------------|--------------------------------|--|
| Concrete Win Limited                             | Beneficial owner                   | 14,539,618,535 <sup>1</sup>    | 52.60%   |
| Ping An Insurance (Group) Company of China, Ltd. | Interest of controlled corporation | 1,485,646,000 <sup>2</sup>     | 5.37%  |
| Ping An Life Insurance Company of China, Ltd.    | Beneficial owner                   | 1,485,646,000 <sup>2, 3</sup>  | 5.37%  |



Notes:

- \* As at 31 December 2022, the total number of the issued Shares is 27,637,842,220 Shares.
1. These Shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
  2. Ping An Insurance (Group) Company of China, Ltd. is a joint stock limited company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 2318) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601318). Ping An Insurance (Group) Company of China, Ltd. is deemed to be interested in the 1,485,646,000 Shares (held and managed by its indirectly wholly owned subsidiary, Ping An of China Asset Management (Hong Kong) Company Limited as investment manager), the 1,485,646,000 Shares were beneficially owned by its 99.51% owned subsidiary, Ping An Life Insurance Company of China, Ltd. Disclosure of the number of ordinary Shares held is made pursuant to the last Disclosure of Interests notice as of 31 December 2022 (date of relevant event: 22 November 2022).
  3. These Shares are beneficially owned by Ping An Life Insurance Company of China, Ltd. Disclosure of the number of ordinary Shares held is made pursuant to the last Disclosure of Interests notice as of 31 December 2022 (date of relevant event: 22 November 2022).

Save as disclosed above, the Company has not been notified by any other person (other than the Directors and chief executive of the Company) who had an interest or short positions of 5% or more in the Shares and underlying Shares for the year ended 31 December 2022 which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

### Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2022, the Company had partially repurchased senior notes from the open market on SGX, for further details, please refer to the section headed “Senior Notes and Corporate Bonds” in this report of the Directors.

Neither the Company nor any of its subsidiaries has purchased, bought back, sold or redeemed any of the Shares during the year ended 31 December 2022. For details of purchase, sale or redemption by the Company or any of its subsidiaries of its other listed securities (other than Shares) during the year ended 31 December 2022, please refer to the notes 21 and 22 to the “Notes to the Consolidated Financial Statements” of this annual report.

### Pre-Emptive Rights

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

# REPORT OF THE DIRECTORS

## Disclosure under Rule 13.18 of the Listing Rules

On 28 December 2018, the Company, as the borrower, entered into a facility agreement (the “2018 Facility Agreement”) with, inter alia, various banks and financial institutions as lenders (the “2018 Lenders”), Industrial and Commercial Bank of China (Asia) Limited as the facility agent and The Hongkong and Shanghai Banking Corporation Limited and Industrial and Commercial Bank of China (Asia) Limited as the mandated lead arrangers and bookrunners and coordinators, pursuant to which the 2018 Lenders have agreed to make available a dual tranche transferable term loan facility denominated in HKD and USD in an amount of HKD3,970 million (increased from HKD3,470 million to HKD3,970 million with effect from 19 March 2019 as allowed by the term of the 2018 Facility Agreement) and USD560.5 million (increased from USD486 million to USD560.5 million with effect from 15 January 2019 as allowed by the term of the 2018 Facility Agreement), respectively (collectively, the “2018 Loans”) to the Company for terms of 36 months commencing from the date of the 2018 Facility Agreement for the Tranche A1 Facility (as defined in the 2018 Facility Agreement) and Tranche A2 Facility (as defined in the 2018 Facility Agreement) and 24 months commencing from the date of the 2018 Facility Agreement for the Tranche B1 Facility (as defined in the 2018 Facility Agreement) and Tranche B2 Facility (as defined in the 2018 Facility Agreement). The 2018 Lenders may at their discretion extend the 2018 Loans upon the borrower’s written request in accordance with the 2018 Facility Agreement. On 28 December 2021, the Company and the 2018 Lenders have agreed to extend a majority of the 2018 Loans for one year. The 2018 Loans obtained under the 2018 Facility Agreement shall be applied by the Company for refinancing any existing indebtedness of the Group. Pursuant to the terms of the 2018 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2018 Facility Agreement. All the outstanding loans, accrued interest, all other amounts due and payable under the 2018 Facility Agreement have been fully repaid on 28 December 2022.

On 23 July 2019, the Company, as the borrower, entered into a facility agreement (the “2019 Facility Agreement”) with various financial institutions as the original lenders (the “2019 Original Lenders”) and Bank of China (Hong Kong) Limited as the facility agent, pursuant to which the 2019 Original Lenders have agreed to make available a dual tranche transferrable term loan facilities with a greenshoe option denominated in HKD and USD in an amount of HKD4,300 million and USD826 million (increased from USD626 million to USD826 million with effect from 23 October 2019 as allowed by the term of the 2019 Facility Agreement), respectively (collectively, the “2019 Loans”) to the Company for a term of 48 months commencing from the date of the 2019 Facility Agreement. The 2019 Loans obtained under the 2019 Facility Agreement shall be applied by the Company for refinancing any other existing offshore financial indebtedness owed by the Company or any member of the Group and financing costs and expenses to be incurred under the 2019 Facility Agreement. Pursuant to the terms of the 2019 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2019 Facility Agreement.

On 21 October 2020, the Company, as the borrower, entered into a facility agreement (the “2020 Facility Agreement”) with various financial institutions as the original lenders (the “2020 Facility Original Lenders”) and Bank of China (Hong Kong) Limited as the facility agent, pursuant to which the 2020 Facility Original Lenders have agreed to make available a dual tranche term loan facilities with a lender accession option denominated in HKD and USD in an amount of HKD8,133.3 million and USD453 million, respectively (collectively, the “2020 Loans”) to the Company for a term of 48 months commencing from the date of the 2020 Facility Agreement. The 2020 Loans obtained under the 2020 Facility Agreement shall be applied by the Company for refinancing in full the loan made available to the Company pursuant to a facility agreement dated 8 December 2016 and refinancing any other existing offshore financial indebtedness of the Group and financing costs and expenses to be incurred under the 2020 Facility Agreement. Pursuant to the terms of the 2020 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2020 Facility Agreement.

On 22 July 2021, the Company, as the borrower, entered into a facility agreement (the “2021 Facility Agreement”) with various financial institutions as the original lenders (the “2021 Original Lenders”), pursuant to which the 2021 Original Lenders have agreed to make available a dual tranche term loan facilities denominated in HKD and USD in an amount of HKD6,076 million and USD559 million, respectively (collectively, the “2021 Loans”) to the Company for a term of 48 months commencing from the date of the 2021 Facility Agreement. The 2021 Loans obtained under the 2021 Facility Agreement shall be applied by the Company for refinancing in full the loan made available to the Company pursuant to a facility agreement dated 17 October 2017 and refinancing any other existing offshore financial indebtedness of the Group and financing costs and expenses to be incurred under the 2021 Facility Agreement. Pursuant to the terms of the 2021 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2021 Facility Agreement.

On 26 December 2022, the Company, as the borrower, entered into a facility agreement (the “2022 Facility Agreement”) with various financial institutions as the original lenders (the “2022 Original Lenders”), pursuant to which the 2022 Original Lenders have agreed to make available a dual tranche term loan facilities denominated in HKD and USD in a total amount of USD280 million (collectively, the “2022 Loans”) to the Company for a term of 36 months commencing from the date of the 2022 Facility Agreement. The 2022 Loans obtained under the 2022 Facility Agreement shall be applied by the Company for refinancing in full the HKD and USD dual tranche term loan facilities made available to the Company pursuant to a facility agreement dated 28 December 2018 and thereafter for financing costs and expenses to be incurred under the 2022 Facility Agreement. Pursuant to the terms of the 2022 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own (whether directly or indirectly) at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2022 Facility Agreement.

## REPORT OF THE DIRECTORS

On 26 January 2023, the Company, as the borrower, entered into a facility agreement (the “2023 Facility Agreement”) with China Minsheng Banking Corp., Ltd. Hong Kong Branch as the original lender (the “2023 Original Lender”), pursuant to which the 2023 Original Lender has agreed to make available a term loan facility of the RMB equivalent of up to USD50 million (collectively, the “2023 Loans”) to the Company for a term of 36 months commencing from the first drawing of the 2023 Loans. The 2023 Loans obtained under the 2023 Facility Agreement shall be applied by the Company for financing general working capital requirements, including but not limited to refinancing outstanding indebtedness. Pursuant to the terms of the 2023 Facility Agreement, the Company has undertaken to the 2023 Original Lender that among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own (whether directly or indirectly) at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board.

On 31 March 2023, the Company, as the borrower, entered into a facility agreement (the “2023 Second Facility Agreement”) with Tai Fung Bank Limited as the lender (the “2023 Second Original Lender”), pursuant to which the 2023 Second Original Lender has agreed to make available a term loan facility in the amount of HKD950 million (collectively, the “2023 Second Loans”) to the Company for a term of 36 months commencing from the date of first drawing of the 2023 Second Loans. The 2023 Second Loans obtained under the 2023 Second Facility Agreement shall be applied by the Company for financing general working capital requirements, including financing the development of the real estate development projects of the Group in the People's Republic of China. Pursuant to the terms of the 2023 Second Facility Agreement, among others, (i) Mr. YEUNG Kwok Keung and Ms. YANG Huiyan, in aggregate, directly or indirectly, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Mr. YEUNG Kwok Keung and Ms. YANG Huiyan, in aggregate, directly or indirectly, shall beneficially own 40% or more of the entire issued share capital of the Company; (iii) Mr. YEUNG Kwok Keung and Ms. YANG Huiyan, acting jointly, shall have control over the Company; or (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2023 Second Facility Agreement.

### Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

### Sufficiency of Public Float

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total number of issued shares must at all times be held by the public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total amount of securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares.

However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares for issuers having an expected market capitalization at the time of listing of not less than HKD125 million (the requirement was HKD50 million at the time of listing of the Company).

The Group has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange exercised its discretion under rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 15% (assuming the over-allotment option would not be exercised) or such higher percentage of 16.87%, which represented the issued share capital as would have been held by the public in the event that the whole or a part of the over-allotment option had been exercised (the over-allotment option was exercised by the Company, which had an expected market capitalization at the time of listing of over HKD10,000 million), on the basis that the Stock Exchange was satisfied that the number of Shares concerned and the extent of their distribution would enable the market to operate properly with the lower percentage, and on the condition that the Company would make appropriate disclosure of the lower prescribed percentage of public float in the prospectus of the Company issued on 3 April 2007 and confirm the sufficiency of public float in its successive annual reports after listing. At the time of listing of the Company on 20 April 2007, the market capitalization of the Company exceeded HKD10,000 million.

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

### Auditor

The consolidated financial statements for the year ended 31 December 2022 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year is to be proposed at the 2023 AGM.

### Professional Tax Advice Recommended

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert.

### Closure of Registers of Members

For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2023 AGM, the registers of members of the Company ("Registers of Members") will be closed as appropriate as set out below:

|   |  |
|---|--|
| Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong | At 4:30 p.m. on Monday, 15 May 2023                                |
| Record Date   | Tuesday, 16 May 2023   |
| Closure of the Registers of Members   | Tuesday, 16 May 2023 to Tuesday, 23 May 2023 (both days inclusive) |

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

For and on behalf of the Board

**YANG Huiyan**

*Chairman*

Foshan, Guangdong Province, the PRC, 30 March 2023

# FINANCIAL STATEMENTS



·半山云庭



# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

## To the Shareholders of Country Garden Holdings Company Limited

*(incorporated in the Cayman Islands with limited liability)*

### Opinion

#### What we have audited

The consolidated financial statements of Country Garden Holdings Company Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 126 to 260, comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.



### **Basis for Opinion**

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

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

### **Independence**

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

### **Key Audit Matters**

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

Key audit matters identified in our audit are summarised as follows:

- Recognition of revenue from sales of properties over time
- Assessment of net realisable value of properties under development and completed properties held for sale

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matter

### Recognition of revenue from sales of properties over time

Refer to note 4 'Critical accounting estimates and judgements' and note 5 'Revenue and segment information' to the consolidated financial statements.

Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the buyer obtains control of the completed property. For the year ended 31 December 2022, revenue of the Group from sales of properties was RMB417,296 million, of which RMB72,336 million was recognised on the over time basis.

For all property sales, the Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements in interpreting the applicable laws, based on legal counsel opinion, to identify sales contracts with right to payment and those without.

## How our audit addressed the Key Audit Matter

To address this key audit matter, we performed audit procedures as follows:

In assessing the appropriateness of management's judgements as to whether the Group has the enforceable right to payment in those sales contracts where revenue is recognised over time, we have:

- (i) Understood and evaluated management's procedures in identifying sales contracts with or without right to payment.
- (ii) Reviewed the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms.
- (iii) Obtained and reviewed the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment.
- (iv) Assessed the competence, capabilities and objectivity of the legal counsel engaged by the management.

In respect of the completeness of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation, we have:

- (i) Compared the actual costs of completed projects to management's prior estimations to assess the accuracy of management's historical cost estimation and reliability and appropriateness of the cost estimation methodology.
- (ii) Understood, evaluated and tested the internal controls over the generation of cost data of the project and property unit and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.
- (iii) Challenged the reasonableness of the basis for cost allocation and checked the accuracy of the cost allocation among property units.

**Key Audit Matter****How our audit addressed the Key Audit Matter**

In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the year end. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of the year as a percentage of total estimated costs for each property unit in the sale contract. The Group calculated the cost allocation based on type of properties and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total construction costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the recognition of revenue from sales of properties over time is considered relatively higher due to uncertainty of significant assumptions used.

Given the involvement of significant judgements and estimations, recognition of revenue from sales of properties over time is considered a key audit matter.

- (iv) Challenged the reasonableness of the cost budgets for the project and property unit under development by comparison to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas.
- (v) Compared the estimated total development costs of the project and property unit under development to the budget approved by management.
- (vi) Tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers.

We found that the significant judgements and estimations used in determining whether the Group has the enforceable right to payment, the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end were supportable by available evidence.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matter

### Assessment of net realisable value of properties under development and completed properties held for sale

Refer to note 4 'Critical accounting estimates and judgements', note 8 'Properties under development' and note 11 'Completed properties held for sale' to the consolidated financial statements.

The properties under development ("PUD") and completed properties held for sale ("PHS") of the Group amounted to RMB912,242 million and RMB51,323 million respectively as at 31 December 2022, which in total accounted for approximately 55% of the Group's total assets. The carrying amounts of PUD and PHS are stated at the lower of cost and net realisable value ("NRV").

Determination of NRV of PUD and PHS involved critical accounting estimates on the selling price, variable selling expenses and, for PUD, the costs to completion. The judgements and estimations are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of NRV of properties under development and completed properties held for sales is considered relatively higher due to uncertainty of significant assumptions used.

Given the significant balance of PUD and PHS and the involvement of critical accounting estimates, the assessment of NRV of these properties is considered a key audit matter.

## How our audit addressed the Key Audit Matter

We obtained management's NRV assessment on PUD and PHS and performed audit procedures as follows:

- (i) Obtained an understanding of management's assessment process of net realisable value of properties under development and completed properties held for sale and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and other inherent risk factors.
- (ii) Understood, evaluated and tested the internal controls over the assessment of NRV of properties under development and completed properties held for sale.
- (iii) Compared the relevant PUD and PHS balances as at 31 December 2022, on a sample basis, against the result of management's NRV assessment made in the prior year to reconsider, with hindsight, the accuracy of management's historical NRV assessment and reliability and appropriateness of the NRV assessment methodology.
- (iv) Tested management's key estimates, on a sample basis, for:
  - Selling price which is estimated based on the prevailing market conditions. We compared the estimated selling price to the recent market transactions by making reference to the Group's selling price of pre-sale units in the same project or the prevailing market price of comparable properties with similar type, size and location.
  - Variable selling expenses which are estimated based on certain percentage of selling price. We compared the above estimated percentage with the actual average selling expenses to revenue ratio of the Group in recent years.
  - Estimated costs to completion for PUD. We reconciled the estimated costs to completion to the budget approved by management and examined the construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group.

We found the key estimates used in the assessment of NRV of PUD and PHS were supportable by available evidence.

### Other Information

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

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

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

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

### Responsibilities of Directors and 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lam Sung Wan.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 30 March 2023

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   | Note | As at 31 December   |                     |
|---|------|---------------------|---------------------|
|   |      | 2022<br>RMB million | 2021<br>RMB million |
| <b>Non-current assets</b>   |      |                     |                     |
| Property, plant and equipment                                     | 6    | 25,601              | 27,099              |
| Investment properties   | 7    | 14,250              | 16,302              |
| Intangible assets   |      | 1,558               | 1,370               |
| Right-of-use assets   |      | 4,753               | 4,985               |
| Properties under development                                      | 8    | 28,355              | 48,146              |
| Investments in joint ventures                                     | 9(b) | 45,340              | 49,664              |
| Investments in associates   | 9(c) | 22,632              | 23,177              |
| Financial assets at fair value through other comprehensive income | 10   | 9,625               | 9,894               |
| Derivative financial instruments                                  | 20   | 6                   | 320                 |
| Trade and other receivables                                       | 13   | 12,484              | 13,414              |
| Deferred income tax assets  | 28   | 42,781              | 40,057              |
|   |      | <b>207,385</b>      | 234,428             |
| <b>Current assets</b>   |      |                     |                     |
| Properties under development                                      | 8    | 883,887             | 1,008,146           |
| Completed properties held for sale                                | 11   | 51,323              | 46,354              |
| Inventories   | 12   | 7,277               | 9,689               |
| Trade and other receivables                                       | 13   | 380,017             | 406,798             |
| Contract assets and contract acquisition costs                    | 14   | 25,046              | 23,602              |
| Prepaid income tax  |      | 30,362              | 23,823              |
| Financial assets at fair value through profit or loss             | 17   | 11,414              | 14,207              |
| Derivative financial instruments                                  | 20   | 206                 | 18                  |
| Restricted cash   | 15   | 19,269              | 34,346              |
| Cash and cash equivalents   | 16   | 128,281             | 146,954             |
|   |      | <b>1,537,082</b>    | 1,713,937           |
| <b>Current liabilities</b>  |      |                     |                     |
| Contract liabilities  | 19   | 668,162             | 709,255             |
| Trade and other payables  | 18   | 437,355             | 550,591             |
| Current income tax liabilities                                    |      | 31,719              | 39,160              |
| Senior notes  | 21   | 3,825               | 8,283               |
| Corporate bonds   | 22   | 26,081              | 6,345               |
| Convertible bonds   | 23   | 2,597               | 8                   |
| Bank and other borrowings   | 24   | 61,205              | 64,382              |
| Lease liabilities   |      | 90                  | 186                 |
| Derivative financial instruments                                  | 20   | 175                 | 695                 |
|   |      | <b>1,231,209</b>    | 1,378,905           |



|   |      |                                   | <b>As at 31 December</b> |  |
|---|------|-----------------------------------|--------------------------|--|
|   | Note | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million      |  |
| <b>Net current assets</b>                           |      | <b>305,873</b>                    | 335,032                  |  |
| <b>Total assets less current liabilities</b>        |      | <b>513,258</b>                    | 569,460                  |  |
| <b>Non-current liabilities</b>                      |      |                                   |                          |  |
| Senior notes  | 21   | <b>66,830</b>                     | 66,786                   |  |
| Corporate bonds                                     | 22   | <b>6,238</b>                      | 27,815                   |  |
| Convertible bonds                                   | 23   | <b>3,196</b>                      | 2,160                    |  |
| Bank and other borrowings                           | 24   | <b>101,335</b>                    | 142,143                  |  |
| Lease liabilities                                   |      | <b>321</b>                        | 506                      |  |
| Deferred government grants                          |      | <b>186</b>                        | 216                      |  |
| Deferred income tax liabilities                     | 28   | <b>25,245</b>                     | 28,123                   |  |
| Derivative financial instruments                    | 20   | <b>334</b>                        | 1,084                    |  |
|   |      | <b>203,685</b>                    | 268,833                  |  |
| <b>Equity attributable to owners of the Company</b> |      |                                   |                          |  |
| Share capital and premium                           | 25   | <b>50,536</b>                     | 38,787                   |  |
| Other reserves                                      | 27   | <b>23,830</b>                     | 22,691                   |  |
| Retained earnings                                   | 27   | <b>129,257</b>                    | 137,258                  |  |
|   |      | <b>203,623</b>                    | 198,736                  |  |
| <b>Non-controlling interests</b>                    |      | <b>105,950</b>                    | 101,891                  |  |
| <b>Total equity</b>                                 |      | <b>309,573</b>                    | 300,627                  |  |
| <b>Total equity and non-current liabilities</b>     |      | <b>513,258</b>                    | 569,460                  |  |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 126 to 260 were approved by the Board of Directors on 30 March 2023 and were signed on its behalf.

MO Bin  
Director

YANG Ziyang  
Director

# CONSOLIDATED INCOME STATEMENT

|  | Note       | Year ended 31 December |                     |
|--|------------|------------------------|---------------------|
|  |            | 2022<br>RMB million    | 2021<br>RMB million |
| <b>Revenue</b>   | 5          | <b>430,371</b>         | 523,064             |
| Cost of sales  | 30         | <b>(397,488)</b>       | (430,282)           |
| <b>Gross profit</b>  |            | <b>32,883</b>          | 92,782              |
| Other income and (losses)/gains — net  | 29         | <b>(1,365)</b>         | 1,637               |
| Losses arising from changes in fair value of and transfers to investment properties                        | 7          | <b>(117)</b>           | (227)               |
| Selling and marketing costs  | 30         | <b>(11,298)</b>        | (15,316)            |
| Administrative expenses  | 30         | <b>(8,438)</b>         | (13,518)            |
| Research and development expenses  | 30         | <b>(2,164)</b>         | (3,308)             |
| Net impairment losses on financial and contract assets   |            | <b>(3,059)</b>         | (1,651)             |
| <b>Operating profit</b>  |            | <b>6,442</b>           | 60,399              |
| Finance income   | 32         | <b>3,572</b>           | 3,824               |
| Finance costs  | 32         | <b>(8,379)</b>         | (327)               |
| Finance (costs)/income — net   | 32         | <b>(4,807)</b>         | 3,497               |
| Share of results of joint ventures and associates  | 9(b), 9(c) | <b>3,726</b>           | 5,053               |
| <b>Profit before income tax</b>  |            | <b>5,361</b>           | 68,949              |
| Income tax expenses  | 33         | <b>(8,323)</b>         | (27,967)            |
| <b>(Loss)/profit for the year</b>  |            | <b>(2,962)</b>         | 40,982              |
| <b>(Loss)/profit attributable to:</b>  |            |                        |                     |
| — Owners of the Company  |            | <b>(6,052)</b>         | 26,797              |
| — Non-controlling interests  |            | <b>3,090</b>           | 14,185              |
|  |            | <b>(2,962)</b>         | 40,982              |
| <b>(Losses)/earnings per share attributable to owners of the Company (expressed in RMB yuan per share)</b> |            |                        |                     |
| Basic  | 36         | <b>(0.26)</b>          | 1.22                |
| Diluted  | 36         | <b>(0.26)</b>          | 1.21                |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | Note  | Year ended 31 December |                     |
|--|-------|------------------------|---------------------|
|  |       | 2022<br>RMB million    | 2021<br>RMB million |
| <b>(Loss)/profit for the year</b>  |       | <b>(2,962)</b>         | 40,982              |
| <b>Other comprehensive loss</b>  |       |                        |                     |
| <i>Items that will not be reclassified to profit or loss:</i>                                |       |                        |                     |
| – Changes in fair value of financial assets at fair value through other comprehensive income | 27    | <b>(6)</b>             | 409                 |
| – Revaluation gains on investment properties upon transfers from right-of-use assets         |       | <b>—</b>               | 20                  |
| <i>Items that may be reclassified to profit or loss:</i>                                     |       |                        |                     |
| – Deferred gains on cash flow hedges   | 20(d) | <b>5</b>               | 10                  |
| – Deferred costs of hedging  | 20(d) | <b>(719)</b>           | (233)               |
| – Currency translation differences   |       | <b>423</b>             | (568)               |
| <b>Total other comprehensive loss for the year, net of tax</b>                               |       | <b>(297)</b>           | (362)               |
| <b>Total comprehensive (loss)/income for the year</b>  |       | <b>(3,259)</b>         | 40,620              |
| <b>Total comprehensive (loss)/income attributable to:</b>                                    |       |                        |                     |
| – Owners of the Company  |       | <b>(6,417)</b>         | 26,451              |
| – Non-controlling interests  |       | <b>3,158</b>           | 14,169              |
|  |       | <b>(3,259)</b>         | 40,620              |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | Attributable to owners of the Company                 |  |   |                      |  |                             |
|--|---|--|---|----------------------|--|-----------------------------|
|  | Share capital and premium<br>RMB million<br>(Note 25) | Other reserves<br>RMB million<br>(Note 27) | Retained earnings<br>RMB million<br>(Note 27) | Total<br>RMB million | Non-controlling interests<br>RMB million | Total equity<br>RMB million |
| <b>Balance at 1 January 2022</b>   | 38,787  | 22,691                                     | 137,258                                       | 198,736              | 101,891                                  | 300,627                     |
| <b>Comprehensive loss</b>  |   |  |   |                      |  |                             |
| Loss for the year  | —   | —  | (6,052)                                       | (6,052)              | 3,090                                    | (2,962)                     |
| Other comprehensive (loss)/income  | —   | (435)                                      | 70  | (365)                | 68                                       | (297)                       |
| <b>Total comprehensive loss for the year</b>                                       | —   | (435)                                      | (5,982)                                       | (6,417)              | 3,158                                    | (3,259)                     |
| <b>Transactions with owners in their capacity as owners</b>                        |   |  |   |                      |  |                             |
| Capital injections from non-controlling interests                                  | —   | —  | —   | —                    | 6,211                                    | 6,211                       |
| Transfer to statutory reserve  | —   | 443  | (443)   | —                    | —  | —                           |
| Issue of shares as a result of placing (note 25)                                   | 10,210  | —  | —   | 10,210               | —  | 10,210                      |
| Issue of shares as a result of scrip dividend (notes 25,34 and 35(d))              | 1,441   | —  | (1,441)                                       | —                    | —  | —                           |
| Cash dividends   | —   | —  | (873)   | (873)                | (1,623)                                  | (2,496)                     |
| Deemed contribution from controlling shareholder (note 27(c))                      | —   | 993  | —   | 993                  | —  | 993                         |
| Employee share schemes   |   |  |   |                      |  |                             |
| — Value of employee services (note 26)   | —   | 521  | —   | 521                  | —  | 521                         |
| — Exercise of employee share schemes (note 25)                                     | 98  | (98)                                       | —   | —                    | —  | —                           |
| Equity component of convertible bonds issued (note 23)                             | —   | 291  | —   | 291                  | —  | 291                         |
| Non-controlling interests arising from business combinations (note 41)             | —   | —  | —   | —                    | 1,417                                    | 1,417                       |
| Disposals of subsidiaries (note 40)  | —   | (156)                                      | 156   | —                    | (1,640)                                  | (1,640)                     |
| Changes in ownership interests in subsidiaries without change of control (note 39) | —   | 365  | —   | 365                  | (3,464)                                  | (3,099)                     |
| <b>Total transactions with owners</b>  | 11,749  | 2,359                                      | (2,601)                                       | 11,507               | 901                                      | 12,408                      |
| <b>Other transaction</b>   |   |  |   |                      |  |                             |
| Partial cancellation of written call options                                       | —   | (785)                                      | 582   | (203)                | —  | (203)                       |
| <b>Balance at 31 December 2022</b>   | 50,536  | 23,830                                     | 129,257                                       | 203,623              | 105,950                                  | 309,573                     |

|  | Attributable to owners of the Company                 |  |   |                      | Non-controlling interests<br>RMB million | Total equity<br>RMB million |
|--|---|--|---|----------------------|--|-----------------------------|
|  | Share capital and premium<br>RMB million<br>(Note 25) | Other reserves<br>RMB million<br>(Note 27) | Retained earnings<br>RMB million<br>(Note 27) | Total<br>RMB million |  |                             |
| <b>Balance at 1 January 2021</b>   | 31,495  | 17,457                                     | 126,150                                       | 175,102              | 81,901                                   | 257,003                     |
| <b>Comprehensive income</b>  |   |  |   |                      |  |                             |
| Profit for the year  | —   | —  | 26,797  | 26,797               | 14,185                                   | 40,982                      |
| Other comprehensive income   | —   | (1,793)                                    | 1,447   | (346)                | (16)                                     | (362)                       |
| <b>Total comprehensive income for the year</b>                           | —   | (1,793)                                    | 28,244  | 26,451               | 14,169                                   | 40,620                      |
| <b>Transactions with owners in their capacity as owners</b>              |   |  |   |                      |  |                             |
| Capital injections from non-controlling interests                        | —   | —  | —   | —                    | 6,352                                    | 6,352                       |
| Transfer to statutory reserve  | —   | 7,079                                      | (7,079)                                       | —                    | —  | —                           |
| Issue of shares as a result of scrip dividend (notes 25 and 35(d))       | 7,163   | —  | (7,163)                                       | —                    | —  | —                           |
| Cash dividends   | —   | —  | (2,934)                                       | (2,934)              | (3,118)                                  | (6,052)                     |
| Employee share schemes   |   |  |   |                      |  |                             |
| — Value of employee services (note 26)                                   | —   | 484  | —   | 484                  | —  | 484                         |
| — Exercise of employee share schemes (note 25)                           | 129   | (33)                                       | —   | 96                   | —  | 96                          |
| Non-controlling interests arising from business combinations             | —   | —  | —   | —                    | 944                                      | 944                         |
| Disposals of subsidiaries  | —   | (37)                                       | 37  | —                    | (1,011)                                  | (1,011)                     |
| Changes in ownership interests in subsidiaries without change of control | —   | (413)                                      | —   | (413)                | 2,654                                    | 2,241                       |
| <b>Total transactions with owners</b>                                    | 7,292   | 7,080                                      | (17,139)                                      | (2,767)              | 5,821                                    | 3,054                       |
| <b>Other transaction</b>   |   |  |   |                      |  |                             |
| Partial cancellation of written call options                             | —   | (53)                                       | 3   | (50)                 | —  | (50)                        |
| <b>Balance at 31 December 2021</b>                                       | 38,787  | 22,691                                     | 137,258                                       | 198,736              | 101,891                                  | 300,627                     |

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

# CONSOLIDATED CASH FLOW STATEMENT

|  | Note       | Year ended 31 December |                     |
|--|------------|------------------------|---------------------|
|  |            | 2022<br>RMB million    | 2021<br>RMB million |
| <b>Cash flows from operating activities</b>  |            |                        |                     |
| Cash generated from operations   | 35(a)      | 74,693                 | 65,751              |
| Income tax paid  |            | (22,009)               | (37,219)            |
| Interest paid  | 35(c)      | (17,063)               | (17,677)            |
| <b>Net cash generated from operating activities</b>  |            | <b>35,621</b>          | 10,855              |
| <b>Cash flows from investing activities</b>  |            |                        |                     |
| Net cash inflow on business combinations   | 41         | 523                    | 606                 |
| Proceeds from disposals of property, plant and equipment                                     | 35(b)      | 629                    | 542                 |
| Net cash inflow/(outflow) on disposals of subsidiaries                                       | 40         | 791                    | (503)               |
| Purchases of property, plant and equipment   |            | (1,428)                | (3,126)             |
| Payments for investment properties   |            | —                      | (269)               |
| Purchases of intangible assets   |            | (298)                  | (432)               |
| Purchases of right-of-use assets   |            | (219)                  | (37)                |
| Payments for investments in joint ventures, net  |            | (2,167)                | (6,457)             |
| Payments for investments in associates, net  |            | (27)                   | (1,058)             |
| Payments for equity investments, net   |            | (725)                  | —                   |
| Repayments from loans to third parties   |            | —                      | 12                  |
| Payments for financial assets at fair value through other comprehensive income               |            | (10)                   | (8,073)             |
| Proceeds from disposals of financial assets at fair value through other comprehensive income |            | 377                    | 2,655               |
| Payments for financial assets at fair value through profit or loss                           |            | (2,439)                | (16,608)            |
| Proceeds from disposals of financial assets at fair value through profit or loss             |            | 4,928                  | 9,964               |
| Interest received  | 32         | 1,772                  | 2,138               |
| Dividend income from joint ventures and associates   | 9(b), 9(c) | 2,699                  | 2,604               |
| <b>Net cash generated from/(used in) investing activities</b>                                |            | <b>4,406</b>           | (18,042)            |

|   | Note  | Year ended 31 December |                     |
|---|-------|------------------------|---------------------|
|   |       | 2022<br>RMB million    | 2021<br>RMB million |
| <b>Cash flows from financing activities</b>   |       |                        |                     |
| Capital injections from non-controlling interests                                       |       | 6,211                  | 6,352               |
| Net cash (outflow)/inflow on transactions with non-controlling interests                |       | (3,099)                | 2,241               |
| Issue of shares as a result of placing  | 25    | 10,210                 | —                   |
| Issue of senior notes   | 35(c) | —                      | 12,240              |
| Repurchase, purchase under tender offer, early redemption and repayment of senior notes | 35(c) | (9,462)                | (9,145)             |
| Issue of corporate bonds  | 35(c) | 4,421                  | 13,047              |
| Repurchase and repayment of corporate bonds   | 35(c) | (5,996)                | (19,132)            |
| Issue of convertible bonds  | 35(c) | 3,161                  | —                   |
| Redemption of convertible bonds   | 35(c) | —                      | (3,292)             |
| Settlement of derivative financial instruments  | 35(c) | (782)                  | (1,859)             |
| Payments for principal portion of leases  | 35(c) | (90)                   | (157)               |
| Dividends paid to owners of the Company   |       | (873)                  | (2,934)             |
| Dividends paid to non-controlling interests   |       | (1,623)                | (3,118)             |
| Proceeds from bank and other borrowings   | 35(c) | 47,094                 | 137,228             |
| Repayments of bank and other borrowings   | 35(c) | (107,860)              | (144,375)           |
| <b>Net cash used in financing activities</b>  |       | <b>(58,688)</b>        | (12,904)            |
| <b>Net decrease in cash and cash equivalents</b>  |       | <b>(18,661)</b>        | (20,091)            |
| Cash and cash equivalents at the beginning of the year                                  |       | 146,954                | 167,153             |
| Exchange losses on cash and cash equivalents  |       | (12)                   | (108)               |
| <b>Cash and cash equivalents at the end of the year</b>                                 | 16    | <b>128,281</b>         | 146,954             |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 General information

Country Garden Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 10 November 2006 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 the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively, the “Group”) are principally engaged in the property development, construction, property investment and hotel operation.

The parent undertaking of the Company is Concrete Win Limited, whose registered office address is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

The shares of the Company are listed on the Stock Exchange.

These consolidated financial statements are presented in RMB, unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2023.

Due to the outbreak of the coronavirus disease 2019 (“COVID-19”) and the Omicron variant, control measures in different cities such as temporary lockdowns of certain cities had been carried out in this year. This has created unfavourable impact to the operating performance of the Group, including but not limited to the delays caused to construction and delivery of property units, temporary suspension of property sales activities. The directors of the company will continue to monitor the situation of COVID-19 and assess the impact to the operating performance and financial position of the Group.

## 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

(i) ***Compliance with Hong Kong Financial Reporting Standards (“HKFRS”) and the Hong Kong Companies Ordinance***

The consolidated financial statements of the Group have been prepared in accordance with applicable HKFRS and requirements under the Hong Kong Companies Ordinance Cap. 622.

(ii) ***Historical cost convention***

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVOCI”), derivative financial instruments and investment properties, which are carried at fair value.



## 2 Summary of significant accounting policies *(Continued)*

### 2.1 Basis of preparation *(Continued)*

#### *(iii) Going concern*

Due to the volatility of the property market in the PRC and the unfavourable impact on the presale performance during the year and subsequent to the year end date, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to meet its financial obligations for at least 12 months from 31 December 2022, taking into consideration a number of plans and measures as set out below:

- (a) The Group will continue to actively adjust sales and pre-sale activities to respond to market changes and capture demands. The Group firmly believes the PRC property market will gradually return to a long-term healthy and sustainable cycle, and hence will continue its focus on those core geographical areas and to build up business presence in those cities with better correlation between supply and demand. The Group will implement its sales plan targeting to achieve its budgeted sales and pre-sales volumes and amounts. The Group will further focus on the brand awareness and reputation, strengthen its competitive edge in established markets and continue to enhance market confidence by way of the quality and timely delivery of its properties. Besides, the Group will also continue to implement measures to speed up the collection of sales proceeds and other receivables;
- (b) The Group will moderate the progress of construction of its property development projects according to the sales plan to ensure that construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangements are completed and are able to deliver to the customers on schedule as planned. This will also enable the Group to release the restricted cash generated from pre-sale activities; and
- (c) The Group had unused loan facilities of approximately RMB266 billion as at 31 December 2022. Subsequent to 31 December 2022 and up to the date of these consolidated financial statements, the Group has obtained new quotas of medium-term notes of approximately RMB20 billion. The directors of the Company believes that the Group will be able to renew or extend its existing loan facilities, to draw down from these unused loan facilities and to issue the medium-term notes or corporate bonds, as and when needed, under the prevailing rules and regulations. The Group will also seek for new debt financing and bank borrowings at cost acceptable to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.1 Basis of preparation *(Continued)*

#### *(iii) Going concern (Continued)*

The directors of the Company have reviewed the Group's cash flow projections, which covers a period of not less than twelve months from 31 December 2022. The directors of the Company are of the opinion that, considering the anticipated cash flows generated from the Group's operation taking into account reasonably possible changes in operation performance, its cost control measures, its existing and future plan of capital expenditures and land acquisition; as well as the above-mentioned plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within twelve months from 31 December 2022. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

#### *(iv) New and amended standards adopted by the Group*

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use — Amendments to HKAS 16
- Onerous Contracts — Cost of Fulfilling a Contract — Amendments to HKAS 37
- Annual Improvements to HKFRS Standards 2018–2020,
- Reference to the Conceptual Framework — Amendments to HKFRS 3.
- Covid-19 Related Rent Concessions beyond 30 June 2021 — Amendment to HKFRS 16 (March 2021) (the “HKFRS 16 Amendment (March 2021)”)
- Amendments to AG 5 Merger Accounting for Common Control Combinations

The amendments and annual improvements listed above did not have a material impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

## 2 Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

#### (v) New, amended standards and interpretation not yet adopted

Certain new and amended standards and interpretation to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted:

|   |   | <b>Effective for the<br/>financial year<br/>beginning on or<br/>after</b> |
|---|---|---|
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of accounting policies   | 1 January 2023  |
| Amendments to HKAS 8                                | Definition of accounting estimates  | 1 January 2023  |
| Amendments to HKAS 12                               | Deferred tax related to assets and liabilities arising from a single transaction  | 1 January 2023  |
| HKFRS 17 and amendments to HKFRS 17                 | Insurance contracts   | 1 January 2023  |
| Hong Kong Interpretation 5 (2020)                   | Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause | 1 January 2024  |
| Amendments to HKAS 1                                | Classification of liabilities as current or non-current   | 1 January 2024  |
| Amendments to HKAS 1                                | Non-current liabilities with covenants  | 1 January 2024  |
| Amendments to HKFRS 16                              | Lease liability in a sale and leaseback   | 1 January 2024  |
| Amendments to HKFRS 10 and HKAS 28                  | Sale or contribution of assets between an investor and its associate or joint venture   | To be determined  |

The above new and amended standards and interpretation to existing standards are effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing these consolidated financial statements. The Group makes policy election for the first time on transition to HKFRS 17 and chooses to apply HKFRS 9 to account for financial guarantee contracts. Financial guarantee contracts are measured at fair value on initial recognition and subsequently at the higher of the amount of the loss allowance determined in accordance with the impairment requirements of HKFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with HKFRS 15. None of these is expected to have a significant impact on the consolidated financial statements of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 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.

##### *(i) Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

## 2 Summary of significant accounting policies (Continued)

### 2.2 Subsidiaries (Continued)

#### 2.2.1 Consolidation (Continued)

##### (i) Business combinations (Continued)

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

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 interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

##### (ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (iii) Disposals of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.2 Subsidiaries *(Continued)*

#### 2.2.2 Separate financial statements

Investments in subsidiaries are accounted for 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 dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- Goodwill relating to an associate is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.
- Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest 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. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of an associate' in profit or loss.

## 2 Summary of significant accounting policies *(Continued)*

### 2.3 Associates *(Continued)*

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 profit or loss.

### 2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- Goodwill relating to a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.
- Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the investment is acquired.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. 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.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to 'share of results of a joint venture' in profit or loss.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.5 Segment reporting

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

### 2.6 Foreign currency translation

#### (i) *Functional and presentation currency*

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

#### (ii) *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 profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated income statement within 'finance income — net'. Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within 'finance income — net', except when capitalised on the basis set out in note 2.26. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other income and gains — net'.

#### (iii) *Group companies*

The results and financial positions 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:

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



## 2 Summary of significant accounting policies (Continued)

### 2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less 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 profit or loss during the financial period in which they are incurred.

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

|                                  |             |
|----------------------------------|-------------|
| Buildings                        | 20–40 years |
| Machinery                        | 5–10 years  |
| Transportation equipment         | 5–10 years  |
| Furniture, fitting and equipment | 5–8 years   |

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

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

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.8 Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value.

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. Changes in fair values are recorded in profit or loss as part of a valuation gain or loss.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. For a transfer from completed properties held for sale or properties under development to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

The Group shall transfer a property from investment property to property under development when it commences related development with a view to sale. For a transfer from investment property that is carried at fair value to property under development, related property under development shall be recognised at fair value at the transfer date.

## 2 Summary of significant accounting policies *(Continued)*

### 2.9 Intangible assets

#### *(i) 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 operating segment level.

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

#### *(ii) Computer software*

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 to 10 years on a straight-line basis. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

#### *(iii) Research and development expenses*

Research and development expenditures that do not meet the capitalised criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.10 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 has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The Group leases various properties. These property lease agreements do not impose any covenants, but leased properties may not be used as security for borrowing purposes.

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

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, 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 in a similar economic environment with similar terms 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 Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

## 2 Summary of significant accounting policies *(Continued)*

### 2.10 Leases *(Continued)*

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

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 profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and low-value assets leases 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 without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (note 7).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.11 Impairment of non-financial assets

Assets that have an indefinite useful life 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.

### 2.12 Financial assets

#### *(i) 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 ("OCI"), 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 OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, 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 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)

### 2.12 Financial assets (Continued)

#### (ii) Recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated income statement.

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

#### *Debt instruments*

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other income and gains — net'. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated income statement within 'other income and gains — net' in the period in which it arises. Interest income from these financial assets is included in the 'finance income'.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies (Continued)

### 2.12 Financial assets (Continued)

#### (ii) Recognition and 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 OCI, 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 FVTPL are recognised in 'other income and gains – net' in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at FVOCI are not reported separately from other changes in fair value.

### 2.13 Impairment of financial assets and contract assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and financial assets at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3(a)(iii) details how the Group determines whether there has been a significant increase in credit risk.

For contract assets and 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.

### 2.14 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.



## 2 Summary of significant accounting policies *(Continued)*

### 2.14 Derivative financial instruments and hedging activities *(Continued)*

#### *(i) Cash flow hedge that qualify for hedge accounting*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within 'finance income/(costs) — net'.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ("aligned time value") are recognised within other comprehensive income in the costs of hedging reserve within equity. The aligned time value at the date of designation of the option as a hedging instrument is amortised on a systematic and rational basis to profit or loss over the period.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognised within other comprehensive income in the costs of hedging reserve within equity. The aligned forward element at the date of designation of the forward contract as a hedging instrument is amortised on a systematic and rational basis to profit or loss over the period.

When a financial instrument that involves exchanges of cash flows that are denominated in different currencies is used in a hedge transaction, the foreign currency basis spread of the instrument is separated and excluded from the designated hedging instrument. The change in fair value of this excluded portion (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in a separate component of equity. For time-period related hedged items, the currency basis spread at the date of designation (to the extent that it relates to the hedged item) is amortised on a systematic and rational basis to profit or loss over the period.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.14 Derivative financial instruments and hedging activities *(Continued)*

#### *(ii) Derivatives that do not qualify for hedge accounting*

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in 'other income and (losses)/gains — net'.

### 2.15 Offsetting financial instruments

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

### 2.16 Properties under development

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

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Costs to fulfill a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfill a contract are recorded in properties under development if they are expected to be recovered. The amount is amortised on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

## 2 Summary of significant accounting policies *(Continued)*

### 2.17 Completed properties held for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

### 2.18 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion.

### 2.19 Trade and other receivables

Trade receivables are amounts due from buyers for properties 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 receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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

### 2.20 Contract related assets and contract liabilities

Upon entering into a contract with a buyer, the Group obtains rights to receive consideration from the buyer and assumes performance obligations to transfer goods or provide services to the buyer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract related assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a buyer as contract acquisition cost within contract related assets if the Group expects to recover those costs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.21 Cash and cash equivalents

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

### 2.22 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.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of Company until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect is included in equity attributable to the owners of Company.

### 2.23 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 construction of hotel properties are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets when they are completed and ready for use.

### 2.24 Trade and other payables

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

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

### 2.25 Borrowings

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

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

## 2 Summary of significant accounting policies *(Continued)*

### 2.26 Borrowing costs

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 adjustments to interest costs include the interest rate differences 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 is 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.

### 2.27 Senior notes

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies (Continued)

### 2.28 Convertible bonds

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

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

### 2.29 Current and deferred income tax

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

#### (i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the countries where the Company and its 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

#### (ii) 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 financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, 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 date of statement of financial position 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## 2 Summary of significant accounting policies (Continued)

### 2.29 Current and deferred income tax (Continued)

#### (ii) *Deferred income tax (Continued)*

##### *Outside basis differences*

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

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements 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.

#### (iii) *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.

### 2.30 Employee benefits

#### (i) *Pension obligations*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group contributes on a monthly basis to various defined contribution benefit plans organised by the relevant governmental authorities. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.30 Employee benefits *(Continued)*

#### *(ii) Profit-sharing and bonus plans*

The Group recognises a liability and an expense for bonus and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### 2.31 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (including shares options and awarded shares) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments 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 equity instruments 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.

The grant by the Company over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

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

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.



## 2 Summary of significant accounting policies *(Continued)*

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

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

### 2.33 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and provision of services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.33 Revenue recognition *(Continued)*

#### **Revenue from contracts with customers**

Revenues are recognised when or as the control of the asset is transferred to the buyer. 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 buyer; or
- creates and enhances an asset that the buyer 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 buyer obtains control of the asset.

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 prices 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.

#### *(i) Sales of properties and rendering of construction services*

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

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

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

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

## 2 Summary of significant accounting policies (Continued)

### 2.33 Revenue recognition (Continued)

#### *Revenue from contracts with customers (Continued)*

##### (i) *Sales of properties and rendering of construction services (Continued)*

For rendering of construction services, usually there is only one single performance in a contract, the Group's performance creates or enhances an asset or work in progress that the buyer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

##### (ii) *Hotel operation*

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

#### *Revenue from other sources*

##### *Rental income*

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms.

### 2.34 Interest 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).

### 2.35 Dividend income

Dividend income is recognised when the right to receive payment is established.

### 2.36 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 of the Company, where appropriate.

### 2.37 Insurance contracts

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2 Summary of significant accounting policies *(Continued)*

### 2.37 Insurance contracts *(Continued)*

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

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property buyers and financial guarantee contracts provided to its related parties as insurance contracts.

## 3 Financial risk management

The Group conducts its operations mainly in the PRC and is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's activities expose it to a variety of financial risks: market risk (mainly included 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. The Group uses derivative financial instruments to hedge certain risk exposures. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and debt financing to fund its operations. The Group has alternative plans (refer to note 3(a)(iv)) to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

### (a) Financial risk factors

#### (i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of its assets is denominated in RMB. The majority of its non-RMB assets and liabilities are bank deposits and borrowings denominated in HKD and USD. The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The Group applies various types of derivative financial instruments (foreign exchange forward contracts, foreign currency option contracts, cross currency swaps and foreign exchange structured derivatives contracts) to mitigate exposures arising from the fluctuations in foreign currencies of debts.

### 3 Financial risk management (Continued)

#### (a) Financial risk factors (Continued)

##### (i) Foreign exchange risk (Continued)

The Group seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. The Group determines the economic relationship between the hedged items and the hedging instruments by reviewing their critical terms and performing a quantitative assessment as needed. As a result, the Group concludes that the risk being hedged for the hedged items and the risk inherent in the hedging instruments are sufficiently aligned. The main sources of hedge ineffectiveness are considered to be the effects of mismatch in timing and currency pair. In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedged items. In view of the structure of the hedging activities, no significant ineffectiveness is expected at inception.

The aggregated carrying amount of the foreign currency denominated monetary assets and monetary liabilities of group companies at the respective dates of statement of financial position are as follows:

|                  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|------------------|-----------------------------------|---------------------|
| Assets           |                                   |                     |
| HKD              | <b>3,577</b>                      | 171                 |
| USD              | <b>2,251</b>                      | 1,487               |
| Other currencies | <b>194</b>                        | 385                 |
|                  | <b>6,022</b>                      | 2,043               |
| Liabilities      |                                   |                     |
| HKD              | <b>21,967</b>                     | 19,127              |
| USD              | <b>86,184</b>                     | 94,507              |
| Other currencies | <b>—</b>                          | —                   |
|                  | <b>108,151</b>                    | 113,634             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management (Continued)

### (a) Financial risk factors (Continued)

#### (i) Foreign exchange risk (Continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. Should RMB strengthened/weakened by 5% against the relevant currencies, the effects on profit before tax for the year without taking into account the hedging effects would be as follows:

|                    | Change of profit before tax<br>– increase/(decrease) |                     |
|--------------------|--|---------------------|
|                    | 2022<br>RMB million                                  | 2021<br>RMB million |
| RMB against HKD:   |  |                     |
| Strengthened by 5% | 920  | 948                 |
| Weakened by 5%     | (920)  | (948)               |
| RMB against USD:   |  |                     |
| Strengthened by 5% | 4,197  | 4,651               |
| Weakened by 5%     | (4,197)  | (4,651)             |

#### (ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from interest-bearing bank deposits, senior notes, corporate bonds, convertible bonds, bank and other borrowings and lease liabilities. Bank deposits, bank and other borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Senior notes, corporate bonds and convertible bonds issued at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration including refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each scenario, the same interest rate shift is used for all currencies. The scenarios are run only for financial liabilities that represent the major interest-bearing positions. The Group applies interest rate swaps to mitigate exposures arising from the fluctuation in interest rate.

### 3 Financial risk management (Continued)

#### (a) Financial risk factors (Continued)

##### (ii) Cash flow and fair value interest rate risk (Continued)

The exposure of the Group's total borrowings (notes 21, 22, 23 and 24) and lease liabilities to interest rate changes and the contractual maturity dates of the total borrowings at the end of the year are as follows:

|   | 2022<br>RMB million | 2021<br>RMB million |
|---|---------------------|---------------------|
| Variable rate borrowings                    | 138,396             | 167,564             |
| Fixed rate borrowings and lease liabilities |                     |                     |
| — repricing or maturity dates:              |                     |                     |
| 1 year or less                              | 41,242              | 28,369              |
| 1–2 years                                   | 27,414              | 45,142              |
| 2–5 years                                   | 49,140              | 59,361              |
| Over 5 years                                | 15,526              | 18,178              |
|   | <b>271,718</b>      | 318,614             |

As at 31 December 2022, borrowings of the Group which were bearing at floating rates amounted to approximately RMB138,396 million (2021: RMB167,564 million). As at 31 December 2022, should the interest rate be increased/decreased by 50 basis points with all other factors remain unchanged and without taking into account interest capitalisation, the finance costs of the Group would be increased/decreased by approximately RMB692 million (2021: RMB838 million).

##### (iii) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, derivative financial assets, wealth management products and cash deposits with banks.

The carrying amounts of trade and other receivables, contract assets, derivative financial assets, wealth management products, restricted cash and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management *(Continued)*

### (a) Financial risk factors *(Continued)*

#### (iii) Credit risk *(Continued)*

To manage this risk, bank deposits, wealth management products and derivative financial instruments are mainly placed or entered with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions. The Group has policies in place to ensure that sales are made to buyers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. For properties that are still under construction and the buyers choose to pay by bank mortgage, the Group typically provides guarantees to banks in connection with the buyers' borrowing of mortgage loans to finance their purchases of the properties. If a buyer defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the buyer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price would drop by more than the buyer's deposits received, the Group may not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk is largely mitigated. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables and contract assets to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and buyers.

The Group has arranged bank financing for certain buyers of property units and provided guarantees to secure obligations of such buyers for repayments. Detailed disclosure of these guarantees is made in note 37. No credit limits were exceeded during the year, and management does not expect any significant losses from non-performance by these counterparties.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and available forward-looking information.



### 3 Financial risk management *(Continued)*

#### (a) Financial risk factors *(Continued)*

##### (iii) Credit risk *(Continued)*

The Group considers the probability of default upon initial recognition of, a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. In particular, 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; and
- 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.

##### *i. Trade and other receivables (excluding deposits for acquisitions of companies and prepayments) and contract assets*

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

The Group applies the 12 months expected losses approach to provide for expected credit losses prescribed by HKFRS 9 for other receivables (excluding deposits for acquisitions of companies and prepayments) when there has been no significant increase in credit risk of other receivables since initial recognition. If significant increase in credit risk of other receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit loss according to HKFRS 9 three-stage approach.

As at 31 December 2022, the loss allowance provision for contract assets was not material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management (Continued)

### (a) Financial risk factors (Continued)

#### (iii) Credit risk (Continued)

- i. Trade and other receivables (excluding deposits for acquisitions of companies and prepayments) and contract assets (Continued)

As at 31 December 2022, the aging of trade receivables and the loss allowance provision based on dates of delivery of goods and dates of rendering of services are as follow:

| Trade receivables                      | 2022            |                    |                    | Total  |
|--|-----------------|--------------------|--------------------|--------|
|  | Within 180 days | More than 180 days | More than 365 days |        |
| Expected loss rate                     | 0.06%           | 0.92%              | 32.55%             |        |
| Gross carrying amount (RMB million)    | 31,706          | 2,731              | 719                | 35,156 |
| Loss allowance provision (RMB million) | 18              | 25                 | 234                | 277    |

| Other receivables (excluding deposits for acquisitions of companies and prepayments) | Gross carrying amount (RMB million) | Loss allowance provision (RMB million) | Expected loss rate |
|--|-------------------------------------|--|--------------------|
| Stage 1 (12-month ECL)   | 278,232                             | 2,515                                  | 0.90%              |
| Stage 2 (Lifetime ECL (non-credit impaired))   | 24,856                              | 2,630                                  | 10.58%             |
| Stage 3 (Lifetime ECL (credit impaired))   | 5,102                               | 4,292                                  | 84.12%             |
| Total  | 308,190                             | 9,437                                  |                    |

### 3 Financial risk management (Continued)

#### (a) Financial risk factors (Continued)

##### (iii) Credit risk (Continued)

- i. Trade and other receivables (excluding deposits for acquisitions of companies and prepayments) and contract assets (Continued)

| Trade receivables   | 2021                                      |  |                       | Total                 |
|---|---|--|-----------------------|-----------------------|
|   | Within<br>180 days                        | More than<br>180 days                        | More than<br>365 days |                       |
| Expected loss rate  | 0.05%                                     | 0.70%  | 32.18%                |                       |
| Gross carrying amount<br>(RMB million)  | 33,052                                    | 2,554  | 606                   | 36,212                |
| Loss allowance provision<br>(RMB million)   | 15  | 18   | 195                   | 228                   |
| Other receivables<br>(excluding deposits for<br>acquisitions of companies<br>and prepayments) | Gross carrying<br>amount<br>(RMB million) | Loss allowance<br>provision<br>(RMB million) |                       | Expected<br>loss rate |
| Stage 1 (12-month ECL)  | 254,561                                   | 1,074  |                       | 0.42%                 |
| Stage 2 (Lifetime ECL<br>(non-credit impaired))   | 42,361                                    | 1,439  |                       | 3.40%                 |
| Stage 3 (Lifetime ECL<br>(credit impaired))   | 6,751                                     | 3,914  |                       | 57.98%                |
| Total   | 303,673                                   | 6,427  |                       |                       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management (Continued)

### (a) Financial risk factors (Continued)

#### (iii) Credit risk (Continued)

- i. Trade and other receivables (excluding deposits for acquisitions of companies and prepayments) and contract assets (Continued)

As at 31 December 2022, the loss allowance provision for trade and other receivables (excluding deposits for acquisitions of companies and prepayments) reconciles to the opening loss allowance for that provision as follows:

|   | Trade<br>receivables<br>RMB million | Other<br>receivables<br>(excluding<br>deposits for<br>acquisitions of<br>companies and<br>prepayments)<br>RMB million | Total<br>RMB million |
|---|-------------------------------------|---|----------------------|
| Loss allowance as at<br>1 January 2021  | 213                                 | 4,790   | 5,003                |
| Provision for loss allowance<br>recognised in profit or loss<br>during the year | 15                                  | 1,637   | 1,652                |
| Loss allowance as at<br>31 December 2021 and<br>1 January 2022                  | 228                                 | 6,427   | 6,655                |
| Provision for loss allowance<br>recognised in profit or loss<br>during the year | 49                                  | 3,010   | 3,059                |
| Loss allowance as at<br>31 December 2022  | <b>277</b>                          | <b>9,437</b>  | <b>9,714</b>         |

As at 31 December 2022, the gross carrying amount of trade and other receivables (excluding deposits for acquisitions of companies and prepayments) was RMB343,346 million (2021: RMB339,885 million) and the maximum exposure to loss was RMB333,632 million (2021: RMB333,230 million). The Group made no write-off of trade and other receivables (excluding deposits for acquisitions of companies and prepayments) and contract assets during the year (2021: nil).

### 3 Financial risk management *(Continued)*

#### (a) Financial risk factors *(Continued)*

##### (iv) Liquidity risk

Management aims at maintaining sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2023. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2023 are included in note 2.1(iii).

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment (note 2.1(iii)). The Group will base on its assessment of the relevant future costs and benefits to pursue such options as appropriate. The directors of the Company consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the date of the statement of financial position to the contractual maturity date. Derivative 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 and included interest, if applicable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management (Continued)

### (a) Financial risk factors (Continued)

#### (iv) Liquidity risk (Continued)

|   | Less than<br>1 year<br>RMB<br>million | Between<br>1 and<br>2 years<br>RMB<br>million | Between<br>2 and<br>5 years<br>RMB<br>million | Over<br>5 years<br>RMB<br>million | Total<br>RMB<br>million |
|---|---------------------------------------|---|---|-----------------------------------|-------------------------|
| At 31 December<br>2022  |                                       |   |   |                                   |                         |
| Senior notes  | 6,320                                 | 13,514  | 46,475  | 16,868                            | 83,177                  |
| Corporate bonds   | 26,956                                | 3,384   | 3,333   | —                                 | 33,673                  |
| Convertible bonds   | 2,973                                 | 4,001   | —   | —                                 | 6,974                   |
| Bank and other<br>borrowings  | 69,737                                | 68,122  | 36,710  | 4,046                             | 178,615                 |
| Trade and other<br>payables<br>(excluding other<br>taxes payable and<br>salaries payable) | 374,558                               | —   | —   | —                                 | 374,558                 |
| Lease liabilities   | 164                                   | 115   | 120   | 84                                | 483                     |
| Derivative financial<br>instruments   | 175                                   | 60  | 274   | —                                 | 509                     |
| <b>Total</b>  | <b>480,883</b>                        | <b>89,196</b>                                 | <b>86,912</b>                                 | <b>20,998</b>                     | <b>677,989</b>          |

### 3 Financial risk management (Continued)

#### (a) Financial risk factors (Continued)

##### (iv) Liquidity risk (Continued)

|   | Less than<br>1 year<br>RMB million | Between<br>1 and<br>2 years<br>RMB million | Between<br>2 and<br>5 years<br>RMB million | Over<br>5 years<br>RMB million | Total<br>RMB million |
|---|------------------------------------|--|--|--------------------------------|----------------------|
| At 31 December<br>2021  |                                    |  |  |                                |                      |
| Senior notes  | 10,902                             | 7,405                                      | 52,725                                     | 19,638                         | 90,670               |
| Corporate bonds   | 7,249                              | 25,330                                     | 3,921                                      | 157                            | 36,657               |
| Convertible bonds   | 110                                | 2,563                                      | —  | —                              | 2,673                |
| Bank and other<br>borrowings  | 74,827                             | 91,160                                     | 57,976                                     | 3,297                          | 227,260              |
| Trade and other<br>payables<br>(excluding other<br>taxes payable and<br>salaries payable) | 491,833                            | —  | —  | —                              | 491,833              |
| Lease liabilities   | 334                                | 181  | 286  | 145                            | 946                  |
| Derivative financial<br>instruments   | 695                                | 527  | 557  | —                              | 1,779                |
| <b>Total</b>  | <b>585,950</b>                     | <b>127,166</b>                             | <b>115,465</b>                             | <b>23,237</b>                  | <b>851,818</b>       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management (Continued)

### (b) Capital 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 benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to optimise the capital structure, the Group may adjust the amount of dividends paid to shareholders, buy back of shares, issue new shares or sell assets.

Consistent with other companies in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including senior notes, corporate bonds, convertible bonds and bank and other borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents and restricted cash.

The gearing ratio as at 31 December 2022 and 2021 were as follows:

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| Total borrowings (notes 21, 22, 23 and 24) | <b>271,307</b>                    | 317,922             |
| Less: Cash and cash equivalents (note 16)  | <b>(128,281)</b>                  | (146,954)           |
| Restricted cash (note 15)                  | <b>(19,269)</b>                   | (34,346)            |
| Net debt                                   | <b>123,757</b>                    | 136,622             |
| Total equity                               | <b>309,573</b>                    | 300,627             |
| Gearing ratio                              | <b>40%</b>                        | 45%                 |

The directors of the Company consider the Group's gearing ratio is within the healthy range.



### 3 Financial risk management (Continued)

#### (c) Fair value estimation

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined 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 assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

|                                  | Level 1<br>RMB million | Level 2<br>RMB million | Level 3<br>RMB million | Total<br>RMB million |
|----------------------------------|------------------------|------------------------|------------------------|----------------------|
| <b>At 31 December 2022</b>       |                        |                        |                        |                      |
| <b>Assets</b>                    |                        |                        |                        |                      |
| Financial assets at FVOCI        | 26                     | —                      | 9,599                  | 9,625                |
| Derivative financial instruments | —                      | 212                    | —                      | 212                  |
| Financial assets at FVTPL        | 202                    | 1,947                  | 9,265                  | 11,414               |
| Total                            | 228                    | 2,159                  | 18,864                 | 21,251               |
| <b>Liabilities</b>               |                        |                        |                        |                      |
| Derivative financial instruments | —                      | 509                    | —                      | 509                  |
|                                  | Level 1<br>RMB million | Level 2<br>RMB million | Level 3<br>RMB million | Total<br>RMB million |
| <b>At 31 December 2021</b>       |                        |                        |                        |                      |
| <b>Assets</b>                    |                        |                        |                        |                      |
| Financial assets at FVOCI        | 70                     | —                      | 9,824                  | 9,894                |
| Derivative financial instruments | —                      | 338                    | —                      | 338                  |
| Financial assets at FVTPL        | 242                    | 4,471                  | 9,494                  | 14,207               |
| Total                            | 312                    | 4,809                  | 19,318                 | 24,439               |
| <b>Liabilities</b>               |                        |                        |                        |                      |
| Derivative financial instruments | —                      | 1,779                  | —                      | 1,779                |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management (Continued)

### (c) Fair value estimation (Continued)

#### (i) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market 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.

#### Valuation techniques used to derive level 2 fair values

Level 2 derivative financial instruments comprise foreign exchange forward contracts, foreign currency option contracts, foreign exchange structured derivatives contracts and cross currency swaps. The fair value of these derivative financial instruments was determined using forward exchange rates and interest rates that are quoted by financial institutions.

For Level 2 financial assets at FVOCI and FVTPL, fair values are generally obtained through the use of valuation methodologies with observable market inputs.

#### (ii) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2022:

|                     | <b>2022</b><br>RMB million | 2021<br>RMB million |
|---------------------|----------------------------|---------------------|
| Opening balance     | <b>19,318</b>              | 4,610               |
| Additions           | <b>126</b>                 | 13,788              |
| Fair value changes  | <b>(184)</b>               | 1,802               |
| Disposals           | <b>(396)</b>               | (159)               |
| Transfer to Level 1 | <b>—</b>                   | (723)               |
| Closing balance     | <b>18,864</b>              | 19,318              |

There is no material unrealised gain or loss recognised in profit or loss for the year ended 31 December 2022 and 2021 attributable to balances held at the end of the reporting period.

There were no changes in valuation techniques during the year.

### 3 Financial risk management (Continued)

#### (d) Financial instruments by category

|   | 31 December 2022                  |                                   |   |                      |
|---|-----------------------------------|-----------------------------------|---|----------------------|
|   | Assets at<br>FVOCI<br>RMB million | Assets at<br>FVTPL<br>RMB million | Assets at<br>amortised<br>cost<br>RMB million | Total<br>RMB million |
| <b>Assets as per consolidated statement of financial position</b> |                                   |                                   |   |                      |
| Financial assets at FVOCI   | 9,625                             | —                                 | —   | 9,625                |
| Trade and other receivables excluding deposits and prepayments    | —                                 | —                                 | 333,632                                       | 333,632              |
| Restricted cash   | —                                 | —                                 | 19,269  | 19,269               |
| Cash and cash equivalents   | —                                 | —                                 | 128,281                                       | 128,281              |
| Derivative financial instruments                                  | —                                 | 212                               | —   | 212                  |
| Financial assets at FVTPL   | —                                 | 11,414                            | —   | 11,414               |
| <b>Total</b>  | <b>9,625</b>                      | <b>11,626</b>                     | <b>481,182</b>                                | <b>502,433</b>       |
| <br>  |                                   |                                   |   |                      |
|   | 31 December 2021                  |                                   |   |                      |
|   | Assets at<br>FVOCI<br>RMB million | Assets at<br>FVTPL<br>RMB million | Assets at<br>amortised<br>cost<br>RMB million | Total<br>RMB million |
| <b>Assets as per consolidated statement of financial position</b> |                                   |                                   |   |                      |
| Financial assets at FVOCI   | 9,894                             | —                                 | —   | 9,894                |
| Trade and other receivables excluding deposits and prepayments    | —                                 | —                                 | 333,230                                       | 333,230              |
| Restricted cash   | —                                 | —                                 | 34,346  | 34,346               |
| Cash and cash equivalents   | —                                 | —                                 | 146,954                                       | 146,954              |
| Derivative financial instruments                                  | —                                 | 338                               | —   | 338                  |
| Financial assets at FVTPL   | —                                 | 14,207                            | —   | 14,207               |
| <b>Total</b>  | <b>9,894</b>                      | <b>14,545</b>                     | <b>514,530</b>                                | <b>538,969</b>       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3 Financial risk management (Continued)

### (d) Financial instruments by category (Continued)

|   | 31 December 2022                                |  |                      |
|---|---|--|----------------------|
|   | Liabilities at<br>amortised cost<br>RMB million | Liabilities at<br>FVTPL<br>RMB million | Total<br>RMB million |
| <b>Liabilities as per consolidated statement of financial position</b>        |   |  |                      |
| Senior notes  | 70,655  | —                                      | 70,655               |
| Corporate bonds   | 32,319  | —                                      | 32,319               |
| Convertible bonds   | 5,793   | —                                      | 5,793                |
| Bank and other borrowings   | 162,540   | —                                      | 162,540              |
| Trade and other payables (excluding other taxes payable and salaries payable) | 374,558   | —                                      | 374,558              |
| Lease liabilities   | 411   | —                                      | 411                  |
| Derivative financial instruments  | —   | 509                                    | 509                  |
| <b>Total</b>  | <b>646,276</b>                                  | <b>509</b>                             | <b>646,785</b>       |

|   | 31 December 2021                                |  |                      |
|---|---|--|----------------------|
|   | Liabilities at<br>amortised cost<br>RMB million | Liabilities at<br>FVTPL<br>RMB million | Total<br>RMB million |
| <b>Liabilities as per consolidated statement of financial position</b>        |   |  |                      |
| Senior notes  | 75,069  | —                                      | 75,069               |
| Corporate bonds   | 34,160  | —                                      | 34,160               |
| Convertible bonds   | 2,168   | —                                      | 2,168                |
| Bank and other borrowings   | 206,525   | —                                      | 206,525              |
| Trade and other payables (excluding other taxes payable and salaries payable) | 491,833   | —                                      | 491,833              |
| Lease liabilities   | 692   | —                                      | 692                  |
| Derivative financial instruments  | —   | 1,779                                  | 1,779                |
| <b>Total</b>  | <b>810,447</b>                                  | <b>1,779</b>                           | <b>812,226</b>       |

#### 4 Critical accounting estimates and judgements

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Revenue recognition

Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise the revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements in interpreting the applicable laws, based on legal counsel opinion, to identify sales contracts with right to payment and those without.

In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the year end. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of the year as a percentage of total estimated costs for each property unit in the sale contract. The Group calculated the cost allocation based on type of properties and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total construction costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 4 Critical accounting estimates and judgements *(Continued)*

### (b) Estimates for net realisable value of properties under development and completed properties held for sale

The carrying amounts of properties under development and completed properties held for sale amounted to RMB912,242 million (2021: RMB1,056,292 million) and RMB51,323 million (2021: RMB46,354 million) respectively as at 31 December 2022, which in total accounted for approximately 55% (2021: 57%) of the Group's total assets. The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable values based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses.

Write-downs of properties under development and completed properties held for sale to net realisable value amounted to RMB23,000 million (2021: RMB10,871 million). These were recognised as an expense during the year ended 31 December 2022 and included in "cost of sales" in the consolidated income statement.

### (c) Current and deferred income tax

Significant judgements are required in determining the provision for income tax. There are many 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 were initially recorded, such difference will impact the income tax and deferred income tax provision in the period in which such determination is made.

Deferred income 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 Critical accounting estimates and judgements *(Continued)*

##### (d) Land appreciation taxes

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

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

#### 5 Revenue and segment information

The executive directors of the Company review the Group's internal reporting in order to assess segment performance and allocate resources. The executive directors of the Company have determined the operating segments based on these reports.

The executive directors of the Company assessed the performance and operations of the Group and concluded that the Group only has two reportable segments — Property development and Construction. The Others segment mainly includes property investment, hotel operation and smart construction, which are individually and collectively insignificant for segment reporting purposes.

The executive directors of the Company assess the performance of the operating segments based on a measure of operating profit, adjusted by excluding fair value changes on derivative financial instruments and including share of results of joint ventures and associates.

Segment assets consist primarily of property, plant and equipment, intangible assets, right-of-use assets, investment properties, financial assets at FVOCI, financial assets at FVTPL, properties under development, investments in joint ventures, investments in associates, completed properties held for sale, inventories, receivables, prepaid income tax, contract assets and contract acquisition costs and operating cash. They exclude derivative financial instruments and deferred income tax assets. Segment liabilities consist primarily of operating liabilities. They exclude current income tax liabilities, senior notes, corporate bonds, convertible bonds, bank and other borrowings, derivative financial instruments and deferred income tax liabilities.

Capital expenditure mainly comprises additions to property, plant and equipment (note 6), investment properties (note 7), intangible assets and right-of-use assets, excluding those arising from business combinations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Revenue and segment information *(Continued)*

Revenue consists of the following:

|                                    | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|------------------------------------|-----------------------------------|---------------------|
| Sales of properties                | <b>417,296</b>                    | 507,478             |
| Rendering of construction services | <b>7,568</b>                      | 9,360               |
| Rental income                      | <b>915</b>                        | 840                 |
| Others                             | <b>4,592</b>                      | 5,386               |
|                                    | <b>430,371</b>                    | 523,064             |

Sales between segments are carried out according to the terms and conditions agreed by the respective segments' management.

The Group's revenue is mainly attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.



## 5 Revenue and segment information (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2022 is as follows:

|  | Property<br>development<br>RMB million | Construction<br>RMB million | Others<br>RMB million | Total<br>RMB million |
|--|--|-----------------------------|-----------------------|----------------------|
| Revenue from contracts with customers  | 417,296                                | 38,178                      | 25,992                | 481,466              |
| — Recognised at a point in time  | 344,960                                | —                           | 24,252                | 369,212              |
| — Recognised over time   | 72,336                                 | 38,178                      | 1,740                 | 112,254              |
| Revenue from other source  |  |                             |                       |                      |
| Rental income  | —                                      | —                           | 915                   | 915                  |
| Segment revenue  | 417,296                                | 38,178                      | 26,907                | 482,381              |
| Inter-segment revenue  | —                                      | (30,610)                    | (21,400)              | (52,010)             |
| Revenue from external customers  | 417,296                                | 7,568                       | 5,507                 | 430,371              |
| Share of results of joint ventures and associates  | 3,711                                  | —                           | 15                    | 3,726                |
| Losses arising from changes in fair value of and transfers to investment properties                                | —                                      | —                           | (117)                 | (117)                |
| Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets | 554                                    | 53                          | 1,659                 | 2,266                |
| Net impairment losses on financial and contract assets   | 2,820                                  | 50                          | 189                   | 3,059                |
| Segment results  | 12,470                                 | 42                          | (2,453)               | 10,059               |
| <b>At 31 December 2022</b>   |  |                             |                       |                      |
| Total segment assets after elimination of inter-segment balances   | 1,568,334                              | 28,053                      | 105,087               | 1,701,474            |
| Investments in joint ventures and associates   | 66,929                                 | —                           | 1,043                 | 67,972               |
| Capital expenditure  | 522                                    | 278                         | 1,645                 | 2,445                |
| Total segment liabilities after elimination of inter-segment balances  | 1,009,645                              | 26,727                      | 69,742                | 1,106,114            |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 5 Revenue and segment information (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2021 is as follows:

|  | Property<br>development<br>RMB million | Construction<br>RMB million | Others<br>RMB million | Total<br>RMB million |
|--|--|-----------------------------|-----------------------|----------------------|
| Revenue from contracts with customers  | 507,478                                | 56,371                      | 29,146                | 592,995              |
| — Recognised at a point in time  | 420,661                                | —                           | 27,227                | 447,888              |
| — Recognised over time   | 86,817                                 | 56,371                      | 1,919                 | 145,107              |
| Revenue from other source  |  |                             |                       |                      |
| Rental income  | —                                      | —                           | 840                   | 840                  |
| Segment revenue  | 507,478                                | 56,371                      | 29,986                | 593,835              |
| Inter-segment revenue  | —                                      | (47,011)                    | (23,760)              | (70,771)             |
| Revenue from external customers  | 507,478                                | 9,360                       | 6,226                 | 523,064              |
| Share of results of joint ventures and associates  | 5,088                                  | —                           | (35)                  | 5,053                |
| Losses arising from changes in fair value of and transfers to investment properties                                | —                                      | —                           | (227)                 | (227)                |
| Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets | 619                                    | 43                          | 1,725                 | 2,387                |
| Net impairment losses on financial and contract assets   | 1,521                                  | 27                          | 103                   | 1,651                |
| Segment results  | 67,304                                 | 334                         | (2,068)               | 65,570               |
| <b>At 31 December 2021</b>   |  |                             |                       |                      |
| Total segment assets after elimination of inter-segment balances   | 1,758,089                              | 31,271                      | 118,610               | 1,907,970            |
| Investments in joint ventures and associates   | 71,170                                 | —                           | 1,671                 | 72,841               |
| Capital expenditure  | 536                                    | 102                         | 4,324                 | 4,962                |
| Total segment liabilities after elimination of inter-segment balances  | 1,151,286                              | 29,857                      | 79,611                | 1,260,754            |

## 5 Revenue and segment information (Continued)

Reportable segment results are reconciled to net profit as follows:

|   | 2022<br>RMB million | 2021<br>RMB million |
|---|---------------------|---------------------|
| Total segment results                                     | 10,059              | 65,570              |
| Changes in fair value of derivative financial instruments | 109                 | (118)               |
| Finance (costs)/income — net                              | (4,807)             | 3,497               |
| Profit before income tax                                  | 5,361               | 68,949              |
| Income tax expenses                                       | (8,323)             | (27,967)            |
| (Loss)/profit for the year                                | (2,962)             | 40,982              |

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

|   | 2022<br>RMB million | 2021<br>RMB million |
|---|---------------------|---------------------|
| Total segment assets after elimination of inter-segment balances      | 1,701,474           | 1,907,970           |
| Derivative financial instruments                                      | 212                 | 338                 |
| Deferred income tax assets  | 42,781              | 40,057              |
| <b>Total assets</b>   | <b>1,744,467</b>    | 1,948,365           |
| Total segment liabilities after elimination of inter-segment balances | 1,106,114           | 1,260,754           |
| Current income tax liabilities  | 31,719              | 39,160              |
| Senior notes  | 70,655              | 75,069              |
| Corporate bonds   | 32,319              | 34,160              |
| Convertible bonds   | 5,793               | 2,168               |
| Bank and other borrowings   | 162,540             | 206,525             |
| Derivative financial instruments                                      | 509                 | 1,779               |
| Deferred income tax liabilities                                       | 25,245              | 28,123              |
| <b>Total liabilities</b>  | <b>1,434,894</b>    | 1,647,738           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6 Property, plant and equipment

|   | Buildings<br>and land<br>RMB million | Machinery<br>RMB million | Transportation<br>equipment<br>RMB million | Furniture,<br>fitting and<br>equipment<br>RMB million | Construction<br>in progress<br>RMB million | Total<br>RMB million |
|---|--------------------------------------|--------------------------|--|---|--|----------------------|
| <b>Year ended</b>                         |                                      |                          |  |   |  |                      |
| <b>31 December 2022</b>                   |                                      |                          |  |   |  |                      |
| Opening net book amount                   | 20,925                               | 3,141                    | 322  | 35  | 2,676                                      | 27,099               |
| Acquisitions of subsidiaries<br>(note 41) | 27                                   | 1                        | 1  | 3   | —  | 32                   |
| Other additions                           | 208                                  | 662                      | 78   | 96  | 773  | 1,817                |
| Transfer                                  | 200                                  | 30                       | —  | —   | (230)                                      | —                    |
| Disposals of subsidiaries                 | (551)                                | (15)                     | (1)  | (66)  | (15)                                       | (648)                |
| Other disposals                           | (459)                                | (306)                    | (18)                                       | (22)  | —  | (805)                |
| Depreciation                              | (1,190)                              | (621)                    | (139)                                      | (13)  | —  | (1,963)              |
| Exchange differences                      | 45                                   | 5                        | 13   | 2   | 4  | 69                   |
| Closing net book amount                   | 19,205                               | 2,897                    | 256  | 35  | 3,208                                      | 25,601               |
| <b>At 31 December 2022</b>                |                                      |                          |  |   |  |                      |
| Cost                                      | 25,695                               | 4,835                    | 1,208                                      | 2,301   | 3,208                                      | 37,247               |
| Accumulated depreciation                  | (6,490)                              | (1,938)                  | (952)                                      | (2,266)   | —  | (11,646)             |
| Net book amount                           | 19,205                               | 2,897                    | 256  | 35  | 3,208                                      | 25,601               |

## 6 Property, plant and equipment (Continued)

|                              | Buildings<br>and land<br>RMB million | Machinery<br>RMB million | Transportation<br>equipment<br>RMB million | Furniture,<br>fitting and<br>equipment<br>RMB million | Construction<br>in progress<br>RMB million | Total<br>RMB million |
|------------------------------|--------------------------------------|--------------------------|--|---|--|----------------------|
| <b>Year ended</b>            |                                      |                          |  |   |  |                      |
| <b>31 December 2021</b>      |                                      |                          |  |   |  |                      |
| Opening net book amount      | 20,391                               | 1,557                    | 483  | 195   | 3,719                                      | 26,345               |
| Acquisitions of subsidiaries | 2                                    | 1                        | —  | 4   | —  | 7                    |
| Other additions              | 98                                   | 2,388                    | 118  | 242   | 979  | 3,825                |
| Transfer                     | 1,887                                | —                        | —  | —   | (1,887)                                    | —                    |
| Disposals of subsidiaries    | (8)                                  | (7)                      | (2)  | (3)   | (106)                                      | (126)                |
| Other disposals              | (193)                                | (212)                    | (40)                                       | (130)   | —  | (575)                |
| Depreciation                 | (1,146)                              | (573)                    | (222)                                      | (270)   | —  | (2,211)              |
| Exchange differences         | (106)                                | (13)                     | (15)                                       | (3)   | (29)                                       | (166)                |
| Closing net book amount      | 20,925                               | 3,141                    | 322  | 35  | 2,676                                      | 27,099               |
| <b>At 31 December 2021</b>   |                                      |                          |  |   |  |                      |
| Cost                         | 26,606                               | 4,690                    | 1,293                                      | 2,854   | 2,676                                      | 38,119               |
| Accumulated depreciation     | (5,681)                              | (1,549)                  | (971)                                      | (2,819)   | —  | (11,020)             |
| Net book amount              | 20,925                               | 3,141                    | 322  | 35  | 2,676                                      | 27,099               |

Depreciation charge was capitalised or expensed in the following categories in the consolidated statement of financial position or the consolidated income statement respectively:

|   | <b>2022</b><br>RMB million | 2021<br>RMB million |
|---|----------------------------|---------------------|
| Properties under development                                  | <b>226</b>                 | 396                 |
| Cost of sales   | <b>760</b>                 | 795                 |
| Selling and marketing costs                                   | <b>116</b>                 | 123                 |
| Administrative expenses and research and development expenses | <b>861</b>                 | 897                 |
|   | <b>1,963</b>               | 2,211               |

As at 31 December 2022, buildings with net book value of RMB2,567 million (2021: RMB3,297 million) were pledged as collateral for the Group's bank and other borrowings (note 24).

As at 31 December 2022, title certificates of buildings with net book value of RMB3,180 million (2021: RMB3,315 million) were still in the process of being obtained.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 Investment properties

|   | 2022<br>RMB million | 2021<br>RMB million |
|---|---------------------|---------------------|
| <b>At 1 January</b>   | <b>16,302</b>       | 15,659              |
| Transfer from properties under development and completed properties held for sale                         | 409                 | 1,381               |
| Other additions   | —                   | 269                 |
| Transfer from right-of-use assets   | —                   | 55                  |
| Revaluation gains upon transfer from right-of-use assets  | —                   | 27                  |
| Revaluation losses upon transfer from properties under development and completed properties held for sale | (19)                | (160)               |
| Fair value changes  | (98)                | (67)                |
| Transfer to properties under development  | (1,823)             | (785)               |
| Disposals of subsidiaries   | (521)               | (77)                |
| <b>At 31 December</b>   | <b>14,250</b>       | 16,302              |
| Losses arising from changes in fair value of and transfer to investment properties represent:             |                     |                     |
| — revaluation losses upon transfer of properties under development and completed properties held for sale | (19)                | (160)               |
| — fair value changes  | (98)                | (67)                |
|   | <b>(117)</b>        | <b>(227)</b>        |

As at 31 December 2022, investment properties with net book value of RMB301 million (2021: nil) were pledged as collateral for the Group's bank and other borrowings (note 24).

The Group's policy is to recognise change of fair value hierarchy levels as of the date of the event or change in circumstances that caused the change. At 31 December 2022 and 2021, the Group only had investment properties measured at level 3 valuation.

## 7 Investment properties (Continued)

### Valuation processes of the Group

The Group's investment properties were valued at transfer or business acquisition dates, and at 31 December 2022 and 2021 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and professionally qualified valuer who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates the highest and best use.

Discussions of valuation processes and results are held between management and the valuers on a semi-annual basis, in line with the Group's interim and annual reporting dates.

At each half year-end, management:

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

### Valuation techniques

Valuations are based on:

- (i) Direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations and property size; or
- (ii) Income capitalisation approach taking into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property; or
- (iii) Residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on land and construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred as well as anticipated developer's profits.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7 Investment properties (Continued)

### Valuation techniques (Continued)

#### Main information about fair value measurements using significant unobservable inputs (level 3)

|   | Fair value as at<br>31 December<br>2022<br>RMB million | Valuation<br>techniques  | Unobservable inputs  | Range of<br>unobservable<br>inputs |
|---|--|--------------------------|--|------------------------------------|
| Completed investment<br>properties          | 13,063   | Income<br>capitalisation | The rate of return/<br>capitalisation rate<br>Monthly rental (RMB/<br>square meter/month)  | 2.5%–6.5%<br>pre annum<br>24–189   |
|   |  | Direct<br>comparison     | Adjusted market price<br>(RMB/square meter)  | 2,000–36,310                       |
| Investment properties<br>under construction | 1,187  | Residual<br>method       | Budgeted construction<br>costs to be incurred<br>(RMB/square meter)<br>Remaining percentage to<br>completion<br>Anticipated developer's<br>profit margin | 380–1,840<br>10%–41%<br>10%        |

|   | Fair value as at<br>31 December<br>2021<br>RMB million | Valuation<br>techniques  | Unobservable inputs   | Range of<br>unobservable<br>inputs |
|---|--|--------------------------|---|------------------------------------|
| Completed investment<br>properties          | 15,037   | Income<br>capitalisation | The rate of return/<br>capitalisation rate<br>Monthly rental (RMB/<br>square meter/month)   | 2.5%–6.5%<br>per annum<br>30–167   |
|   |  | Direct comparison        | Adjusted market price<br>(RMB/square meter)   | 1,760–36,000                       |
| Investment properties<br>under construction | 1,183  | Residual method          | Budgeted construction costs<br>to be incurred (RMB/<br>square meter)<br>Remaining percentage to<br>completion<br>Anticipated developer's<br>profit margin | 640–1,860<br>15%–41%<br>10%–15%    |



## 7 Investment properties (Continued)

### Valuation techniques (Continued)

#### Main information about fair value measurements using significant unobservable inputs (level 3) (Continued)

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of return/capitalisation rate, the lower fair value;
- The higher monthly rental, the higher fair value;
- The higher market price, the higher fair value;
- The higher budgeted construction cost to be incurred, the lower fair value;
- The higher remaining percentage to completion, the lower fair value; and
- The higher the anticipated developer's profit margin, the lower fair value.

#### Amounts recognised in profit or loss for investment properties

|                           | 2022<br>RMB million | 2021<br>RMB million |
|---------------------------|---------------------|---------------------|
| Rental income (note 5)    | 915                 | 840                 |
| Direct operating expenses | (357)               | (346)               |
|                           | <b>558</b>          | 494                 |

### Leasing arrangements

The investment properties are generally leased to tenants under operating leases with rentals payable monthly. There are no other variable lease payments that depend on an index or rate.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

For minimum lease payments receivable on leases of investment properties, refer to note 38(b).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8 Properties under development

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| Properties under development expected to be completed and delivered:   |                                   |                     |
| – Within one operating cycle included under current assets             | <b>883,887</b>                    | 1,008,146           |
| – Beyond one operating cycle included under non-current assets         | <b>28,355</b>                     | 48,146              |
|  | <b>912,242</b>                    | 1,056,292           |
| Amounts comprise:  |                                   |                     |
| – Construction costs including depreciation and staff cost capitalised | <b>389,918</b>                    | 498,873             |
| – Land costs   | <b>498,841</b>                    | 533,094             |
| – Borrowing costs capitalised  | <b>23,483</b>                     | 24,325              |
|  | <b>912,242</b>                    | 1,056,292           |

One operating cycle of the Group's property development generally ranges from one to two years.

At 31 December 2022, properties under development included the costs to fulfil those contracts, the revenue of which is recognised over time, amounting to RMB15,619 million (2021: RMB20,023 million).

Cost of sales for the year included RMB10,469 million (2021: RMB12,527 million) of costs brought forward from prior year to fulfil those contracts revenue of which is recognised over time.

The capitalisation rate used to determine the amount of interest on general borrowings incurred eligible for capitalisation in 2022 was 5.87% per annum (2021: 5.62% per annum).

**8 Properties under development** *(Continued)*

The properties under development of the Group are located in:

|                          | <b>2022</b><br>RMB million | 2021<br>RMB million |
|--------------------------|----------------------------|---------------------|
| Mainland China           | <b>899,281</b>             | 1,042,723           |
| Australia                | <b>2,583</b>               | 1,892               |
| Indonesia                | <b>1,808</b>               | 1,842               |
| Hong Kong                | <b>1,413</b>               | 1,108               |
| United States of America | <b>711</b>                 | 2,950               |
| Others                   | <b>6,446</b>               | 5,777               |
|                          | <b>912,242</b>             | 1,056,292           |

As at 31 December 2022, land use rights included in properties under development of RMB85,953 million (2021: RMB99,009 million) were pledged as collateral for the Group's bank and other borrowings (note 24).

**9(a) Subsidiaries**

The principal subsidiaries at 31 December 2022 are listed in note 44.

The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries were significant to the Group and thus the individual financial information of these subsidiaries are not disclosed.

**9(b) Investments in joint ventures**

|  | <b>2022</b><br>RMB million | 2021<br>RMB million |
|--|----------------------------|---------------------|
| <b>At 1 January</b>                    | <b>49,664</b>              | 41,011              |
| Additions                              | <b>1,046</b>               | 9,566               |
| Disposals                              | <b>(5,432)</b>             | (1,738)             |
| Dividends                              | <b>(1,334)</b>             | (1,076)             |
| Share of results                       | <b>1,396</b>               | 1,901               |
| — Gains arising from negative goodwill | <b>—</b>                   | 32                  |
| — Others                               | <b>1,396</b>               | 1,869               |
| <b>At 31 December</b>                  | <b>45,340</b>              | 49,664              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 9(b) Investments in joint ventures (Continued)

The balance comprises the following:

|                       | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|-----------------------|-----------------------------------|---------------------|
| Unlisted investments  |                                   |                     |
| — Share of net assets | <b>44,955</b>                     | 49,232              |
| — Notional goodwill   | <b>385</b>                        | 432                 |
|                       | <b>45,340</b>                     | 49,664              |

Additions during the year mainly included the investments in a number of newly established property development companies together with certain third parties. None acquisition happened during the year.

As at 31 December 2022, certain borrowings of joint ventures were guaranteed by the Group (note 37) and/or secured by the Group's certain interests in joint ventures with an aggregate carrying value of RMB3,769 million (2021: RMB4,753 million). As at 31 December 2022, there were no significant commitments relating to the Group's interests in the joint ventures.

The directors of the Company consider that none of the joint ventures as at 31 December 2022 and 2021 was significant to the Group and thus the individual financial information of the joint ventures was not disclosed. The summarised financial information of individually immaterial joint ventures on an aggregate basis is as follows:

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| Carrying amount in the consolidated financial statements | <b>45,340</b>                     | 49,664              |
| Share of profit for the year                             | <b>1,396</b>                      | 1,901               |
| Share of total comprehensive income for the year         | <b>1,396</b>                      | 1,901               |

**9(c) Investments in associates**

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| <b>At 1 January</b>                    | <b>23,177</b>                     | 22,430              |
| Additions                              | <b>234</b>                        | 1,008               |
| Disposals                              | <b>(1,744)</b>                    | (1,885)             |
| Dividends                              | <b>(1,365)</b>                    | (1,528)             |
| Share of results                       | <b>2,330</b>                      | 3,152               |
| — Gains arising from negative goodwill | —                                 | —                   |
| — Others                               | <b>2,330</b>                      | 3,152               |
| <b>At 31 December</b>                  | <b>22,632</b>                     | 23,177              |

Additions during the year mainly included the investments in a number of newly established property development companies together with third parties. None acquisition happened during the year.

As at 31 December 2022, certain borrowings of associates were guaranteed by the Group (note 37) and/or secured by the Group's certain interests in associates with an aggregate carrying value of RMB835 million (2021: RMB244 million).

The directors of the Company consider that none of the associates as at 31 December 2022 and 2021 was significant to the Group and thus the individual financial information of the associates was not disclosed. The summarised financial information of individually immaterial associates on an aggregate basis is as follows:

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| Carrying amount in the consolidated financial statements | <b>22,632</b>                     | 23,177              |
| Share of profits for the year                            | <b>2,330</b>                      | 3,152               |
| Share of total comprehensive income for the year         | <b>2,330</b>                      | 3,152               |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 10 Financial assets at fair value through other comprehensive income

|                             | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|-----------------------------|-----------------------------------|---------------------|
| Listed equity securities    | <b>26</b>                         | 70                  |
| Unlisted equity investments | <b>9,599</b>                      | 9,824               |
|                             | <b>9,625</b>                      | 9,894               |

The investments mainly represent equity investments in various investment holding companies. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price or recent transaction prices of similar deals.

As at 31 December 2022, financial assets at fair value through other comprehensive income with fair value of RMB2,079 million (2021: nil) were pledged.

## 11 Completed properties held for sale

|                                    | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|------------------------------------|-----------------------------------|---------------------|
| Completed properties held for sale | <b>51,323</b>                     | 46,354              |

The completed properties held for sale are mainly located in Mainland China.

## 12 Inventories

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| Construction materials and other inventories | <b>7,277</b>                      | 9,689               |

Inventories were mainly charged to properties under development upon utilisation.

**13 Trade and other receivables**

|   | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|---|-----------------------------------|---------------------|
| Included in current assets                          |                                   |                     |
| – Trade receivables — net (note (a))                | <b>34,879</b>                     | 35,984              |
| – Other receivables — net (note (b))                | <b>298,753</b>                    | 297,246             |
| – Prepayments for land (note (c))                   | <b>13,511</b>                     | 36,131              |
| – Other prepayments (note (d))                      | <b>32,874</b>                     | 37,437              |
|   | <b>380,017</b>                    | 406,798             |
| Included in non-current assets                      |                                   |                     |
| – Deposits for acquisitions of companies (note (e)) | <b>12,484</b>                     | 13,414              |
|   | <b>392,501</b>                    | 420,212             |

As at 31 December 2022, the carrying value of trade and other receivables approximated their fair value.

(a) Details of trade receivables are as follows:

|                                | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--------------------------------|-----------------------------------|---------------------|
| Trade receivables              | <b>35,156</b>                     | 36,212              |
| Less: allowance for impairment | <b>(277)</b>                      | (228)               |
| Trade receivables — net        | <b>34,879</b>                     | 35,984              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 13 Trade and other receivables (Continued)

(a) Details of trade receivables are as follows (Continued):

Trade receivables mainly arise from sales of properties. Property buyers are generally granted credit terms of 1 to 6 months. The ageing analysis of trade receivables based on dates of delivery of goods and dates of rendering of services is as follows:

|                                   | <b>2022</b><br>RMB million | 2021<br>RMB million |
|-----------------------------------|----------------------------|---------------------|
| Within 90 days                    | <b>29,355</b>              | 30,395              |
| Over 90 days and within 180 days  | <b>2,351</b>               | 2,657               |
| Over 180 days and within 365 days | <b>2,731</b>               | 2,554               |
| Over 365 days                     | <b>719</b>                 | 606                 |
|                                   | <b>35,156</b>              | 36,212              |

As at 31 December 2022 and 2021, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2022, a provision of RMB277 million (2021: RMB228 million) was made against the gross amounts of trade receivables (note 3 (a)(iii)).

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of buyers. Trade receivables were mainly collateralised by the titles of the properties sold.

(b) Details of other receivables are as follows:

|   | <b>2022</b><br>RMB million | 2021<br>RMB million |
|---|----------------------------|---------------------|
| Amounts due from joint ventures, associates and other related parties | <b>111,447</b>             | 119,356             |
| Land auction and other deposits                                       | <b>12,690</b>              | 14,407              |
| Others (i)  | <b>184,053</b>             | 169,910             |
|   | <b>308,190</b>             | 303,673             |
| Less: allowance for impairment  | <b>(9,437)</b>             | (6,427)             |
| Other receivables — net   | <b>298,753</b>             | 297,246             |

(i) These receivables mainly included current accounts due from the other shareholders of certain subsidiaries of the Group, which are mainly interest-free, unsecured and repayable according to contract terms.



**13 Trade and other receivables** *(Continued)*

- (c) Prepayments for land are related to prepaid land acquisition costs while relevant land use right certificates have not been obtained as at 31 December 2022.
- (d) Other prepayments mainly included prepaid value-added taxes and prepayments for purchases of construction materials and services.
- (e) Amounts represent deposits paid for acquisitions of certain property development companies which have not been completed as at the year end.

**14 Contract assets and contract acquisition costs**

Details of contract assets and contract acquisition costs are as follows:

|   | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|---|-----------------------------------|---------------------|
| Contract assets related to sales of properties (note (a))   | <b>7,062</b>                      | 7,060               |
| Contract assets related to construction services (note (a)) | <b>6,831</b>                      | 5,630               |
| Contract acquisition costs (note (b))                       | <b>11,153</b>                     | 10,912              |
| <b>Total contract assets and contract acquisition costs</b> | <b>25,046</b>                     | 23,602              |

- (a) Contract assets consist of unbilled amount resulting from sale of properties and construction services when revenue recognised exceeds the amount billed to the buyer.
- (b) Management expected the contract acquisition costs, represented primarily sale commission and stamp duty paid/payable for obtaining property sale contracts are recoverable. The Group has deferred them and will charge them to profit or loss when the related revenue is recognised. For the year ended 31 December 2022, the total amount charged to profit or loss was RMB5,103 million (2021: RMB5,403 million) and there was no impairment loss in relation to the remaining balance.

**15 Restricted cash**

The balance mainly represented unreleased guarantee deposits for construction of pre-sale properties denominated in RMB and RM placed in designated bank accounts as at 31 December 2022, and will be released in accordance with certain construction progress milestones.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 16 Cash and cash equivalents

|                                 | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|---------------------------------|-----------------------------------|---------------------|
| Cash at banks and in hand       | <b>147,550</b>                    | 181,300             |
| Less: restricted cash (note 15) | <b>(19,269)</b>                   | (34,346)            |
|                                 | <b>128,281</b>                    | 146,954             |

Cash and deposits are denominated in the following currencies:

|                  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|------------------|-----------------------------------|---------------------|
| RMB              | <b>139,163</b>                    | 175,603             |
| HKD              | <b>3,608</b>                      | 585                 |
| USD              | <b>2,426</b>                      | 1,706               |
| RM               | <b>1,374</b>                      | 2,128               |
| Other currencies | <b>979</b>                        | 1,278               |
|                  | <b>147,550</b>                    | 181,300             |

The conversion of RMB and RM denominated balances into other currencies and the remittance of bank balances and cash out of the PRC and Malaysia are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC and Malaysian governments.

As at 31 December 2022, other than the unreleased guarantee deposits for construction of pre-sale properties included in restricted cash, the balance of the remaining guarantee deposits for construction of pre-sale properties of approximately RMB40,670 million was included in cash and cash equivalents (2021: RMB55,145 million).

**17 Financial assets at fair value through profit or loss**

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| Listed equity security (note (a))      | <b>202</b>                        | 242                 |
| Unlisted equity investments (note (a)) | <b>9,265</b>                      | 9,494               |
| Wealth management products (note (b))  | <b>1,947</b>                      | 4,471               |
|  | <b>11,414</b>                     | 14,207              |

- (a) The investments mainly represent listed and unlisted equity investments in various industries. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price, recent transaction prices of similar deals or valuation reports.
- (b) Wealth management products are mainly investments in financial products issued by financial institutions. The carrying values of these investments approximated their fair values as at 31 December 2022.

**18 Trade and other payables**

|                                | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--------------------------------|-----------------------------------|---------------------|
| Trade payables (note (a))      | <b>191,621</b>                    | 285,122             |
| Other payables (note (b))      | <b>182,937</b>                    | 206,711             |
| Other taxes payable (note (c)) | <b>56,838</b>                     | 49,760              |
| Salaries payable               | <b>5,959</b>                      | 8,998               |
|                                | <b>437,355</b>                    | 550,591             |

As at 31 December 2022, the carrying amounts of trade and other payables approximated their fair values.

- (a) The ageing analysis of trade payables based on the date of the liability recognition on accrual basis is as follows:

|                 | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|-----------------|-----------------------------------|---------------------|
| Within 365 days | <b>188,869</b>                    | 280,940             |
| Over 365 days   | <b>2,752</b>                      | 4,182               |
|                 | <b>191,621</b>                    | 285,122             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 18 Trade and other payables (Continued)

- (b) Other payables mainly included deposits from property buyers and current accounts due to certain joint ventures, associates and other shareholders of certain subsidiaries of the Group and outstanding considerations to acquire certain subsidiaries, joint ventures and associates. These amounts are mainly interest-free, unsecured and repayable according to contract terms.
- (c) Other taxes payable mainly included output value-added taxes related to receipt in advance from customers amounted to approximately RMB66,087 million (2021: RMB69,163 million), value-added taxes payable and other taxes.

## 19 Contract liabilities

|                      | 2022<br>RMB million | 2021<br>RMB million |
|----------------------|---------------------|---------------------|
| Contract liabilities | 668,162             | 709,255             |

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

### (a) Revenue recognised in relation to contract liabilities

|   | 2022<br>RMB million | 2021<br>RMB million |
|---|---------------------|---------------------|
| Revenue recognised that was included in the contract liability balance at the beginning of the year | 295,400             | 350,602             |

## 20 Derivative financial instruments

|   | 2022                  |                            | 2021                  |                            |
|---|-----------------------|----------------------------|-----------------------|----------------------------|
|   | Assets<br>RMB million | Liabilities<br>RMB million | Assets<br>RMB million | Liabilities<br>RMB million |
| <u>Qualified for hedge accounting</u>                             |                       |                            |                       |                            |
| – Foreign currency option contracts<br>(note (a))                 | 77                    | 363                        | 4                     | 686                        |
| – Foreign exchange structured<br>derivatives contracts (note (b)) | —                     | —                          | —                     | 206                        |
| – Foreign exchange forward contracts<br>(note (c))                | 21                    | 55                         | —                     | 590                        |
| <u>Not qualified for hedge accounting</u>                         |                       |                            |                       |                            |
| – Foreign exchange forward contracts                              | —                     | —                          | —                     | 29                         |
| – Cross currency swaps  | —                     | —                          | 19                    | 7                          |
| – Interest rate swaps   | 23                    | —                          | 1                     | 61                         |
| <u>Others</u>   |                       |                            |                       |                            |
| – Embedded financial derivative of<br>convertible bonds (note 23) | —                     | 91                         | —                     | 200                        |
| – Purchased call options (note (e))                               | 91                    | —                          | 314                   | —                          |
|   | <b>212</b>            | <b>509</b>                 | 338                   | 1,779                      |
| Analysed as:  |                       |                            |                       |                            |
| Current   | 206                   | 175                        | 18                    | 695                        |
| Non-current   | 6                     | 334                        | 320                   | 1,084                      |
|   | <b>212</b>            | <b>509</b>                 | 338                   | 1,779                      |

The total notional principal amounts of the derivative financial instruments for hedging purpose at 31 December 2022 were RMB35,521 million (2021: RMB46,097 million), of which RMB28,451 million (2021: RMB35,799 million) were qualified for hedge accounting (cash flow hedge). These contracts will mature during the years from 2023 to 2025 (2021: 2022 to 2025).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20 Derivative financial instruments (Continued)

The effects of applying hedge accounting on the Group's financial position and performance are as follows:

### (a) Derivative financial instruments — foreign currency option contracts

|  | 2022                                     | 2021                                     |
|--|--|--|
| Carrying amount (RMB million)  | (286)                                    | (682)                                    |
| Notional amount (RMB million)  | 25,665                                   | 23,303                                   |
| Maturity date  | 17 January 2023<br>to 22 October<br>2025 | 14 January 2022<br>to 22 October<br>2025 |
| Hedge ratio*   | 1:1                                      | 1:1                                      |
| Change in foreign exchange risk component of outstanding hedging instruments during the year (RMB million) | 931                                      | (397)                                    |
| Change in value of hedged item used to determine hedge effectiveness during the year (RMB million)         | (909)                                    | 394                                      |
| Strike rate (USD:RMB range)  | 6.5100–7.1250                            | 6.5800–7.1250                            |

### (b) Derivative financial instruments — foreign exchange structured derivatives contracts (note (i))

|  | 2022  | 2021                               |
|--|-------|------------------------------------|
| Carrying amount (RMB million)  | —     | (206)                              |
| Notional amount (RMB million)  | —     | 3,570                              |
| Maturity date  | —     | 22 July 2022 to<br>25 July<br>2022 |
| Hedge ratio*   | 1:1   | 1:1                                |
| Change in foreign exchange risk component of outstanding hedging instruments during the year (RMB million) | 213   | (84)                               |
| Change in value of hedged item used to determine hedge effectiveness during the year (RMB million)         | (217) | 87                                 |
| Strike rate (USD:RMB range)  | —     | 6.6250–6.8000                      |

(i) Foreign exchange structured derivatives contracts are cross-currency swaps with options against exchange rate risk of interest and principal repayment.

**20 Derivative financial instruments (Continued)****(c) Derivative financial instruments – Foreign exchange forward contracts**

|  | <b>2022</b>                                     | 2021                                     |
|--|---|--|
| Carrying amount (RMB million)  | <b>(34)</b>                                     | (590)                                    |
| Notional amount (RMB million)  | <b>2,786</b>                                    | 8,926                                    |
| Maturity date  | <b>11 April 2023 to<br/>17 January<br/>2025</b> | 13 January 2022 to<br>17 January<br>2025 |
| Hedge ratio*   | <b>1:1</b>                                      | 1:1                                      |
| Change in foreign exchange risk component of<br>outstanding hedging instruments during the year<br>(RMB million) | <b>231</b>                                      | (333)                                    |
| Change in value of hedged item used to determine<br>hedge effectiveness during the year (RMB million)            | <b>(222)</b>                                    | 383                                      |
| Strike rate (USD:RMB range)  | <b>6.7180-7.0250</b>                            | 6.6100–7.0250                            |

\* The foreign currency option contracts, foreign exchange structured derivatives contracts and foreign exchange forward contracts are denominated in the same currency as the highly probable future debt payments (USD), therefore the hedge ratio is 1:1.

**(d) Reserves**

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| <u>Cash flow hedge reserve</u>   |                                   |                     |
| At 1 January   | <b>(120)</b>                      | (130)               |
| Change in fair value of hedging instrument recognised in<br>other comprehensive income for the year (effective<br>portion) | <b>1,375</b>                      | (837)               |
| Reclassified to profit or loss   | <b>(1,370)</b>                    | 847                 |
| At 31 December   | <b>(115)</b>                      | (120)               |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 20 Derivative financial instruments (Continued)

### (d) Reserves (Continued)

|  | 2022<br>RMB million | 2021<br>RMB million |
|--|---------------------|---------------------|
| <u>Deferred costs of hedging reserve — deferred time value</u> |                     |                     |
| At 1 January   | 453                 | 686                 |
| Losses of hedging deferred for the year                        | (900)               | (556)               |
| Reclassified to profit or loss                                 | 181                 | 323                 |
| At 31 December   | (266)               | 453                 |

- (e) In November 2018, the Group entered into call option transactions involving: i) the sale of call options by certain third parties to the Group with a strike price equal to the conversion price of the 2023 Convertible Bonds at a total premium of approximately HKD2,793 million (the “Purchased Call Options”); and ii) the sale of call options by the Group to certain third parties with a strike price of HKD17.908 (subsequent adjusted to HKD14.53) at a total premium of approximately HKD1,528 million (the “Written Call Options”). The Purchased Call Options and the Written Call Options are expected generally to reduce or offset the potential dilution upon conversion of the 2023 Convertible Bonds and/or offset any cash payments the Group is required to make in excess of the principal amount of the 2023 Convertible Bonds being converted, as the case may be. The Purchased Call Options and the Written Call Options will cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2023 Convertible Bonds, the equivalent number of ordinary shares of the Company underlying the 2023 Convertible Bonds. The premium paid for the Purchased Call Options and the premium received and receivable for the Written Call Options are accounted for as derivative financial assets and other reserve within equity (note 27) respectively in the consolidated statement of financial position.



**21 Senior notes**

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| At 1 January   | <b>75,069</b>                     | 73,410              |
| Additions  | <b>—</b>                          | 12,240              |
| Repurchase and purchase under tender offer/<br>early redemption (note (a)) | <b>(6,600)</b>                    | (7,915)             |
| Repayment upon maturity (note (a))   | <b>(4,370)</b>                    | (950)               |
| Interest expenses  | <b>3,892</b>                      | 4,201               |
| Coupon interest paid   | <b>(3,914)</b>                    | (3,964)             |
| Exchange differences   | <b>6,578</b>                      | (1,953)             |
| At 31 December   | <b>70,655</b>                     | 75,069              |
| Less: current portion included in current liabilities                      | <b>(3,825)</b>                    | (8,283)             |
| Included in non-current liabilities  | <b>66,830</b>                     | 66,786              |

Senior notes were repayable as follows:

|                       | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|-----------------------|-----------------------------------|---------------------|
| Within 1 year         | <b>3,825</b>                      | 8,283               |
| Between 1 and 2 years | <b>10,431</b>                     | 3,946               |
| Between 2 and 5 years | <b>41,568</b>                     | 45,778              |
| Over 5 years          | <b>14,831</b>                     | 17,062              |
|                       | <b>70,655</b>                     | 75,069              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 Senior notes (Continued)

(a) The Group has issued the following senior notes:

| Name of notes  | Par value<br>million | Interest<br>rate | Issue date        | Term of<br>the notes |
|--|----------------------|------------------|-------------------|----------------------|
| Carried forward from prior years and remained outstanding at 31 December 2022: |                      |                  |                   |                      |
| 2026 Notes   | USD321               | 5.625%           | 15 December 2016  | 10 years             |
| 2023 Notes III – tranche I   | USD250               | 4.750%           | 17 January 2018   | 5 years              |
| 2023 Notes III – tranche II*   | USD141               | 4.750%           | 31 July 2018      | 4.5 years            |
| 2025 Notes – tranche I   | USD600               | 5.125%           | 17 January 2018   | 7 years              |
| 2025 Notes – tranche II**  | USD108               | 5.125%           | 4 September 2018  | 6.4 years            |
| 2024 Notes – tranche I   | USD550               | 8.000%           | 27 September 2018 | 5.5 years            |
| 2024 Notes – tranche II***   | USD415               | 8.000%           | 25 January 2019   | 5 years              |
| 2024 Notes II  | USD537               | 6.500%           | 08 April 2019     | 5 years              |
| 2026 Notes II – tranche I  | USD919               | 7.250%           | 08 April 2019     | 7 years              |
| 2026 Notes II – tranche II****   | USD400               | 7.250%           | 18 July 2019      | 6.7 years            |
| 2025 Notes II  | USD471               | 6.150%           | 17 September 2019 | 6 years              |
| 2027 Notes   | USD548               | 5.125%           | 14 January 2020   | 7 years              |
| 2030 Notes   | USD450               | 5.625%           | 14 January 2020   | 10 years             |
| 2025 Notes III   | USD516               | 5.400%           | 27 May 2020       | 5 years              |
| 2026 Notes III   | USD490               | 4.200%           | 06 August 2020    | 5.5 years            |
| 2030 Notes II  | USD500               | 4.800%           | 06 August 2020    | 10 years             |
| 2025 Notes IV  | USD453               | 3.125%           | 22 October 2020   | 5 years              |
| 2030 Notes III   | USD498               | 3.875%           | 22 October 2020   | 10 years             |
| 2026 Notes IV  | USD500               | 2.700%           | 12 January 2021   | 5.5 years            |
| 2031 Notes   | USD700               | 3.300%           | 12 January 2021   | 10 years             |
| 2025 Notes IV – tranche II*****  | USD500               | 3.125%           | 18 May 2021       | 4.4 years            |
| 2026 Notes IV – tranche II*****  | USD165               | 2.700%           | 20 July 2021      | 5 years              |
| Repaid during the year on maturity:  |                      |                  |                   |                      |
| 2022 Notes   | USD261               | 4.750%           | 25 July 2017      | 5 years              |
| 2022 Notes II  | USD411               | 7.125%           | 27 September 2018 | 3.5 years            |

**21 Senior notes** (Continued)**(a) The Group has issued the following senior notes:** (Continued)

| Name of notes   | Par value<br>million | Interest<br>rate | Issue date        | Term of<br>the notes |
|---|----------------------|------------------|-------------------|----------------------|
| Repurchase and purchase under tender offer during the year (note (ii)): |                      |                  |                   |                      |
| 2026 Notes  | USD3                 | 5.625%           | 15 December 2016  | 10 years             |
| 2022 Notes  | USD439               | 4.750%           | 25 July 2017      | 5 years              |
| 2023 Notes III — tranche II   | USD234               | 4.750%           | 31 July 2018      | 4.5 years            |
| 2025 Notes — tranche II   | USD42                | 5.125%           | 4 September 2018  | 6.4 years            |
| 2024 Notes — tranche II   | USD35                | 8.000%           | 25 January 2019   | 5 years              |
| 2024 Notes II   | USD13                | 6.500%           | 08 April 2019     | 5 years              |
| 2026 Notes II — tranche I   | USD31                | 7.250%           | 08 April 2019     | 7 years              |
| 2025 Notes II   | USD29                | 6.150%           | 17 September 2019 | 6 years              |
| 2027 Notes  | USD2                 | 5.125%           | 14 January 2020   | 7 years              |
| 2025 Notes III  | USD28                | 5.400%           | 27 May 2020       | 5 years              |
| 2026 Notes III  | USD10                | 4.200%           | 06 August 2020    | 5.5 years            |
| 2025 Notes IV   | USD47                | 3.125%           | 22 October 2020   | 5 years              |
| 2030 Notes III  | USD2                 | 3.875%           | 22 October 2020   | 10 years             |
| 2026 Notes IV — tranche II  | USD35                | 2.700%           | 20 July 2021      | 5 years              |

\* 2023 Notes III — tranche II was consolidated and form a single series with the 2023 Notes III — tranche I.

\*\* 2025 Notes — tranche II was consolidated and form a single series with the 2025 Notes — tranche I.

\*\*\* 2024 Notes — tranche II was consolidated and form a single series with the 2024 Notes — tranche I.

\*\*\*\* 2026 Notes II — tranche II was consolidated and form a single series with the 2026 Notes II — tranche I.

\*\*\*\*\* 2025 Note IV — tranche II was consolidated and form a single series with the 2025 Notes IV.

\*\*\*\*\* 2026 Notes IV — tranche II was consolidated and form a single series with the 2026 Notes IV.

(i) The weighted average effective interest rate of the senior notes is 5.48% (2021: 5.59%).

(ii) During the year ended 31 December 2022, the Group repurchased the senior notes as stated in the table above. The carrying amount of these notes at the time of the payment was USD961 million (equivalent to approximately RMB6,475 million) in aggregate, resulting in a net gain on settlement of USD220 million (equivalent to approximately RMB1,508 million) in aggregate which was charged to profit or loss under 'finance (costs)/income — net' (note 32).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 21 Senior notes *(Continued)*

- (b) As at 31 December 2022, all senior notes are listed on the SGX and contain various early redemption options.

Early redemption options exercisable by the Group are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption options was insignificant on initial recognition date and at 31 December 2022 and 2021.

The fair values of the senior notes at 31 December 2022 were approximately RMB49,440 million (2021: RMB66,059 million). The fair value is calculated using the market prices of the senior notes on the date of consolidated statement of financial position as they are listed on SGX and the fair value measurement is categorised within level 1 of the fair value hierarchy.

- (c) The Group's senior notes are guaranteed by certain subsidiaries of the Group and secured by the equity interests in certain subsidiaries of the Group, and subject to the fulfilment of covenants relating to certain debt servicing financial indicators. The Group regularly monitors its compliance with these covenants. As at 31 December 2022, none of these covenants had been breached.

## 22 Corporate bonds

|   | <b>2022</b><br>RMB million | 2021<br>RMB million |
|---|----------------------------|---------------------|
| At 1 January  | <b>34,160</b>              | 40,480              |
| Additions (note (a))                                  | <b>4,421</b>               | 18,899              |
| Repurchase (note (a))                                 | <b>(617)</b>               | —                   |
| Repayment   | <b>(5,671)</b>             | (24,984)            |
| Interest expenses                                     | <b>1,565</b>               | 1,844               |
| Coupon interest paid                                  | <b>(1,577)</b>             | (1,946)             |
| Exchange differences                                  | <b>38</b>                  | (133)               |
| At 31 December  | <b>32,319</b>              | 34,160              |
| Less: current portion included in current liabilities | <b>(26,081)</b>            | (6,345)             |
| Included in non-current liabilities                   | <b>6,238</b>               | 27,815              |

## 22 Corporate bonds (Continued)

The Group's corporate bonds are repayable as follows:

|                       | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|-----------------------|-----------------------------------|---------------------|
| Within 1 year         | <b>26,081</b>                     | 6,345               |
| Between 1 and 2 years | <b>3,096</b>                      | 23,975              |
| Between 2 and 5 years | <b>3,142</b>                      | 3,687               |
| Over 5 years          | <b>—</b>                          | 153                 |
|                       | <b>32,319</b>                     | 34,160              |

(a) The Group's corporate bonds comprised the followings as at 31 December 2022:

| <b>Name of bonds</b>   | <b>Par value</b><br>RMB million | <b>Interest rate</b> | <b>Issue date</b> | <b>Term of the bonds</b> |
|--|---------------------------------|----------------------|-------------------|--------------------------|
| RMB corporate bonds tranche IV of the Company issued in 2016 — series II*            | 3,904                           | 5.65%                | 2 September 2021  | 2 years                  |
| RMB corporate bonds of Giant Leap issued in 2016 — series II (note (b))*             | 492                             | 4.50%                | 21 October 2021   | 2 years                  |
| RMB corporate bonds of Giant Leap issued in 2021 — tranche I (notes (b) and (c))     | 2,000                           | 4.27%                | 8 January 2021    | 4 years                  |
| RMB medium-term notes of Giant Leap issued in 2021 — tranche I (notes (b) and (c))   | 1,000                           | 4.70%                | 6 May 2021        | 4 years                  |
| RMB medium-term notes of Giant Leap issued in 2021 — tranche II (notes (b) and (c))  | 1,270                           | 4.62%                | 21 July 2021      | 4 years                  |
| RMB medium-term notes of Giant Leap issued in 2021 — tranche III (notes (b) and (c)) | 800                             | 4.69%                | 12 August 2021    | 4 years                  |
| RMB corporate bonds of Country Garden Property issued in 2019 — tranche II*          | 2,177                           | 4.50%                | 1 August 2021     | 2 years                  |
| RMB corporate bonds of Country Garden Property issued in 2019 — tranche III*         | 993                             | 4.98%                | 20 November 2021  | 2 years                  |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22 Corporate bonds (Continued)

(a) The Group's corporate bonds comprised the followings as at 31 December 2022: (Continued)

| Name of bonds   | Par value<br>RMB million | Interest rate | Issue date        | Term of the bonds |
|---|--------------------------|---------------|-------------------|-------------------|
| RMB corporate bonds of Country Garden Property issued in 2020 – tranche I (note (c))              | 3,398                    | 4.20%         | 1 April 2020      | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2020 – tranche II (note (c))             | 1,360                    | 4.19%         | 7 July 2020       | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2020 – tranche III (note (c))            | 1,956                    | 4.38%         | 24 September 2020 | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2020 – tranche IV (note (c))             | 1,616                    | 4.15%         | 3 November 2020   | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2021 – tranche I (note (c))              | 1,810                    | 4.80%         | 12 March 2021     | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2021 – tranche II (note (c))             | 978                      | 4.80%         | 15 June 2021      | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2021 – tranche III (note (c))            | 1,421                    | 4.33%         | 14 September 2021 | 4 years           |
| RMB corporate bonds of Country Garden Property issued in 2021 – tranche IV (note (c))             | 959                      | 6.30%         | 17 December 2021  | 4 years           |
| RMB Corporate bonds of Country Garden Property issued in 2022 – tranche I (note (c))              | 500                      | 4.50%         | 24 May 2022       | 3 years           |
| Medium-term notes of Country Garden Property issued in 2022 – tranche I                           | 1,500                    | 3.20%         | 19 September 2022 | 3 years           |
| RMB Corporate bonds of Country Garden Property issued in 2022 – tranche II (series I) (note (c))  | 800                      | 4.88%         | 13 December 2022  | 2 years           |
| RMB Corporate bonds of Country Garden Property issued in 2022 – tranche II (series II) (note (c)) | 200                      | 4.00%         | 13 December 2022  | 2 years           |

## 22 Corporate bonds (Continued)

(a) The Group's corporate bonds comprised the followings as at 31 December 2022: (Continued)

| Name of bonds   | Par value<br>RMB million | Interest<br>rate | Issue date        | Term of<br>the bonds |
|---|--------------------------|------------------|-------------------|----------------------|
| Medium-term notes of Country Garden Property issued in 2022 — tranche II                                      | 1,000                    | 4.30%            | 26 December 2022  | 3 years              |
| RM private corporate bonds of Malaysia Country Garden issued in 2018 (note (b))                               | 325                      | 6.60%            | 23 February 2018  | 5 years              |
| RM private corporate bonds of Malaysia Country Garden issued in 2020 — tranche V (note (b))                   | 166                      | 5.70%            | 2 March 2020      | 7 years              |
| RM private corporate bonds of Malaysia Country Garden issued in 2020 — tranche VII (note (b))                 | 481                      | 5.25%            | 27 March 2020     | 5 years              |
| RM private corporate bonds of Malaysia Country Garden issued in 2021 — tranche IX (note (b))                  | 79                       | 4.90%            | 4 May 2021        | 5 years              |
| RM private corporate bonds of Malaysia Country Garden issued in 2022 — tranche XII (note (b))                 | 151                      | 5.00%            | 18 March 2022     | 1 year               |
| RM private corporate bonds of Malaysia Country Garden issued in 2022 — tranche XIII (note (b))                | 98                       | 5.40%            | 9 June 2022       | 1 year               |
| The Guaranteed Debentures of Risland (Thailand) Company Limited No. 1/2564 Tranche 2 Due B.E. 2566 (note (b)) | 76                       | 4.00%            | 29 September 2021 | 2 years              |
| The Guaranteed Debentures of Risland (Thailand) Company Limited No. 1/2564 Tranche 3 Due B.E. 2567 (note (b)) | 72                       | 4.75%            | 1 October 2021    | 3 years              |
| Callable and Secured Debentures of Risland (Thailand) Company Limited No. 1/2565 Due B.E. 2567 (note (b))     | 242                      | 7.50%            | 16 December 2022  | 1.75 years           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 22 Corporate bonds (Continued)

(a) The Group's corporate bonds comprised the followings as at 31 December 2022: (Continued)

| Name of bonds  | Par value<br>RMB million | Interest rate | Issue date        | Term of the bonds |
|--|--------------------------|---------------|-------------------|-------------------|
| Repurchased during the year (note (ii)):                                     |                          |               |                   |                   |
| RMB Corporate bonds of Country Garden Property issued in 2019 – tranche II   | 32                       | 4.50%         | 1 August 2021     | 2 years           |
| RMB corporate bonds of Country Garden Property issued in 2020 – tranche I    | 2                        | 4.20%         | 1 April 2020      | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2020 – tranche II** | 0                        | 4.19%         | 7 July 2020       | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2020 – tranche III  | 44                       | 4.38%         | 24 September 2020 | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2020 – tranche IV   | 162                      | 4.15%         | 3 November 2020   | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2021 – tranche I    | 190                      | 4.80%         | 12 March 2021     | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2021 – tranche II   | 122                      | 4.80%         | 15 June 2021      | 5 years           |
| RMB corporate bonds of Country Garden Property issued in 2021 – tranche III  | 14                       | 4.33%         | 14 September 2021 | 4 years           |
| RMB corporate bonds of Country Garden Property issued in 2021 – tranche IV   | 41                       | 6.30%         | 17 December 2021  | 4 years           |

\* Refinanced before the year

\*\* The outstanding RMB corporate bonds of Country Garden Property issued in 2020 – tranche II were partially repurchased in the open market with the principal amount of RMB0.3 million.

(i) The weighted average effective interest rate of the corporate bonds is 4.85% (2021: 4.85%).

(ii) During the year ended 31 December 2022, the Group repurchased the corporate bonds as stated in the table above. The carrying amount of these notes at the time of the payment was RMB617 million in aggregate, resulting in a net gain on settlement of RMB292 million in aggregate which was charged to profit or loss under 'finance (costs)/income – net' (note 32).

(b) The corporate bonds issued by Giant Leap, Malaysia Country Garden and Risland (Thailand) Company Limited were guaranteed by certain subsidiaries of the Group.



## 22 Corporate bonds (Continued)

- (c) RMB corporate bonds of Giant Leap issued in 2021 — tranche I, RMB medium-term notes of Giant Leap issued in 2021 — tranche I, RMB medium-term notes of Giant Leap issued in 2021 — tranche II, RMB medium-term notes of Giant Leap issued in 2021 — tranche III, RMB Corporate bonds of Country Garden Property issued in 2022 — tranche I, RMB Corporate bonds of Country Garden Property issued in 2022 — tranche II (series I), RMB Corporate bonds of Country Garden Property issued in 2022 — tranche II (series II) and RMB corporate bonds issued in 2020 and 2021 by Country Garden Property contain a debt component, put options and coupon rate adjustment options.

Debt component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The directors of the Company consider that the fair values of the above put options and coupon rate adjustment options were insignificant on initial recognition date and at 31 December 2022 and 2021.

- (d) Certain corporate bonds will mature within one year to the contractual repricing dates, which is included in current liabilities of the consolidated statement of financial position.

The fair values of the corporate bonds at 31 December 2022 were RMB27,710 million (2021: RMB33,047 million). All RMB public corporate bonds issued by Giant Leap and Country Garden Property are categorised within level 1 of the fair value hierarchy as they are listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange or National Association of Financial Market Institutional Investors. The fair value measurement of other corporate bonds is categorised within level 3 of the fair value hierarchy as they are private placements. The fair values of these corporate bonds are calculated based on the discounted cash flows of the principal and interest payments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 23 Convertible bonds

|   | <b>2022</b><br>RMB million | 2021<br>RMB million |
|---|----------------------------|---------------------|
| Liability component as at 1 January                   | <b>2,168</b>               | 5,272               |
| Additions (note(b))                                   | <b>2,870</b>               | —                   |
| Early redemption                                      | <b>—</b>                   | (3,245)             |
| Interest expenses                                     | <b>477</b>                 | 577                 |
| Coupon interest paid                                  | <b>(201)</b>               | (278)               |
| Exchange differences                                  | <b>479</b>                 | (158)               |
| Liability component as at 31 December                 | <b>5,793</b>               | 2,168               |
| Less: current portion included in current liabilities | <b>(2,597)</b>             | (8)                 |
| Included in non-current liabilities                   | <b>3,196</b>               | 2,160               |

- (a) On 21 November 2018, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD7,830 million (equivalent to approximately RMB6,868 million) due 5 December 2023 (the “2023 Convertible Bonds”), with an initial conversion price of HKD12.584 per share. On 5 December 2018, the 2023 Convertible Bonds were issued. The conversion price was subsequently modified to HKD10.21 per share as a result of payment of dividend in 2021. The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Company. As at 31 December 2022, the fair value of the embedded financial derivative of convertible bond was RMB91 million (2021: RMB200 million) (note 20).

The 2023 Convertible Bonds are guaranteed by the Company and certain subsidiaries of the Group and secured by the equity interests in certain subsidiaries of the Group.

Interest expenses on the liability component of the 2023 convertible bonds are calculated by applying the effective interest rate of 11.84% (2021: 11.84%) per annum to the liability component.

Up to 31 December 2022, there has been no conversion of the 2023 Convertible Bonds.

**23 Convertible bonds (Continued)**

- (b) On 20 January 2022, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD3,900 million (equivalent to approximately RMB3,191 million) due on 28 July 2026 (the “2026 Convertible Bonds”), with an initial conversion price of HKD8.1 per share. The conversion price was subsequently modified to HKD7.92 per share as a result of payment of dividend and distribution in specie. On 28 January 2022 (the “Issue Date”), the issuance of the convertible bonds was completed. The net proceeds from the issuance of the convertible bonds were approximately RMB3,161 million, net of transaction cost of approximately RMB30 million. The initial value of the liability component of approximately RMB2,870 million and the equity conversion component of approximately RMB291 million were determined at the Issue Date. The liability component is subsequently stated at amortised cost until conversion or maturity of the bond. The residual amount, representing the value of the equity conversion component, is accounted for as a conversion option reserve included in other reserves.

The 2026 Convertible Bonds recognised are calculated as follows:

|   | RMB million  |
|---|--------------|
| Face value of the convertible bonds on the Issue Date | 3,191        |
| Transaction costs                                     | (30)         |
| Net proceeds  | 3,161        |
| Less: equity component                                | (291)        |
| Liability component on initial recognition            | 2,870        |
| Exchange differences                                  | 270          |
| Interest expenses                                     | 213          |
| Coupon interest paid                                  | (83)         |
| Liability component at 31 December 2022               | <b>3,270</b> |

Interest expenses on the liability component of the 2026 convertible bonds are calculated using the effective interest method, applying the effective interest rate of 7.78% per annum.

Up to 31 December 2022, there has been no conversion or redemption of the 2026 Convertible Bonds.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 24 Bank and other borrowings

|  | 2022<br>RMB million | 2021<br>RMB million |
|--|---------------------|---------------------|
| Non-current liabilities:                         |                     |                     |
| — secured  | 116,786             | 144,788             |
| — unsecured                                      | 44,045              | 50,195              |
| Less: current portion of non-current liabilities | (59,496)            | (52,840)            |
|  | <b>101,335</b>      | 142,143             |
| Included in current liabilities:                 |                     |                     |
| — secured  | 494                 | 4,401               |
| — unsecured                                      | 1,215               | 7,141               |
| Current portion of non-current liabilities       | 59,496              | 52,840              |
|  | <b>61,205</b>       | 64,382              |
| Total bank and other borrowings                  | <b>162,540</b>      | 206,525             |

The Group's borrowings as at 31 December 2022 of RMB117,280 million (2021: RMB149,189 million) were secured by the Group's certain equipment (note 6), investment properties (note 7), right-of-use assets and properties (note 8) with total carrying values of RMB88,821 million (2021: RMB103,354 million), and/or equity investment interests.

At 31 December 2022, the Group's bank and other borrowings were repayable as follows:

|                       | 2022<br>RMB million | 2021<br>RMB million |
|-----------------------|---------------------|---------------------|
| Within 1 year         | 61,205              | 64,382              |
| Between 1 and 2 years | 62,803              | 83,971              |
| Between 2 and 5 years | 34,687              | 55,034              |
| Over 5 years          | 3,845               | 3,138               |
|                       | <b>162,540</b>      | 206,525             |

The weighted average effective interest rate for the year ended 31 December 2022 was 6.33% per annum (2021: 5.68% per annum).

**24 Bank and other borrowings** *(Continued)*

The carrying amounts of the bank and other borrowings approximated their fair values as these borrowings are mainly floating-rate borrowings.

The carrying amounts of the bank and other borrowings are denominated in the following currencies:

|        | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--------|-----------------------------------|---------------------|
| RMB    | <b>119,860</b>                    | 161,301             |
| HKD    | <b>23,027</b>                     | 20,258              |
| USD    | <b>15,751</b>                     | 20,228              |
| RM     | <b>2,106</b>                      | 3,176               |
| Others | <b>1,796</b>                      | 1,562               |
|        | <b>162,540</b>                    | 206,525             |

Certain of the Group's bank and other borrowings are subject to the fulfilment of covenants relating to certain debt servicing financial indicators. The Group regularly monitors its compliance with these covenants. As at 31 December 2022, none of these covenants had been breached.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 25 Share capital and premium

|  | Number of<br>ordinary<br>shares<br>million | Nominal<br>value of<br>ordinary<br>shares<br>HKD million | Equivalent<br>nominal<br>value of<br>ordinary<br>shares<br>RMB million | Share<br>premium<br>RMB million | Total<br>RMB million | Treasury<br>shares<br>RMB million | Group total<br>RMB million |
|--|--|--|--|---------------------------------|----------------------|-----------------------------------|----------------------------|
| <b>Authorised</b>  |  |  |  |                                 |                      |                                   |                            |
| At 1 January 2021,<br>31 December 2021<br>and 2022,<br>HKD0.10 per share | 100,000                                    | 10,000   |  |                                 |                      |                                   |                            |
| <b>Issued and fully paid</b>   |  |  |  |                                 |                      |                                   |                            |
| At 1 January 2021  | 22,035                                     | 2,203  | 2,067  | 31,687                          | 33,754               | (2,259)                           | 31,495                     |
| Issue of shares as a<br>result of scrip dividend<br>(note 35(d))         | 1,100                                      | 110  | 91   | 7,199                           | 7,290                | (127)                             | 7,163                      |
| Exercise of employee<br>share schemes                                    | 13   | 1  | 1  | 42                              | 43                   | 86                                | 129                        |
| At 31 December 2021  | 23,148                                     | 2,314  | 2,159  | 38,928                          | 41,087               | (2,300)                           | 38,787                     |
| <b>Issued and fully paid</b>   |  |  |  |                                 |                      |                                   |                            |
| At 1 January 2022  | 23,148                                     | 2,314  | 2,159  | 38,928                          | 41,087               | (2,300)                           | 38,787                     |
| Issue of shares as a<br>result of placing<br>(note (a))                  | 4,113                                      | 411  | 369  | 9,841                           | 10,210               | —                                 | 10,210                     |
| Issue of shares as a<br>result of scrip dividend<br>(note 35(d))         | 369  | 37   | 31   | 1,439                           | 1,470                | (29)                              | 1,441                      |
| Exercise of employee<br>share schemes                                    | 7  | 1  | 1  | (7)                             | (6)                  | 104                               | 98                         |
| At 31 December 2022  | 27,637                                     | 2,763  | 2,560  | 50,201                          | 52,761               | (2,225)                           | 50,536                     |

- (a) On 3 August 2022, the Group issued 870 million shares by way of placing at a subscription price of HKD3.25 per share.

On 22 November 2022, the Group issued 1,463 million shares by way of placing at a subscription price of HKD2.68 per share.

On 14 December 2022, the Group issued 1,780 million shares by way of placing at a subscription price of HKD2.70 per share.

The issued shares rank pari passu to the then existing shares.

## 26 Employee share schemes

The share-based compensation expenses recognised during the year are as follows:

|                     | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|---------------------|-----------------------------------|---------------------|
| Share option scheme | <b>66</b>                         | 36                  |
| Share award scheme  | <b>455</b>                        | 448                 |
|                     | <b>521</b>                        | 484                 |

### (a) Share option scheme

Since 13 December 2013, the Group granted certain share options to certain directors of the Company and employees in connection with a profit sharing incentive scheme (the “Incentive Scheme”) adopted by the Group. Pursuant to the Incentive Scheme, certain portion of the bonus calculated in accordance with the Incentive Scheme to certain senior management and employees is settled in cash, while the remaining portion is settled in the Company’s shares as the consideration for the costs to exercise the share options. The vesting period of the share options is generally 5 years from their respective grant dates. The fair value of the share options at the grant date approximated the portion of bonus which is to be settled in the Company’s shares.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

|                       | <b>2022</b>  |                              | 2021  |                      |
|-----------------------|--|------------------------------|---|----------------------|
|                       | <b>Weighted-average<br/>exercise price<br/>(HKD per share)</b> | <b>Number of<br/>options</b> | Weighted-average<br>exercise price<br>(HKD per share) | Number of<br>options |
| <b>At 1 January</b>   | <b>8.788</b>   | <b>24,990,039</b>            | 7.981   | 17,863,579           |
| Granted               | <b>4.830</b>   | <b>6,955,657</b>             | 9.685   | 20,199,633           |
| Exercised             | <b>4.912</b>   | <b>(7,125,564)</b>           | 9.071   | (13,073,173)         |
| Lapsed                | <b>9.600</b>   | <b>(6,955,657)</b>           | —   | —                    |
| <b>At 31 December</b> | <b>8.477</b>   | <b>17,864,475</b>            | 8.788   | 24,990,039           |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 26 Employee share schemes (Continued)

### (a) Share option scheme (Continued)

Particulars of share options outstanding as at 31 December 2022 are as follows:

| Date of grant    | Expiry date      | Exercise price in HKD per share | Number of share options granted | Number of share options lapsed | Number of share options exercised | Number of share options cancelled | Number of share options outstanding |
|------------------|------------------|---------------------------------|---------------------------------|--------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
| 13 December 2013 | 12 December 2023 | 4.773                           | 6,264,738                       | 1,468,704                      | 3,018,853                         | —                                 | 1,777,181                           |
| 16 March 2016    | 15 March 2026    | 3.332                           | 2,431,903                       | —                              | 925,676                           | —                                 | 1,506,227                           |
| 11 May 2016      | 10 May 2026      | 3.106                           | 1,599,861                       | —                              | —                                 | —                                 | 1,599,861                           |
| 19 August 2016   | 18 August 2026   | 3.740                           | 1,265,081                       | —                              | 449,031                           | —                                 | 816,050                             |
| 22 May 2017      | 21 May 2027      | 8.250                           | 2,895,406                       | —                              | 169,907                           | —                                 | 2,725,499                           |
| 24 August 2017   | 23 August 2027   | 10.000                          | 978,409                         | —                              | —                                 | —                                 | 978,409                             |
| 8 December 2017  | 7 December 2027  | 12.980                          | 659,817                         | —                              | —                                 | —                                 | 659,817                             |
| 21 March 2018    | 20 March 2028    | 16.460                          | 948,535                         | —                              | —                                 | —                                 | 948,535                             |
| 10 May 2018      | 9 May 2028       | 16.280                          | 258,092                         | —                              | —                                 | —                                 | 258,092                             |
| 22 August 2018   | 21 August 2028   | 12.240                          | 202,300                         | —                              | —                                 | —                                 | 202,300                             |
| 6 December 2018  | 5 December 2028  | 9.654                           | 619,907                         | —                              | —                                 | —                                 | 619,907                             |
| 25 March 2019    | 24 March 2029    | 12.044                          | 12,770,908                      | —                              | 12,356,027                        | —                                 | 414,881                             |
| 9 May 2019       | 8 May 2029       | 12.408                          | 750,160                         | —                              | —                                 | —                                 | 750,160                             |
| 23 August 2019   | 22 August 2029   | 9.834                           | 1,039,436                       | —                              | —                                 | —                                 | 1,039,436                           |
| 5 December 2019  | 4 December 2029  | 11.092                          | 10,464,274                      | —                              | 9,825,134                         | —                                 | 639,140                             |
| 12 May 2020      | 11 May 2030      | 10.040                          | 523,467                         | —                              | —                                 | —                                 | 523,467                             |
| 24 July 2020     | 23 July 2030     | 10.160                          | 480,615                         | —                              | —                                 | —                                 | 480,615                             |
| 3 December 2020  | 2 December 2030  | 10.332                          | 379,388                         | —                              | —                                 | —                                 | 379,388                             |
| 26 March 2021    | 25 March 2031    | 9.730                           | 13,243,976                      | —                              | 11,698,466                        | —                                 | 1,545,510                           |
|                  |                  |                                 |                                 |                                |                                   |                                   | 17,864,475                          |

The Group has to estimate the expected percentage of grantees that will stay within the Group at the end of vesting periods (the “Expected Retention Rate”) of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2022, the Expected Retention Rate was assessed to be 96% (2021: 100%).



**26 Employee share schemes** *(Continued)***(b) Share award scheme**

Pursuant to the Incentive Scheme, certain portion of the bonus to certain senior management and employees, calculated in accordance with the Incentive Scheme is settled in cash, while the remaining portion is settled in the Company's shares (the "Awarded Shares"). The vesting period of the Awarded Shares is 5 years from their respective grant dates.

The Group planned to use treasury shares to award the grantees of the Awarded Shares. The Awarded Shares are held by a wholly-owned subsidiary of the Company, on behalf of these senior management and employees until the end of vesting periods.

The fair value of these Awarded Shares at the grant date approximated the portion of bonus which is to be settled in the Company's shares.

Movements in the number of Awarded Shares are as follows:

|                | 2022                | 2021         |
|----------------|---------------------|--------------|
| At 1 January   | <b>184,437,920</b>  | 172,460,782  |
| Granted        | —                   | 32,594,406   |
| Lapsed         | <b>(5,531,578)</b>  | (9,548,961)  |
| Exercised      | <b>(13,138,474)</b> | (11,068,307) |
| At 31 December | <b>165,767,868</b>  | 184,437,920  |

The Group has to estimate the Expected Retention Rate of the share award scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2022, the Expected Retention Rate was assessed to be 82% (2021: 100%).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27 Other reserves and retained earnings

|  | Merger<br>reserve<br>RMB<br>million<br>(note (a)) | Statutory<br>reserve<br>RMB<br>million<br>(note (b)) | Share<br>option<br>reserve<br>RMB<br>million | FVOCI<br>reserve<br>RMB<br>million | Currency<br>translation<br>reserve<br>RMB<br>million | Revaluation<br>reserve<br>RMB<br>million | Cash<br>flow<br>hedge<br>reserve<br>RMB<br>million | Deferred<br>costs of<br>hedging<br>reserve<br>RMB<br>million | Others<br>RMB<br>million | Total<br>other<br>reserves<br>RMB<br>million | Retained<br>earnings<br>RMB<br>million | Total<br>RMB<br>million |
|--|---|--|--|------------------------------------|--|--|--|--|--------------------------|--|--|-------------------------|
| Balance at<br>1 January 2022   | (150)   | 24,741   | 1,875  | 50                                 | (2,304)  | 889                                      | (120)  | 453  | (2,743)                  | 22,691                                       | 137,258                                | 159,949                 |
| Losses for the year  | —   | —  | —  | —                                  | —  | —  | —  | —  | —                        | —  | (6,052)                                | (6,052)                 |
| Transfer to statutory<br>reserve (note (b))  | —   | 443  | —  | —                                  | —  | —  | —  | —  | —                        | 443  | (443)                                  | —                       |
| Issue of shares as a<br>result of scrip<br>dividend (notes 34<br>and 35(d))                    | —   | —  | —  | —                                  | —  | —  | —  | —  | —                        | —  | (1,441)                                | (1,441)                 |
| Cash dividends   | —   | —  | —  | —                                  | —  | —  | —  | —  | —                        | —  | (873)                                  | (873)                   |
| Deemed contribution<br>from controlling<br>shareholder<br>(note (c))                           | —   | —  | —  | —                                  | —  | —  | —  | —  | 993                      | 993  | —                                      | 993                     |
| Employee share<br>schemes  |   |  |  |                                    |  |  |  |  |                          |  |  |                         |
| — Value of employee<br>services (note 26)  | —   | —  | 521  | —                                  | —  | —  | —  | —  | —                        | 521  | —                                      | 521                     |
| — Exercise of employee<br>share schemes<br>(note 25)   | —   | —  | (98)   | —                                  | —  | —  | —  | —  | —                        | (98)   | —                                      | (98)                    |
| Equity component of<br>convertible bonds<br>issued (note 23)                                   | —   | —  | —  | —                                  | —  | —  | —  | —  | 291                      | 291  | —                                      | 291                     |
| Changes in fair value of<br>financial assets at<br>FVOCI                                       | —   | —  | —  | (6)                                | —  | —  | —  | —  | —                        | (6)  | —                                      | (6)                     |
| Disposals of financial<br>assets at FVOCI  | —   | —  | —  | (70)                               | —  | —  | —  | —  | —                        | (70)   | 70                                     | —                       |
| Partial cancellation of<br>written call options  | —   | —  | —  | —                                  | —  | —  | —  | —  | (785)                    | (785)  | 582                                    | (203)                   |
| Changes in ownership<br>interests in<br>subsidiaries without<br>change of control<br>(note 39) | —   | —  | —  | —                                  | —  | —  | —  | —  | 365                      | 365  | —                                      | 365                     |
| Currency translation<br>differences  | —   | —  | —  | —                                  | 355  | —  | —  | —  | —                        | 355  | —                                      | 355                     |
| Disposals of<br>subsidiaries   | —   | (156)  | —  | —                                  | —  | —  | —  | —  | —                        | (156)  | 156                                    | —                       |
| Deferred gains on cash<br>flow hedges  | —   | —  | —  | —                                  | —  | —  | 5  | —  | —                        | 5  | —                                      | 5                       |
| Deferred costs of<br>hedging   | —   | —  | —  | —                                  | —  | —  | —  | (719)  | —                        | (719)  | —                                      | (719)                   |
| Balance at<br>31 December 2022   | (150)   | 25,028   | 2,298  | (26)                               | (1,949)  | 889                                      | (115)  | (266)  | (1,879)                  | 23,830                                       | 129,257                                | 153,087                 |

## 27 Other reserves and retained earnings (Continued)

|  | Merger<br>reserve<br>RMB<br>million<br>(note (a)) | Statutory<br>reserve<br>RMB<br>million<br>(note (b)) | Share<br>option<br>reserve<br>RMB<br>million | FVOCI<br>reserve<br>RMB<br>million | Currency<br>translation<br>reserve<br>RMB<br>million | Revaluation<br>reserve<br>RMB<br>million | Cash flow<br>hedge<br>reserve<br>RMB<br>million | Deferred<br>costs of<br>hedging<br>reserve<br>RMB<br>million | Others<br>RMB<br>million | Total other<br>reserves<br>RMB<br>million | Retained<br>earnings<br>RMB<br>million | Total<br>RMB<br>million |
|--|---|--|--|------------------------------------|--|--|---|--|--------------------------|---|--|-------------------------|
| Balance at 1 January 2021  | (150)   | 17,699   | 1,424  | 1,088                              | (1,752)  | 869                                      | (130)   | 686  | (2,277)                  | 17,457                                    | 126,150                                | 143,607                 |
| Profit for the year  | —   | —  | —  | —                                  | —  | —  | —   | —  | —                        | —   | 26,797                                 | 26,797                  |
| Transfer to statutory reserve<br>(note (b))  | —   | 7,079  | —  | —                                  | —  | —  | —   | —  | —                        | 7,079                                     | (7,079)                                | —                       |
| Issue of shares as a result of<br>scrip dividend<br>(notes 25 and 35(d))                 | —   | —  | —  | —                                  | —  | —  | —   | —  | —                        | —   | (7,163)                                | (7,163)                 |
| Cash dividends   | —   | —  | —  | —                                  | —  | —  | —   | —  | —                        | —   | (2,934)                                | (2,934)                 |
| Revaluation gains on investment<br>properties upon transfers from<br>right-of-use assets | —   | —  | —  | —                                  | —  | 20                                       | —   | —  | —                        | 20  | —                                      | 20                      |
| Employee share scheme  |   |  |  |                                    |  |  |   |  |                          |   |  |                         |
| — Value of employee services<br>(note 26)  | —   | —  | 484  | —                                  | —  | —  | —   | —  | —                        | 484                                       | —                                      | 484                     |
| — Exercise of employee share<br>schemes (note 25)  | —   | —  | (33)   | —                                  | —  | —  | —   | —  | —                        | (33)                                      | —                                      | (33)                    |
| Changes in fair value of financial<br>assets at FVOCI                                    | —   | —  | —  | 409                                | —  | —  | —   | —  | —                        | 409                                       | —                                      | 409                     |
| Disposals of financial assets at<br>FVOCI  | —   | —  | —  | (1,447)                            | —  | —  | —   | —  | —                        | (1,447)                                   | 1,447                                  | —                       |
| Partial cancellation of written call<br>options  | —   | —  | —  | —                                  | —  | —  | —   | —  | (53)                     | (53)                                      | 3                                      | (50)                    |
| Changes in ownership interests in<br>subsidiaries without change of<br>control           | —   | —  | —  | —                                  | —  | —  | —   | —  | (413)                    | (413)                                     | —                                      | (413)                   |
| Currency translation differences   | —   | —  | —  | —                                  | (552)  | —  | —   | —  | —                        | (552)                                     | —                                      | (552)                   |
| Disposals of subsidiaries  | —   | (37)   | —  | —                                  | —  | —  | —   | —  | —                        | (37)                                      | 37                                     | —                       |
| Deferred gains on cash flow<br>hedges  | —   | —  | —  | —                                  | —  | —  | 10  | —  | —                        | 10  | —                                      | 10                      |
| Deferred costs of hedging  | —   | —  | —  | —                                  | —  | —  | —   | (233)  | —                        | (233)                                     | —                                      | (233)                   |
| Balance at 31 December 2021  | (150)   | 24,741   | 1,875  | 50                                 | (2,304)  | 889                                      | (120)   | 453  | (2,743)                  | 22,691                                    | 137,258                                | 159,949                 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 27 Other reserves and retained earnings (Continued)

- (a) Merger reserve of the Group represented the difference between the share capital of subsidiaries acquired pursuant to a group reorganisation undertaken for the listing of Company on the Main Board of the Stock Exchange in 2007 over the nominal value of shares of the Company issued in exchange thereof.
- (b) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in Mainland China and the articles of association of certain subsidiaries in Mainland China of the Group, the subsidiaries are required to transfer certain portion of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.
- (c) On 27 December 2022, the ultimate controlling shareholder of the Group provided an interest – free and unsecured loan with principal amount of HKD5,055 million (approximately RMB4,500 million) and maturity period of three years and one month. The difference between the principle amount and the present value discounted using the prevailing market rate of interest was accounted as deemed contribution from controlling shareholder and was included in other reserves.

## 28 Deferred income tax

The analysis of deferred income tax assets and liabilities is as follows:

|                                 | <b>2022</b><br>RMB million | 2021<br>RMB million |
|---------------------------------|----------------------------|---------------------|
| Deferred income tax assets      | <b>42,781</b>              | 40,057              |
| Deferred income tax liabilities | <b>(25,245)</b>            | (28,123)            |
|                                 | <b>17,536</b>              | 11,934              |

The movement on the net deferred income tax account is as follows:

|  | <b>2022</b><br>RMB million | 2021<br>RMB million |
|--|----------------------------|---------------------|
| At 1 January                                     | <b>11,934</b>              | 3,994               |
| Acquisitions of subsidiaries (note 41)           | <b>(705)</b>               | (1,276)             |
| Disposals of subsidiaries                        | <b>(311)</b>               | (392)               |
| (Charged)/credited to other comprehensive income | <b>(1)</b>                 | 77                  |
| Credited to profit or loss (note 33)             | <b>6,619</b>               | 9,531               |
| At 31 December                                   | <b>17,536</b>              | 11,934              |

**28 Deferred income tax (Continued)**

Movement in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred income tax assets:

|   | Impairment<br>of assets<br>RMB million | Business<br>combinations<br>RMB million | Recognition<br>of expenses<br>RMB million | Elimination of<br>unrealised<br>profits<br>RMB million | Tax losses<br>RMB million | Prepaid<br>income tax<br>RMB million | Total<br>RMB million |
|---|--|---|---|--|---------------------------|--------------------------------------|----------------------|
| At 1 January 2021                         | 2,231                                  | 308                                     | 998                                       | 2,123  | 20,863                    | 9,943                                | 36,466               |
| Acquisitions of subsidiaries              | —                                      | 804                                     | —   | —  | —                         | —                                    | 804                  |
| Disposals of subsidiaries                 | —                                      | (227)                                   | —   | —  | (391)                     | (592)                                | (1,210)              |
| Credited/(charged) to profit<br>or loss   | 2,515                                  | —                                       | (706)                                     | 120  | 2,823                     | (755)                                | 3,997                |
| At 31 December 2021                       | 4,746                                  | 885                                     | 292                                       | 2,243  | 23,295                    | 8,596                                | 40,057               |
| At 1 January 2022                         | <b>4,746</b>                           | <b>885</b>                              | <b>292</b>                                | <b>2,243</b>   | <b>23,295</b>             | <b>8,596</b>                         | <b>40,057</b>        |
| Acquisitions of subsidiaries<br>(note 41) | —                                      | 339                                     | —   | —  | —                         | —                                    | 339                  |
| Disposals of subsidiaries                 | —                                      | (238)                                   | —   | —  | (283)                     | (51)                                 | (572)                |
| Credited/(charged) to profit<br>or loss   | 4,929                                  | —                                       | 215                                       | (119)  | (2,053)                   | (15)                                 | 2,957                |
| At 31 December 2022                       | <b>9,675</b>                           | <b>986</b>                              | <b>507</b>                                | <b>2,124</b>   | <b>20,959</b>             | <b>8,530</b>                         | <b>42,781</b>        |

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets as at 31 December 2022 of RMB423 million (2021: RMB18 million) in respect of accumulated tax losses amounting to RMB1,693 million as at 31 December 2022 (2021: RMB70 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 28 Deferred income tax (Continued)

Deferred income tax liabilities:

|  | Business combination<br>RMB million | Recognition of revenue over time<br>RMB million | Withholding income tax on profit to be distributed in future<br>RMB million | Fair value changes on investment properties<br>RMB million | Others<br>RMB million | Total<br>RMB million |
|--|-------------------------------------|---|---|--|-----------------------|----------------------|
| At 1 January 2021                      | (15,336)                            | (13,276)  | (2,049)   | (1,288)  | (523)                 | (32,472)             |
| Acquisitions of subsidiaries           | (2,080)                             | —   | —   | —  | —                     | (2,080)              |
| Disposals of subsidiaries              | 818                                 | —   | —   | —  | —                     | 818                  |
| Credited to other comprehensive income | —                                   | —   | —   | —  | 77                    | 77                   |
| Credited/(charged) to profit or loss   | 3,743                               | 1,811   | 151   | 57   | (228)                 | 5,534                |
| At 31 December 2021                    | (12,855)                            | (11,465)  | (1,898)   | (1,231)  | (674)                 | (28,123)             |
| At 1 January 2022                      | <b>(12,855)</b>                     | <b>(11,465)</b>                                 | <b>(1,898)</b>  | <b>(1,231)</b>   | <b>(674)</b>          | <b>(28,123)</b>      |
| Acquisitions of subsidiaries (note 41) | <b>(1,044)</b>                      | —   | —   | —  | —                     | <b>(1,044)</b>       |
| Disposals of subsidiaries              | <b>261</b>                          | —   | —   | —  | —                     | <b>261</b>           |
| Credited to other comprehensive income | —                                   | —   | —   | —  | (1)                   | (1)                  |
| Credited to profit or loss             | <b>2,161</b>                        | <b>1,096</b>                                    | <b>95</b>   | <b>29</b>  | <b>281</b>            | <b>3,662</b>         |
| At 31 December 2022                    | <b>(11,477)</b>                     | <b>(10,369)</b>                                 | <b>(1,803)</b>  | <b>(1,202)</b>   | <b>(394)</b>          | <b>(25,245)</b>      |

As at 31 December 2022, the retained earnings of the Group's subsidiaries not yet remitted to holding companies incorporated outside Mainland China, for which no deferred income tax liability had been provided, were approximately RMB146,176 million (2021: RMB152,228 million). Such earnings are expected to be retained by the subsidiaries in Mainland China for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

**29 Other income and (losses)/gains – net**

|   | <b>2022</b>        | 2021        |
|---|--------------------|-------------|
|   | <b>RMB million</b> | RMB million |
| Other income  |                    |             |
| – Management and other related service income                       | <b>468</b>         | 1,117       |
| – Forfeiture income   | <b>373</b>         | 201         |
| – Government subsidy income   | <b>391</b>         | 540         |
|   | <b>1,232</b>       | 1,858       |
| Other (losses)/gains  |                    |             |
| – Gains arising from negative goodwill (note 41)                    | <b>616</b>         | 452         |
| – Changes in fair value of derivative financial instruments         | <b>109</b>         | (118)       |
| – Losses on disposals of subsidiaries (note 40)                     | <b>(1,574)</b>     | (79)        |
| – Losses on disposals of property, plant and equipment (note 35(b)) | <b>(176)</b>       | (33)        |
| – Others  | <b>(1,572)</b>     | (443)       |
|   | <b>(2,597)</b>     | (221)       |
| <b>Total other income and (losses)/gains – net</b>                  | <b>(1,365)</b>     | 1,637       |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 30 Expenses by nature

|   | 2022<br>RMB million | 2021<br>RMB million |
|---|---------------------|---------------------|
| Cost of properties sold and construction services   | 395,195             | 426,908             |
| Other taxes and levies  | 1,739               | 3,000               |
| Sales commission to agents  | 2,968               | 4,001               |
| Advertising and promotion costs   | 1,176               | 3,725               |
| Employee benefit expenses (note 31)   | 12,581              | 16,919              |
| Property management and other services expenses   | 2,073               | 2,038               |
| Donations   | 240                 | 1,097               |
| Depreciation of property, plant and equipment (note 6)  | 1,737               | 1,815               |
| Amortisation of intangible assets   | 302                 | 266                 |
| Depreciation of right-of-use assets   | 227                 | 306                 |
| Auditor's remuneration  | 21                  | 27                  |
| — Audit services  | 18                  | 21                  |
| — Non-audit services  | 3                   | 6                   |
| Others  | 1,129               | 2,322               |
| Total cost of sales, selling and marketing costs, administrative expenses and research and development expenses | 419,388             | 462,424             |

- (a) The subsidiaries in Mainland China of the Group are subject to value-added tax ("VAT") on their revenues. The applicable tax rates are as follows:

| Category                  | Rate of VAT |
|---------------------------|-------------|
| Sales of properties (i)   | 5%, 9%      |
| Property construction (i) | 3%, 9%      |
| Property investment (i)   | 5%, 9%      |
| Property management (ii)  | 3%, 6%      |
| Hotel service (ii)        | 3%, 6%      |

- (i) VAT for sales of properties and income from property investment, in the case that the construction of properties commenced or the investment property was acquired before 1 May 2016, is calculated at a tax rate of 5% based on a simple method. VAT for small-scale VAT payer of property construction is 3%.
- (ii) The rates of VAT for general VAT payers and small-scale VAT payers of property management and hotel service are 6% and 3%, respectively.



**31 Employee benefit expenses**

|   | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|---|-----------------------------------|---------------------|
| Wages and salaries                                | <b>16,667</b>                     | 25,334              |
| Contributions to pension plans (note (a))         | <b>114</b>                        | 174                 |
| Staff welfare                                     | <b>261</b>                        | 397                 |
| Medical benefits                                  | <b>229</b>                        | 347                 |
| Share-based compensation expenses (note 26)       | <b>521</b>                        | 484                 |
| Other allowances and benefits                     | <b>65</b>                         | 99                  |
|   | <b>17,857</b>                     | 26,835              |
| Less: capitalised in properties under development | <b>(5,276)</b>                    | (9,916)             |
|   | <b>12,581</b>                     | 16,919              |

**(a) Contributions to pension plans**

Employees in the Group's subsidiaries in Mainland China 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 as agreed by local municipal governments to the scheme to fund the retirement benefits of the employees.

During the year ended 31 December 2022, there were no forfeited contributions to offset existing contributions under the defined contribution scheme.

**(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year included nil (2021: two) directors of the Company whose emoluments are reflected in the analysis shown in note 45. The emoluments payable to the remaining five (2021: three) individuals during the year are as follows:

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| Salaries   | <b>41</b>                         | 12                  |
| Discretionary bonuses                                | <b>44</b>                         | 103                 |
| Other benefits and share-based compensation expenses | <b>36</b>                         | 130                 |
|  | <b>121</b>                        | 245                 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 31 Employee benefit expenses (Continued)

### (b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

|                                  | Number of individuals |      |
|----------------------------------|-----------------------|------|
|                                  | 2022                  | 2021 |
| HKD18,000,001 to HKD18,500,000   | 1                     | —    |
| HKD19,000,001 to HKD19,500,000   | 1                     | —    |
| HKD31,500,001 to HKD32,000,000   | 2                     | —    |
| HKD39,500,001 to HKD40,000,000   | 1                     | —    |
| HKD58,500,001 to HKD59,000,000   | —                     | 1    |
| HKD88,000,001 to HKD88,500,000   | —                     | 1    |
| HKD147,500,001 to HKD148,000,000 | —                     | 1    |

## 32 Finance (costs)/income — net

|   | 2022<br>RMB million | 2021<br>RMB million |
|---|---------------------|---------------------|
| Finance income:   |                     |                     |
| — Interest income on bank deposits and others                                     | 1,772               | 2,138               |
| — Gains on repurchase of senior notes (note 21) and corporate bonds (note 22)     | 1,800               | —                   |
| — Net foreign exchange gains  | —                   | 1,686               |
|   | 3,572               | 3,824               |
| Finance costs:  |                     |                     |
| — Interest expenses for bank borrowings, senior notes, corporate bonds and others | (17,285)            | (18,076)            |
| — Interest expenses for lease liabilities   | (20)                | (35)                |
|   | (17,305)            | (18,111)            |
| Less: amounts capitalised on qualifying assets                                    | 17,305              | 18,111              |
|   | —                   | —                   |
| — Net foreign exchange losses   | (8,379)             | —                   |
| — Early redemption costs of senior notes and convertible bonds                    | —                   | (327)               |
|   | (8,379)             | (327)               |
| Finance (costs)/income — net  | (4,807)             | 3,497               |

**33 Income tax expenses**

|                                    | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|------------------------------------|-----------------------------------|---------------------|
| Current income tax                 |                                   |                     |
| — Corporate income tax             | <b>7,690</b>                      | 22,915              |
| — Land appreciation tax (note (c)) | <b>7,252</b>                      | 14,583              |
|                                    | <b>14,942</b>                     | 37,498              |
| Deferred income tax (note 28)      | <b>(6,619)</b>                    | (9,531)             |
|                                    | <b>8,323</b>                      | 27,967              |

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 Group companies as follows:

|   | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|---|-----------------------------------|---------------------|
| Profit before income tax  | <b>5,361</b>                      | 68,949              |
| Tax calculated at Mainland China corporate income tax rate of 25% (2021: 25%)     | <b>1,340</b>                      | 17,237              |
| Different tax rates applicable to different subsidiaries of the Group             | <b>22</b>                         | (129)               |
| Land appreciation tax deductible for calculation of income tax purpose            | <b>(1,615)</b>                    | (3,366)             |
| Utilisation of tax losses not previously recognised as deferred income tax assets | <b>(405)</b>                      | —                   |
| Effects of share of post-tax results of joint ventures and associates             | <b>(932)</b>                      | (1,263)             |
| Income not subject to tax   | <b>(428)</b>                      | (766)               |
| Expenses not deductible for tax purpose   | <b>3,976</b>                      | 2,942               |
|   | <b>1,958</b>                      | 14,655              |
| Withholding income tax (note (d))   | <b>(95)</b>                       | (151)               |
| Land appreciation tax (note (c))  | <b>6,460</b>                      | 13,463              |
| Income tax expenses   | <b>8,323</b>                      | 27,967              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 33 Income tax expenses (Continued)

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2021:16.5%) on the estimated assessable profits of the Group's subsidiaries in Hong Kong.
- (b) The Mainland China corporate income tax is 25%.
- (c) Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land and all property development expenditures.
- (d) Withholding income tax is provided for dividend distributed and undistributed profit of the Mainland China subsidiaries of the Group. The relevant overseas holding companies have successfully obtained endorsement from various Mainland China tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the Mainland China subsidiaries of the Group. Accordingly, withholding income tax has been provided at 5% of the dividends to be distributed by the Mainland China subsidiaries of the Group.

## 34 Dividends

|  | 2022<br>RMB million | 2021<br>RMB million |
|--|---------------------|---------------------|
| No payment of final dividend proposed (2021: RMB10.12 cents per share) | —                   | 2,343               |
| No payment of interim dividend (2021: RMB20.98 cents per share)        | —                   | 4,716               |
|  | —                   | 7,059               |

The final dividend in respect of 2021 of RMB10.12 cents (equivalent to HKD11.89 cents) per share was approved in the Annual General Meeting of the Company on 26 May 2022. The final dividend totalling RMB2,343 million has been paid partly in new shares of the Company and partly in cash in August 2022. The number of ordinary shares settled and issued as scrip dividends was 369,325,710 and the total amount of dividend paid as scrip dividends was RMB1,470 million while cash dividend amounted to RMB873 million.

On 30 August 2022, the Board has resolved not to declare an interim dividend for the six months ended 30 June 2022 (2021 interim dividend: RMB20.98 cents per share).

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2022.

**35 Cash flow information****(a) Cash generated from operations**

|  | Note | 2022<br>RMB million | 2021<br>RMB million |
|--|------|---------------------|---------------------|
| (Loss)/profit for the year   |      | <b>(2,962)</b>      | 40,982              |
| Adjustments for:   |      |                     |                     |
| Income tax expenses  | 33   | <b>8,323</b>        | 27,967              |
| Interest income on bank deposits and others  | 32   | <b>(1,772)</b>      | (2,138)             |
| (Gains on repurchase and purchase under tender offer)/early redemption costs of senior notes, corporate bonds and convertible bonds                  | 32   | <b>(1,800)</b>      | 327                 |
| Net foreign exchange losses/(gains)  | 32   | <b>8,379</b>        | (1,686)             |
| Depreciation of property, plant and equipment  | 30   | <b>1,737</b>        | 1,815               |
| Amortisation of intangible assets  | 30   | <b>302</b>          | 266                 |
| Depreciation of right-of-use assets  | 30   | <b>227</b>          | 306                 |
| Losses on disposals of property, plant and equipment   | 29   | <b>176</b>          | 33                  |
| Net impairment losses on financial and contract assets   |      | <b>3,059</b>        | 1,651               |
| Share of results of joint ventures and associates  | 9    | <b>(3,726)</b>      | (5,053)             |
| Losses arising from changes in fair value of and transfer to investment properties   | 7    | <b>117</b>          | 227                 |
| Share-based compensation expense   | 31   | <b>521</b>          | 484                 |
| Gains arising from negative goodwill   | 29   | <b>(616)</b>        | (452)               |
| Changes in fair value of financial assets at FVTPL   |      | <b>262</b>          | (967)               |
| Changes in fair value of derivative financial instruments  | 29   | <b>(109)</b>        | 118                 |
| Losses on disposals of subsidiaries  | 29   | <b>1,574</b>        | 79                  |
|  |      | <b>13,692</b>       | 63,959              |
| Changes in working capital (excluding the effects of acquisitions and disposals of subsidiaries and currency exchange differences on consolidation): |      |                     |                     |
| Properties under development and completed properties held for sale  |      | <b>260,380</b>      | 137,828             |
| Inventories  |      | <b>2,412</b>        | 519                 |
| Restricted cash  |      | <b>17,791</b>       | (18,168)            |
| Trade and other receivables and contract assets and contract acquisition costs   |      | <b>67,579</b>       | 74,911              |
| Trade and other payables and contract liabilities  |      | <b>(287,161)</b>    | (193,298)           |
| Cash generated from operations   |      | <b>74,693</b>       | 65,751              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 35 Cash flow information (Continued)

- (b) In the consolidated cash flow statement, proceeds from disposals of property, plant and equipment comprise:

|                                      | 2022<br>RMB million | 2021<br>RMB million |
|--------------------------------------|---------------------|---------------------|
| <b>Property, plant and equipment</b> |                     |                     |
| Net book amount disposed of (note 6) | 805                 | 575                 |
| Losses on disposals (note 29)        | (176)               | (33)                |
| Proceeds from disposals              | 629                 | 542                 |

## (c) Reconciliation of liabilities arising from financing activities

|   | Bank and<br>other<br>borrowings<br>RMB million | Senior notes<br>RMB million | Corporate<br>bonds<br>RMB million | Convertible<br>bonds<br>RMB million | Derivative<br>financial<br>instruments<br>RMB million | Lease<br>liabilities<br>RMB million | Total<br>RMB million |
|---|--|-----------------------------|-----------------------------------|-------------------------------------|---|-------------------------------------|----------------------|
| <b>Liabilities as at 1 January 2022</b>                     | 206,525  | 75,069                      | 34,160                            | 2,168                               | 1,441   | 692                                 | 320,055              |
| Cash flows  |  |                             |                                   |                                     |   |                                     |                      |
| – Net cash flows from financing activities                  | (60,766)                                       | (9,462)                     | (1,575)                           | 3,161                               | (782)   | (90)                                | (69,514)             |
| – Interest paid   | (11,351)                                       | (3,914)                     | (1,577)                           | (201)                               | –   | (20)                                | (17,063)             |
| – Acquisitions of subsidiaries (note 41)                    | 15,505   | –                           | –                                 | –                                   | –   | –                                   | 15,505               |
| – Disposals of subsidiaries                                 | (705)  | –                           | –                                 | –                                   | –   | –                                   | (705)                |
| Non-cash movements  |  |                             |                                   |                                     |   |                                     |                      |
| – Changes in fair value of derivative financial instruments | –  | –                           | –                                 | –                                   | (109)   | –                                   | (109)                |
| – Interest expenses   | 11,351   | 3,892                       | 1,565                             | 477                                 | –   | 20                                  | 17,305               |
| – Gains on repurchase and purchase under tender offer       | –  | (1,508)                     | (292)                             | –                                   | –   | –                                   | (1,800)              |
| – Foreign exchange adjustments                              | 2,974  | 6,578                       | 38                                | 479                                 | –   | –                                   | 10,069               |
| – Other non-cash movements                                  | (993)  | –                           | –                                 | (291)                               | (253)   | (191)                               | (1,728)              |
| <b>Liabilities as at 31 December 2022</b>                   | 162,540  | 70,655                      | 32,319                            | 5,793                               | 297   | 411                                 | 272,015              |

## 35 Cash flow information (Continued)

## (c) Reconciliation of liabilities arising from financing activities (Continued)

|   | Bank and other<br>borrowings<br>RMB million | Senior notes<br>RMB million | Corporate<br>bonds<br>RMB million | Convertible<br>bonds<br>RMB million | Derivative<br>financial<br>instruments<br>RMB million | Lease liabilities<br>RMB million | Total<br>RMB million |
|---|---|-----------------------------|-----------------------------------|-------------------------------------|---|----------------------------------|----------------------|
| <b>Liabilities as at 1 January 2021</b>                     | 207,323                                     | 73,410                      | 40,480                            | 5,272                               | 2,703   | 655                              | 329,843              |
| Cash flows  |   |                             |                                   |                                     |   |                                  |                      |
| – Net cash flows from financing activities                  | (7,147)                                     | 3,095                       | (6,085)                           | (3,292)                             | (1,859)   | 157                              | (15,131)             |
| – Interest paid   | (11,454)                                    | (3,964)                     | (1,946)                           | (278)                               | –   | (35)                             | (17,677)             |
| – Acquisitions of subsidiaries                              | 13,440                                      | –                           | –                                 | –                                   | –   | –                                | 13,440               |
| – Disposals of subsidiaries                                 | (6,065)                                     | –                           | –                                 | –                                   | –   | –                                | (6,065)              |
| Non-cash movements  |   |                             |                                   |                                     |   |                                  |                      |
| – Changes in fair value of derivative financial instruments | –   | –                           | –                                 | –                                   | 118   | –                                | 118                  |
| – Interest expenses   | 11,454                                      | 4,201                       | 1,844                             | 577                                 | –   | 35                               | 18,111               |
| – Costs on early redemption                                 | –   | 280                         | –                                 | 47                                  | –   | –                                | 327                  |
| – Foreign exchange adjustments                              | (1,026)                                     | (1,953)                     | (133)                             | (158)                               | –   | –                                | (3,270)              |
| – Other non-cash movements                                  | –   | –                           | –                                 | –                                   | 479   | (120)                            | 359                  |
| <b>Liabilities as at 31 December 2021</b>                   | 206,525                                     | 75,069                      | 34,160                            | 2,168                               | 1,441   | 692                              | 320,055              |

## (d) Non-cash investing and financing activities

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| Dividends satisfied by the issue of shares under the scrip dividend scheme (note 25) | <b>1,441</b>                      | 7,163               |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 36 (Losses)/earnings per share

### (a) Basic

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares (note 25).

|   | 2022    | 2021   |
|---|---------|--------|
| (Loss)/profit attributable to owners of the Company (RMB million) | (6,052) | 26,797 |
| Weighted average number of ordinary shares in issue (million)     | 23,606  | 21,996 |
| (Losses)/earnings per share — Basic (RMB yuan per share)          | (0.26)  | 1.22   |

### (b) Diluted

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had four categories of dilutive potential ordinary shares: share options, awarded shares, written call options and convertible bonds. For the share options, awarded shares and written call options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options, awarded shares and written call options. The convertible bonds are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the (losses)/profit attributable to owners of the Company, if applicable. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options, awarded shares, written call options and conversion of convertible bonds. For the year ended 31 December 2022, the share options, awarded share, written call options and convertible bonds were excluded from the computation of diluted losses per share as they are anti-dilutive (2021: written call options were excluded from the computation of diluted earnings per share).



**36 (Losses)/earnings per share (Continued)****(b) Diluted (Continued)**

|   | <b>2022</b>    | 2021   |
|---|----------------|--------|
| (Loss)/profit attributable to owners of the Company<br>(RMB million)  | <b>(6,052)</b> | 26,797 |
| Interest expense on convertible bonds (RMB million)   | <b>N/A</b>     | 602    |
| (Loss)/profit attributable to owners of the Company used<br>to determine diluted (losses)/earnings per share<br>(RMB million) | <b>(6,052)</b> | 27,399 |
| Weighted average number of ordinary shares in issue<br>(million)  | <b>23,606</b>  | 21,996 |
| Adjustments — share options, awarded shares and<br>convertible bonds (million)  | <b>—</b>       | 706    |
| Weighted average number of ordinary shares for<br>diluted (losses)/earnings per share (million)                               | <b>23,606</b>  | 22,702 |
| (Losses)/earnings per share — Diluted<br>(RMB yuan per share)   | <b>(0.26)</b>  | 1.21   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 37 Guarantees

|   | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|---|-----------------------------------|---------------------|
| Guarantees in respect of mortgage facilities for certain property buyers (note (a))                     | <b>401,887</b>                    | 383,217             |
| Guarantees to joint ventures, associates and other related parties in respect of liabilities (note (b)) | <b>24,178</b>                     | 43,221              |
|   | <b>426,065</b>                    | 426,438             |

- (a) These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain property buyers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) issuance of the real estate ownership certificates which are generally available within three months after the buyers taking possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the property buyers.

The Group considers that in case of default in payments by property buyers, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

- (b) These mainly represented the maximum exposure of the guarantees provided for the borrowings of certain joint ventures and associates.

**38 Commitments****(a) Commitments for capital expenditures**

|   | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|---|-----------------------------------|---------------------|
| Contracted but not provided for:<br>Property, plant and equipment | <b>329</b>                        | 739                 |

**(b) Operating lease rentals receivable**

The lease terms are between 1 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market price. The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of buildings are as follows:

|  | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|--|-----------------------------------|---------------------|
| Not later than one year                              | <b>287</b>                        | 316                 |
| Later than one year and not later than two years     | <b>203</b>                        | 224                 |
| Later than two years and not later than three years  | <b>173</b>                        | 182                 |
| Later than three years and not later than four years | <b>136</b>                        | 156                 |
| Later than four years and not later than five years  | <b>105</b>                        | 143                 |
| Later than five years                                | <b>473</b>                        | 700                 |
|  | <b>1,377</b>                      | 1,721               |

The investment properties are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements, refer to note 7.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 39 Transactions with non-controlling interests

The aggregate effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2022 are as follows:

|  | 2022<br>RMB million |
|--|---------------------|
| Changes in equity attributable to owners of the Company arising from:              |                     |
| – Acquisitions of additional interests in subsidiaries (note (a))                  | 345                 |
| – Disposals of interests in subsidiaries without loss of control (note (b))        | 11                  |
| – Deemed disposals of interests in subsidiaries without loss of control (note (c)) | 9                   |
|  | <b>365</b>          |

- (a) The Group acquired additional equity interests of certain subsidiaries from the respective non-controlling interests for a total cash consideration of RMB3,567 million.

The following table summarises the effect of these acquisitions:

|  | 2022<br>RMB million |
|--|---------------------|
| Total carrying amounts of non-controlling interests acquired | 3,912               |
| Total consideration  | (3,567)             |
| Total difference recognised within equity                    | <b>345</b>          |

- (b) The Group disposed of certain equity interests of certain subsidiaries for a total cash consideration of RMB468 million.

The following table summarises the effect of these disposals:

|  | 2022<br>RMB million |
|--|---------------------|
| Total carrying amounts disposed to non-controlling interests | (457)               |
| Proceeds from disposals                                      | 468                 |
| Total difference recognised within equity                    | <b>11</b>           |

- (c) Certain third parties injected capital which resulted in passive dilution of interests in certain subsidiaries without loss of control. The Group recognised an increase in equity and a decrease in non-controlling interests of RMB9 million.

#### 40 Disposals of subsidiaries

During the year, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposals are as follows:

|   | RMB million |
|---|-------------|
| Disposal consideration  |             |
| – Cash received   | 2,291       |
| – Outstanding and included in other receivables   | 739         |
| – Fair value of investments in joint ventures and associates upon transfers from subsidiaries | 338         |
|   | 3,368       |
| Less:   |             |
| – Total net assets of subsidiaries disposed of  | (6,582)     |
| – Non-controlling interest disposed of  | 1,640       |
|   | (1,574)     |
| Losses on disposals (note 29)   | (1,574)     |
| Cash proceeds from disposals, net of cash disposed of   |             |
| – Cash considerations received  | 2,291       |
| – Less: cash and cash equivalents in the subsidiaries disposed of                             | (1,500)     |
|   | 791         |
| Net cash inflow on disposals  | 791         |

#### 41 Business combinations

Business combinations during the year mainly included the acquisitions of interest in various property development companies and acquisitions of additional interests in the joint ventures and associates which were further recognised as the Group's subsidiaries. The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition dates was not disclosed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 41 Business combinations (Continued)

The acquired companies' principal activities are property development and construction. The combined financial information of these acquired companies on the acquisition dates is summarised as follows:

|  | RMB million   |
|--|---------------|
| <b>Total consideration</b>   |               |
| — Cash   | 6,481         |
| — Fair value of investments in joint ventures and associates held before business combinations | 5,304         |
|  | <b>11,785</b> |
| <b>Total recognised amounts of identifiable assets acquired and liabilities assumed</b>        |               |
| Cash and cash equivalents  | 7,004         |
| Restricted cash  | 2,714         |
| Property, plant and equipment  | 32            |
| Properties under development and completed properties held for sale                            | 115,697       |
| Trade and other receivables  | 41,372        |
| Contract assets and contract acquisition costs   | 1,054         |
| Prepaid income tax   | 3,441         |
| Deferred income tax assets   | 339           |
| Bank and other borrowings  | (15,505)      |
| Trade and other payables   | (43,792)      |
| Contract liabilities   | (88,917)      |
| Current income tax liabilities   | (8,577)       |
| Deferred income tax liabilities  | (1,044)       |
|  | <b>13,818</b> |
| Total identifiable net assets  | 13,818        |
| Non-controlling interests  | (1,417)       |
| Negative goodwill  | (616)         |
|  | <b>11,785</b> |
| Inflow of cash to acquire business, net of cash acquired                                       |               |
| — Cash considerations  | (6,481)       |
| — Cash and cash equivalents in the subsidiaries acquired                                       | 7,004         |
|  | <b>523</b>    |
| Net cash inflow on business combinations   | 523           |

Gains arising from negative goodwill were mainly due to the fact that the sellers had the intention to exit from their investments in these acquired businesses due to various operational reasons or other shareholders intended to cooperate with a leading property developer in the PRC to resolve liquidity issues or bring in industry expertise.

**41 Business combinations (Continued)**

The acquired businesses contributed total revenues of RMB34,506 million and net profit of RMB2,805 million to the Group for the period from their respective acquisition dates to 31 December 2022. Had these companies been consolidated from 1 January 2022, the consolidated income statement would show pro-forma revenue of RMB431,532 million and loss for the year of RMB2,591 million.

**42 Related party transactions**

The Company is ultimately controlled by Ms. Yang Huiyan (the “Ultimate Controlling Shareholder”).

Apart from those related party transactions disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties.

**(a) Transactions with related parties**

|   | <b>2022</b><br><b>RMB million</b> | 2021<br>RMB million |
|---|-----------------------------------|---------------------|
| <b>(i) Entities controlled, jointly controlled or significantly influenced by certain shareholders, certain directors and/or their close family members</b> |                                   |                     |
| Purchase of design service  | <b>1,926</b>                      | 3,534               |
| Construction service income   | <b>26</b>                         | 64                  |
| Purchase of property management and related services  | <b>2,073</b>                      | 2,038               |
| Property lease income   | <b>86</b>                         | 37                  |
| Other borrowings to the Group   | <b>4,500</b>                      | 1,275               |
| Other transactions  | <b>718</b>                        | 1,139               |
| <b>(ii) Joint ventures</b>  |                                   |                     |
| Provision of guarantee in respect of liabilities  | <b>22,004</b>                     | 38,917              |
| Construction service income   | <b>4,797</b>                      | 8,743               |
| Other transactions  | <b>3,182</b>                      | 3,418               |
| <b>(iii) Associates</b>   |                                   |                     |
| Provision of guarantee in respect of liabilities  | <b>2,174</b>                      | 4,304               |
| Construction service income   | <b>340</b>                        | 1,099               |
| Other transactions  | <b>435</b>                        | 1,212               |

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

During the year ended 31 December 2022, the Group obtained an unsecured loan from the controlling shareholder with principal amount of HKD5,055 million (equivalent to approximately RMB4,500 million) and maturity period of three years and one month, which is interest free.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 42 Related party transactions (Continued)

### (b) Key management compensation

Key management includes directors and chief executive officer of the Company.

|   | 2022<br>RMB million | 2021<br>RMB million |
|---|---------------------|---------------------|
| Fees and salaries                           | 30                  | 49                  |
| Discretionary bonuses                       | 20                  | 95                  |
| Other benefits and share-based compensation | 11                  | 211                 |
|   | <b>61</b>           | <b>355</b>          |

### (c) Balances with related parties

Saved as disclosed in other notes above, the Group had the following significant balances with its related parties:

|   | 2022<br>RMB million | 2021<br>RMB million |
|---|---------------------|---------------------|
| <b>(i) Entities controlled, jointly controlled or significantly influenced by certain shareholders, certain directors and/or their close family members</b> |                     |                     |
| Trade and other receivables   | 1,873               | 1,943               |
| Contract assets and contract acquisition costs  | 31                  | 23                  |
| Trade and other payables  | 2,290               | 3,795               |
| Other borrowings  | 4,859               | 1,275               |
| <b>(ii) Joint ventures</b>  |                     |                     |
| Trade and other receivables   | 95,883              | 99,881              |
| Contract assets and contract acquisition costs  | 3,078               | 3,449               |
| Trade and other payables  | 46,255              | 54,939              |
| <b>(iii) Associates</b>   |                     |                     |
| Trade and other receivables   | 19,436              | 24,609              |
| Contract assets and contract acquisition costs  | 721                 | 937                 |
| Trade and other payables  | 15,174              | 23,221              |

The above balances due from/to related parties are mainly interest free or at interest rate agreed by both parties, unsecured and to be settled according to the contract terms.



**42 Related party transactions (Continued)****(d) Senior notes**

As at 31 December 2022, senior notes with principal amount of USD580 million (equivalent to approximately RMB4,039 million) (2021: USD585 million, equivalent to approximately RMB3,730 million) and USD30 million (equivalent to approximately RMB209 million) (2021: USD30 million, equivalent to approximately RMB191 million) and USD18 million (equivalent to approximately RMB125 million) (2021: USD18 million, equivalent to approximately RMB115 million) were held by Mr. YEUNG Kwok Keung, Mr. MO Bin and Ms. YANG Ziying respectively.

**43 Statement of financial position and reserve movement of the Company**

|   | <b>As at 31 December</b> |             |
|---|--------------------------|-------------|
|   | <b>2022</b>              | 2021        |
|   | <b>RMB million</b>       | RMB million |
| <b>Non-current assets</b>   |                          |             |
| Investments in subsidiaries                                       | <b>60,107</b>            | 58,854      |
| Financial assets at fair value through other comprehensive income | <b>2</b>                 | 2           |
| Derivative financial instruments                                  | <b>6</b>                 | 5           |
|   | <b>60,115</b>            | 58,861      |
| <b>Current assets</b>   |                          |             |
| Amounts due from subsidiaries                                     | <b>154,151</b>           | 140,659     |
| Other receivables   | <b>297</b>               | 433         |
| Cash and cash equivalents   | <b>5,367</b>             | 1,529       |
| Derivative financial instruments                                  | <b>115</b>               | 18          |
|   | <b>159,930</b>           | 142,639     |
| <b>Current liabilities</b>  |                          |             |
| Amounts due to subsidiaries                                       | <b>46,967</b>            | 32,645      |
| Other payables  | <b>7</b>                 | 13          |
| Senior notes  | <b>3,825</b>             | 8,283       |
| Corporate bonds   | <b>3,977</b>             | 73          |
| Bank and other borrowings   | <b>13,539</b>            | 10,226      |
| Derivative financial instruments                                  | <b>84</b>                | 695         |
|   | <b>68,399</b>            | 51,935      |
| <b>Net current assets</b>   | <b>91,531</b>            | 90,704      |
| <b>Total assets less current liabilities</b>                      | <b>151,646</b>           | 149,565     |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 43 Statement of financial position and reserve movement of the Company (Continued)

|   | As at 31 December   |                     |
|---|---------------------|---------------------|
|   | 2022<br>RMB million | 2021<br>RMB million |
| <b>Non-current liabilities</b>                  |                     |                     |
| Senior notes                                    | 66,830              | 66,786              |
| Corporate bonds                                 | —                   | 3,904               |
| Bank and other borrowings                       | 23,957              | 27,607              |
| Derivative financial instruments                | 334                 | 884                 |
|   | <b>91,121</b>       | 99,181              |
| <b>Equity</b>                                   |                     |                     |
| Share capital and premium                       | 52,973              | 41,263              |
| Other reserves (note)                           | 2,901               | 2,199               |
| Retained earnings (note)                        | 4,651               | 6,922               |
| <b>Total equity</b>                             | <b>60,525</b>       | 50,384              |
| <b>Total equity and non-current liabilities</b> | <b>151,646</b>      | 149,565             |

The statement of financial position of the Company was approved by the Board of Directors on 30 March 2023 and were signed on its behalf.

**MO Bin**  
Director

**YANG Ziyang**  
Director

**43 Statement of financial position and reserve movement of the Company (Continued)**

Note:

**Reserve movement of the Company**

|   | Other reserves<br>RMB million | Retained earnings<br>RMB million | Total<br>RMB million |
|---|-------------------------------|----------------------------------|----------------------|
| <b>At 1 January 2022</b>                          | <b>2,199</b>                  | <b>6,922</b>                     | <b>9,121</b>         |
| Profit for the year                               | —                             | 72                               | 72                   |
| Deferred gains on cash flow hedges                | 5                             | —                                | 5                    |
| Deferred losses of hedging                        | (719)                         | —                                | (719)                |
| Issue of shares as a result of scrip dividend     | —                             | (1,470)                          | (1,470)              |
| Cash dividends                                    | —                             | (873)                            | (873)                |
| Deemed contribution from controlling shareholder  | 993                           | —                                | 993                  |
| Employee share schemes                            |                               |                                  |                      |
| — Value of employee services                      | 521                           | —                                | 521                  |
| — Exercise of employee share schemes              | (98)                          | —                                | (98)                 |
| <b>At 31 December 2022</b>                        | <b>2,901</b>                  | <b>4,651</b>                     | <b>7,552</b>         |
| <b>At 1 January 2021</b>                          | <b>1,970</b>                  | <b>7,819</b>                     | <b>9,789</b>         |
| Profit for the year                               | —                             | 9,136                            | 9,136                |
| Deferred gains on cash flow hedges                | 10                            | —                                | 10                   |
| Deferred losses of hedging                        | (233)                         | —                                | (233)                |
| Issue of shares as a result of scrip dividend     | —                             | (7,290)                          | (7,290)              |
| Cash dividends                                    | —                             | (2,934)                          | (2,934)              |
| Employee share schemes                            |                               |                                  |                      |
| — Value of employee services                      | 484                           | —                                | 484                  |
| — Exercise of employee share schemes              | (33)                          | —                                | (33)                 |
| Change in fair value of financial assets at FVOCI | 192                           | —                                | 192                  |
| Disposal of financial assets at FVOCI             | (191)                         | 191                              | —                    |
| <b>At 31 December 2021</b>                        | <b>2,199</b>                  | <b>6,922</b>                     | <b>9,121</b>         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 44 Particulars of principal subsidiaries

The following is a list of principal subsidiaries at 31 December 2022, all of these are limited liability companies:

| Name   | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ paid-in capital | Proportion of equity interest held by the Group | Proportion of ordinary shares held by non-controlling interests | Principal activities  |
|--|--------------------------------------|---|---|---|---|
| <b>Indirectly held by the Company:</b>   |                                      |   |   |   |   |
| <b>Incorporated in Hong Kong and operates in Hong Kong:</b>  |                                      |   |   |   |   |
| Country Garden (Hong Kong) Development Company Limited   | 21 September 2005                    | HKD20,000,001   | 100%  | 0%  | Investment holding and rendering of property related sales services |
| <b>Incorporated in the BVI and operates in Hong Kong:</b>  |                                      |   |   |   |   |
| Estonia Development Ltd.   | 21 March 2006                        | USD200  | 100%  | 0%  | Investment holding and rendering of property related sales services |
| Angel View International Limited   | 7 April 2006                         | USD200  | 100%  | 0%  | Investment holding and rendering of property related sales services |
| <b>Established and operates in Mainland: (Registered as under PRC law)</b>   |                                      |   |   |   |   |
| Jiangmen Wuyi Country Garden Real Estate Development Co., Ltd.<br>江門市五邑碧桂園房地產開發有限公司  | 28 September 2003                    | RMB863,000,000  | 100%  | 0%  | Property development  |
| Heshan Country Garden Property Development Co., Ltd.<br>鶴山市碧桂園物業發展有限公司   | 22 June 2006                         | RMB963,000,000  | 100%  | 0%  | Property development  |
| Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd.<br>廣州南沙經濟技術開發區碧桂園物業發展有限公司 | 2 August 2001                        | USD253,800,000  | 100%  | 0%  | Property development  |
| Zengcheng Country Garden Property Development Co., Ltd.<br>增城市碧桂園物業發展有限公司  | 22 September 2000                    | RMB1,448,200,000  | 100%  | 0%  | Property development  |
| Foshan Shunde Country Garden Property Development Co., Ltd.<br>佛山市順德區碧桂園物業發展有限公司   | 2 April 1997                         | RMB1,387,500,000  | 100%  | 0%  | Property development  |
| Guangdong Boyu Technology Co., Ltd.<br>廣東博煜科技有限公司  | 2 November 2020                      | RMB5,000,000  | 100%  | 0%  | Robot research and development and related services                 |

## 44 Particulars of principal subsidiaries (Continued)

| Name   | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ paid-in capital | Proportion of equity interest held by the Group | Proportion of ordinary shares held by non-controlling interests | Principal activities                                |
|--|--------------------------------------|---|---|---|---|
| Foshan Bohongru Industrial City Development Co., Ltd.<br>佛山市博鴻儒產城發展有限公司                          | 13 January 2020                      | RMB10,000,000   | 100%  | 0%  | Management consulting                               |
| Foshan Shunde Biying Real Estate Development Co., Ltd. (i)<br>佛山市順德區碧盈房地產開發有限公司                  | 9 August 2021                        | RMB60,000,000   | 100%  | 0%  | Property development                                |
| Foshan Shunde Country Garden Real Estate Development Co., Ltd. (i)<br>佛山市順德區碧桂園置業開發有限公司          | 1 June 2021                          | RMB60,000,000   | 100%  | 0%  | Property development                                |
| Guangdong Bofa Robot Engineering Service Co., Ltd.<br>廣東博發機器人工程服務有限公司                            | 7 July 2020                          | RMB50,000,000   | 100%  | 0%  | Robot research and development and related services |
| Guangdong Haoyun Technology Co., Ltd.<br>廣東皓耘科技有限公司  | 29 September 2020                    | RMB20,000,000   | 100%  | 0%  | Robot research and development and related services |
| Guangdong Shunde Biyouxuan Commercial Co., Ltd.<br>廣東順德碧優選商業有限公司                                 | 23 August 2019                       | RMB300,000,000  | 100%  | 0%  | Retail  |
| Foshan Biyouxuan Commercial Retail Co., Ltd.<br>佛山市碧優選商業零售有限公司                                   | 24 September 2020                    | RMB10,000,000   | 100%  | 0%  | Retail  |
| Guangdong Bipinju Construction Industrialization Co., Ltd.<br>廣東碧品居建築工業化有限公司                     | 30 August 2019                       | RMB100,000,000  | 100%  | 0%  | Robot research and development and related services |
| Guangdong Zhuhuahui Construction Technology Co., Ltd.<br>廣東築華慧建築科技有限公司                           | 18 September 2020                    | RMB50,000,000   | 100%  | 0%  | Robot research and development and related services |
| Foshan Shunde Bright Dream Intelligent Manufacturing Co., Ltd.<br>廣東博智林智能製造有限公司                  | 23 August 2018                       | RMB50,000,000   | 100%  | 0%  | Robot research and development and related services |
| Foshan City Shunde Longjiang Town Country Garden Phoenix Hotel Co., Ltd.<br>佛山市順德區龍江鎮碧桂園鳳凰酒店有限公司 | 11 November 2009                     | RMB100,000,000  | 100%  | 0%  | Hotel operation                                     |
| Foshan Shunde Zhaoheng Country Garden Real Estate Co., Ltd.<br>佛山市順德區肇恒碧桂園房地產置業有限公司              | 18 December 2018                     | RMB10,000,000   | 100%  | 0%  | Property development                                |
| Guangdong Bojiatuo Construction Technology Co., Ltd.<br>廣東博嘉拓建築科技有限公司                            | 12 December 2019                     | RMB100,000,000  | 100%  | 0%  | Robot research and development and related services |
| Guangdong Bright Dream Software Technology Co., Ltd.<br>廣東博智林軟件科技有限公司                            | 5 July 2019                          | RMB10,000,000   | 100%  | 0%  | Robot research and development and related services |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 44 Particulars of principal subsidiaries (Continued)

| Name  | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ paid-in capital | Proportion of equity interest held by the Group | Proportion of ordinary shares held by non-controlling interests | Principal activities                                |
|---|--------------------------------------|---|---|---|---|
| Guangdong Bofang Zhongji Medical Technology Co., Ltd.<br>廣東博方眾濟醫療科技有限公司                         | 8 May 2019                           | RMB50,000,000   | 100%  | 0%  | Robot research and development and related services |
| Guangdong Boyue Intelligent Construction Technology Co., Ltd.<br>廣東博越智慧建造科技有限公司                 | 8 March 2019                         | RMB1,000,000,000  | 100%  | 0%  | Robot research and development and related services |
| Guangdong Qianxi Management Consulting Co., Ltd.<br>廣東千璽管理諮詢有限公司                                | 27 September 2019                    | RMB10,000,000   | 100%  | 0%  | Management Consulting                               |
| Biyouwei Catering Service (Foshan) Co., Ltd.<br>碧有味餐飲服務(佛山)有限公司                                 | 6 June 2019                          | RMB1,000,000  | 100%  | 0%  | Food sales  |
| Guangdong Biyouwei Catering Co., Ltd.<br>廣東碧有味餐飲有限公司  | 10 May 2019                          | RMB10,000,000   | 100%  | 0%  | Food sales  |
| Foshan Juzhele Real Estate Agent Co., Ltd.<br>佛山市居者樂房地產代理有限公司                                   | 30 May 2016                          | RMB500,000  | 100%  | 0%  | Real estate consulting                              |
| Guangdong Excellent Landscape Design Engineering Co., Ltd.<br>廣東卓越景觀設計工程有限公司                    | 24 July 2013                         | RMB10,000,000   | 100%  | 0%  | Landscape design                                    |
| Foshan Fengxi Food Co., Ltd.<br>佛山市鳳禧食品有限公司   | 18 March 2016                        | RMB5,000,000  | 100%  | 0%  | Food sales  |
| Guangdong Tengan Mechanical and Electrical Installation Engineering Co., Ltd.<br>廣東騰安機電安裝工程有限公司 | 30 September 2004                    | RMB200,000,000  | 100%  | 0%  | Construction  |
| Guangdong Cheng Jia Decoration Design Engineering Co., Ltd.<br>廣東誠加裝飾設計工程有限公司                   | 9 August 1999                        | RMB300,000,000  | 100%  | 0%  | Construction  |
| Guangdong Biri Construction Technology Co., Ltd.<br>廣東碧日建築科技有限公司                                | 8 July 2008                          | RMB100,000,000  | 100%  | 0%  | Construction  |
| Foshan Shunde Bijing Electronic Technology Co., Ltd.<br>佛山市順德區碧晶電子科技有限公司                        | 19 November 2008                     | RMB10,000,000   | 100%  | 0%  | Electronic hardware sales                           |
| Guangdong Country Garden Real Estate Information Consulting Co., Ltd.<br>廣東碧桂園房地產資訊諮詢有限公司       | 26 July 2013                         | RMB10,000,000   | 100%  | 0%  | Real estate consulting                              |
| Foshan Shunde Longjiang Country Garden Real Estate Co., Ltd.<br>佛山市順德區龍江碧桂園置業有限公司               | 3 January 2017                       | RMB1,000,000  | 91%   | 9%  | Property development                                |
| Foshan Shunde Jun An Country Garden Property Co., Ltd.<br>佛山市順德區均安碧桂園置業有限公司                     | 1 September 2017                     | RMB5,000,000  | 51%   | 49%   | Property development                                |
| Foshan Shunde Daliang Country Garden Property Development Co., Ltd.<br>佛山市順德區大良碧桂園房地產開發有限公司     | 11 April 2014                        | USD40,000,000   | 100%  | 0%  | Property development                                |

## 44 Particulars of principal subsidiaries (Continued)

| Name   | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ paid-in capital | Proportion of equity interest held by the Group | Proportion of ordinary shares held by non-controlling interests | Principal activities                                |
|--|--------------------------------------|---|---|---|---|
| Foshan Shunde Lunjiao Country Garden Real Estate Development Co., Ltd.<br>佛山市順德區倫教碧桂園房地產開發有限公司 | 18 March 2016                        | RMB1,000,000  | 95%   | 5%  | Property development                                |
| Foshan Shunde Country Garden Real Estate Co., Ltd.<br>佛山市順德區碧桂園房產置業有限公司                        | 10 July 2017                         | RMB50,000,000   | 100%  | 0%  | Property development                                |
| Foshan Shunde Panpu Culture Co., Ltd.<br>佛山市順德區洋浦文化有限公司  | 19 June 2018                         | RMB1,000,000  | 100%  | 0%  | Cultural activity planning                          |
| Guangdong Longyue Construction Engineering Co., Ltd.<br>廣東龍越建築工程有限公司                           | 14 April 2011                        | RMB1,000,000,000  | 100%  | 0%  | Construction  |
| Guangdong Giant Leap Construction Co., Ltd.<br>廣東騰越建築工程有限公司                                    | 25 March 1997                        | RMB5,200,000,000  | 100%  | 0%  | Construction  |
| Zhejiang Country Garden Investment Management Co., Ltd.<br>浙江碧桂園投資管理有限公司                       | 25 August 2015                       | RMB50,000,000   | 100%  | 0%  | Investment consulting                               |
| Foshan Shunde Zhouhua Investment Consulting Co., Ltd.<br>佛山市順德區宙華投資諮詢有限公司                      | 12 November 2012                     | RMB13,889,820,339   | 100%  | 0%  | Property development                                |
| Country Garden Agricultural Holding Co., Ltd.<br>碧桂園農業控股有限公司                                   | 8 May 2018                           | RMB1,000,000,000  | 100%  | 0%  | Agriculture   |
| Guangdong Zhiyuan Robot Technology Co., Ltd.<br>廣東智源機器人科技有限公司                                  | 14 May 2019                          | RMB500,000,000  | 100%  | 0%  | Robot research and development and related services |
| Qianxi Robotics Group Co., Ltd.<br>千璽機器人集團有限公司   | 5 May 2019                           | RMB1,000,000,000  | 100%  | 0%  | Robot research and development and related services |
| Guangdong Shunde Phoenix Optimal Commercial Co., Ltd.<br>廣東順德鳳凰優選商業有限公司                        | 24 January 2017                      | RMB1,140,000,000  | 100%  | 0%  | Retail  |
| Guangdong Bright Dream Robotics Co., Ltd.<br>廣東博智林機器人有限公司                                      | 17 July 2018                         | RMB5,000,000,000  | 100%  | 0%  | Robot research and development and related services |
| Shenzhen Bisheng Development Co., Ltd.<br>深圳碧盛發展有限公司   | 19 November 2015                     | RMB156,250,000  | 100%  | 0%  | Investment consulting                               |
| Foshan Shunde Lecong Guipu Real Estate Development Co., Ltd.<br>佛山市順德區樂從桂園房地產開發有限公司            | 25 April 2021                        | RMB3,650,000,000  | 99%   | 1%  | Property development                                |
| Changsha Venice City Real Estate Development Co., Ltd.<br>長沙威尼斯城房地產開發有限公司                      | 1 August 2003                        | RMB233,000,000  | 100%  | 0%  | Property development                                |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 44 Particulars of principal subsidiaries (Continued)

| Name  | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ paid-in capital | Proportion of equity interest held by the Group | Proportion of ordinary shares held by non-controlling interests | Principal activities |
|---|--------------------------------------|---|---|---|----------------------|
| Foshan Gaoming Country Garden Property Development Co., Ltd.<br>佛山市高明區碧桂園房地產開發有限公司  | 13 January 2004                      | RMB1,162,500,000  | 100%  | 0%  | Property development |
| Country Garden Real Estate Group Co., Ltd.<br>碧桂園地產集團有限公司                           | 20 April 2015                        | RMB13,292,986,520   | 100%  | 0%  | Property development |
| Foshan Yuankang Property Development Co., Ltd.<br>佛山源康房地產發展有限公司                     | 29 February 2008                     | RMB1,310,000,000  | 94%   | 6%  | Property development |
| Hainan Country Garden Real Estate Development Co., Ltd.<br>海南碧桂園房地產開發有限公司           | 20 October 2015                      | RMB98,765,432   | 100%  | 0%  | Property development |
| Shenzhen Country Garden Property Investment Co., Ltd.<br>深圳市碧桂園房地產投資有限公司            | 25 August 2015                       | RMB1,000,000,000  | 100%  | 0%  | Property development |
| Henan Country Garden Property Co., Ltd.<br>河南碧桂園置業有限公司                              | 27 August 2015                       | RMB500,000,000  | 100%  | 0%  | Property development |
| Shanghai Xinbi Real Estate Development Co., Ltd.<br>上海新碧企業管理有限公司                    | 26 August 2015                       | RMB20,000,000   | 100%  | 0%  | Property development |
| Hubei Country Garden Property Development Co., Ltd.<br>湖北省碧桂園房地產開發有限公司              | 13 August 2015                       | RMB1,000,000,000  | 100%  | 0%  | Property development |
| Shaanxi Country Garden Real Estate Co., Ltd.<br>陝西碧桂園置業有限公司                         | 12 May 2015                          | RMB100,000,000  | 100%  | 0%  | Property development |
| Heshan Gonghe Country Garden Real Estate Development Co., Ltd.<br>鶴山市共和碧桂園房地產開發有限公司 | 8 April 2013                         | RMB260,000,000  | 100%  | 0%  | Property development |
| Lanzhou Country Garden Real Estate Development Co., Ltd.<br>蘭州碧桂園房地產開發有限公司          | 1 February 2013                      | RMB1,570,000,000  | 85%   | 15%   | Property development |
| Dongguan Country Garden Property Development Co., Ltd.<br>東莞市碧桂園房地產開發有限公司           | 25 September 2009                    | RMB689,660,000  | 87%   | 13%   | Property development |
| Huidong Country Garden Real Estate Development Co., Ltd.<br>惠東碧桂園房地產開發有限公司          | 23 January 2008                      | RMB449,000,000  | 100%  | 0%  | Property development |
| Shaoguan Country Garden Real Estate Development Co., Ltd.<br>韶關市碧桂園房地產開發有限公司        | 5 June 2007                          | RMB882,352,900  | 85%   | 15%   | Property development |



## 44 Particulars of principal subsidiaries (Continued)

| Name   | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ paid-in capital | Proportion of equity interest held by the Group | Proportion of ordinary shares held by non-controlling interests | Principal activities |
|--|--------------------------------------|---|---|---|----------------------|
| Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd.<br>瀋陽渾南新城碧桂園房地產開發有限公司 | 25 April 2007                        | RMB1,540,000,000  | 100%  | 0%  | Property development |
| Taizhou Country Garden Property Development Co., Ltd.<br>泰州市碧桂園房地產開發有限公司                     | 5 January 2007                       | RMB548,300,000  | 100%  | 0%  | Property development |
| Lechang Biguiyuan Real Estate Development Co., Ltd.<br>樂昌市碧桂園房地產開發有限公司                       | 15 February 2007                     | RMB146,823,500  | 85%   | 15%   | Property development |
| Qingyuan Biheng Real Estate Development Co., Ltd.<br>清遠市碧恒房地產開發有限公司                          | 11 January 2017                      | RMB1,000,000  | 87%   | 13%   | Property development |
| Foshan Nanhai District Biguiyuan Real Estate Development Co., Ltd.<br>佛山市南海區碧桂園房地產開發有限公司     | 14 December 2004                     | RMB365,200,000  | 100%  | 0%  | Property development |
| Guangdong Yehe Real Estate Development Co., Ltd.<br>廣東業和房地產開發有限公司                            | 10 March 2008                        | RMB40,000,000   | 75%   | 25%   | Property development |
| Nantong Country Garden Real Estate Development Co., Ltd.<br>南通市碧桂園房地產開發有限公司                  | 4 September 2013                     | RMB300,000,000  | 100%  | 0%  | Property development |
| Peixian Hanbang Country Garden Real Estate Development Co., Ltd.<br>沛縣漢邦碧桂園房地產開發有限公司         | 21 June 2017                         | RMB329,530,000  | 51%   | 49%   | Property development |
| Qidong Zhongbang Real Estate Development Co., Ltd.<br>啟東中邦房地產開發有限公司                          | 26 October 2006                      | RMB1,100,000,000  | 85%   | 15%   | Property development |
| Taizhou Xiongjian Real Estate Development Co., Ltd.<br>泰州雄建房地產開發有限公司                         | 26 July 2017                         | RMB50,000,000   | 100%  | 0%  | Property development |
| Wuhua Ketianxia Real Estate Development Co., Ltd.<br>五華客天下房地產開發有限公司                          | 31 July 2017                         | RMB10,000,000   | 62%   | 38%   | Property development |
| Nanjing Gaochun Country Garden Real Estate Development Co., Ltd.<br>南京市高淳區碧桂園房地產開發有限公司       | 28 August 2013                       | RMB20,000,000   | 100%  | 0%  | Property development |
| Maoming Biguiyuan Real Estate Development Co., Ltd.<br>茂名市碧桂園房地產開發有限公司                       | 31 August 2007                       | RMB350,000,000  | 100%  | 0%  | Property development |
| Chenzhou Beihu Country Garden Real Estate Development Co., Ltd.<br>郴州北湖碧桂園房地產開發有限公司          | 1 June 2017                          | RMB10,000,000   | 62%   | 38%   | Property development |
| Dongguan Jiahe Real Estate Development Co., Ltd.<br>東莞市佳和房地產開發有限公司                           | 8 December 2014                      | RMB50,000,000   | 51%   | 49%   | Property development |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 44 Particulars of principal subsidiaries (Continued)

| Name  | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ paid-in capital | Proportion of equity interest held by the Group | Proportion of ordinary shares held by non-controlling interests | Principal activities |
|---|--------------------------------------|---|---|---|----------------------|
| Guizhou Guilong Country Garden Real Estate Co., Ltd.<br>貴州貴龍碧桂園置業有限公司                 | 22 June 2017                         | RMB10,000,000   | 85%   | 15%   | Property development |
| Fangchenggang Country Garden Real Estate Development Co., Ltd.<br>防城港市碧桂園房地產開發有限公司    | 29 November 2017                     | RMB20,000,000   | 85%   | 15%   | Property development |
| Yulin Country Garden Yudongfu Real Estate Development Co., Ltd.<br>玉林市碧桂園樂東府房地產開發有限公司 | 5 February 2018                      | RMB20,000,000   | 92%   | 8%  | Property development |
| Zibo Bihong Real Estate Development Co., Ltd.<br>淄博碧弘房地產開發有限公司                        | 13 April 2018                        | RMB22,222,200   | 94%   | 6%  | Property development |
| Qinhuangdao Bishun Real Estate Development Co., Ltd.<br>秦皇島碧順房地產開發有限公司                | 27 November 2015                     | RMB125,000,000  | 55%   | 45%   | Property development |
| Weinan Country Garden Real Estate Development Co., Ltd.<br>渭南市碧桂園房地產開發有限公司            | 23 November 2016                     | RMB5,495,109  | 91%   | 9%  | Property development |
| Xi'an Lutong Technology Development Co., Ltd.<br>西安陸通科技發展有限公司                         | 20 March 2003                        | RMB33,090,000   | 85%   | 15%   | Property development |
| Jingdezhen Country Garden Real Estate Development Co., Ltd.<br>景德鎮市碧桂園房地產開發有限公司       | 9 October 2017                       | RMB11,291,779.58  | 89%   | 11%   | Property development |
| Linfen Rongdabixin Real Estate Development Co., Ltd.<br>臨汾容大碧信房地產開發有限公司               | 9 January 2018                       | RMB30,000,000   | 91%   | 9%  | Property development |
| Tianjin Jinji Country Garden Real Estate Development Co., Ltd.<br>天津津晉冀碧桂園房地產開發有限公司   | 30 June 2015                         | RMB30,000,000   | 100%  | 0%  | Property development |
| Shenzhen Xingyilian Real Estate Co., Ltd.<br>深圳市興益聯置業有限公司                             | 27 April 2018                        | RMB10,000,000   | 100%  | 0%  | Property development |
| Urumqi Xieying Hongzhan Real Estate Development Co., Ltd.<br>烏魯木齊協贏宏展房地產開發有限公司        | 8 December 2017                      | RMB50,000,000   | 73%   | 27%   | Property development |
| Xining Biying Real Estate Development Co., Ltd.<br>西寧碧盈房地產開發有限公司                      | 18 January 2018                      | RMB10,000,000   | 91%   | 9%  | Property development |
| Xinjiang Biguiyuan Real Estate Development Co., Ltd.<br>新疆碧桂園房地產開發有限公司                | 4 July 2017                          | RMB50,000,000   | 91%   | 9%  | Property development |
| Jinzhou Country Garden Real Estate Co., Ltd.<br>錦州市碧桂園置業有限公司                          | 8 January 2018                       | RMB50,000,000   | 85%   | 15%   | Property development |

## 44 Particulars of principal subsidiaries (Continued)

| Name   | Date of incorporation/ establishment | Nominal value of issued and fully paid share capital/ paid-in capital | Proportion of equity interest held by the Group | Proportion of ordinary shares held by non-controlling interests | Principal activities  |
|--|--------------------------------------|---|---|---|-----------------------|
| Wendeng Country Garden Real Estate Development Co., Ltd.<br>文登市碧桂園房地產開發有限公司                          | 6 June 2013                          | RMB35,000,000   | 86%   | 14%   | Property development  |
| Ningbo Country Garden Real Estate Development Co., Ltd.<br>寧波碧桂園房地產開發有限公司                            | 11 January 2016                      | RMB11,111,120   | 100%  | 0%  | Property development  |
| Ningbo Hangzhou Bay New Area Country Garden Real Estate Development Co., Ltd.<br>寧波杭州灣新區碧桂園房地產開發有限公司 | 14 August 2017                       | RMB50,000,000   | 63%   | 37%   | Property development  |
| Zhaoqing Biguiyuan Modern Furniture Co., Ltd.<br>肇慶市現代築美家居有限公司                                       | 12 December 2007                     | USD30,000,000   | 100%  | 0%  | Manufacturing         |
| Wenzhou Taiduo Investment Management Co., Ltd.<br>溫州泰多投資管理有限公司                                       | 17 August 2016                       | RMB10,000,000   | 100%  | 0%  | Investment Consulting |
| Hanzhong Chengxin Investment Co., Ltd.<br>漢中誠信投資有限公司   | 28 February 2013                     | RMB34,530,000   | 87%   | 13%   | Property development  |
| Wannian Bitian Real Estate Development Co., Ltd.<br>萬年縣碧天房地產開發有限公司                                   | 6 June 2018                          | RMB18,518,500   | 54%   | 46%   | Property development  |
| Yangjiang Zhongji Furi Real Estate Development Co., Ltd.<br>陽江市宏順房地產開發有限公司                           | 28 September 2007                    | RMB10,000,000   | 84%   | 16%   | Property development  |
| Xianju Xuhe Real Estate Co., Ltd.<br>仙居旭和置業有限公司  | 20 July 2018                         | RMB50,000,000   | 95%   | 5%  | Property development  |
| Chaozhou Jingui Real Estate Co., Ltd.<br>潮州市金桂置業有限公司   | 25 September 2017                    | RMB270,490,000  | 65%   | 35%   | Property development  |
| Tongxiang Biquan Real Estate Development Co., Ltd.<br>桐鄉碧群房地產開發有限公司                                  | 28 January 2019                      | RMB50,000,000   | 100%  | 0%  | Property development  |
| Qingdao Mingzhu Huatian Real Estate Co., Ltd.<br>青島茗築華天置業有限公司  | 7 September 2016                     | RMB10,000,000   | 84%   | 16%   | Property development  |

\* As the Group has the rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position of the board of directors of these companies and the right to determine the budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

The English names of the Mainland China 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 45 Benefits and interests of directors

### (a) Directors' emoluments

The remuneration of every director and chief executive officer of the Company is set out below:

For the year ended 31 December 2022:

| Name of director  | Fees<br>RMB'000 | Salary<br>(note)<br>RMB'000 | Discretionary<br>bonuses<br>RMB'000 | Other benefits<br>and share-based<br>compensation<br>expenses (i)<br>RMB'000 | Employer's<br>contribution to<br>retirement<br>benefit scheme<br>RMB'000 |
|---|-----------------|-----------------------------|-------------------------------------|--|--|
| <b>Chairman</b>   |                 |                             |                                     |  |  |
| Mr. YEUNG Kwok Keung (ii)<br>(resigned on 1 March 2023)                             | —               | 4,755                       | —                                   | —  | 15   |
| <b>Co-Chairman</b>  |                 |                             |                                     |  |  |
| Ms. YANG Huiyan (ii)<br>(succeeded the position of the<br>Chairman on 1 March 2023) | —               | 370                         | —                                   | —  | 15   |
| <b>Executive directors</b>  |                 |                             |                                     |  |  |
| Mr. MO Bin*   | —               | 9,563                       | —                                   | —  | 15   |
| Ms. YANG Ziying   | —               | 5,295                       | —                                   | —  | 15   |
| Dr. Cheng Guangyu (iii)<br>(appointed on 20 December 2022)                          | —               | 1,000                       | 8,127                               | —  | 36   |
| Ms. Wu Bijun (iii)<br>(appointed on 20 December 2022)                               | —               | 1,000                       | 3,562                               | —  | 49   |
| Mr. SU Baiyuan  | —               | 2,182                       | 5,413                               | 1,767  | 34   |
| Mr. YANG Zhicheng (iii)<br>(resigned on 20 December 2022)                           | —               | 2,182                       | 2,011                               | 4,894  | 66   |
| Mr. SONG Jun (iii)<br>(resigned on 20 December 2022)                                | —               | 2,182                       | 470                                 | 4,375  | 81   |
| <b>Non-executive director</b>   |                 |                             |                                     |  |  |
| Mr. CHEN Chong  | 370             | —                           | —                                   | —  | 15   |
| <b>Independent non-executive directors</b>  |                 |                             |                                     |  |  |
| Mr. LAI Ming, Joseph  | 330             | —                           | —                                   | —  | —  |
| Mr. SHEK Lai Him, Abraham   | 330             | —                           | —                                   | —  | —  |
| Mr. TONG Wui Tung   | 330             | —                           | —                                   | —  | —  |
| Mr. HUANG Hongyan   | 240             | —                           | —                                   | —  | —  |
| Mr. TO Yau Kwok   | 240             | —                           | —                                   | —  | —  |
|   | 1,840           | 28,529                      | 19,583                              | 11,036   | 341  |

\* Chief executive officer of the Company.

## 45 Benefits and interests of directors (Continued)

### (a) Directors' emoluments (Continued)

- i. The share-based compensation expenses for relevant directors disclosed in above table were amortised during the respective vesting period in accordance with accounting standards. These awarded shares were granted from 2017 to 2021, and there were no new grants in 2022.
- ii. Mr. YEUNG Kwok Keung resigned on 1 March 2023 as Chairman and executive director of the Company. Ms. YANG Huiyan succeeded the position of the Chairman of the Company on 1 March 2023, and remains as an executive Director of the Company.
- iii. Dr. Cheng Guangyu and Ms. Wu Bijun were appointed on 20 December 2022 as executive director of the Company. Mr. YANG Zhicheng and Mr. SONG Jun resigned on 20 December 2022 as executive director of the Company.

For the year ended 31 December 2021:

| Name of director                           | Fees<br>RMB'000 | Salary (note)<br>RMB'000 | Discretionary<br>bonuses<br>RMB'000 | Other benefits and<br>share-based<br>compensation<br>expenses<br>RMB'000 | Employer's<br>contribution to<br>retirement benefit<br>scheme<br>RMB'000 |
|--|-----------------|--------------------------|-------------------------------------|--|--|
| <b>Chairman</b>                            |                 |                          |                                     |  |  |
| Mr. YEUNG Kwok Keung                       | —               | 10,000                   | 13,713                              | —  | 15   |
| <b>Co-Chairman</b>                         |                 |                          |                                     |  |  |
| Ms. YANG Huiyan                            | —               | 370                      | 15,378                              | —  | 15   |
| <b>Executive directors</b>                 |                 |                          |                                     |  |  |
| Mr. MO Bin                                 | —               | 15,000                   | 9,418                               | 167,153  | 15   |
| Ms. YANG Ziyang                            | —               | 10,000                   | 14,342                              | —  | 15   |
| Mr. YANG Zhicheng                          | —               | 4,000                    | 25,573                              | 20,717   | 54   |
| Mr. SONG Jun                               | —               | 4,000                    | 4,061                               | 17,083   | 28   |
| Mr. SU Baiyuan                             | —               | 4,000                    | 12,950                              | 6,107  | 15   |
| <b>Non-executive director</b>              |                 |                          |                                     |  |  |
| Mr. CHEN Chong                             | 370             | —                        | —                                   | —  | 15   |
| <b>Independent non-executive directors</b> |                 |                          |                                     |  |  |
| Mr. LAI Ming, Joseph                       | 330             | —                        | —                                   | —  | —  |
| Mr. SHEK Lai Him, Abraham                  | 330             | —                        | —                                   | —  | —  |
| Mr. TONG Wui Tung                          | 330             | —                        | —                                   | —  | —  |
| Mr. HUANG Hongyan                          | 240             | —                        | —                                   | —  | —  |
| Mr. TO Yau Kwok                            | 240             | —                        | —                                   | —  | —  |
|  | 1,840           | 47,370                   | 95,435                              | 211,060  | 172  |

Note: Salary paid to a director of the Company is generally an emolument paid or payable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiaries. The annual salary of Mr. YEUNG Kwok Keung, Mr. Mo Bin, Ms. Yang Ziyang, Mr. Yang Zhicheng, Mr. Song Jun and Mr. Su Baiyuan was reduced twice on 31 March 2022 and 7 September 2022, respectively. The latest annual salary after adjustment is as follows (based on the latest annual salary since 7 September 2022): Mr. YEUNG Kwok Keung's latest annual salary is RMB300,000; Mr. Mo Bin's latest annual salary is RMB3,000,000; Ms. Yang Ziyang's latest annual salary is RMB2,000,000; Mr. Yang Zhicheng (resigned on 20 December 2022), Mr. Song Jun (resigned on 20 December 2022), and Mr. Su Baiyuan's latest annual salary is RMB1,000,000 for each of them.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 45 Benefits and interests of directors *(Continued)*

### (b) Directors' retirement benefits

During the year ended 31 December 2022, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries (2021: nil).

### (c) Directors' termination benefits

During the year ended 31 December 2022, no payments to the directors of the Company as compensation for the early termination of the appointment (2021: nil).

### (d) Consideration provided to or receivable by third parties for making available directors' services

During the year ended 31 December 2022, there were no considerations provided to or receivable by any third party for making available the services of a person as a director of the Company. (2021: nil).

### (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

During the year ended 31 December 2022, there were no loans, quasi-loans or other dealings in favour of directors of the Company, controlled bodies corporate by and connected entities with such directors (2021: nil).

### (f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: nil).

## GLOSSARY

|   |  |
|---|--|
| “2007 Share Option Scheme”                    | the share option scheme of the Company adopted on 20 March 2007 and which had expired on 19 March 2017   |
| “2017 Share Option Scheme”                    | the share option scheme of the Company adopted on 18 May 2017  |
| “2018 Design Services Supplemental Agreement” | the supplemental agreement dated 21 March 2018 entered into between Shunde Country Garden and Elite Architectural which further extended the design services agreement dated 27 March 2007 (as amended and supplemented by the design services supplemental agreements dated 20 June 2008, 17 December 2010, 31 October 2012, 13 December 2013, 30 December 2016 and 22 August 2017) entered into between Shunde Country Garden and Elite Architectural in respect of the provision of survey work, property design and interior design services by Elite Architectural to the Group |
| “2023 AGM”                                    | the annual general meeting of the Company to be held on Tuesday, 23 May 2023   |
| “Articles of Association”                     | the articles of association of the Company   |
| “attributable contracted sales”               | the contracted sales of the Group’s subsidiaries, joint ventures and associates attributable to shareholders of the Company  |
| “Audit Committee”                             | audit committee of the Company   |
| “available cash”                              | the sum of cash and cash equivalents and restricted cash   |
| “Board”                                       | the board of Directors   |
| “CG Services”                                 | Country Garden Services Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 6098), ceased to be a subsidiary of the Company since its spin-off was completed on 19 June 2018  |
| “Chairman” or “Chairman of the Board”         | the chairman of the Board  |
| “Chief Financial Officer”                     | chief financial officer of the Company   |
| “China Construction”                          | China State Construction Engineering Corporation   |
| “China Construction Fifth Division”           | China Construction Fifth Engineering Division Corp., Ltd.  |

# GLOSSARY

|   |   |
|---|---|
| “CIMA”  | Chartered Institute of Management Accountants   |
| “Co-Chairman”   | Co-chairman of the Board  |
| “Company” or<br>“Country Garden”                        | Country Garden Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 2007) |
| “core net profit attributable to owners of the Company” | realized earnings of this year attributable to owners of the Company excluding effects such as fair value changes and net foreign exchange gains/losses   |
| “Corporate Governance Code”                             | Corporate Governance Code as set out in Appendix 14 to the Listing Rules  |
| “Corporate Governance Committee”                        | corporate governance committee of the Company   |
| “Country Garden Property”                               | Country Garden Real Estate Group Co., Ltd., a wholly-owned subsidiary of the Company  |
| “Director(s)”   | director(s) of the Company  |
| “Elite Architectural”                                   | Guangdong Elite Architectural Co., Ltd.   |
| “Environmental, Social and Governance Committee”        | environmental, social and governance committee of the Company   |
| “Executive Committee”                                   | executive committee of the Company  |
| “Finance Committee”                                     | finance committee of the Company  |
| “GFA”   | gross floor area  |
| “Giant Leap”  | Guangdong Giant Leap Construction Co., Ltd., a wholly-owned subsidiary of the Company   |
| “Group”   | the Company and its subsidiaries  |
| “HKD”   | Hong Kong dollar, the lawful currency of Hong Kong  |
| “HKICPA”  | Hong Kong Institute of Certified Public Accountants   |



|                           |  |
|---------------------------|--|
| “Hong Kong” or “HKSAR”    | the Hong Kong Special Administrative Region of the PRC   |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Macau”                   | the Macau Special Administrative Region of the PRC   |
| “Mainland China”          | the People’s Republic of China, for the purpose of this annual report, excluding Hong Kong, Macau and Taiwan         |
| “Malaysia Country Garden” | Country Garden Real Estate Sdn. Bhd., a wholly-owned subsidiary of the Company                                       |
| “Model Code”              | Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules |
| “net current assets”      | the value of total current assets after its current liabilities have been subtracted                                 |
| “net debt”                | the value of total debt net of available cash  |
| “net gearing ratio”       | a financial leverage calculated as dividing net debt by total equity   |
| “Nomination Committee”    | nomination committee of the Company  |
| “PRC” or “China”          | the People’s Republic of China   |
| “President”               | president of the Company   |
| “Qingyuan CG”             | Qingyuan Country Garden Property Development Co., Ltd.   |
| “Remuneration Committee”  | remuneration committee of the Company  |
| “RM”                      | Ringgit Malaysia, the lawful currency of Malaysia  |
| “RMB”                     | Renminbi, the lawful currency of the PRC   |
| “Senior Management”       | senior management of the Company disclosed in this annual report   |
| “SFO”                     | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| “SGX”                     | Singapore Exchange Securities Trading Limited  |
| “Share(s)”                | ordinary share(s) in the capital of the Company with a par value of HKD0.10 each                                     |

# GLOSSARY

|                         |  |
|-------------------------|--|
| “Share Option Schemes”  | 2007 Share Option Scheme and 2017 Share Option Scheme          |
| “Shareholder(s)”        | shareholder(s) of the Company                                  |
| “Shunde Country Garden” | Foshan Shunde Country Garden Property Development Co., Ltd.    |
| “Shunde Sanhe Co.”      | Shunde Sanhe Property Development Co., Ltd.                    |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited                        |
| “USD”                   | US dollar, the lawful currency of the United States of America |
| “%”                     | per cent   |



COUNTRY GARDEN 碧桂園

给您一个五星级的家

[www.countrygarden.com.cn](http://www.countrygarden.com.cn)

