绿城

GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED
綠城管理控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 09979)

2022

ANNUAL REPORT

Contents

Corporate Profile

The Group is the pioneer and leader of China's real estate asset-light development model. Greentown Management was founded in 2010. It is a subsidiary of Greentown China and the main body for exporting the "Greentown" brand and project management model.

In July 2020, Greentown Management was listed on the Main Board of The Hong Kong Stock Exchange, becoming the first project management stock in China. From 2017 to 2022, we had consecutively earned the accolade of a Leading Enterprise in Real Estate Project Management Operation (《中國房地產代建運營引領企業》) granted by China Real Estate Top 10 Research Team.

Greentown Management adheres to the core values of "quality, reliance, value and share", integrates resources, exports brand and standards through project management, and creates value for customers with customized solutions and high-quality services. The core business includes commercial project management, government project management and other services. As the pioneer of the Project Management 4.0 system and the "Greentown Star" standard setter, Greentown Management is committed to creating an ecological platform of "co-creating value and sharing benefits" for clients, owners, suppliers, employees and investors to build an exciting quality life.

As at 31 December 2022, the Group's project management projects were distributed in 120 major cities in 28 provinces, municipalities and autonomous regions in China.

Boee Greentown • Hangzhou Aodi International


Xinjiang
Heilongjiang
Jilin
Liaoning
Inner Mongolia
Beijing
Tianjin
Hebei
Ningxia
Shanxi
Shandong
Qinghai
Gansu
Shaanxi
Henan
Jiangsu
Tibet
Anhui
Shanghai
Hubei
Sichuan
Zhejiang
Chongqing
Hunan
Jiangxi
Diaoyu Islands
Chiweiyu
Guizhou
Fujian
Yunnan
Taiwan
Guangxi
Guangdong
Hong Kong
Macao
Dongsha Islands
Hainan
Xisha Islands
Zhongsha Islands
Nansha Islands
Zengmu Ansha

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Jun *(Chief Executive Officer)*
Mr. Lin Sanjiu
Mr. Wang Junfeng *(appointed on 12 January 2023)*

Non-executive Directors

Mr. Guo Jiafeng *(Chairman)*
Mr. Zhang Yadong

Independent Non-executive Directors

Mr. Lin Zhihong
Dr. Ding Zuyu
Mr. Chan Yan Kwan Andy

AUDIT COMMITTEE

Mr. Chan Yan Kwan Andy *(Chairman)*
Mr. Lin Zhihong
Dr. Ding Zuyu

REMUNERATION COMMITTEE

Dr. Ding Zuyu *(Chairman)*
Mr. Chan Yan Kwan Andy
Mr. Lin Zhihong

NOMINATION COMMITTEE

Mr. Lin Zhihong *(Chairman)*
Mr. Chan Yan Kwan Andy
Dr. Ding Zuyu

AUTHORIZED REPRESENTATIVES

Mr. Li Jun
Ms. Zhang Panpan

JOINT COMPANY SECRETARIES

Ms. Zhang Panpan
Ms. So Shuk Yi Betty

LEGAL ADVISORS

As to Hong Kong law:
Latham & Watkins
18th Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong

As to Cayman Islands law:
Maples and Calder (Hong Kong) LLP
26th Floor Central Plaza
18 Harbour Road
Wanchai
Hong Kong

As to PRC law:
Zhejiang T&C Law Firm
11/F, Building A, Dragon Century Plaza
No. 1 Hangda Road
Hangzhou 310007
Zhejiang
The PRC

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor
35/F, One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTER

9/F, Block C
Xixi International
767 Wen Yi West Road
Xihu District, Hangzhou
Zhejiang
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1004
10/F, New World Tower 1
16-18 Queen's Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Hua Xia Bank Co., Limited
Bank of Hangzhou Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited

COMPANY'S WEBSITE

www.lcgljt.com

STOCK CODE

Hong Kong Stock Exchange: 09979

LISTING DATE

10 July 2020

Five-Year Financial Summary

The following table summarizes the results, assets and liabilities of the Group for the years ended 31 December 2018, 2019, 2020, 2021 and 2022:

Year ended 31 December

	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
RESULTS					
Revenue	**2,655,992**	2,243,158	1,812,975	1,993,892	1,481,187
Profit before tax	**924,601**	722,242	524,934	538,204	411,764
Income tax expense	**(189,236)**	(151,577)	(117,414)	(149,282)	(48,672)
Profit attributable to owners of the parent company	**744,544**	565,224	439,325	324,769	334,900

	As at 31 December				
	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Assets and liabilities					
Total assets	**6,161,319**	5,244,163	4,747,544	3,759,707	2,391,154
Total liabilities	**2,288,291**	1,872,452	1,645,335	2,078,518	1,489,364
Net assets	**3,873,028**	3,371,711	3,102,209	1,681,189	901,790
Equity attributable to owners of the parent company	**3,739,203**	3,341,260	3,075,199	1,594,759	841,026

Chief Executive Officer's Message

Dear Shareholders,

On behalf of the Board of the Company, I hereby present the annual results of the Company together with its subsidiaries for the financial year ended 31 December 2022.

In 2022, the overall domestic real estate industry was under pressure. Policies drove the real estate industry to transition to a new development model, accelerating the decentralization of the real estate investment. The government-led construction of affordable housing sped up, while the proportion of land acquired by state-owned enterprises and urban investment companies increased sharply, and the real estate private equity funds were set up in a rapid manner. The professional development services operating in an asset-light mode ushered in a new round of development opportunities, with the project management industry moving towards the "era of good fortune".

Thanks to the first-mover advantages, leading effects and national planning, as well as its diversification, professionalism and innovation capabilities, the Company's market share has increased, rather than decreased, to 25.5% in the increasingly competitive project management industry, remaining No. 1 in the industry with a market share of over 20% for seven years. The Company's reputation in the project management industry and capital market value were recognized by all walks of life, with over 20 top honors awarded by the industry throughout the year.

In 2022, the Company exceeded its expectation in the performance of annual operating indicators. The gross profit margin reached a record high of 52.3%, and the net profit attributable to shareholders of the Company grew by 31.7%, continuing to deliver on its performance indicators and sharing the fruits of the Company's development with the shareholders and investors with 100% payout ratio. In the past three years since its listing, the Company's total GFA of new project management projects has increased at a compound rate of 22.9%, and the total project management fees of new project management projects has increased at a compound rate of 21.7%, with the total contracted area exceeding 100 million square meters for the year. It became the first company in the project management industry with orders exceeding RMB100 million. The area under construction was 47.15 million square meters, and the area completed and delivered exceeded 12 million square meters, fulfilling the promise of creating beautiful homes and business commitments for home buyers, project owners and suppliers.

Chief Executive Officer's Message

Our achievements are inseparable from the support and love of the shareholders, project owners, homeowners' families and partners in the industry chain, and we cannot afford to let them down. I would also like to thank more than 4,000 respectable and lovely M Greentowners for their persistence in quality, their commitment to work, and their dedication and hard work to the cause and dream we are pursuing together.

This is a fortunate time with a promising future. We turn from a pioneer who ventured into no man's land to an important force changing the development model of the real estate in China. In the future, we will continue to innovate our business model, optimize our client structure, and improve the three main operations of project management (government project management, commercial project management, and capital owner project management) and the three main supporting services (financial services, industrial and urban services, and industrial chain services). At the same time, we will also accelerate the service transformation and hone the seven core capabilities, including brand asset, corporate credit, team capacity, knowledge system, client assets, supply chain and financial cooperation, so as to provide B-end clients with more premium customized services according to the "mountaineering model" and create a better life for the C-end owners with the "Fortunate Community".

The trend is in our favor with vast opportunities. The Company will take advantage of the good times and continue to lead the development of the project management industry in a proactive and innovative manner as a top-tier enterprise with top branding and No. 1 market value. Let's work together to build an exciting quality life!

Li Jun
Chief Executive Officer and Executive Director

Hangzhou, PRC
17 March 2023

Management Discussion and Analysis

Management Discussion and Analysis

The Board is pleased to announce the audited annual results of the Group for 2022 together with comparative figures. The annual results have been reviewed by the Audit Committee.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.30 and a special dividend of RMB0.08 (equivalent to a final dividend of HKD0.34 and a special dividend of HKD0.09 based on the prevailing exchange rate of HKD1.00 to RMB0.87969 published by the People's Bank of China on 17 March 2023) per share to shareholders for 2022, subject to shareholders' approval at the annual general meeting to be convened on Thursday, 25 May 2023. The dividend payable to shareholders will be declared in RMB and paid in HKD based on the average exchange rate published by the People's Bank of China for the 5 business days prior to the date of the annual general meeting.

The proposed final dividend and a special dividend are expected to be paid to shareholders on or before 31 July 2023.

BUSINESS REVIEW

I. Business Overview

In 2022, China's real estate market faced pressure in general, and state-owned enterprises, central enterprises and local urban investment companies have become the main land acquirers. Land acquisition projects of urban investment companies in search for professional development services has become the major trend. China has begun to accelerate the construction of affordable housing for low-income and middle-income groups and young people, and the government has started to promote its project management model nationwide. Under the policy of "Ensure the delivery of properties (保交樓)", financial institutions accelerated the development and construction of non-performing projects, and the bailout market was large. Therefore, investment in China's real estate market has shown a decentralization trend. As a development model that can better undertake the decentralization of investment, project management has welcomed a new round of development opportunities.

Zhongan Greentown • Hangzhou Nanhu Mingyue

With its first-mover advantages, leading effects and nationwide presence, and on the basis of full assessment of the market, the Company has upgraded its business model, optimized customer structure, focused on regional structure, enhanced the building of capability, continued to improve three main project management operations (government project management, commercial project management and capital owner project management) and three major supporting services (financial services, industrial and urban services, and industrial chain services), as well as provided higher-quality customized services to B-end customers with "Climbing Model (登山模型)" and created better community services for C-end owners with "Fortunate Community".

Greentown • Tongxiang Pu Garden

During the Reporting Period, revenue from continuing operations reached RMB2,656.0 million, representing an increase of 18.4% from RMB2,243.2 million for the corresponding period of last year. The gross profit was RMB1,388.6 million, representing an increase of 33.4% from RMB1,040.7 million for the corresponding period of last year; the comprehensive gross profit margin rate during the Period reached 52.3%, an increase of 5.9 percentage points over 46.4% in the same period last year; the net profit attributable to shareholders of the Company was RMB744.5 million, representing an increase of 31.7% compared with RMB565.2 million for the corresponding period of last year. The net cash flow from operating activities of the Company reached RMB724.7 million during the Reporting Period, and the Company had no liabilities and sufficient cash flow.

II. The Macro Market

China's real estate investment has demonstrated a decentralization trend, with more and more business opportunities from clients such as the government, state-owned enterprises, local urban investment companies, and financial institutions, thus the trend of separation of investment and development was more evident.

Government services: Many provinces and cities (such as Beijing, Jiangsu, Zhejiang, Guangdong, Shandong, Hainan, Fujian) across the country have successively introduced policies to increase the scale of affordable housing construction, as well as published the administrative measures for project management of government's investment projects. Apart from the traditional resettlement housing, the demands for public rental housing, talent apartments, co-ownership property housing and other new types of affordable housing construction increased. Business opportunities for diversified urban services such as industrial parks, urban and industrial integration, and municipal facilities have begun to emerge.

Urban investment services: The results and development of land supply in the past two years indicate that the proportion of land acquisition by local urban investment has increased yet the operating rate was low, and they have accumulated a large pool of construction lands in the past which needs professional project management service to undertake their development capability and accelerate the development progress, so that the operating goals such as process compliance, preservation and appreciation of state-owned assets, and social benefits will be realized.

Capital owner services: At present, the scale of bailout projects related to real estate and lands has increased rapidly, the "Ensure the delivery of properties (保交樓)" policy has become an important measure to stabilize market expectations. Through methods such as brand renewal, sales activation, resumption of work and production, and guaranteed delivery of quality products, the project management model has provided solutions to original developers, financial institutions, owners, supply chains, and government regulatory bodies, which has achieved win-win situation for all parties.

III. Company's Strengths

1. **Brand asset:** The Company continues to extend the influence of the Greentown brand. As a leader in the project management industry, it has been ranked no. 1 in China's project management industry for seven consecutive years. It has a strong brand reputation and market credibility and can provide customers with high premium brand empowerment.

2. **Corporate credit:** The Company has the credit endorsement of central state-owned enterprises coupled with a market operation mechanism, and it has obtained the real estate first-class development qualification and has been accredited the status of High and New Technology Enterprise, which help the Company to gain competitive advantages in businesses with the government, state-owned enterprises, and financial institutions.

3. **Client assets:** The Company has served more than 1,000 groups of outstanding B-end clients with diverse business backgrounds, which includes the government, state-owned enterprises, local urban investment companies, financial institutions, private enterprises, and other high-quality clients). In addition, it has accumulated high-quality C-end clients across the country in the past 29 years relying on the Greentown brand. It has laid a solid foundation for the national development of the Company's project management business.

4. **Team capacity:** Relying on the core regional layout, the Company has improved customer service responsiveness through distribution management, and it currently has more than 5,000 employees. The core management team has many years of experience in project management industry, and possesses cultural identity, excellent professional qualities and a solid professional foundation.

5. **Knowledge system:** With years of experience in the industry, the Company has formed a set of all-round work standards and a sound knowledge system in the project management industry. Not only does it further improve the development quality and operating efficiency of entrusted projects, but also gives the Company a voice in industry standard output and industry development.

6. **Supply chain:** The Company has strong strategic partners. At present, there are more than 1,200 cooperating suppliers, covering products, services, industries, finance and other fields. In addition, through a platform-based cooperation mechanism, the Company and its suppliers realize mutual diversion and empowerment, as well as value creation ability sharing.

7. **Financial synergy:** The Company has fully understood the financial attributes of real estate. It is capable of finding matching financial institutions and capital strengths for clients and projects, as well providing financial collaboration services to ensure the stable and sound operations of related projects.

IV. Management Measures

Based on the analysis of the macro-market and the Company's core strengths above, we adopted the following measures in 2022:

1 ***Maintain its industry leadership with nationwide business presence***

In 2022, the Company maintained its No. 1 position in the field of real estate asset light development. It has maintained a market share of over 20% in the project management market for seven consecutive years.

As of 31 December 2022, the Company's project management projects were distributed in 120 major cities in 28 provinces, municipalities and autonomous regions in China. The total GFA of the contracted projects was 101.4 million square meters, representing an increase of 19.8% over the corresponding period last year; the area under construction was 47.2 million square meters, an increase of 7.1% over the corresponding period last year.

With nationwide presence, major economic regions (including: Bohai Rim Economic Zone, Beijing-Tianjin-Hebei urban agglomeration, Yangtze River Delta Economic Zone, Pearl River Delta Economic Zone, and Chengdu-Chongqing urban agglomeration) continued to maintain a relatively large project proportion: the estimated total saleable value of these contracted projects reached RMB482.1 billion, accounting for 74.1% of the total saleable value, among which projects in the Yangtze River Delta Economic Zone of RMB225.0 billion accounted for 34.7%, projects in the Bohai Rim Economic Zone and Beijing-Tianjin-Hebei urban agglomeration of RMB138.8 billion accounted for 21.3%, projects in the Pearl River Delta Economic Zone of RMB104.4 billion accounted for 16.0%, and projects in Chengdu-Chongqing urban agglomeration of RMB13.9 billion accounted for 2.1%.

2 ***Diversified customer structure to help growth against the downward trend***

The Company adapts to changes in the industry and adjusts its business structure in a timely manner. It continuously deepens business opportunities in state-owned enterprises, financial institutions and other fields, and keeps consolidating its own strengths and industry influence.

In 2022, the Company's new business scale expansion maintained its growth against the downward trend. The total contracted GFA of new project management projects was 28.2 million square meters, representing an increase of approximately 23.9% over the corresponding period last year; among them, the government, state-owned enterprises and financial institutions accounted for 76.5%. The estimated project management fee of new project management project was RMB8.61 billion, an increase of approximately 21.1% over the corresponding period last year; among them, the government, state-owned enterprises and financial institutions accounted for 70.3%.

Besides residential projects, new diversified businesses also include industry parks, public rental housing, talent apartments, co-ownership property housing, future communities, municipal facilities, commercial, hotels, offices, and others.

As of 31 December 2022, according to the total GFA of contracted projects, the government projects were 33.0 million square meters, accounting for 32.6%; the projects entrusted by state-owned enterprise were 28.7 million square meters, accounting for 28.3%; the projects entrusted by private enterprises were 34.7 million square meters, accounting for 34.1%; and the projects entrusted by financial institutions were 5.0 million square meters, accounting for 5.0%.

3 ***Strengthen service capabilities and improve business performance***

The project management business continuously improves the clients' satisfaction, which is the basis of the business model of the project management sector.

The Company continues to optimize the organizational structure, enhances capability building in core city groups, forms distributed management system by way of methods such as strengthening regional companies and pilot urban companies, further keeps updated with the market, and enhances service influence.

In 2022, the Company regards the re-entrustment rate and satisfaction of the B-end clients as the core assessment indicators at all levels of the organization, in order to strengthen the B-end service awareness and comprehensively enhance the support for B-end clients. It also sets flexible reward and punishment measures for performance, linking rewards to the operating results of the project management projects.

The Company has also further improved system standards such as the communication mechanism for the clients in the whole cycle and the standardized customer service mechanism, so as to strengthen the clients' trust in us. The Company continues to increase the construction of the information platform "Digital Honeycomb (數字蜂巢)", as well as continues to provide basis for decision-making for various clients through data, thereby improving operational efficiency and effectiveness.

4 ***Integrate project management resources and enhance core capabilities***

The Company completed the equity acquisition of Zhejiang Shangli Construction Management Company Limited (浙江熵里建設管理有限公司) at the beginning of the year. The core targets of the acquisition are the management team and its project management business, and are to agree on business goals in the form of "guaranteed profit". At present, its operation is in good condition and the first year's operation indicators has been successfully completed.

In 2022, through integrating social resources, the Company continued to promote the urban renewal business in the Guangdong-Hong Kong-Macao Greater Bay Area, government urban investment projects, project management business in industrial parks, non-performing assets, and bailout projects, etc., actively innovated business models and service content. At the same time, we will further expand the membership scale of the Asset Light Alliance, continue to promote industry values, improve industry standards together, and practice new development model of real estate industry.

In the future, the Company will continue to integrate the upstream and downstream asset-light enterprises in the industry chain, the core team of project management and the innovative business, aiming to promote the construction of the project management ecosystem, strengthen the construction of core capabilities, and release the value of the asset-light model.

5 ***Optimize incentive policies and focus on business development***

The Company completed a new round of share award scheme and changed the management's bonuses in the next three years to the form of issuing shares via "accrued bonuses and award shares + three-year installments", so as to achieve long-term stability of the core team. The plan links to the vesting conditions of operation goals, organizational performance and personal KPI, and it has set up selling preconditions such as stock prices, encourages the management to give full play to their enthusiasm, competitiveness and creativity, which will effectively improve the Company's operational quality and performance.

At the same time, the Company focuses on the development of the frontline business, advocates value creators as the foundation, and conducts the assessment of the management team pursuant to the business development of the area. By increasing the proportion of dividends from project operation, it is encouraged to favor excellent managers and teams with good performances.

The Company will further strengthen the promotion of its core values, guide employees' behaviours through the "bee spirit", and operate as a simple and altruistic enterprise, in the hope of gaining appreciation for its ingenuity, services and contributions.

BUSINESS OUTLOOK

We predict that the development scale of China's real estate market during the medium term will maintain at around 1 billion square meters, and will form into the following three types of business structure:

1. The new supply of government-led affordable housing and rental properties will account for over 30%. Such sector mainly addresses the housing needs of low-income groups and young people. Moreover, during the market's downward cycle, local urban investment companies increased land acquisitions in stages. The above two subjects both require professional development and project management service.

2. With the adjustment of real estate policies and the improvement in industry liquidity, the business related to bailout projects under the "Ensure the delivery of properties (保交樓)" policy has rapidly grown. In the future, the proportion of main real estate investment made by the financial institutions will further increase, and it is expected to reach approximately 20%. The bailout and development projects led by the financial institutions also need professional project management service.

3. The remaining 50% of the market will be led by state-owned enterprises and central enterprises under the traditional development model, thus causing the concentration effect of leading companies.

We estimate that as the real estate development projects led by the government and financial institutions increased, the demand of corresponding project management service will steadily grow as well, and the penetration rate of China's project management industry will reach 30% above.

FINANCIAL ANALYSIS

As at 31 December 2022, the Group has achieved:

Revenue

Revenue of RMB2,656.0 million, representing a year-on-year increase of 18.4% compared with RMB2,243.2 million in 2021. Revenue is derived from three types of businesses: (i) commercial project management; (ii) government project management; and (iii) other services, which are listed by business segment as follows:

	As at 31 December				
	2022		2021		% Change
	RMB'000 (Audited)	% of total revenue	RMB'000 (Audited)	% of total revenue	Increase/ (Decrease)
From commercial project management	**1,669,429**	**62.9**	1,477,635	65.9	13.0
(1) Self-operated	**1,038,861**	**39.2**	710,651	31.7	46.2
(2) Cooperation with business partners	**630,568**	**23.7**	766,984	34.2	(17.8)
From government project management	**781,054**	**29.4**	571,759	25.5	36.6
(1) Self-operated	**739,314**	**27.8**	554,932	24.7	33.2
(2) Cooperation with business partners	**41,740**	**1.6**	16,827	0.8	148.1
Other services	**205,509**	**7.7**	193,764	8.6	6.1
Total	**2,655,992**	**100.0**	2,243,158	100.0	18.4

During the Reporting Period:

(i) commercial project management is still the largest source of revenue and profit for the Group, with revenue of RMB1,669.4 million during the year, accounting for 62.9% of the total revenue, increased by 13.0% compared with RMB1,477.6 million in 2021. The main reason for the increase was the (1) the increase in both the land acquisition of local state-owned enterprises and urban investment as well as the business of state-owned enterprises/city investments. At the same time, under the government's policy of "guaranteeing the delivery of buildings" (保交樓), the Company leveraged the advantages of its own brand, management and resources integration and actively participated in the bailout project management services, thus demonstrating a trend-bucking growth in revenue; (2) the Company acquired 60% of the equity in Zhejiang Shangli Construction Management Company Limited (浙江熵里建設管理有限公司) ("**Shangli Company**") on 27 January 2022, and the increase in the revenue of self-operated projects by RMB181.3 million due to the inclusion of Shangli Company into the scope of consolidation in 2022.

(ii) revenue from government project management reached RMB781.1 million, accounting for 29.4% of the total revenue, increased by 36.6% compared with RMB571.8 million in 2021. The main reasons were that: (1) driven by the CPC Central Committee's "common prosperity" policy, the demand for affordable housing construction was accelerated during the "14th Five-Year Plan". The Company seized this opportunity to expand nationwide, leading to the significant growth in the revenue from government project management; and (2) the Company responded to market demand, innovated its business model, expanded its business scope, and diversified its business operations to drive revenue growth; and

(iii) revenue from other services was RMB205.5 million, accounting for 7.7% of the total revenue, mainly due to the revenue of RMB165.0 million derived from a project during the Reporting Period which was tendered by Greentown Real Estate Group Co., Ltd. ("**Greentown Real Estate Group**") and managed by Greentown Project Management Group Co., Ltd. ("**Greentown Project Management Group**") as the Company did not obtain the grade 1 qualification for real estate development prior to listing.

Costs of Services

During the Reporting Period, costs of services was RMB1,267.4 million, representing an increase of 5.4% from RMB1,202.5 million in 2021. The main reasons for the increase were: (1) the increase in the scale of revenue from self-operated commercial project management and the increase in project service costs; and (2) the increase in the area of government project management under the Company's management and nationwide operations leading to an increase in management costs.

Gross Profit

During the Reporting Period, the gross profit was RMB1,388.6 million, representing an increase of 33.4% from RMB1,040.7 million in 2021. The gross profit margin was 52.3%, representing an increase of 5.9 percentage points compared with 46.4% for 2021.

- The gross profit margins of the three business segments are: 53.8% for commercial project management, 40.8% for government project management and 84.0% for other services, compared to 44.9%, 40.9% and 74.2%, respectively, for 2021.

- The gross profit margin of commercial project management was 53.8%, up by 8.9 percentage points from 44.9% in 2021, mainly due to the Company responded to the market demand, actively optimized its management model, expanded its service scope and tightened cost control simultaneously, thereby improving the overall gross profit margin of commercial project management.

– The gross profit margin of government project management was 40.8%, decreased by 0.1 percentage points from 40.9% in 2021, the gross profit margin of government project management remained stable.

– The gross profit margin of other services was 84.0%. The higher gross profit margin was mainly due to the revenue of RMB165.0 million derived from a project during the Period which was tendered by Greentown Real Estate Group and managed by Greentown Project Management Group as the Company did not obtain the grade 1 qualification for real estate development prior to listing on the Stock Exchange; the service cost of the project was recorded at Greentown Real Estate Group, and the Company recognized the revenue based on the net gain of the project settled with Greentown Real Estate Group.

Other Income

During the Reporting Period, other income of the Group was RMB166.2 million, an increase of 42.9% from RMB116.3 million in 2021. The increase in other income was mainly due to (1) an increase in revenue from providing financial services for project management projects during the period by RMB13.6 million compared with 2021; (2) the government subsidy received during the Period increased by RMB9.6 million as compared to 2021; and (3) a dividend received by the Company from financial assets at fair value through other comprehensive income for the period increased by RMB17.0 million as compared to 2021.

Other Gains/Losses

During the Reporting Period, the other losses of the Group was RMB49.1 million, the losses were mainly due to the equity acquisition of Shangli Company may have caused an increase in the evaluation value of the consideration.

Selling and Marketing Expenses

Selling and marketing expenses were RMB120.2 million, representing an increase of 29.6% from RMB92.8 million in 2021. The main reasons for the increase were that: The scale expansion of government project management business during the Period, in which the expansion expenses, such as project scheme design expenses, increased by RMB12.9 million, and the trademark license fee payable to the parent company Green China during the year increased by RMB10.1 million.

Administration Expenses

Administration expenses were RMB488.6 million, representing an increase of 29.3% from RMB378.0 million in 2021. The increase was mainly due to the fact that the Company implemented a new round of equity incentive plan in April 2022 and cost sharing of equity incentive expenses led to an increase in administrative expenses during the Period; at the same time, regional companies increased the management personnel reserve in order to expand the scale of the Group and optimize organization structure.

Profit for the Year

During the Reporting Period, the net profit of the Group was RMB735.4 million, representing an increase of 28.9% from RMB570.7 million in 2021. The net profit during the period attributable to the owners of the Company was RMB744.5 million, representing an increase of 31.7% from net profit of RMB565.2 million in 2021.

Trade and Other Receivables

As at 31 December 2022, trade and other receivables reached RMB823.9 million, representing an increase of 10.0% from RMB748.8 million at the end of 2021. The Company strengthened the management of receivables in 2022. The turnover ratio of trade receivables remained stable at 14.7 times in both 2022 and 2021.

Contract Assets

As at 31 December 2022, the Group's contract assets amounted to RMB573.9 million, representing an increase of 19.0% from RMB482.4 million at the end of 2021. The contract assets reflected the amounts related to certain projects where the Company have fulfilled its obligations but have not yet reached the management fee collection milestone as agreed in the contract. The increase during the year was mainly due to the expansion of the Company's operating scale, which such project will be transferred to cash inflows from the Company's operating activities in the future.

Trade and Other Payables

As at 31 December 2022, trade and other payables amounted to RMB1,173.3 million, representing an increase of 24.4% from RMB943.1 million at the end of 2021. The increase was mainly attributable to the increase of RMB53.7 million of the deposits in project management projects, an increase of RMB90.7 million of the construction costs payable by the Village Project of Asian Games, and an increase of RMB65.0 million of employees' compensation payables.

Capital Structure

As at 31 December 2022, the total equity of the Group reached approximately RMB3,873.0 million, representing an increase of approximately RMB501.3 million from RMB3,371.7 million at the beginning of 2022. Specifically, equity attributable to shareholders was approximately RMB3,739.2 million, representing an increase of approximately RMB397.9 million from RMB3,341.3 million at the beginning of 2022, mainly due to the facts that: (1) the Company achieved a net profit attributable to the shareholders of listed companies of RMB744.5 million in 2022 led to the increase in equity attributable to shareholders; (2) the cost sharing of options of RMB65.8 million led to the increase in equity attributable to shareholders; and (3) the distribution of cash dividends to shareholders during the Period led to the equity attributable to shareholders decreased by RMB387.4 million.

As at 31 December 2022, the Company had a total of 2,010,000,000 shares in issue, and had a total market capitalization of approximately HKD12,060.0 million (based on the closing price on 31 December 2022).

Liquidity and Capital Resources

As at 31 December 2022, the Group had bank deposits and cash (not including pledged bank deposits) of RMB1,933.1 million (31 December 2021: RMB2,137.6 million); and the current ratio was 1.85 times (31 December 2021: 2.01 times). Gearing ratio (interest-bearing debt divided by total equity at the end of the same period) was 0.9% (31 December 2021: 1.22%). The cash flow was very abundant, providing strong support for the Company's future development.

During the Reporting Period, our liquidity was mainly tailored to meet the working capital needs. Internally generated cash flow was the main source of funding for our working capital, capital expenditures and other funding needs.

Debt

During the Reporting Period, the Group had no significant borrowings.

Foreign Exchange Risk

The Group conducts substantially all of its business in Mainland China and in Renminbi. Therefore, the Group is exposed to low foreign exchange risks. However, the depreciation or appreciation of RMB and HKD against foreign currencies may have impact on the Group's financial performance. Currently, the Group does not hedge foreign exchange risks, but will continue to closely monitor its exposure to foreign exchange risks. The management will consider hedging foreign exchange risks when the Group becomes materially affected by such risks.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2022.

Pledge of Assets

During the Reporting Period, the Group had no pledge of assets.

Asset Transactions and Significant Investments

During the Reporting Period, the Group had no asset transactions or significant investments other than its ordinary business activities.

The Group acquired a 60% equity interests in Zhejiang Shangli Construction Management Company Limited (the "**Target Company**") on 27 January 2022. The consideration for this acquisition includes: (1) a fixed consideration of RMB400 million; (2) adjusted incremental consideration determined by the future chargeable service fees for the target company's new project management projects during the three-year period after the completion of the acquisition. The maximum amount of the adjusted incremental consideration is RMB200 million.

Hangzhou Jianghui Primary School* (杭州市江暉小學)

Material Acquisitions and Disposals

During the Reporting Period, the Group had no material acquisition and disposal save as disclosed in this annual report.

Treasury Management

Our treasury management function undertakes the responsibility of cash management, liquidity planning and control, provision of cost-efficient financing for the Group, liaison with banks and other related institutions, investment in financial products, as well as mitigation of financial risks such as interest and foreign exchanges risks. Our treasury function is designed to align with the long-term and short-term needs of the Group and comply with good corporate governance standard.

**For identification purposes only*

Biographical Details of Directors and Senior Management

Biographical Details of Directors and Senior Management

Below are the biographies of the Directors and senior management of the Group during the Reporting Period and as at the Latest Practicable Date.

DIRECTOR

Non-executive Directors

Mr. GUO Jiafeng, aged 58, graduated from Zhejiang Construction Industry School (浙江建築工業學校) in 1981, majoring in industrial and civil architecture. Mr. Guo has more than 35 years of experience in the industry, and has extensive experience in project development and construction. Mr. Guo joined the Greentown Group in April 2000, served as an executive director of Greentown China from July 2006 to March 2015, and acted as the executive general manager of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) where he was primarily responsible for the real estate development of projects in areas such as Hunan Changsha, Zhejiang Hangzhou, Zhejiang Zhoushan, Jiangsu Nanjing, Anhui Hefei and Xinjiang. He was mainly engaged his personal business from April 2015 to July 2019. Mr. Guo was re-appointed as an executive director of Greentown China on 11 July 2019, and as chief executive officer on 17 December 2020. He has been the Chairman of the Board and a non-executive Director of the Company since 8 January 2020, mainly responsible for the overall formulation, supervision and guidance of business strategies, planning and development of the Group. Currently, Mr. Guo also serves as an executive director and chief executive officer of Greentown China.

Mr. ZHANG Yadong, aged 54, joined the Greentown China in May 2018. Mr. Zhang studied at Liaoning University (遼寧大學), Dalian Polytechnic University (大連工業大學) and Xiamen University (廈門大學), and he is a Ph.D holder. Mr. Zhang served as the assistant to general manager, deputy general manager and general manager of Dalian Great Automobile Enterprise Group (大連大汽企業集團), assistant director and deputy director of Dalian High-tech Zone Management Committee, deputy party chief and mayor of Pulandian Municipal Committee of Liaoning Province, deputy party chief of party working committee and deputy director of management committee of Dalian Economic and Technological Development Zone, party chief and head of Dalian Urban Construction Bureau, secretary of the leading party members' group and director of Dalian Construction Committee, deputy mayor of Dalian Municipal Government, member of the standing committee and the head of the United Front Work Department of the Dalian Municipal Committee, director and general manager of China Urban and Rural Construction Development Limited (中國城鄉建設發展有限公司) (a wholly-owned subsidiary of CCCG). During his tenure as deputy mayor of Dalian Municipal Government, Mr. Zhang was responsible for urban construction and management, including overseeing the Dalian Municipal Land Resources and Housing Bureau, Urban and Rural Construction Committee, Planning Bureau, Urban Construction Administration and other related urban construction departments. Mr. Zhang was appointed as an executive director and chief executive officer of Greentown China on 1 August 2018, and chairman of the board of directors of Greentown China on 11 July 2019. Mr Zhang resigned as chief executive officer of Greentown China with effect from 17 December 2020. He has been a non-executive Director of the Company since 8 January 2020, primarily responsible for the overall formulation, supervision and guidance of business strategies, planning and development of the Group. Currently, Mr. Zhang also serves as chairman of the board of directors and executive director of Greentown China.

Executive Directors

Mr. LI Jun, aged 46, has been the Chief Executive Officer and an executive Director of the Company since 2016, primarily responsible for the strategic development, overall operation and management of the Group.

Mr. Li joined the Greentown Group as an officer in the quality management department in 2002 and subsequently served as a department manager in its operations management department since 2009. Mr. Li has served as general manager of Greentown's first commercial project management project since 2010 and innovated the asset-light development model. He has served as president of the Group since 2015, responsible for overseeing daily operation and management. Under the leadership of Mr. Li, the Group became the first and the largest project management company with an asset-light business model in China.

In 2019 and 2020, Mr. Li successively received the Most Influential Business Leader in China Real Estate Industry (中國房地產年度影響力行業領軍人物) and currently the first rotating chairman of the China Light Assets Alliance (中國輕資產聯盟).

He completed his undergraduate studies in heating ventilation at the University of South China (南華大學) in the PRC in 1998 and obtained a master's degree in project management from Zhejiang University (浙江大學) in the PRC in 2010. He has the AMP alumni qualification of the Wharton School of Business in the United States.

Mr. LIN Sanjiu, aged 59, has been an executive Director, the Executive President and the chief engineer of the Company since 8 January 2020 and is primarily responsible for reviewing major technical issues and product supervision.

He joined the Greentown Group in October 2006, and he joined the Group as the general manager of certain project companies in 2009. Mr. Lin has extensive experience in real estate development.

He obtained an associate degree in business management from the Hangzhou Branch of the Associated Correspondent University for Economic Management (經濟管理刊受聯合大學杭州市分校) in the PRC in 1989.

Mr. WANG Junfeng, aged 47, has been an executive Director and the Executive President of the Company since 12 January 2023 and is primarily responsible for the management of the Group's operation centre.

He graduated and obtained his bachelor's degree from the East China Jiao Tong University. Mr. Wang has 23 years of experience in real estate development and project management. From April 2017 to September 2021, Mr. Wang served as the executive deputy general manager of Zhejiang Greentown Real Estate Investment Co., Ltd.* (浙江綠城房地產投資有限公司), and also served as the general manager of Ningbo City Company* (寧波城市公司). Since September 2021, Mr. Wang has served as the general manager of Zhedong Greentown Real Estate Investment Co., Ltd.* (浙東綠城房地產投資有限公司).

Independent Non-executive Directors

Mr. Lin Zhihong, aged 52, has been an independent non-executive Director of the Company since 23 June 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of the Group.

Mr. Lin has served as general manager, deputy general manager and president of a number of banks.

In 2008, Mr. Lin was selected as one of the Top Ten Pacemakers in the Building of Professional Ethics for Workers in the National Financial System (全國金融系統職工職業道德建設十佳標兵) by the National Committee of China Financial Trade Union (中國金融工會全國委員會) and one of the 50 Most Promising Young Bankers in Asia Pacific and the Gulf Region (亞太及海灣地區50名最有前途的年輕銀行家) by The Asian Banker (亞洲銀行家), and was awarded the May, 1 National Labour Medal in the National Financial System (全國金融五一勞動獎章) by China Financial Trade Union (中國金融工會). In 2011, he was awarded the 15th Anniversary Meritorious Service and Entrepreneur Award (十五周年功勳創業者獎) by China Minsheng Bank. In 2015, he was selected as a Year 2015 Outstanding Innovative Business Leader (2015傑出創新商業領袖) by Hong Kong Wen Wei Po Daily (香港文匯報).

He obtained a Ph.D in management science and engineering (financial engineering) from Dalian University of Technology (大連理工大學) in the PRC in 2014.

Dr. Ding Zuyu, aged 49, has been an independent non-executive Director of the Company since 23 June 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of the Group.

Dr. Ding is an executive director and chief executive officer of E-House (China) Enterprise Holdings Limited (易居（中國）企業控股有限公司) (stock code: 2048) and an independent non-executive director of Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司) (stock code: 1238), both listed on the Main Board of the Stock Exchange, and also an executive member of China Real Estate and Housing Research Association (中國房地產業協會).

In the past three years, he acted as chief executive officer of E-House (China) Enterprise Holdings Limited (易居（中國）企業控股有限公司) (a company listed on the Main Board of the Stock Exchange (stock code: 2048)).

He obtained a Ph.D in economics from East China Normal University (華東師範大學) in the PRC in 2013.

Mr. Chan Yan Kwan Andy, aged 54, has been an independent non-executive Director of the Company since 23 June 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of the Group.

Mr. Chan is the chief financial officer and company secretary of Kingdom Holdings Limited (金達控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 528).

He worked for a number of international accounting firms (including Ernst & Young), and has over 25 years of extensive financial experience.

He obtained a bachelor's degree in economics and accounting from the University of Hull in the United Kingdom in 1992; a master's degree in business administration from the University of Western Ontario in Canada in 2008 and a master degree in corporate governance (with distinction) from The Hong Kong Polytechnic University in 2021. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He is also a Fellow Chartered Secretary and Fellow Chartered Governance Professional of the Hong Kong Chartered Governance Institute.

SENIOR MANAGEMENT

Mr. Fu Peng (付鵬), aged 48, has been the vice president of the Company since July 2021 and is mainly responsible for the management of the Group's product center.

He joined Greentown in 2003. From 2003 to 2015, he had served as the manager of the fine decoration management department of Greentown Real Estate Group, the assistant to the general manager of the Qianjiang Project Company, the general manager of the Greentown Decoration Project Group, and the general manager of the Sincere Garden Project. From 2015 to 2021, he served as the vice president and chief product officer of the Sunac Southeast Regional Group, and the dean of the Future Community Development Research Center (未來社區發展研究中心), in charge of the product center, the cost recruitment center, the project management center, and the public construction center.

He obtained a bachelor's degree in civil engineering from the Department of Civil Engineering of Zhejiang University in 1997.

Ms. ZHAN Liying, aged 46, has been the Vice President of the Company since July 2018 and is primarily responsible for the human resources and administration management of the Group.

She joined the Greentown Group in 1997 as an administrative staff in Greentown Real Estate until 2005. From 2005 to 2015, she served for different companies of the Greentown Group as a manager, general manager and other positions. She has served as chief operating officer of the Group since September 2015.

She obtained an associate degree in secretarial studies from the Open University of China (中央廣播電視大學) in the PRC in 2005.

Mr. CHENG Min, aged 41, has been vice president of the Company since December 2020. He is mainly responsible for the business development and management of the Group.

Mr. Cheng has extensive experience in real estate project investment and expansion. He previously joined the Greentown Group in 2010 as an officer of the corporate development department. In September of the same year, he was transferred to Greentown Construction Management Co., Ltd. (綠城建設管理有限公司) to engage in and be responsible for the expansion of the project management business. He served at the headquarters of Greentown Real Estate in 2015. He acted as executive general manager of the Huzhou Yuyuan Project (湖州御園項目), deputy general manager of the South China regional company, and deputy general manager of the development and investment center of Greentown China.

He obtained a bachelor's degree in mechanical engineering and automation from Zhejiang University of Technology (浙江工業大學) in 2005, and a master's degree in technical economy and management from Zhejiang University of Technology (浙江工業大學) in 2009.

Mr. LUO Yi, aged 45, has been the vice president of the Company since 15 February 2022. He is primarily responsible for the overall operation and management of the government business of the Group.

He joined Greentown Management in 2018 as general manager of its product center, and subsequently served as general manager of Greentown Leju Construction Management Group Co., Ltd. (綠城樂居建設管理集團有限公司) (a wholly-owned subsidiary of Greentown Management) since 2019. He has been an assistant president of the Group since 17 July 2020. Before joining Greentown Management, Mr. Luo served in Zhejiang Urban and Rural Planning and Design Institute (浙江省城鄉規劃設計研究院), Hangzhou Qianjiang New Town Management Committee (杭州市錢江新城管委會) and Hangzhou Qianjiang New Town Investment Group (杭州市錢江新城投資集團). He is familiar with business exploration and development in multiple sectors, and has extensive experience in primary and secondary city development.

He obtained a bachelor's degree in architecture from the School of Architecture of Zhejiang University (浙江大學建築學系) in the PRC in 2001, and a master's degree in urban planning and design from Zhejiang University (浙江大學) in the PRC in 2005.

Ms. WANG Hui, aged 44, has been an Assistant President of the Company since 2020, and is fully responsible for the management of the customer research center of the Group.

She has 20 years of experience in real estate marketing and management, and has served as various positions including deputy general manager of Shanghai Branch of Fosun Group Ceyuan Holdings (復星集團策源控股) under and assistant general manager of Fosun Land Control Zhejiang Fudi (復星地控浙江復地).

She joined Greentown in 2015, and served as deputy general manager, general manager and assistant president of the marketing center of Greentown Management Group.

She obtained a bachelor's degree in sales management from Sichuan University (四川大學), an EMBA degree from Fudan University (復旦大學) and a master's degree in business administration from China Europe International Business School (中歐國際商學院).

Mr. Zhou Ye (周叶), aged 40, has been the assistant president of the Company since 12 January 2023 and is fully responsible for the marketing management of the Group.

He has 19 years of experience in real estate marketing management, and served as the regional deputy general manager and regional general manager of Zhedong Greentown Real Estate Investment Co., Ltd.

JOINT COMPANY SECRETARIES

Ms. ZHANG Panpan ("**Ms. Zhang**") and **Ms. SO Shuk Yi Betty** ("**Ms. So**") are currently the joint company secretaries of the Company.

Ms. Zhang is the secretary of the Board and is primarily responsible for capital markets affairs, strategic management, merger and acquisition management, information disclosure management, corporate governance and other functions of the Company. Ms. Zhang joined the Company in September 2011 and served several positions through front line project management, including planning management in the operation center, financial services in the financial and capital center, and strategic management in the development center of the Group. She led the listing process of the Company, and was responsible for the supervision, coordination and management of the listing application process of the Company.

Ms. Zhang obtained her Executive MBA degree in China Europe International Business School.

Ms. So is currently the vice president of SWCS Corporate Services Group (Hong Kong) Limited and has over 20 years of experience in secretarial and compliance-related engagements.

Ms. So obtained a master's degree in law from the City University of Hong Kong (香港城市大學) and a master's degree in business administration from the University of Leicester. She is a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Report of the Directors

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 principal activity of the Group is to provide project management services. An analysis of the Group's revenue for the Reporting Period by principal business activity is set out in note 5 to the consolidated financial statements of the Group.

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 67.

BUSINESS REVIEW

During the year ended 31 December 2022, the Group had a total GFA under the management contracts of 101.4 million square meters, representing an increase of approximately 19.8% as compared to the corresponding period last year. The area under construction was 47.2 million square meters, representing an increase of approximately 7.1% as compared to the corresponding period last year.

SHARE CAPITAL

Details of the issued Shares of the Company during the year ended 31 December 2022 are set out in note 32 to the consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the changes in the Group's property, plant and equipment during the year ended 31 December 2022 are set out in note 15 to the consolidated financial statements of the Group.

BORROWINGS

The Group had no significant borrowings during the year ended 31 December 2022.

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into or subsisted at any time during the year ended 31 December 2022.

DONATIONS

The Group has not made any donations during the year ended 31 December 2022.

DISTRIBUTABLE RESERVES

Details of the changes in the Company's reserves during the year ended 31 December 2022 are set out in the consolidated statement of changes in equity on page 70 to 71.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend for 2022 of RMB0.30 and a special dividend of RMB0.08 (equivalent to a final dividend of HKD0.34 and a special dividend of HKD0.09 based on the prevailing exchange rate of HKD1.00 to RMB0.87969 published by the People's Bank of China on 17 March 2023) per share to shareholders, subject to shareholders' approval at the annual general meeting to be convened on Thursday, 25 May 2023. The dividend payable to shareholders will be declared in RMB and paid in HKD based on the average exchange rate published by the People's Bank of China for the 5 business days prior to the date of the annual general meeting.

The proposed final dividend and special dividend are expected to be paid to shareholders on or before 31 July 2023.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement of the shareholders to attend and vote at the AGM

The register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 19 May 2023.

(b) For determining the entitlement to the 2022 proposed final dividend and special dividend

The register of members of the Company will be closed from Thursday, 13 July 2023 to Tuesday, 18 July 2023 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the 2022 proposed final dividend and special dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar, at Shops 1712-1716, 17th Floor, Hopewell. Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 12 July 2023.

FINANCIAL SUMMARY

The financial summary of the Group is set out on page 6 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2022, revenue from the largest customer of the Group accounted for approximately 10.7% of the total revenue for the year, and revenue from the five largest customers of the Group accounted for less than 18.8% of the Group's revenue for the year.

During the year ended 31 December 2022, the purchases made from the largest supplier of the Group accounted for approximately 16.6% of the total purchases for the year, and the purchases made from the five largest suppliers of the Group accounted for less than 47.8% of the purchases made by the Group during the year.

DIRECTORS' AND SHAREHOLDERS' INTERESTS IN SUPPLIERS AND CUSTOMERS OF THE GROUP

Save as disclosed above, none of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any direct or indirect interests in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the Reporting Period and up to the Latest Practicable Date are as follows:

Non-executive Directors

Mr. Guo Jiafeng *(Chairman)*
Mr. Zhang Yadong

Executive Directors

Mr. Li Jun *(Chief Executive Officer)*
Mr. Lin Sanjiu
Mr. Wang Junfeng
(appointed on 12 January 2023)

Independent Non-executive Directors

Mr. Lin Zhihong
Dr. Ding Zuyu
Mr. Chan Yan Kwan Andy

Pursuant to Article 16.2 and Article 16.19 of the Articles of Association, Mr. Zhang Yadong, Mr. Li Jun, Mr. Lin Sanjiu and Mr. Wang Junfeng shall retire from office by rotation and, being eligible, offer themselves for re-election at the AGM.

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the Director has entered into a service contract (for executive Directors) or signed an appointment letter (for non-executive Directors and independent non-executive Directors) with the Company for a specific term of three years and subject to re-election pursuant to the memorandum and Articles of Association where necessary.

The service contracts of the executive Directors may be terminated by not less than two months' notice in writing served by either party on the other. The appointment letter of the non-executive Directors and the independent non-executive Directors may be terminated by the Company or the Director himself with at least one month' and three months' prior written notice to the other party, respectively.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

There are no transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year.

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 Reporting Period.

INTERESTS OF DIRECTORS AND THEIR ASSOCIATES IN COMPETING BUSINESS

During the year ended 31 December 2022, none of the Directors or any of their respective associates (as defined in the Listing Rules) 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.

PERMITTED INDEMNITY PROVISION

The Articles of Association provide that every Director for the time being acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. However, this indemnity does not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons.

During the Reporting Period, the Company has taken out insurance for directors and senior management to provide appropriate protection for the Directors and senior management of the Company.

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

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 11 and note 39(iii) to the consolidated financial statements of the Group.

The remuneration packages of individual Directors (including salaries and other benefits) is recommended by the remuneration committee of the Company for the Board's approval, having regard to the Group's results, Directors' performance, duties, etc.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 35 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTION

On 24 February 2020, the Company and Greentown China entered into a trademark license agreement (the "**Trademark Licence Agreement**") pursuant to which Greentown China licensed certain "Greentown" series of trademark registered in the PRC and Hong Kong in relation to the project management business to the Company and its subsidiaries. The license under the Trademark License Agreement has an initial term commencing from the date of the agreement and ending 10 years from the Listing Date, which (subject to compliance with relevant laws and regulations, including the Listing Rules), may be renewed upon written notice given by the Company for every 10 years from the expiry date. For details of the Trademark Licence Agreement, please refer to "Connected Transaction" section of the Prospectus.

Annual Caps

Here below are the details of the annual caps for the Trademark Licence Agreement.

Year(s)	Annual Cap Licence Fee (RMB million)
1st year (the one year period starting from the Listing Date)	30
2nd year (the one year period starting from the expiration of the previous one year period. Same for license periods below.)	40
3rd year	50
4th year – 10th year	60

Note: The Company shall pay a license fee of RMB42.23 million for the year ended 31 December 2022.

Annual Review of the Continuing Connected Transaction

Pursuant to the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transaction and the report of the auditor and confirmed that the continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to (or from) independent third parties; and (iii) in accordance with the Trademark License Agreement governing it on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transaction with regard to the Trademark Licence Agreement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transaction disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

CONNECTED AND RELATED PARTY TRANSACTIONS

The related party transactions disclosed in note 39 to the consolidated financial statements constituted connected transactions or continuing connected transactions under the Listing Rules, but are exempt from shareholder approval, disclosure and other requirements under Chapter 14A.76 of the Listing Rules.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

Save as disclosed above, the Group does not have any material event after the reporting period and up to the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2022 the interests and short positions of the Directors and chief executives of the Company in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be entered in the register pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares and underlying shares

Name of Director or chief executive	Nature of interest	Number of ordinary Shares	Number of derivative Shares[1]	Total	Approximate percentage of interest in the Company
Mr. Guo Jiafeng	Beneficial owner	2,000,000	0	2,000,000	0.10%
Mr. Zhang Yadong	Beneficial owner	2,000,000	0	2,000,000	0.10%
Mr. Li Jun	Beneficial owner	17,688,000	3,500,000	21,188,000	1.05%
Mr. Lin Sanjiu	Beneficial owner	2,970,000	2,000,000	4,970,000	0.25%

Note:

(1) Such interests refer to the interests in the award share units granted under the 2022 Share Award Scheme.

(ii) Associated Corporation of the Company

Name of Director	Name of associated corporation of the Company	No. of Shares (including Share Options or Award Shares Granted)	% of issued share capital of the associated corporation[3]
Mr. Guo Jiafeng	Greentown China	4,718,443[1]	0.19%
Mr. Zhang Yadong	Greentown China	14,421,244[2]	0.57%

Notes:

(1) It represents (i) 4,000,000 share options under the Greentown China 2016 Share Option Scheme; (ii) 565,303 award shares under the Greentown China 2019 Share Award Scheme; and (iii) 153,140 shares of Greentown China held as beneficial owner.

(2) It represents (i) 12,600,000 share options under the Greentown China 2016 Share Option Scheme; (ii) 918,857 award shares under the Greentown China 2019 Share Award Scheme; and (iii) 902,387 shares of Greentown China held as beneficial owner.

(3) Calculated based on the relevant individual's interest in the relevant shares and the total number of issued shares of Greentown China as at 31 December 2022.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executives of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for the Shares and options of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such rights.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2022, as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interest or short position 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:

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Greentown China	Beneficial owner	1,432,660,000	71.28%

Save as disclosed above, as at 31 December 2022, our Directors are not aware of any other person (other than Directors and chief executive of the Company) who have any interest and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO. Our Directors are also not aware of any pledging of shares by the controlling shareholder as at 31 December 2022.

SHARE AWARD SCHEME

The Company adopted the following two Share Award Schemes with major terms and details set out below:

		2020 Share Award Scheme	2022 Share Award Scheme
1.	Purpose	To recognize the contributions by the eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group	
2.	Adoption Date	28 October 2020	24 April 2022
3.	Duration	It shall be valid and effective period of 10 years from the adoption date	It shall be valid and effective period of 10 years from the adoption date
4.	Maximum number of Shares that can be awarded	1.83% of the issued shares of the Company as at the adoption date	2.657% of the issued shares of the Company as at the adoption date
5.	Maximum entitlement of each participant	1% of the issued shares of the Company as at the adoption	
6.	Voting Rights	The trustee shall not exercise any voting rights in respect of any shares held pursuant to the trust deed	

The Company shall comply with the chapter 17 of the Listing Rules when granting the awarded shares. If awards are to the directors or substantial shareholders of the Group, such awards shall constitute connected transaction under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

2020 Share Award Scheme

The Company did not grant any award shares under 2020 Share Award Scheme during the Reporting Period. As at the date of 31 December 2022, a total of 28,340,000 awarded shares had been vested and 5,030,000 awarded shares had been lapsed.

2022 Share Award Scheme

On 24 April 2022, the Company adopted the 2022 share award scheme (the "**2022 Share Award Scheme**") to issue and allot new shares to the trustee pursuant to the specific mandate and in accordance with the terms of the scheme rules. The new shares to be issued will be held on trust for the grantees until the end of each vesting condition which may differ among the grantees and be transferred to the grantees upon satisfaction of the relevant vesting conditions as may be specified by the Board in the award letter.

On 24 April 2022, it has approved, subject to (i) the approval of the specific mandate at the extraordinary general meeting (the "**EGM**"), and (ii) the acceptance of the grantees and other conditions, the proposed grant of 52,024,000 award shares in aggregate to the grantees, of which (i) 42,524,000 award shares are proposed to be granted to 69 employee grantee (who are not connected persons of the Company); and (ii) 9,500,000 award shares are proposed to be granted to 4 connected grantees (who are connected persons of the Company). The above matter has been considered and approved at the EGM held by the Company on 8 June 2022.

As at 31 December 2022, the Company had a total of 52,850,000 outstanding award shares, the details of which are as follows:

		Number of Award Shares				
Name of directors	Date of grant	As at 1 January 2022	Granted during the Period	Vested during the Period	Lapsed during the Period	As at 31 December 2022
Connected Grantees (Note 1)						
Mr. Guo Jiafeng	24 December 2020	1,000,000	–	1,000,000	–	–
Mr. Zhang Yadong	24 December 2020	1,000,000	–	1,000,000	–	–
Mr. Li Jun	24 December 2020	1,950,000	–	1,950,000	–	–
	24 April 2022	–	3,500,000	–	–	3,500,000
Mr. Lin Sanjiu	24 December 2020	1,440,000	–	1,440,000	–	–
	24 April 2022	–	2,000,000	–	–	2,000,000
Others	24 December 2020	3,380,000	–	2,220,000	1,160,000	–
Subsidiary Directors						
Ms. Zhan Liying	24 April 2022	–	2,000,000	–	–	2,000,000
Mr. Luo Yi	24 April 2022	–	2,000,000	–	–	2,000,000
Non-connected Grantees						
32 grantees(note 2)	24 December 2020	8,165,000	–	5,795,000	–	2,370,000
69 employees	24 April 2022	–	42,524,000	–	4,124,000	38,400,000
6 employees	28 October 2022	–	2,580,000	–	–	2,580,000
Total		16,935,000	54,604,000	13,405,000	5,284,000	52,850,000

Note 1: Among the connected grantees, Mr. Guo Jiafeng, Mr. Zhang Yadong, Mr. Li Jun and Mr. Lin Sanjiu are the executive directors/non-executive directors of the Company. Other grantees include seven directors of certain subsidiaries of the Company.

Note 2: Selected participants who are not connected with the Company or a connected person of the Company.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company successfully listed on the Main Board of the Stock Exchange on 10 July 2020 (the "**Listing Date**"). After the over-allotment option was fully exercised, a total of 525,316,000 new shares were issued pursuant to the global offering. After deducting underwriting fees, commission and other estimated listing expenses, the net proceeds were approximately HK$1,145.1 million.

The following table sets out the intended use and actual use of the net proceeds as of 31 December 2022:

Use of proceeds	Allocation of use of the net proceeds (as amended) (HKD million)	Percentage of total net proceeds (as amended)	Actual use as of 31 December 2022 (HKD million)	Unutilised net proceeds as at 31 December 2022 (HKD million)
Scale up through strategic acquisitions	229.0	20%	229.0	–
Development of commercial project management with capital contribution	166.0	14.5%	166.0	–
Repayment of the indebtedness to Greentown China	590.2	51.5%	590.2	–
Development of ecosystem	45.4	4%	45.4	–
General working capital	114.5	10%	114.5	–
Total	**1,145.1**	**100%**	**1,145.1**	**–**

The Company has fully utilised the remaining net proceeds by 31 December 2022.

CORPORATE GOVERNANCE

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

DIVIDEND POLICY

The future declarations of dividends of the Company will be at the absolute discretion of the Directors. Any amount of dividends the Company declares and pays will depend on the Company's future operations and earnings, capital requirements and surplus, general financial conditions and other factors that the Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents and the relevant laws. No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution.

RISKS AND UNCERTAINTIES

The Group's businesses, financial conditions, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be very material in the future. In addition, this annual report does not constitute a recommendation or advice to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Risks Relating to Our Industry

Our commercial project management business is one of the core business of the Group, and the number of commercial project management projects that we manage, and hence, our income level, depend on the performance of the real estate market in China. In 2022, the definancialization policy implemented by the State on the real estate market has continued to impact the development of the real estate market. Any market downturn, any oversupply of properties or potential decline in demand for or prices of properties in China generally or in the regions where we operate could adversely affect our business, financial condition and results of operations.

Risks Relating to Our Business

The project owners' selection of a project management company depends on a number of factors, including but not limited to the quality of services, the level of pricing, the operating scales, the operating history and reputation of the project management company in the real estate industry. The project management market in the PRC is highly competitive, and our competitors may have greater financial, technical and other resources, better brand recognition and larger customer bases, and may be able to devote more resources to the development, promotion and sale of their services and solutions. There is no assurance that we will be able to procure new project management service contracts in the future as planned or at a desirable pace or price, or at all, as a result of the factors discussed above. If we cannot respond to changes in customer preferences more swiftly or more effectively than our competitors, or increased competition arising from new market participants, our business, results of operations and financial condition could be adversely affected.

Risks Relating to Foreign Exchange

The Group principally focuses on its business in the PRC. Except for bank deposits and trade receivables denominated in foreign currencies, the Group is not subject to any other material risk directly relating to foreign exchange fluctuations. During the year, the Directors expected that fluctuations of the RMB exchange rate would not materially and adversely affect the operations of the Group. The management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce foreign exchange risks.

Outbreak of Highly Infectious Diseases

The outbreak of COVID-19 since January 2020 in different parts of the world has posed significant adverse impact on global economy as a result of the community standstill, extensive disruption of business activities, travel lockdowns as well as the weakened consumer sentiment. The Group's operations, financial position and financial performance would inevitably be affected and the magnitude of impact remains uncertain as the situation is still evolving. The Company will continue to closely monitor the situation and assess and react actively to the impact of COVID-19 on the Group's operations and performance. The Company will also use its best endeavours to take every measure to protect the safety of its employees, tenants and customers while ensuring its operations is maintained at normal level.

EMPLOYEES AND REMUNERATION POLICIES

During the Reporting Period, the Group provided diversified training and personal development plans to its employees according to established human resources policies and systems. The remuneration package including basic salaries, allowances, bonuses, share award schemes and other employee benefits offered to the employees was determined by their duties and the prevailing market terms. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Staff benefits, including pension, medical coverage, and provident funds are also provided to employees of the Group.

As at 31 December 2022, the Group had 1,529 employees, of which the number of male and female employees are 1,158 and 371, respectively (accounted for 75.7% and 24.3% respectively), which representing an increase of 4.06% from 31 December 2021, the overall headcount of the Company remained stable.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there was no restriction against such rights under the laws of Cayman Islands.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Save as disclosed in the section "SHARE AWARD SCHEME", during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITOR

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

For and on behalf of the Board

Li Jun
Chief Executive Officer and Executive Director

Hangzhou, PRC,
17 March 2023

Corporate Governance Report

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code. Save as disclosed herein, the Company has been in compliance with the code provisions set out in the CG Code during the Reporting Period.

THE BOARD

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides direction to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference.

Delegation of Management Function

The major powers and functions of the Board include, but are not limited to, convening the general meetings, reporting its work at the general meetings, implementing the resolutions passed at the general meetings, considering and approving the operating plans and investment plans of the Company, formulating the Company's strategic development plans, formulating annual financial budgets and final accounts plans, formulating profit distribution plans and plans on making up losses, and exercising other powers and functions as conferred by the Memorandum and Articles of Association.

All Directors have full and timely access to all the information of the Company and advices from the joint company secretaries and senior management of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board is responsible for making decision with respect to the strategic plans, major investment decisions and other significant operational matters of the Company, while responsibilities with respect to the implementation of the decisions of the Board, day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions.

Composition of the Board

The Board currently comprises eight Directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. A list of members of the Board, their positions and dates of appointment, and each Director's biography have been set out in the section headed "Directors and Senior Management".

All Directors, including non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

Save as disclosed in the Prospectus and this annual report, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Directors.

Chairman and Chief Executive Officer

The CG Code requires that the roles of chairman and chief executive officer should be separated and not be performed by the same individual to ensure there is a clear division of responsibilities between the Board and the executives who run the business.

Mr. Guo Jiafeng is the chairman (the "**Chairman**") of the Company and Mr. Li Jun is the chief executive officer (the "**Chief Executive Officer**") of the Company. Their respective roles and responsibilities are clearly separated and set out in writing.

The Chairman is mainly responsible for setting the Company's direction in consultation with the Board and for the macro-oversight of the management. With the support of the Company Secretary and Corporate Governance Committee, the Chairman also takes primary responsibility to establish good corporate governance practices and procedures of the Company. The Chief Executive Officer, with the support of Executive Directors (who are in charge of different businesses and functional divisions in accordance with their respective areas of expertise), is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.

Independent Non-executive Directors

During the Reporting Period, the Company has three independent non-executive Directors in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors accounts for one third of the number of the Board members.

According to the Rule 3.13 of Listing Rules, the independent non-executive Directors have made confirmations to the Company regarding their independence during the Reporting Period. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during the Reporting Period.

The Company has established mechanisms to ensure independent views and input are available to the Board, including without limitation by reviewing that the independent non-executive Directors have appropriate qualifications and expertise from time to time with sufficient time commitment to the Group, that the number of independent non-executive Directors comply with the requirements of the Listing Rules, and that channels are established (including without limitation at Board meetings) to assess and evaluate the independent non-executive Directors' contribution and views. The implementation and effectiveness of such mechanisms will be reviewed by the Board on an annual basis. During the Reporting Period, the Board reviewed the implementation of the abovementioned mechanism and considered the mechanism to be appropriate and effective.

Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Memorandum and Articles of Association.

Each of the executive Directors have entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for a specific term of three years and subject to re-election pursuant to the Articles of Association where necessary. Either party has the right to give not less than two months' written notice to terminate the agreement.

Each of the non-executive Directors has entered into an appointment letter with the Company for a specific term of three years and subject to re-election pursuant to the Articles of Association where necessary, unless it is terminated in accordance with the terms and conditions of the appointment letter or by not less than one months' notice in writing served by either party on the other at any time.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a specific term of three years and subject to re-election pursuant to the Articles of Association where necessary, unless it is terminated in accordance with the terms and conditions of the appointment letter or by not less than three months' notice in writing served by either party on the other at any time.

In accordance with the Memorandum and Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. Any Director appointed as an addition to the existing Board shall hold office only until the following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 16.19 of the Memorandum and Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than onethird, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. Accordingly, Mr. Zhang Yadong, Mr. Li Jun, Mr. Lin Sanjiu and Mr. Wang Junfeng will retire by rotation at the 2022 AGM and, being eligible, offer themselves for re-election.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for the Directors to conduct securities transactions. After making specific enquiry to all the Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company have from time to time updated and provided written training materials relating to the roles, functions and duties of a director.

During the Reporting Period, all Directors has attended training session arranged by the Company which was provided by the professional advisers relating to the continuing obligations of listed companies and its directors, disclosure obligations of listed companies and update on the Listing Rules which was provided by the professional advisers.

A summary of training received by the Directors for the year ended 31 December 2022 is set out as follows:

Name of Directors	Training(1)
Mr. Guo Jiafeng	√
Mr. Zhang Yadong	√
Mr. Li Jun	√
Mr. Lin Sanjiu	√
Mr. Lin Zhihong	√
Dr. Ding Zuyu	√
Mr. Chan Yan Kwan Andy	√

Note:

(1) Attended training arranged by the Company or other external parties or read legal and regulatory updates and other reference materials relating to, among others, Directors' duties and responsibilities, corporate governance and Listing Rules requirements.

The joint company secretaries have also attended the training on the best practices of performing the duties of company secretary.

LIABILITY INSURANCE OF DIRECTORS AND SENIOR MANAGEMENT

The Company has purchased insurances for all Directors and members of the senior management to minimize risks that may be incurred in their normal performance of responsibilities.

DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the financial year ended 31 December 2022.

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as necessary to enable the Board to make an informed assessment for approving the financial statements.

BOARD MEETINGS AND GENERAL MEETING

During the period from the Listing Date to 31 December 2022, the Company held a total of four Board meetings. The Company has fully complied with the requirement under the code provision C.5.1 of the CG Code to convene Board meetings at least four times a year at approximately quarterly intervals.

The attendance of the above meetings by each Director is as follows:

Name of Directors	Board meetings attended/Eligible to attend
Mr. Guo Jiafeng	4/4
Mr. Zhang Yadong	4/4
Mr. Li Jun	4/4
Mr. Lin Sanjiu	4/4
Mr. Lin Zhihong	4/4
Dr. Ding Zuyu	4/4
Mr. Chan Yan Kwan Andy	4/4

Notices for all regular Board meetings and the agendas and accompanying Board papers will be given to all Directors at least three days before the meetings in order that they have sufficient time to review the papers. Minutes of meetings are maintained by the joint company secretaries with copies circulated to all Directors or Board committee members for information and records. Directors who have conflicts of interest in a Board resolution have abstained from voting for such resolution.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board committee meeting are sent to the Directors/Board committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director may seek independent professional advice at the Company's expense after making reasonable request to the Board.

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of three independent non-executive directors, namely Mr. Chan Yan Kwan Andy, Mr. Lin Zhihong and Dr. Ding Zuyu. Mr. Chan Yan Kwan Andy, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are:

- to propose the appointment or dismissal of the external auditor of the Company, and approve the remuneration and terms of engagement of the external auditor;

- to discuss with the external auditor the nature and scope of the audit and relevant reporting obligations and to facilitate communications and monitor the relationship between the internal audit department and the external accounting firm;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- to monitor integrity of the Company's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant reporting judgments contained therein;

- to review the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with the senior management;

- to review the Company's financial and accounting policies and practices; and

- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

During the reporting period, the Audit Committee held two meetings, at which (i) the Group's annual results for 2021 were reviewed and considered with the external auditors; (ii) the Group's interim results for 2022 were reviewed and considered; (iii) the adequacy and effectiveness of the Group's risk management procedures and internal control system covering all material controls, including financial, operational and compliance controls were evaluated.

Code provision D.3.3(e)(i) of the CG Code provides that the terms of reference of the Audit Committee shall have the terms that the members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the auditor. The Company has included such terms in relevant terms of reference, and thus complied with the Code provision D.3.3(e)(i) of the CG Code since the Company's listing.

The attendance of the meetings by each member is as follows:

Name of Directors	Meeting attended/Eligible to attend
Mr. Chan Yan Kwan Andy	2/2
Mr. Lin Zhihong	2/2
Dr. Ding Zuyu	2/2

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of three independent non-executive directors, namely Dr. Ding Zuyu, Mr. Lin Zhihong and Mr. Chan Yan Kwan Andy. Dr. Ding Zuyu currently serves as the chairwoman of the Remuneration Committee.

The primary duties of the Remuneration Committee are:

- to make recommendations to the Board on the Company's remuneration policy and structure for the Directors and senior management and on the establishment of formal and transparent procedures for developing remuneration policy;
- to review the remuneration of individual executive Directors, senior management and non-executive Directors;
- to review the Company's policy on expense reimbursements for the Directors and senior management;
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

During the reporting period, the Remuneration Committee held two meetings, at which (i) the performance and remuneration package of the executive Directors and senior management of the Company were reviewed; (ii) the remuneration package of the independent non-executive Directors was reviewed; and (iii) the proposed grant of award shares to connected persons under the 2022 Share Award Scheme were reviewed.

The attendance of the meetings by each member is as follows:

Name of Directors	Meetings attended/Eligible to attend
Dr. Ding Zuyu	2/2
Mr. Lin Zhihong	2/2
Mr. Chan Yan Kwan Andy	2/2

Pursuant to the code E.1.5 of the CG Code, the following table sets forth the total remuneration of the Directors and members of senior management categorized by remuneration group for the year ended 31 December 2022:

The emoluments of the five highest paid individuals were within the following bands:

Remuneration group	Year ended 31 December 2022 Number of employees	2021 Number of employees
HKD5,500,001 to HKD6,000,000	–	1
HKD6,500,001 to HKD7,000,000	–	1
HKD7,500,001 to HKD8,000,000	1	–
HKD8,000,001 to HKD8,500,000	–	1
HKD8,500,001 to HKD9,000,000	–	1
HKD9,500,001 to HKD10,000,000	2	–
HKD11,000,001 to HKD11,500,000	1	1
HKD14,000,001 to HKD14,500,000	1	–
	5	5

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules are set out in note 11 to the financial statements.

Nomination Committee

The Nomination Committee consists of three independent non-executive Directors, namely Mr. Lin Zhihong, Mr. Chan Yan Kwan Andy and Dr. Ding Zuyu. Mr. Lin Zhihong currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are:

- to formulate procedures and standards for the election of Directors and senior management, and make recommendations to the Board on the proposed procedures and standards;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession plans for Directors, in particular the Chairman and the Chief Executive Officer;
- to assess the independence of independent non-executive Directors;
- to preliminarily examine the eligibility of candidates for directorship;
- to recommend to the Board concerning the membership of the Company's audit and remuneration committees, in consultation with the chairmen of those committees; and

- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

One Nomination Committee meeting was held during the Reporting Period, at which (i) the structure, size and composition of the Board were reviewed ; (ii) the continued independence of each INEDs were assessed; and (iii) Considered the re-election of Directors.

According to the Nomination Policy, in evaluating and selecting any candidate for directorship, the Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

Board Diversity Policy

The Board has adopted the Board Diversity Policy. In designing the Board's composition, the Nomination Committee has considered Board diversity from a number of aspects, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

It also believes the Board has a well-balanced cultural background, educational background, industry experience and professional experience where members of the Board have diversified branch of learning and working experience in different countries and regions.

The Company will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices. The Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board. The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance. The Company is of the view that such strategy will offer chances for the Board to identify capable female employees to be nominated as a member of the Board in the future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run. The Nomination Committee will use its best endeavors and on suitable basis, before 31 December 2024, to identify and recommend at least one female candidate to our Board for its consideration on appointment of a Director with the goal to have at least one female Director in our Board, subject to the Directors (i) being satisfied with the competence and experience of the relevant candidate based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of the Company and its Shareholders as a whole when considering the appointment. The Company believes that such merit-based selection process with reference to the diversity policy and the nature of our business will be in the best interests of the Company and its Shareholders as a whole.

In addition, as at 31 December 2022, the Group had 1,529 employees, of which the number of male and female employees are 1,158 and 371, respectively (accounted for 75.7% and 24.3% respectively), which representing an increase of 4.06% from 31 December 2021, the overall headcount remained stable.

CORPORATE GOVERNANCE FUNCTION

The Board recognizes that corporate governance should be the collective responsibility of Directors which include:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

JOINT COMPANY SECRETARIES

Ms. Zhang Panpan ("**Ms. Zhang**") and So Shuk Yi Betty ("**Ms. So**") act as the joint company secretaries of the Company.

Ms. Zhang is the secretary of the Board and is primarily responsible for capital markets affairs and corporate governance of the Company. Ms. Zhang joined the Company in September 2011 and served several positions through front line project management, including planning management in the operation center, financial services in the financial and capital center, and strategic management in the development center of the group and led the listing process of the Company. Ms. Zhang obtained her Executive MBA degree in China Europe International Business School.

Ms. Zhang is the primary contact person of Ms. So at the Company. During the Reporting Period, Ms. Zhang and Ms. So actively participated in studies and updated their professional knowledge related to the Listing Rules and corporate governance to continuously improve their professional skills as company secretaries. They had complied with the requirements on taking no less than 15 hours of relevant professional training as set out in Rule 3.29 of the Listing Rules.

AUDITOR

Financial statements contained in this report have been audited by Deloitte Touche Tohmatsu.

Service fees which shall be paid by the Company to Deloitte Touche Tohmatsu for the year ended 31 December 2022 amounted to RMB5,975,000 (excluding value added tax and other related tax).

Service rendered	RMB
Audit service	3,530,000
Non-audit services	2,445,000
Total	**5,975,000**

Note: Non-audit services primarily comprise advisory services.

The statement of the external auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report" on pages 61 to 66.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests and reviewing the effectiveness of the Group's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis. The Company implements and strictly enforces procedures on inside information according to the relevant procedures stated under the Guidelines on Disclosure of Inside Information.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis so as to identify, evaluate and manage significant risks in a timely manner.

During the year ended 31 December 2022, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate. The review was conducted through discussions with the management of the Company, its external and internal auditors and the assessment performed by the Audit Committee. The Board believes that the existing risk management and internal control systems are adequate and effective, in particular, for financial reporting and Listing Rules compliance as well as for resolving internal control defects (if any).

INVESTOR RELATIONS

General Meetings and Shareholders' Rights

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meetings as such in the notices calling them.

The extraordinary general meetings are convened irregularly. In accordance with the Memorandum and Articles of Association, an extraordinary general meeting shall be convened either by the Board or on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or any one of the joint company secretaries for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions in the Memorandum and Articles of Association or in the Companies Law of the Cayman Islands for putting forward proposals of new resolutions by shareholders at general meetings. shareholder(s) who wish to move a resolution may request the Company to convene an extraordinary general meeting in accordance with the procedures set out in the preceding paragraph. For proposing a person for election as a Director, please refer to the "Procedures for shareholders to Nominate a Person for Election as a Director" posted on the Company's website.

Communication with Shareholders and Investors

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

To promote effective communication, the Company makes up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information available in the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lcgljt.com) for public access.

The general meetings of the Company provide a forum and an important channel for communication between the Board and the shareholders. The chairman of the Board as well as chairmen of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees, where applicable, are available normally at the annual general meetings and other relevant shareholder meetings to answer questions. Shareholders are also encouraged to attend general meetings held by the Company and are invited to express their views and raise questions thereat.

The Company has set up an effective communication channel with investors. It carries out investor relationship maintenance work under the principles of openness and fairness and with a proactive attitude while conforming to the rules. During the Reporting Period, the Company disclosed information truly, accurately, completely and timely according to the laws, regulations and regulatory requirements to ensure that investors would know the important matters of the Company in a timely manner, thus protecting the investors' interests to the greatest extent.

Shareholders should direct their inquiries about their shareholdings to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong. Investors may also write to the Company at its principal place of business in Hong Kong or China for any enquiries.

The Company sets out the following contact details for shareholders to communicated with the Company:

Mailing address:	9/F, Block C, Xixi International, 767 Wen Yi West Road, Xihu District, Hangzhou, Zhejiang, the PRC
Telephone number:	86 (0571) 8795 8738
E-mail:	9979ir@chinagreentown.com

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

A copy of the Memorandum and Articles of Association is available on the website of the Company and the Stock Exchange. During the year ended 31 December 2022 and up to the date of this annual report, there was no significant change in constitutional documents of the Company.

Reference is made to the announcement of the Company dated 17 March 2023. The Board proposes to amend the Memorandum and Articles of Association for the purposes of, among others, (i) bringing the articles of association of the Company in line with amendments made to Appendix 3 to the Listing Rules and applicable laws of the Cayman Islands; and (ii) making other consequential and housekeeping changes. The Board proposes to amend the Memorandum and Articles of Association by way of adoption of the new Memorandum and Articles of Association in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association. Details are set out in the Company's circular dated 21 April 2023.

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greentown Management Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 218, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on project management service	
We identified the revenue recognition on project management service as a key audit matter due to the significant judgements exercised by the management to i) determine the budgeted schedule and total staff costs to calculate the percentage of completion for revenue from project management service recognised over time; and ii) determine the estimated total project management fee including variable consideration embedded in the project management contracts. As disclosed in Note 4 to the consolidated financial statements, the Group recognises project management revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date using input method, measured based on the staff costs of who assigned by the Group to each project incurred up to the end of each reporting period as a percentage of total estimated staff costs for each project. For project management contracts that contain variable consideration which is based on the future sales amount to be realised by the project owners, the management of the Group estimates the amount of variable consideration to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved, using the most likely amount, measured based on the estimated selling price in the ordinary course of business.	Our procedures in relation to revenue recognition on project management service included: • Understanding the management's processes and internal control designed and implemented by the management in estimating the percentage of completion for revenue from project management service recognised over time, comprising the determination of total project management fee including variable consideration, the determination of budgeted schedule and total staff costs, and the internal control designed to monitor the progress of project on an ongoing basis; • Testing the operating effectiveness of relevant internal controls of selected samples of particular project budgeting process including the estimation of the total project management fee and the staff costs throughout the duration of the selected projects, and the processes to update the budget based on the latest project status; • Performing substantive tests on selected project samples basis to:

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on project management service	
Accordingly, significant judgments and estimations are required in determining the completeness of the estimated total costs, the accuracy of progress towards complete satisfaction of the performance obligation and the accuracy of the amount of variable consideration recognised at the reporting date. As disclosed in Note 5 to the consolidated financial statements, the revenue recognised from project management service is RMB2,615,527,000 for the year ended 31 December 2022 (2021: RMB2,207,198,000).	i) assess the reasonableness of budgeted schedule and total estimated staff costs to determine the estimated percentage of completion by comparing, the budgeted staff costs to the staff assignment schedule confirmed by the project owners. Our audit procedures include (a) sending confirmation to the project owners of selected projects to check the staff assignment schedule, including the number of staffs assigned, and their title during the project duration; (b) checking the actual staff costs incurred up to the reporting date; and (c) checking the assigned staff salaries with the approved standard salary policy of the Group; and ii) assess the accuracy of estimated total project management fee including the estimated variable consideration embedded in the project management contracts, by obtaining the relevant supporting documents including the signed project management contracts, approved sales forecast or pre-sale information of the selected projects subjected to the estimates made by the management; and • Performing retrospective review on: i) the management estimation of the total project management fee, on a selected sample basis, by comparing the actual unit price referred to the sales contract information from the project owners with the estimated unit price applied in previous management estimation; and ii) the management estimation of the budgeted project costs, on a selected sample basis, by comparing the actual project staff costs incurred during the year with the estimated staff costs in the previous budgeted project costs schedule.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism 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 those charged with governance 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 those charged with governance 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 those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter 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 the independent auditor's report is ZHOU SZE.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	Year ended 31 December 2022 RMB'000	2021 RMB'000
Revenue	5	**2,655,992**	2,243,158
Cost of services		**(1,267,385)**	(1,202,500)
Gross profit		**1,388,607**	1,040,658
Other income	6	**166,246**	116,322
Other gains and losses	7	**(49,114)**	2,222
Selling and marketing expenses		**(120,195)**	(92,761)
Administration expenses		**(488,643)**	(378,047)
Finance costs	8	**(6,922)**	(5,847)
Impairment losses under expected credit loss model, net of reversal	9	**(22,516)**	(11,083)
Loss from changes in fair value of investment properties	18	**(1,315)**	(1,685)
Gain on acquisition of subsidiaries	33	**–**	521
Gain on disposal of an associate	20	**420**	–
Share of results of associates	20	**8,102**	(660)
Share of results of joint ventures	21	**49,931**	52,602
Profit before tax	10	**924,601**	722,242
Income tax expense	12	**(189,236)**	(151,577)
Profit for the year		**735,365**	570,665
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Fair value (loss) gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax		**(24,984)**	5,512
Total comprehensive income for the year		**710,381**	576,177
Profit (loss) for the year attributable to:			
Owners of the Company		**744,544**	565,224
Non-controlling interests		**(9,179)**	5,441
		735,365	570,665
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**719,560**	570,736
Non-controlling interests		**(9,179)**	5,441
		710,381	576,177
EARNINGS PER SHARE			
– Basic (RMB)	14	**0.38**	0.29
– Diluted (RMB)	14	**0.38**	0.29

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	As at 31 December 2022 RMB'000	2021 RMB'000
Non-Current Assets			
Property, plant and equipment	15	**109,328**	102,082
Intangible assets	16	**412,354**	–
Right-of-use assets	17	**18,573**	16,516
Investment properties	18	**45,641**	46,956
Goodwill	19	**981,761**	769,241
Interests in associates	20	**79,962**	70,382
Interests in joint ventures	21	**236,821**	173,644
Equity instruments at FVTOCI	22	**67,430**	100,742
Other long-term receivables	23	**265,165**	238,000
Deferred tax assets	24	**27,529**	18,431
Deposits for acquisition of properties	43	**59,192**	7,080
		2,303,756	1,543,074
Current Assets			
Trade and other receivables	25	**823,930**	748,847
Contract assets	26	**573,892**	482,412
Financial assets at fair value through profit or loss ("FVTPL")	27	**75,430**	75,031
Amounts due from related parties	39(ii)	**298,289**	240,049
Property classified as held for sale	18	**–**	4,600
Pledged bank deposits	28	**152,923**	12,502
Bank balances and cash	28	**1,933,099**	2,137,648
		3,857,563	3,701,089
Current Liabilities			
Trade and other payables	29	**1,173,275**	943,066
Amounts due to related parties	39(ii)	**221,366**	245,962
Income tax payable		**217,264**	179,070
Other taxes payable		**34,556**	85,504
Contract liabilities	30	**432,867**	384,863
Lease liabilities	31	**7,870**	5,422
		2,087,198	1,843,887
Net Current Assets		**1,770,365**	1,857,202
Total Assets Less Current Liabilities		**4,074,121**	3,400,276

	Notes	As at 31 December 2022 RMB'000	2021 RMB'000
Capital and Reserves			
Share capital	32	**16,769**	16,324
Reserves		**3,722,434**	3,324,936
Equity attributable to owners of the Company		**3,739,203**	3,341,260
Non-controlling interests		**133,825**	30,451
Total Equity		**3,873,028**	3,371,711
Non-Current Liabilities			
Deferred tax liabilities	24	**103,088**	18,795
Lease liabilities	31	**9,138**	9,770
Financial liabilities at FVTPL	33	**88,867**	–
		201,093	28,565
		4,074,121	3,400,276

The consolidated financial statements on page 67 to 218 were approved and authorised for issue by the directors of the Company on 17 March 2023 and are signed on its behalf by:

Li Jun	**Lin Sanjiu**
DIRECTOR	DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Equity attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (Note i)	Shares held for share award scheme RMB'000 (Note 32)	Merge reserve RMB'000 (Note ii)	Special reserve RMB'000 (Note iii)	FVTOCI reserve RMB'000	Share-based payments reserve RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021	16,324	2,961,194	125,997	(99,910)	(1,470,994)	79,384	50,882	1,520	1,410,802	3,075,199	27,010	3,102,209
Profit for the year	–	–	–	–	–	–	–	–	565,224	565,224	5,441	570,665
Other comprehensive income for the year	–	–	–	–	–	–	5,512	–	–	5,512	–	5,512
Total comprehensive income for the year	–	–	–	–	–	–	5,512	–	565,224	570,736	5,441	576,177
Transfer to statutory reserve	–	–	75,254	–	–	–	–	–	(75,254)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	22,128	–	22,128	–	22,128
Vesting of share awards	–	(27,538)	–	41,644	–	–	–	(14,106)	–	–	–	–
Dividends recognised as distribution (Note 13)	–	–	–	–	–	–	–	–	(326,803)	(326,803)	–	(326,803)
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(2,000)	(2,000)
Liquidation of a subsidiary	–	–	(2,500)	–	–	–	–	–	2,500	–	–	–
At 31 December 2021	16,324	2,933,656	198,751	(58,266)	(1,470,994)	79,384	56,394	9,542	1,576,469	3,341,260	30,451	3,371,711
Profit (loss) for the year	-	-	-	-	-	-	-	-	744,544	744,544	(9,179)	735,365
Other comprehensive expense for the year	-	-	-	-	-	-	(24,984)	-	-	(24,984)	-	(24,984)
Total comprehensive income (expense) for the year	-	-	-	-	-	-	(24,984)	-	744,544	719,560	(9,179)	710,381
Transfer to statutory reserve	-	-	95,416	-	-	-	-	-	(95,416)	-	-	-
Issue of ordinary shares	445	-	-	(445)	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	65,805	-	65,805	-	65,805
Vesting of share awards	-	(21,100)	-	34,869	-	-	-	(13,769)	-	-	-	-
Dividends recognised as distribution (Note 13)	-	-	-	-	-	-	-	-	(387,422)	(387,422)	-	(387,422)
Acquisition of a subsidiary (Note 33)	-	-	-	-	-	-	-	-	-	-	143,048	143,048
Dividends declared to non-controlling interests (Note iv)	-	-	-	-	-	-	-	-	-	-	(27,295)	(27,295)
Liquidation of subsidiaries (Note iv)	-	-	(1,246)	-	-	-	-	-	1,246	-	(3,200)	(3,200)
At 31 December 2022	16,769	2,912,556	292,921	(23,842)	(1,470,994)	79,384	31,410	61,578	1,839,421	3,739,203	133,825	3,873,028

Notes:

(i) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), they are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(ii) The merge reserve mainly represents:

(a) the changes in equity attributable to owners of the Company arisen from acquisition of subsidiaries under common control from Greentown China Holdings Limited ("Greentown China") for reorganisation purpose. The changes are calculated based on the difference between the book value of the net assets recognised from the ultimate holding shareholder and the fair value of consideration paid for acquisition under common control;

(b) the changes in equity attributable to owners of the Company arisen from acquisition of non-controlling interests. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid for the acquisition of non-controlling interests;

(c) the deemed distribution to shareholders arisen from the acquisition of associates at the consideration without commercial substance. The changes are calculated based on the difference between the fair value of the interests in associates acquired at acquisition date and the fair value of the consideration paid for acquisition of such associates;

(d) the deemed contribution from shareholder arisen from the disposal of an associate at the consideration without commercial substance. The change is calculated based on the difference between the carrying amount of the interest in an associate disposed at disposal date and the fair value of the consideration received for disposal of such associate.

(iii) The special reserve represents capital contribution and retained earnings in Greentown Construction Management Co., Ltd. 綠城建設管理集團有限公司 ("Greentown Construction Management") by the then shareholders of the combining entities before the group reorganisation.

(iv) Shanghai Bluetown Lianjie Construction Management Co., Ltd. 上海藍城聯捷建設管理有限公司 and Shanghai Greentown Lianjie Construction Management Co., Ltd. 上海綠城聯捷建設管理有限公司, are subsidiaries of the Group with the same non-controlling interests, which were liquidated in 2022. These subsidiaries declared total dividends of RMB26,857,000 and returned capital refund of RMB3,000,000 to their non-controlling interests before the liquidation, of which RMB29,239,000 were offset by outstanding other receivables from such non-controlling interests and the remaining RMB618,000 had not been paid as at 31 December 2022.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit for the year	**735,365**	570,665
Adjustments for:		
Income tax expense	**189,236**	151,577
Finance costs	**6,922**	5,847
Exchange (gain) loss	**(1,435)**	6,483
Interest income	**(76,739)**	(99,986)
Dividends from equity instruments at FVTOCI	**(22,000)**	(5,000)
Share of results of associates	**(8,102)**	660
Share of results of joint ventures	**(49,931)**	(52,602)
Depreciation of property, plant and equipment	**15,553**	14,322
Amortisation of intangible assets	**53,363**	–
Depreciation of right-of-use assets	**8,368**	10,661
Impairment losses under expected credit loss model, net of reversal	**22,516**	11,083
Share-based payment expenses	**65,805**	22,128
Gain on disposal/retirement of property, plant and equipment	**(103)**	(1,196)
Loss (gain) on disposal of investment properties	**452**	(348)
Gain on early termination of leases	**(18)**	(668)
Loss from changes in fair value of investment properties	**1,315**	1,685
Gain on fair value changes of financial assets at FVTPL	**(11,455)**	(6,297)
Loss on fair value changes of financial liabilities at FVTPL	**61,774**	–
Net gain on acquisition of subsidiaries	**–**	(521)
Net gain on disposal of an associate	**(420)**	–
Operating cash flows before movements in working capital	**990,466**	628,493
(Increase) decrease in trade and other receivables	**(145,993)**	100,867
Increase in contract assets	**(99,435)**	(171,056)
Increase in amounts due from related parties	**(11,297)**	(25,119)
Increase in trade and other payables	**146,868**	124,295
(Decrease) increase in amounts due to related parties	**(20,010)**	45,161
Increase (decrease) in contract liabilities	**48,004**	(17,556)
Cash generated from operations	**908,603**	685,085
Income tax paid	**(183,948)**	(119,429)
NET CASH FROM OPERATING ACTIVITIES	**724,655**	565,656

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
INVESTING ACTIVITIES			
Interests received		**62,930**	98,394
Dividends received		**33,273**	43,375
Proceeds on disposal of property, plant and equipment		**1,338**	2,407
Proceeds on disposal of investment properties		**11,228**	1,577
Proceeds from disposal of an associate		**1,000**	–
Investments in associates		**(2,000)**	(4,000)
Investments in joint ventures		**(31,530)**	(82,240)
Purchases of property, plant and equipment		**(27,586)**	(20,708)
Payment for right of use assets		**(1,173)**	–
Payments for rental deposits		**(217)**	(365)
Payment for arrangement fee for other long-term receivables		**(434)**	(640)
Advance of other long-term receivables		**(260,000)**	(270,000)
Repayment from other long-term receivables		**57,000**	32,000
Advance of loans to related parties		**(67,500)**	(22,185)
Repayment from loans to related parties		**7,800**	11,885
Advance of loans to third parties		**(40,000)**	(282,000)
Repayment from loan to third parties		**255,000**	53,000
Net cash (outflow) inflow on acquisition of subsidiaries	33	**(400,000)**	8,235
Withdraw of pledged bank deposits		**7,340**	3,870
Placement of pledged bank deposits		**(147,761)**	(540)
Proceeds from disposal of financial assets at FVTPL		**421,056**	1,615,420
Purchases of financial assets at FVTPL		**(410,000)**	(1,684,154)
NET CASH USED IN INVESTING ACTIVITIES		**(530,236)**	(496,669)

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Dividends paid	**(388,099)**	(332,530)
Interest paid	**(4,686)**	(3,757)
Capital refund to the non-controlling interests	**(200)**	–
Repayments of lease liabilities	**(7,418)**	(10,904)
Advance from related parties	**–**	25,000
NET CASH USED IN FINANCING ACTIVITIES	**(400,403)**	(322,191)
Effect of foreign exchange rate changes	**1,435**	(6,483)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(204,549)**	(259,687)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,137,648**	2,397,335
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,933,099**	2,137,648

1. GENERAL

The Company was established in the Cayman Islands as an exempted company with limited liability on 12 December 2016. The address of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" of the annual report. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 10 July 2020. The immediate and ultimate holding company of the Company is Greentown China, a company listed on the Main Board of the Stock Exchange and incorporated in the Cayman Islands.

The Company is an investment holding company. The principal activity of the Group is to provide project management services.

The functional currency of the Company is Renminbi ("RMB"), which is the same as the presentation currency of the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1	Non-current Liabilities with Covenants[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (CONTINUED)

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in Note 3 to the consolidated financial statements, the Group applies IAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting periods beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB18,573,000 and RMB17,008,000 respectively, in which the Group will recognise the related deferred tax assets and deferred tax liabilities of RMB3,684,000 and RMB4,081,000 respectively. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the earliest comparative period presented.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties which are measured at fair value, and explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of preparation of consolidated financial statements (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Basis of consolidation *(Continued)*

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries (Continued)

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

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction- by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Business combinations or asset acquisitions *(Continued)*

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting* issued by International Accounting Standards Board in March 2018 (the "Conceptual Framework") except for transactions and events within the scope of IAS 37 or IFRIC 21, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Business combinations or asset acquisitions *(Continued)*

Business combinations (Continued)

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Business combinations or asset acquisitions *(Continued)*

Business combinations (Continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statement items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Investments in associates and joint ventures *(Continued)*

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Investments in associates and joint ventures *(Continued)*

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Acquisition of additional interests in associates or joint ventures

When the Group increases its ownership interest in an associate or a joint venture but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates or joint ventures acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 which continue to be measured in accordance with the accounting policies as set out in respective sections.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers *(Continued)*

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For project management contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers *(Continued)*

Contracts with multiple performance obligations (including allocation of transaction price) (Continued)

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers *(Continued)*

Existence of significant financing component

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leasing

Definition of a lease

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

For contracts entered into or modified or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles and equipments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leasing *(Continued)*

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leasing *(Continued)*

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leasing *(Continued)*

The Group as a lessee (Continued)

Lease modifications *(Continued)*

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivables, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

The Group as a lessor

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Leasing *(Continued)*

The Group as a lessor (Continued)

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

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.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants are presented under "other income".

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Share-based payments

Equity-settled share-based payments transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to "shares held for share award scheme" and "share premium".

Modification to the terms and conditions of the share-based payment arrangements

If the modification reduces the total fair value of the share-based arrangement or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Taxation *(Continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment, including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Investment properties *(Continued)*

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand, and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Contingent assets/liabilities

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

Contingent liabilities

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

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments *(Continued)*

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments *(Continued)*

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, amounts due from related parties, other long-term receivables, pledged bank deposits and bank balances and cash) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and trade related amounts due from related parties. The ECL on these assets are assessed individually for debtors with significant balances or credit-impaired and collectively using a provision matrix with debtors' aging as groupings of various debtors that have similar loss patterns for these assets which are individually insignificant.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(i) Significant increase in credit risk *(Continued)*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor 's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

***Financial instruments** (Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(i) Significant increase in credit risk *(Continued)*

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk because the counterparties with high credit ratings assigned by international credit-rating agencies or with a good reputation.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower 's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables, contract assets and trade related amounts due from related parties using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Lifetime ECL for certain trade receivables, contract assets and trade related amounts due from related parties are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(v) Measurement and recognition of ECL *(Continued)*

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, trade related amounts due from related parties and other long-term receivables as well as contract assets where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments *(Continued)*

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 Business Combinations applies, (ii) held for trading or (iii) it is designated as at FVTPL.

The financial liability at FVTPL held by the Group is the contingent consideration arising from the acquisition of a subsidiary, which is regarded as a business combination applied IFRS 3.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Significant accounting policies (Continued)

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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

Determination of percentage of completion for revenue recognised over time

The Group recognises project management revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date using input method, measured based on the staff costs of who assigned by the Group to each project incurred up to the end of each reporting period as a percentage of total estimated staff costs for each project. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has budgeted project schedule and total estimated staff costs for each project in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of staffs. The Group recognised project management revenue over time amounted to RMB2,615,527,000 for the year ended 31 December 2022 (2021: RMB2,207,198,000).

Estimated variable consideration in connection to project management contracts

For project management contracts that contain variable consideration which is based on the future sales amount to be realised by the project owners, the management of the Group estimates the amount of variable consideration to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved, using the most likely amount, measured based on certain percentages on the estimated selling price in the ordinary course of business. The Group has a process to monitor each project sales performance, and the management of the Group relies on the latest information obtained and their past industry experience to review and update the most likely future sales amount to determine the total project management fee periodically.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Useful lives and amortisation of the intangible assets arising from the acquisition of a subsidiary

The intangible assets of the Group are the contractual rights from the project management contracts arising from a business combination. The estimates of useful lives of the intangible assets are determined based on the estimated remaining periods of certain project management contracts acquired from the acquisition, over which the contractual rights are expected to generate net cash inflows for the Group. The estimated useful lives of the intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate, including the conditions and working progress of certain project management contracts. The Group will revise the amortisation charges where useful lives are different from that of previously estimated on a prospective basis. Periodic review could result in a change in useful lives and therefore amortisation expenses in future periods. As at 31 December 2022, the estimated useful lives of the intangible assets from the acquisition are eight years.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit ("CGU") to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The key assumptions that are used in the calculation of the value in use of the CGU include i) annual sale growth rate for first five years/incremental contract growth rate for first five years; ii) gross margin rate; iii) pre-tax discount tax, and iv) long-term growth rate. Where the actual future discounted cash flows are less than expected, or change in facts and circumstances which results in downward revision of future discounted cash flows, a material impairment loss may arise. The carrying amount of goodwill as at 31 December 2022 were RMB981,761,000 (net of accumulated impairment loss of RMB nil) (2021: RMB769,241,000 (net of accumulated impairment loss of RMB nil)). Details of the impairment loss calculation are set out in Note 19.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers is as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue recognised overtime:		
Commercial project management	**1,669,429**	1,477,635
Governmental project management	**781,054**	571,759
Others (Note)	**205,509**	193,764
	2,655,992	2,243,158

Note: Revenue from other services include (i) project management service provided for certain governmental projects amounting to RMB165,044,000 (2021: RMB157,804,000), which were tendered by the subsidiaries of Greentown China and managed by the Group as the Group did not obtain the grade 1 qualification for real estate development prior to August 2020. Such arrangements are no longer entered by the Group since the grade 1 qualification was obtained by the Group in August 2020. As a result, the Group presented the revenue from certain projects as "others" in the disaggregation of revenue; and (ii) construction design and other consulting service amounting to RMB40,465,000 (2021: RMB35,960,000). Revenue from each of other service is less than 10% of the total revenue of the Group during both years. Therefore, all other services are aggregated into one reportable segment as below.

(ii) Performance obligations for contracts with customers

Commercial and governmental project management service

The Group provides project management service to commercial and government customers. Such services are recognised as a performance obligation satisfied over time as the customers simultaneously receive and consume the benefits provided by the Group's project management service. Revenue for these project management services are recognised over time on input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

For those projects in the early stage which the Group is not able to reasonably determine the outcome of the performance obligation or its progress toward satisfaction of that obligation, the Group recognises revenue for these project management services over time based on the work which is performed, but only to the extent of costs incurred as long as the Group expects to at least recover its costs.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(ii) Performance obligations for contracts with customers (Continued)

Commercial and governmental project management service *(Continued)*

The commercial and governmental project management service fees are invoiced to the clients periodically on an agreed-upon payment schedule and/or milestone between the customers and the Group. The Group recognised a contract asset over the period in which the commercial and governmental project management service are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. Contract asset is transferred to trade receivables at the point at which the rights become unconditional. Payments received before the related service is performed are included in the consolidated statement of financial position as contract liabilities.

For commercial and governmental project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The Group does not consider the advance payments pertain to commercial and governmental project management service to have contained significant financing component since the period between payment and transfer of the associated services is less than one year.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and 2021, and the expected timing of recognising revenue are as follows respectively:

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers (Continued)

As at 31 December 2022

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000
Within one year	**1,718,704**	**765,836**	**105,568**
More than one year	**8,887,157**	**967,582**	**80,844**
	10,605,861	**1,733,418**	**186,412**

As at 31 December 2021

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000
Within one year	1,386,099	785,495	196,043
More than one year	7,254,701	947,069	233,698
	8,640,800	1,732,564	429,741

These amounts disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and all of the Group's consolidated assets are located in the PRC.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resource allocation and performance assessment.

The Group's reportable segments under IFRS 8 Operating Segments are as follows:

1 Commercial project management – provide property development management service to project owner

2 Governmental project management – provide property development management service to government on resettlement housing property development projects and public infrastructure

3 Others (including (i) project management service provided for certain governmental projects tendered by the Group before the grade 1 qualification was obtained by the Group in August 2020, and (ii) construction design and other consulting service, etc.)

For the commercial project management service, the CODM reviews the financial information of each commercial project management service project, hence each commercial project management service project constitutes a separate operating segment. However, the commercial project management service projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all commercial project management service projects are aggregated into one reportable segment for segment reporting purposes.

For the governmental project management service, the CODM reviews the financial information of each governmental project management service project, hence each governmental project management service project constitutes a separate operating segment. However, the governmental project management service projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all governmental project management service projects are aggregated into one reportable segment for segment reporting purposes.

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information (Continued)

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of associates and joint ventures, but exclude certain other income, fair value changes in financial assets mandatorily measured at FVTPL, administrative expenses, finance costs, exchange gains and losses and licensing fee. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in Note 3.

An analysis of the Group's revenue and results by reportable segment is as follows:

For the year ended 31 December 2022

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue						
External revenue	1,669,429	781,054	205,509	2,655,992	–	2,655,992
Inter-segment revenue	51,849	557,968	3,552	613,369	(613,369)	–
Total	1,721,278	1,339,022	209,061	3,269,361	(613,369)	2,655,992
Segment results	611,534	89,642	90,988	792,164	438	792,602
Unallocated other income						28
Unallocated gain from changes in fair value of financial assets mandatorily measured at FVTPL						8,831
Unallocated administrative expenses						(25,401)
Unallocated finance costs						(6)
Unallocated exchange gain						1,435
Unallocated license fee (Note 39(i)(f))						(42,124)
Profit for the year						735,365

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information (Continued)

For the year ended 31 December 2021

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue						
External revenue	1,477,635	571,759	193,764	2,243,158	–	2,243,158
Inter-segment revenue	54,851	351,191	3,696	409,738	(409,738)	–
Total	1,532,486	922,950	197,460	2,652,896	(409,738)	2,243,158
Segment results	475,161	66,059	89,839	631,059	438	631,497
Unallocated other income						249
Unallocated loss from changes in fair value of financial assets mandatorily measured at FVTPL						(550)
Unallocated administrative expenses						(21,897)
Unallocated finance costs						(140)
Unallocated exchange losses						(6,483)
Unallocated license fee (Note 39(i)(f))						(32,011)
Profit for the year						570,665

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information (Continued)

Other segment information

For the year ended 31 December 2022

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:						
Impairment losses under expected credit loss model, net of reversal	(19,024)	(1,587)	(1,905)	(22,516)	–	(22,516)
Loss from changes in fair value of investment properties	–	–	(1,315)	(1,315)	–	(1,315)
Share of results of associates	10,134	(985)	(1,047)	8,102	–	8,102
Share of results of joint ventures	15,967	(3,040)	37,004	49,931	–	49,931
Depreciation of property, plant and equipment	(7,627)	(6,484)	(744)	(14,855)	(698)	(15,553)
Amortisation of intangible assets	(53,363)	–	–	(53,363)	–	(53,363)
Depreciation of right-of-use assets	(5,228)	(1,365)	(1,383)	(7,976)	(392)	(8,368)

For the year ended 31 December 2021

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:						
Impairment losses under expected credit loss model, net of reversal	(10,413)	450	(1,120)	(11,083)	–	(11,083)
Loss from changes in fair value of investment properties	–	–	(1,685)	(1,685)	–	(1,685)
Share of results of associates	3,230	(686)	(3,204)	(660)	–	(660)
Share of results of joint ventures	11,568	–	41,034	52,602	–	52,602
Depreciation of property, plant and equipment	(7,247)	(5,544)	(1,054)	(13,845)	(477)	(14,322)
Depreciation of right-of-use assets	(7,534)	(658)	(1,490)	(9,682)	(979)	(10,661)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(iv) Segment information (Continued)

Information about major customer

Revenue from customer of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Company A[1]	**285,660**	N/A[2]

[1] Revenue from commercial project management

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest income from:		
– bank balances	**46,961**	43,599
– loans to third parties (Note 25)	**68,586**	55,017
– loans to related parties (Note 39(i)(d))	**8,153**	1,370
	123,700	99,986
Dividends from equity instruments at FVTOCI	**22,000**	5,000
Government grants (Note)	**19,958**	10,346
Gross rental income from investment properties	**413**	592
Others	**175**	398
	166,246	116,322

Note: The amounts were mainly accounted for (i) tax refunds and benefits, and (ii) enterprise development supports received from PRC government authorities, which have no condition imposed.

7. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Loss from changes in fair value of financial liabilities at FVTPL (Note 33)	**(61,774)**	–
Gain arising on financial assets at FVTPL	**11,455**	6,297
Exchange gain (loss)	**1,435**	(6,483)
(Loss)gain on disposal of investment properties	**(452)**	348
Gain on disposal/retirement of property, plant and equipment	**103**	1,196
Gain on early termination of leases	**18**	668
Others	**101**	196
	(49,114)	2,222

8. FINANCE COSTS

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Interest expenses on loans from third parties (Note 29)	**(3,150)**	(1,937)
Interest expenses on loans from related parties (Note 39(i)(g))	**(2,334)**	(2,735)
Interest on lease liabilities	**(1,004)**	(1,035)
Arrangement fee for entrusted loans	**(434)**	(140)
	(6,922)	(5,847)

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Impairment losses (recognised) reversed on:		
– trade receivables	**(10,675)**	(2,421)
– contract assets	**(7,955)**	(10,118)
– other receivables	**(1,166)**	1
– amounts due from related parties	**(1,232)**	1,455
– other long-term receivables	**(1,488)**	–
	(22,516)	(11,083)

Details of impairment assessment are set out in Note 37(b).

10. PROFIT BEFORE TAX

Profit before tax for the year has been arrived at after charging:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Directors' remuneration	**24,311**	21,864
Salaries and other benefits	**831,957**	711,402
Retirement benefits scheme contributions	**39,443**	32,761
Staff costs (including directors' emoluments)	**895,711**	766,027
Depreciation of property, plant and equipment	**15,553**	14,322
Amortisation of intangible assets	**53,363**	–
Depreciation of right-of-use assets	**8,368**	10,661
Auditors' remuneration	**5,107**	4,013

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to each of the seven (2021: eight) directors and the Chief Executive Officer of the Company are set out as follows:

For the year ended 31 December 2022

	Fees RMB'000	Salaries and other benefits RMB'000	Performance-based bonus (Note (i)) RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based expenses (Note (ii)) RMB'000	Total RMB'000
Chief executive officer and executive director						
Mr. LI Jun	320	2,450	3,655	115	6,337	12,877
Executive director						
Mr. LIN Sanjiu	320	1,820	2,625	115	3,808	8,688
Non-executive directors (Note (iii))						
Mr. GUO Jiafeng	320	–	–	–	573	893
Mr. ZHANG Yadong	320	–	–	–	573	893
Independent non-executive directors (Note (vi))						
Mr. LIN Zhihong	320	–	–	–	–	320
Dr. DING Zuyu	320	–	–	–	–	320
Mr. CHAN Yan Kwan	320	–	–	–	–	320
	2,240	4,270	6,280	230	11,291	24,311

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

For the year ended 31 December 2021

	Fees RMB'000	Salaries and other benefits RMB'000	Performance-based bonus (Note (i)) RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based expenses (Note (ii)) RMB'000	Total RMB'000
Chief executive officer and executive director						
Mr. LI Jun	320	2,450	3,652	103	2,728	9,253
Executive director						
Mr. LIN Sanjiu	320	1,820	2,477	103	2,014	6,734
Non-executive directors (Note (iii))						
Mr. GUO Jiafeng	320	–	–	–	1,399	1,719
Mr. ZHANG Yadong	320	–	–	–	1,399	1,719
Mr. LIU Wensheng (Note (vii))	80	–	–	–	1,399	1,479
Independent non-executive directors						
Mr. LIN Zhihong	320	–	–	–	–	320
Dr. DING Zuyu	320	–	–	–	–	320
Mr. CHAN Yan Kwan	320	–	–	–	–	320
	2,320	4,270	6,129	206	8,939	21,864

Notes:

(i) The performance-based bonus is discretionary based on the Group's financial results and directors' performance as decided by the management.

(ii) All the executive directors and non-executive directors of the Company were granted share awards under 2020 Share Award Scheme on 24 December 2020 and all the executive directors of the Company were granted share awards under 2022 Share Awards Scheme on 24 April 2022, in respect of their services to the Group under the share award schemes of the Company. Details of the share award schemes are set out in Note 34. The Group recognised the share-based payment expenses in the profit or loss over the vesting period.

(iii) Certain non-executive directors received remunerations from affiliates in the group headed by Greentown China. The non-executive directors are of the opinion that the service provided to the Group only occupy an insignificant amount of their time and therefore it is concluded that the non-executive directors are not remunerated for such services.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Notes: (Continued)

(iv) Mr. LIN Sanjiu was appointed as executive director of the Company in January 2020.

(v) Mr. GUO Jiafeng, Mr. ZHANG Yadong and Mr. LIU Wensheng were appointed as non-executive directors of the Company in January 2020.

(vi) Mr. LIN Zhihong, Dr. DING Zuyu and Mr. CHAN Yan Kwan were reappointed as independent non-executive directors of the Company in May 2022.

(vii) Mr. LIU Wensheng retired and resigned from the position as non-executive director of the Company from 13 April 2021.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, two (2021: two) of them were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining three (2021: three) individuals were as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Employees		
– salaries and other benefits	**2,827**	2,774
– performance-based bonus	**15,287**	11,804
– retirement benefits scheme contributions	**231**	205
– equity-settled share-based expenses	**7,331**	2,630
	25,676	17,413

11. DIRECTOR'S, CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Five highest paid individuals' emoluments (Continued)

The emoluments of the five highest paid individuals were within the following bands:

	Year ended 31 December	
	2022	2021
	Number of employees	Number of employees
HKD5,500,001 to HKD6,000,000	**–**	1
HKD6,500,001 to HKD7,000,000	**–**	1
HKD7,500,001 to HKD8,000,000	**1**	–
HKD8,000,001 to HKD8,500,000	**–**	1
HKD8,500,001 to HKD9,000,000	**–**	1
HKD9,500,001 to HKD10,000,000	**2**	–
HKD11,000,001 to HKD11,500,000	**1**	1
HKD14,000,001 to HKD14,500,000	**1**	–
	5	5

During the year, certain non-director and non-chief executive highest paid employees were granted share awards, in respect of their services to the Group under the share award scheme of the Company. Details of the share award scheme are set out in Note 34. The Group recognised the share-based payment expenses in the profit or loss over the vesting period.

During both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**220,873**	152,721
Under (over) provision in prior years:		
– EIT	**1,269**	(233)
Deferred tax:		
– Current year	**(32,906)**	(911)
	189,236	151,577

The Company is registered as an exempted company and as such is not subject to the Cayman Islands taxation.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable income subjected to Hong Kong Profits Tax.

PRC EIT is recognised based on management's best estimate of the annual income tax rate expected for the full financial year. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%, with the exception of Greentown Construction Management.

Greentown Construction Management was accredited as a "High and New Technology Enterprise" on 4 December 2019 which was renewed on 24 December 2022 and it may entitle to a preferential tax rate of 15% for a three-year period commencing from the year of accreditation, subject to certain conditions. Accordingly, the applicable EIT rate of Greentown Construction Management for the year ended 31 December 2022 is 15% (2021: 15%).

12. INCOME TAX EXPENSE (CONTINUED)

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit before tax	**924,601**	722,242
Income tax expense calculated at 25% (2021: 25%)	**231,150**	180,561
Tax effect of share of results of associates	**(2,026)**	165
Tax effect of share of results of joint ventures	**(12,483)**	(13,150)
Effect of income that are non-taxable	**(5,500)**	(1,380)
Effect of expenses that are not-deductible	**24,541**	14,950
Effect of unused tax losses not recognised as deferred tax assets	**1,082**	230
Effect of deductible temporary differences not recognised as deferred tax assets	**244**	161
Utilisation of unused tax losses previously not recognised	**(3,757)**	(1,702)
Utilisation of deductible tempory differences previously not recognized	**(206)**	(99)
Effect of preferential EIT rate applied to deferred tax and current tax	**(45,078)**	(27,926)
Under (over) provision in prior years	**1,269**	(233)
Income tax expenses recognised in profit or loss	**189,236**	151,577

13. DIVIDENDS

During the year, a final dividend for the year ended 31 December 2021 of RMB0.20 per share (2021: RMB0.17 per share) amounting to RMB391,595,000 (2021: RMB332,855,000) in aggregate was declared to the shareholders of the Company, including a dividend of RMB4,173,000 (2021: RMB6,052,000) distributed to the treasury shares held by the Group for share award schemes. The final dividend was wholly paid on 22 July 2022.

Subsequent to the end of the year, a final dividend of RMB0.30 per share (2021: RMB0.20 per share) and a special dividend of RMB0.08 per share (2021: nil) in respect of the year ended 31 December 2022, in an aggregate amount of approximately RMB763,800,000 (2021: RMB391,595,000) to the shareholders of the Company, including a dividend to the treasury shares held by the Group for share award schemes, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share for the year attributable to owners of the Company	**744,544**	565,224

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,937,354**	1,922,472
Effect of dilutive potential ordinary shares:		
Share awards	**37,701**	28,813
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,975,055**	1,951,285

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
COST					
At 1 January 2021	92,126	28,984	12,354	22,299	155,763
Additions	–	5,084	11,626	1,614	18,324
Acquired on acquisition of subsidiaries (Note 33)	–	–	235	1,878	2,113
Disposals	–	(7,846)	(1,691)	(7,732)	(17,269)
At 31 December 2021	92,126	26,222	22,524	18,059	158,931
Additions	–	3,510	19,388	1,513	24,411
Disposals	–	(1,536)	(2,322)	(3,451)	(7,309)
At 31 December 2022	**92,126**	**28,196**	**39,590**	**16,121**	**176,033**
DEPRECIATION AND IMPAIRMENT					
At 1 January 2021	(17,482)	(19,885)	(6,991)	(13,483)	(57,841)
Provided for the year	(4,454)	(3,553)	(2,603)	(3,712)	(14,322)
Eliminated on disposals	–	7,846	1,338	6,130	15,314
At 31 December 2021	(21,936)	(15,592)	(8,256)	(11,065)	(56,849)
Provided for the year	(3,893)	(4,880)	(4,250)	(2,530)	(15,553)
Eliminated on disposals	–	1,410	1,915	2,372	5,697
At 31 December 2022	**(25,829)**	**(19,062)**	**(10,591)**	**(11,223)**	**(66,705)**
CARRYING VALUES					
At 31 December 2022	**66,297**	**9,134**	**28,999**	**4,898**	**109,328**
At 31 December 2021	70,190	10,630	14,268	6,994	102,082

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum after taking into account of the residual value:

Land and buildings	4.75% and 19%
Leasehold improvements	Short of lease term or useful life of the leasehold properties
Furniture, fixtures and equipment	19% to 31.67%
Transportation equipment	19%

16. INTANGIBLE ASSETS

	Contractual rights from the project management contracts RMB'000
COST	
At 1 January 2021 and 31 December 2021	–
Acquired on acquisition of a subsidiary (Note 33)	465,717
At 31 December 2022	**465,717**
ARMORTISATION	
At 1 January 2021 and 31 December 2021	–
Charge for the year	(53,363)
At 31 December 2022	**(53,363)**
CARRYING VALUES	
At 31 December 2022	**412,354**
At 31 December 2021	–

The intangible assets held by the Group are the contractual rights from the project management contracts with the project owners, which were arisen from the acquisition of Greentown Shangli Construction Management Co., Ltd. 綠城熵里建設管理有限公司 ("Greentown Shangli"), formerly named as Zhejiang Shangli Construction Management Co., Ltd. 浙江熵里建設管理有限公司 from third parties during the year. The fair value of the intangible assets acquired at the acquisition date was RMB465,717,000. The details of the acquisition are set out in Note 33.

The intangible assets have finite useful lives and are amortised on a straight-line basis over a period of approximately eight years, which is the estimated weighted average remaining contractual period of the project management contracts acquired.

17. RIGHT-OF-USE ASSETS

	Office premises RMB'000
COST	
At 1 January 2021	32,941
Additions	18,391
Derecognition due to the completion of leases	(9,951)
Decrease in early termination of leases	(17,215)
At 31 December 2021	24,166
Additions	10,882
Derecognition due to the completion of leases	(5,605)
Decrease in early termination of leases	(914)
At 31 December 2022	**28,529**
DEPRECIATION	
At 1 January 2021	(15,138)
Charge for the year	(10,661)
Derecognition due to the completion of leases	9,951
Decrease in early termination of leases	8,198
At 31 December 2021	(7,650)
Charge for the year	(8,368)
Derecognition due to the completion of leases	5,605
Decrease in early termination of leases	457
At 31 December 2022	**(9,956)**
CARRYING VALUES	
At 31 December 2022	**18,573**
At 31 December 2021	16,516

17. RIGHT-OF-USE ASSETS (CONTINUED)

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Expense relating to short-term leases with lease terms end within 12 months	**1,437**	1,133
Total cash outflow for leases	**11,032**	13,073

For both year, the Group leases office premises for its operations. Lease contracts are entered into for fixed term of 2 years to 7 years (2021: 2 years to 5 years) without extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group regularly entered into short-term leases for office premises and machinery equipment. As at 31 December 2022 and 2021, the portfolio of short-term leases is similar.

In addition, all the balance of lease liabilities are recognised with related right-of-use assets as at 31 December 2022 and 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the maturity analysis of lease liabilities are set out in Note 31.

18. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2021	53,361
Additions	1,109
Disposal	(1,229)
Net decrease in fair value recognised in profit or loss	(1,685)
Transferred to property classified as held for sale (Note)	(4,600)
At 31 December 2021	46,956
Transfer from deposit for acquisition of properties	7,080
Disposal	(7,080)
Net decrease in fair value recognised in profit or loss	(1,315)
At 31 December 2022	**45,641**

Note: On 29 December 2021, the Group entered into an agreement to sale an investment property located in Cixi to an individual with a cash consideration of RMB4,600,000. Therefore, the investment property was classified as "property classified as held for sale" and was presented separately as current assets in the consolidated statement of financial position as at 31 December 2021. Accordingly, the fair value of such investment property was determined by the sales price of RMB4,600,000 agreed by the counterparties, and fair value hierarchy for such investment property held for sale was transferred from Level 3 to Level 2. The disposal of the investment property classified as held for sale had been completed on 24 February 2022.

For the year ended 31 December 2022, the Group recognised unrealised loss of RMB1,315,000 (2021: RMB1,685,000) on property held at the end of reporting period.

The Group leases out commercial stores, apartments and carparks under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 5 years (2021: 1 to 5 years), with unilateral rights to extend the lease beyond initial period held by lessees only. The leases of commercial stores are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain lessee's option to purchase the property at the end of lease term.

All of the Group's property interests held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2022 and 2021 has been arrived at on the basis of a valuation carried out on the respective dates by Tianyuan Assets Appraisal Co., Ltd., independent qualified professional valuer not connected to the Group. The management of the Company works closely with the independent qualified valuer to establish the appropriate valuation techniques and inputs to the model.

18. INVESTMENT PROPERTIES (CONTINUED)

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial store units and carpark units in Shengzhou: 2022: RMB9,922,000 (2021: RMB10,045,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store units: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB7,900 per square meter (2021: RMB8,000 per square meter).	The higher the price per square meter, the higher the fair value.
			For carpark units: Price per unit, using market direct comparable and taking into account of location, age and other individual factors which is RMB103,100 per unit (2021: RMB103,400 per unit).	The higher the price per unit, the higher the fair value
Commercial store units in Lin'an: 2022: RMB14,984,000 (2021: RMB16,063,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store units: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB18,500 per square meter (2021: RMB19,900 per square meter).	The higher the price per square meter, the higher the fair value.

18. INVESTMENT PROPERTIES (CONTINUED)

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Apartment units in Sanya: 2022: RMB18,776,000 (2021: RMB18,819,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For apartment units: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB26,300 per square meter (2021: RMB26,400 per square meter).	The higher the price per square meter, the higher the fair value.
Carpark units in Cixi: 2022: RMB945,000 (2021: RMB962,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For carpark units: Price per unit, using market direct comparable and taking into account of location, age and other individual factors which is RMB94,500 per unit (2021: RMB96,200 per unit).	The higher the price per unit, the higher the fair value
Apartment units in Tianjin: 2022: RMB1,014,000 (2021: RMB1,067,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For apartment units: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB22,200 per square meter (2021: RMB23,400 per square meter).	The higher the price per square meter,the higher the fair value.

Except for the transfer out of Level 3 mentioned in above note, there were no other transfers into or out of Level 3 during the year.

19. GOODWILL

	Acquisition of Greentown Construction Group and Greentown Shidai RMB'000	Acquisition of Greentown Shangli RMB'000	Total RMB'000
COST AND CARRYING VALUES			
At 1 January 2021 and 31 December 2021	769,241	–	769,241
Arising on acquisition of a subsidiary (Note 33)	–	212,520	212,520
At 31 December 2022	**769,241**	**212,520**	**981,761**

Goodwill arose on the acquisition of Greentown Construction Management Group and Greentown Shidai

Goodwill arose on the acquisition of Greentown subsidiaries Greentown Real Estate Construction Management Group Co., Ltd. 綠城房地產建設管理集團有限公司 ("Greentown Construction Management Group") and 綠城時代城市建設發展有限公司 Greentown Shidai Urban Construction Development Co., Ltd. ("Greentown Shidai") in 2015 because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development of Greentown Construction Management Group and Greentown Shidai. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

For the purposes of impairment testing, goodwill set out above has been allocated to one CGU. During the year ended 31 December 2022, the director considered that there is no impairment of CGU containing goodwill.

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 15.91% (2021: 17.18%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of CGU to exceed its recoverable amount.

The table below sets forth the other key assumptions that are used in the calculation of the value in use of the CGU at 31 December 2022 and 2021.

19. GOODWILL (CONTINUED)

Key assumptions	Year ended 31 December 2022	2021
Annual sale growth rate for first five years	**6% – 12%**	5% – 11%
Gross margin rate	**25% – 87%**	24% – 83%
Pre-tax discount rate	**15.91%**	17.18%
Long-term growth rate	**1%**	1%

Goodwill arose on the acquisition of Greentown Shangli

Goodwill arose on the acquisition of Greentown Shangli in 2022 because the acquisition included the assembled workforce of Greentown Shangli, some potential contracts which are still under negotiation with prospective new customers and the benefit of expected synergies, revenue growth and future market development of Greentown Shangli as at the date of acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

For the purposes of impairment testing, goodwill arose in acquisition of Greentown Shangli has been allocated to one CGU. During the year ended 31 December 2022, the director considered that there is no impairment of CGU containing goodwill.

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 14.83%. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include incremental contract growth rate and gross margin is based on the unit's past performance and director's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of CGU to exceed its recoverable amount.

The table below sets forth the other key assumptions that are used in the calculation of the value in use of the CGU at 31 December 2022.

Key assumptions	Year ended 31 December 2022
Incremental contract growth rate for first five years	**5%**
Gross margin rate	**85%-94%**
Pre-tax discount rate	**14.83%**
Long-term growth rate	**0%**

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

20. INTERESTS IN ASSOCIATES

	Year ended 31 December 2022 RMB'000	2021 RMB'000
Cost of unlisted investments in associates	**52,795**	52,365
Share of post-acquisition profits, net of dividends received	**27,167**	18,017
	79,962	70,382

As at 31 December 2022 and 2021, the Group had interests in the following principal associates established and operating in the PRC:

Name of associates	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2022	2021	Principal activities
浙江綠城佳園建設工程管理有限公司 Zhejiang Greentown Jiayuan Construction Project Management Co., Ltd. ("Greentown Jiayuan")	RMB100,000,000	**25%**	25%	Project management service
西南綠城房地產開發有限公司 Southwestern Greentown Real Estate Development Co., Ltd.	RMB100,000,000	**25%**	25%	Project management service
浙江綠城繁星控股集團有限公司 (formerly named浙江綠城繁星管理諮詢有限公司) Zhejiang Greentown Fanxing Holdings Group Co., Ltd. ("Greentown Fanxing")	RMB50,000,000	**40%**	40%	Management and consulting
杭州蕭山浙企綠城資產管理有限公司 Hangzhou Xiaoshan Zheqi Greentown Asset Management Co., Ltd. ("Xiaoshan Zheqi")	RMB10,000,000	**35%**	35%	Investment holding and consulting

20. INTERESTS IN ASSOCIATES (CONTINUED)

As at 31 December 2021 and 2020, the Group had interests in the following principal associates established and operating in the PRC: (Continued)

Name of associates	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2022	2021	Principal activities
浙江綠城景道園林工程有限公司 Zhejiang Greentown Landscape Garden Project Co., Ltd. ("Greentown Landscape Garden")	RMB19,341,350	**49%**	49%	Landscape design and consulting
杭州綠星原力企業管理咨詢有限公司 Hangzhou Lvxing Yuanli Enterprise Management Consulting Co., Ltd. ("Lvxing Yuanli")	RMB3,000,000	**20%**	20%	Management and consulting
杭州恒太綠星商業管理有限公司 Hangzhou Hengtai Lvxing Enterprise Management Co., Ltd. ("Hangzhou Hengtai")	RMB4,000,000	**35%**	35%	Management and consulting
杭州未來產築建設管理有限公司 Hangzhou Future Chanzhu Construction Management Co., Ltd. ("Hangzhou Future")	RMB5,000,000	**51% (i)**	51% (i)	Project management service
寧波杭州灣新區綠開建設管理有限公司 Ningbo Hangzhou Bay New Area Lvkai Construction Management Co. Ltd ("Hangzhou Bay")	RMB5,000,000	**40%**	40%	Project management service
綠城建設集團上海實業有限公司 Greentown Construction shanghai industrial Co., Ltd	RMB10,000,000	**40%**	40%	Management and consulting
浙江綠城園林工程有限公司 Zhejiang Greentown Garden Project Co., Ltd. ("Greentown Garden Project")	RMB20,000,000	**N/A (ii)**	10% (ii)	Landscape design and consulting

20. INTERESTS IN ASSOCIATES (CONTINUED)

Notes:

(i) One out of three directors of this company is appointed by the Group, while a valid board resolution of relevant activities requires two-thirds of directors' voting rights. Therefore, this company is accounted for as an associate of the Group.

(ii) As at 31 December 2021, there is one out of three directors of Greentown Garden Project appointed by Greentown Construction Management Group. Therefore, the investment was classified as interests in an associate. Greentown Construction Management Group disposed all its 10% equity interest of Greentown Garden Project to a third party at the consideration of RMB1,000,000 during the year. The carrying amount of equity disposed is RMB580,000. The difference between the carrying amount of equity disposed and consideration was recognised in "gain on disposal of an associate" line item in profit or loss.

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate, Greentown Jiayuan is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

The associate is accounted for using the equity method in these consolidated financial statements.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Current assets	**593,968**	1,239,856
Non-current assets	**21,519**	14,900
Current liabilities	**409,147**	1,092,443
Non-controlling interests	**6,094**	(1,032)

The above amounts of assets and liabilities include the following:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Cash and cash equivalents	**27,776**	62,294

20. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate (Continued)

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue	**824,499**	451,215
Profits for the year attributed to the owner of the Greentown Jiayuan	**36,902**	11,327

The above profits for the year includes the following:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Depreciation and amortisation	**1,685**	1,753
Interest income	**444**	512
Income tax expense	**20,388**	18,903

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Equity attributable to owners of Greentown Jiayuan	**200,246**	163,345
Proportion of the Group's ownership interest in Greentown Jiayuan	**25%**	25%
Carrying amount of the Group's interest in Greentown Jiayuan	**50,062**	40,836

20. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate (Continued)

Aggregate information of associates that are not individually material:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Group's share of total loss for the year	**(1,123)**	(3,492)
Aggregate carrying amount of the Group's interest in these associates	**29,900**	29,546

Group's share of total profits for the year includes the provision for the share of certain associates as its share of losses of those associates exceeds its interests in those associates. As at 31 December 2022 and 2021, the Group did not fulfill the obligation of registered capital contribution to those associates and the Group obligated to undertake the share of losses limited to the unfulfilled capital contribution to those associates registered by the Group. Other than the abovementioned provision, the amounts of unrecognised share of losses of these associates are nil as at 31 December 2022 and 2021 respectively.

21. INTERESTS IN JOINT VENTURES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of unlisted investments in joint ventures	**173,727**	135,312
Share of post-acquisition profits, net of dividends received	**63,094**	38,332
	236,821	173,644

21. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2022 and 2021, the Group had interests in the following principal joint ventures established and operating in the PRC:

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2022	2021	Principal activities
上海綠城輔秦建設工程管理有限公司 (formerly named上海輔秦建設工程管理有限公司) Shanghai Greentown Fuqin Project Management Co., Ltd. ("Shanghai Fuqin")	RMB5,000,000	**51%** **(i)**	51% (i)	Project management service
山東綠新萬合房產管理有限公司 (formerly named山東藍城建設管理有限公司) Shandong Lvxin Wanhe Real Estate Management Co., Ltd. ("Shandong Lvxin Wanhe")	RMB10,000,000	**51%** **(i)**	51% (i)	Project management service
新疆綠城創景建設管理有限公司 (formerly named新疆藍城房地產開發有限公司) (Xinjiang Chuangjing Construction Management Co., Ltd.) ("Xinjiang Chuangjing")	RMB20,000,000	**51%** **(i)**	51% (i)	Project management service
綠城景豐房地產建設管理有限公司 Greentown Jingfeng Real Estate Co., Ltd. ("Greentown Jingfeng")	RMB50,000,000	**51%** **(i)**	51% (i)	Project management service
浙江綠城時代建設管理有限公司 Zhejiang Shidai of Greentown Construction Management Co., Ltd. ("Zhejiang Shidai")	RMB50,000,000	**51%** **(i)**	51% (i)	Project management service
綠城長裕建設管理有限公司 Greentown Changyu Construction Management Co., Ltd. ("Greentown Changyu")	RMB50,000,000	**51%** **(i)**	51% (i)	Project management service

21. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2022 and 2021, the Group had interests in the following principal joint ventures established and operating in the PRC: (Continued)

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2022	2021	Principal activities
綠城綠明建設管理有限公司 Greentown Lvming Construction Management Co., Ltd. ("Greentown Lvming")	RMB50,000,000	**51% (i)**	51% (i)	Project management service
山東綠城萬合房地產建設管理有限公司 Shandong Greentown Wanhe Real Estate Construction Management Co., Ltd. ("Shandong Wanhe")	RMB10,000,000	**51% (i)**	51% (i)	Project management service
浙江綠城匠信建設管理有限公司 Zhejiang Greentown Jiangxin Construction Management Co., Ltd. ("Zhejiang Greentown Jiangxin")	RMB10,000,000	**51% (ii)**	51% (ii)	Project management service
浙江綠城商地建設管理有限公司 Zhejiang Greentown Shangdi Construction Management Co., Ltd. ("Zhejiang Greentown Shangdi")	RMB10,000,000	**58.65% (iii)**	58.65% (iii)	Project management service
綠城創新建設管理有限公司 Greentown Innovation Construction Management Co., Ltd. ("Greentown Innovation")	RMB50,000,000	**51% (i)**	51% (i)	Project management service
綠城北方建設管理有限公司 Greentown Northern Construction Management Co., Ltd. ("Greentown Northern")	RMB50,000,000	**51% (i)**	51% (i)	Project management service
綠城正弘(北京)建設管理有限公司 Greentown Zhenghong (Beijing) Construction Management Co., Ltd. ("Greentown Zhenghong")	RMB10,000,000	**51% (i)**	51% (i)	Project management service

21. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2022 and 2021, the Group had interests in the following principal joint ventures established and operating in the PRC: (Continued)

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2022	2021	Principal activities
綠城田園城市建設發展有限公司 Greentown Tianyuan City Construction Development Co., Ltd. ("Greentown Tianyuan")	RMB50,000,000	**51% (ii)**	51% (ii)	Project management service
杭州綠城鼎力建設管理有限公司 Hangzhou Greentown Dingli Construction Management Co., Ltd. ("Greentown Dingli")	RMB20,000,000	**51% (i)**	51% (i)	Project management service
浙江綠城珅業房產建設管理有限公司 Zhejiang Greentown Shenye Real Estate Construction Management Co., Ltd. ("Zhejiang Shenye")	RMB10,000,000	**51% (i)**	51% (i)	Project management service
杭州綠城都會建築設計有限公司 Hangzhou Greentown Duhui Construction and Design Co., Ltd. ("Greentown Duhui")	RMB25,744,898	**51% (ii)**	51% (ii)	Construction and service
浙江綠城利普建築設計有限公司 Zhejiang Greentown Lipu Construction Design Co., Ltd. ("Greentown Lipu")	RMB12,245,000	**51% (ii)**	51% (ii)	Construction and service
山東綠城青和建築設計有限公司 Shandong Greentown Qinghe Architectural Design Co., Ltd. ("Greentown Qinghe")	RMB6,120,000	**50.98% (ii)**	50.98% (ii)	Construction and service

21. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2022 and 2021, the Group had interests in the following principal joint ventures established and operating in the PRC: (Continued)

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2022	2021	Principal activities
浙江綠城市政基礎設施建設管理有限公司 (formerly named 浙江綠城市政園林建設有限公司) Zhejiang Greentown Public City. Infrastructure Construction Management Co., Ltd. ("Greentown Public City Garden")	RMB50,000,000	**51% (iv)**	51% (iv)	Construction and service
綠城樂居科技管理(浙江)有限公司 Greentown Leju Technology Management (Zhejiang) Co., Ltd. ("Leju Technology")	RMB10,080,000	**51% (i)**	51% (i)	Construction and service
綠城萬家房產建設管理有限公司 Greentown Wanjia Real Estate Construction Management Co., Ltd. ("Greentown Wanjia")	RMB50,000,000	**51% (i)**	51% (i)	Project management service
浙江星鏈營銷策劃管理有限公司 Zhejiang Xinglian Marketing Plannign Management Co., Ltd. ("Zhejiang Xinglian")	RMB10,000,000	**51% (iv)**	51% (iv)	Management and consulting
浙江中合泓美裝飾設計有限公司 Zhejiang Zhonghe Hongmei Decoration Design Co., Ltd. ("Zhejiang Zhonghe")	RMB10,000,000	**51% (iv)**	51% (iv)	Construction and service
杭州綠管新原建築設計事務所有限公司 Hangzhou Lvguan Xinyuan Architectural Design Office Co., Ltd. ("Hangzhou Lvguan")	RMB10,000,000	**51% (iv)**	51% (iv)	Construction and service
珠海萬和遠澤投資中心(有限合夥) Zhuhai Wanhe Yuanze Investment center (Limited Partnership) ("Zhuhai Wanhe")	RMB141,000,000	**71.44% (v) (vii)**	63.64% (v)	Investment and service

21. INTERESTS IN JOINT VENTURES (CONTINUED)

As at 31 December 2022 and 2021, the Group had interests in the following principal joint ventures established and operating in the PRC: (Continued)

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2022	2021	Principal activities
無錫綠居城建有限公司 Wuxi Lvju Urban Construction Co., Ltd. ("Wuxi Lvju")	RMB6,000,000	51% (ii) (vi)	N/A	Construction and service
綠城萬合房地產建設管理有限公司 Greentown Wanhe Real Estate Construction Management Co., Ltd. ("Greentown Wanhe")	RMB50,000,000	51% (iv) (vi)	N/A	Construction and service

Notes:

(i) Two out of three directors of these companies are appointed by the Group, while a valid board resolution of relevant activities requires more than two-thirds of directors' voting rights. Therefore, these companies are accounted for as joint ventures of the Group.

(ii) Three out of five directors of these companies are appointed by the Group, while a valid board resolution of relevant activities requires two-thirds of directors' voting rights. Therefore, these companies are accounted for as joint ventures of the Group.

(iii) Three out of seven directors of this company are appointed by the Group, while a valid board resolution of relevant activities requires a unanimous approval from all directors. Therefore, this company is accounted for as a joint venture of the Group.

(iv) Two out of three directors of these companies are appointed by the Group, while a valid board resolution of relevant activities requires a unanimous approval from all directors. Therefore, these companies are accounted for as joint ventures of the Group.

(v) One out of two members of investing committee of this partnership is appointed by the Group, while a valid decision of relevant activities requires a unanimous approval from all members of investing committee. Therefore, this partnership is accounted for as a joint venture of the Group.

(vi) These companies were incorporated in 2022.

(vii) Lvxing Zifu Real Estate Construction Management (Hangzhou) Co., Ltd. 綠星資服房地產建設管理(杭州)有限公司, a wholly-owned the subsidiary of the Group, made the capital injection into Zhuhai Wanhe amounting to RMB30,000,000 in 2022 and the proportion of ownership interest of Zhuhai Wanhe owned by the Group increased from 63.64% to 71.44% during the year.

21. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures, Zhuhai Wanhe and Greentown Lipu is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Zhuhai Wanhe

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Current assets	**3,210**	2,898
Non-current assets	**140,000**	110,000
Current liabilities	**188**	79

The above amounts of assets and liabilities include the following:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Cash and cash equivalents	**2**	285

	Year ended 31 December 2022	Period from 16 June 2021 (date of incorporation) to 31 December 2021
	RMB'000	RMB'000
Profits for the year (period)	**20,064**	7,021
Dividends received from Zhuhai Wanhe during the year (period)	**13,575**	2,674

21. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

***Zhuhai Wanhe** (Continued)*

The above profits for the year (period) includes the following:

	Year ended 31 December 2022 RMB'000	Period from 16 June 2021 (date of incorporation) to 31 December 2021 RMB'000
Interest income	**20,186**	7,040

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Equity attributable to shareholders of Zhuhai Wanhe	**143,022**	112,819
Proportion of the Group's ownership interest in Zhuhai Wanhe	**71.44%**	63.64%
Carrying amount of the Group's interest in Zhuhai Wanhe	**102,175**	71,794

Greentown Lipu

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Current assets	**140,696**	125,338
Non-current assets	**10,016**	13,581
Current liabilities	**69,683**	79,523
Non-current liabilities	**7,834**	10,126

21. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

Greentown Lipu *(Continued)*

The above amounts of assets and liabilities include the following:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Cash and cash equivalents	**75,506**	96,301

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue	**166,299**	193,774
Profits for the year	**23,926**	35,824
Dividends received from Greentown Lipu during the year	**–**	40,701

The above profits for the year includes the following:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Depreciation and amortisation	**4,422**	1,118
Interest income	**1,150**	1,967
Income tax expense	**3,213**	3,561

21. INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of material joint ventures (Continued)

***Greentown Lipu** (Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Net assets of Greentown Lipu	**73,195**	49,270
Less: Accumulated results of particular projects attributable solely to the Group	**(52,486)**	(43,883)
Equity attributable to shareholders of Greentown Lipu	**20,709**	5,387
Proportion of the Group's ownership interest in Greentown Lipu	**51%**	51%
Group's share of adjusted net assets in Greentown Lipu	**10,562**	2,747
Add: Accumulated results of particular projects attributable solely to the Group	**52,486**	43,883
Accumulated dividends received from particular projects pertaining to the Group	**(9,508)**	(9,508)
Carrying amount of the Group's interest in Greentown Lipu	**53,540**	37,122

Aggregate information of joint ventures that are not individually material:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Group's share of total profits for the year	**19,556**	20,945
Aggregate carrying amount of the Group's interest in these joint ventures	**81,106**	64,728

Group's share of total profits for the year includes the provision for the share of certain joint ventures as its share of losses of those joint ventures exceeds its interests in those joint ventures. As at 31 December 2022 and 2021, the Group did not fulfill the obligation of registered capital contribution to those joint ventures and the Group obligated to undertake the share of losses limited to the unfulfilled capital contribution to those joint ventures registered by the Group. Other than the abovementioned provision, the amounts of unrecognised share of losses of these joint ventures are nil as at 31 December 2022 and 2021 respectively.

22. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Unlisted equity securities	**67,430**	100,742

	Total
	RMB'000
At 1 January 2021	93,393
Unrealised fair value gain	7,349
At 31 December 2021	100,742
Unrealised fair value loss	(33,312)
At 31 December 2022	**67,430**

The above unlisted equity investments represent the Group's equity interest in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are held for the long term primarily with the objective of strengthening business relationships. The dividends of RMB22,000,000 (2021: RMB5,000,000) received from above equity instruments at FVTOCI for the current year have been recognised in profit or loss.

23. OTHER LONG-TERM RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Fixed interest rate other long-term receivables:		
– unsecured and unguaranteed loans to a related party (Note 39(ii))	**266,653**	–
– secured loans to third parties (Note)	**221,000**	238,000
	487,653	238,000
Less: allowance for credit losses	**(1,488)**	–
	486,165	238,000
Analysed as		
Current	**221,000**	–
Non-current	**265,165**	238,000
	486,165	238,000

Note: As at 31 December 2022, the carrying amount of loans to third parties is amounting to RMB221,000,000 (2021: RMB238,000,000) with terms of two to two and a half years (2021: two to two and a half years) and repayable in full on the maturity date. The fixed interest rate of loans is 6% (2021: 6%) per annum. The loans are pledged with collaterals such as land use rights, shareholders' interests, and trade receivables of the borrowers. The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrower. There has not been any significant changes in the debtor's credit quality and their related collateral pledged for certain other long-term receivables. The Group has not recognised a loss allowance for certain other long-term receivables as a result of these collaterals.

Details of impairment assessment of other long-term receivables are set out in Note 37(b).

24. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Impairment loss RMB'000	Tax losses RMB'000	Fair value adjustment – Investment properties RMB'000	Fair value adjustment – FVTOCI RMB'000	Equity-settled share-based payment expense RMB'000	Accrued expenses RMB'000	Fair value adjustment – Contingent consideration RMB'000	Intangible assets arisen from acquisition of Greentown Shangli RMB'000	Total RMB'000
At 1 January 2021	10,262	–	2,583	(16,958)	381	3,749	–	–	17
Credit (charge) to profit or loss	2,610	2,155	249	–	(381)	(3,722)	–	–	911
Charge to other comprehensive income	–	–	–	(1,837)	–	–	–	–	(1,837)
Acquisition of subsidiaries (Note 33)	–	545	–	–	–	–	–	–	545
At 31 December 2021	**12,872**	**2,700**	**2,832**	**(18,795)**	**–**	**27**	**–**	**–**	**(364)**
Credit (charge) to profit or loss	**4,255**	**(411)**	**304**	**–**	**–**	**(27)**	**15,444**	**13,341**	**32,906**
Charge to other comprehensive income	**–**	**–**	**–**	**8,328**	**–**	**–**	**–**	**–**	**8,328**
Acquisition of subsidiaries (Note 33)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(116,429)**	**(116,429)**
At 31 December 2022	**17,127**	**2,289**	**3,136**	**(10,467)**	**–**	**–**	**15,444**	**(103,088)**	**(75,559)**

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Deferred tax assets	**27,529**	18,431
Deferred tax liabilities	**(103,088)**	(18,795)
	(75,559)	(364)

As at 31 December 2022, the Group has deductible temporary differences of RMB22,457,000 (2021: RMB22,310,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which such deductible temporary differences can be utilised.

24. DEFERRED TAXATION (CONTINUED)

As at 31 December 2022, the Group has unused tax losses of RMB24,782,000 (2021: RMB55,256,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB9,154,000 (2021: RMB10,797,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB15,628,000 (2021: RMB44,459,000) due to the unpredictability of future profit streams. For these unrecognised tax losses, pursuant to the relevant laws and regulations in the PRC, these tax losses will be carried forward and expired in years as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
2022	**–**	20,837
2023	**2,022**	8,421
2024	**4,722**	9,670
2025	**4,423**	4,609
2026	**132**	922
2027	**4,329**	–
	15,628	44,459

25. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade receivables	**216,948**	145,384
Less: allowance for credit losses	**(27,716)**	(19,848)
Trade receivables, net of allowance for credit losses	**189,232**	125,536
Other receivables	**600,957**	604,492
Less: allowance for credit losses	**(3,367)**	(2,201)
Other receivables, net of allowance for credit losses	**597,590**	602,291
Prepayments	**37,108**	21,020
	823,930	748,847

Included in the trade receivables were bills receivables amounted to RMB25,166,000 (2021: RMB66,051,000). All bills received by the Group are with a maturity period of less than one year.

Included in other receivables were loans to third parties amounting to RMB421,000,000 (2021: RMB455,000,000) (collectively with interest receivable of RMB7,961,000 (2021: RMB2,187,000)) as at 31 December 2022.The loans are expected to be recovered within one year which carries fixed interest rate from 6% to 15% (2021: 6% to 15%) per annum. The loans are pledged with collaterals such as land use rights, shareholders' interests, constructions in progress and trade receivables of the borrowers. The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrower. There has not been any significant changes in the debtors' credit quality and their related collateral pledged for such advance. Therefore, the directors of the Company are in the view that there have been no significant increase in credit risk nor default because the balance of loans is not past due as at the reporting date.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group does not normally allow a credit period to its customers. For the receivables balance which has been past due more day 90 days, the directors of the Group consider certain past due balances are not in default since certain balances could be recovered based on the historical repayment pattern of overdue receivables and the financial conditions of corresponding customers.

The following is an age analysis of trade receivables (including bills receivables), net of allowance for credit losses, presented based on the invoice date at the end of each reporting period end:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 180 days	**123,689**	100,916
180 – 365 days	**39,392**	12,958
Over 365 days	**26,151**	11,662
	189,232	125,536

Besides abovementioned loans to third parties, other receivables were mainly earnest money for potential projects. Except for abovementioned loans to third parties, other receivables and prepayments are expected to be recovered within 12 months or normal operating cycle.

Details of impairment assessment of trade and other receivables are set out in Note 37(b).

26. CONTRACT ASSETS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Project management service		
Contract assets	**613,751**	514,316
Less: allowance for credit losses	**(39,859)**	(31,904)
	573,892	482,412

As at 1 January 2021, contract assets amounted to RMB316,795,000.

The contract assets primarily relate to the Group's right to consideration for work completed in connection to project management service and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Structured deposits	**75,430**	75,031

The structured deposits held by the Group are with variable interest rates and are classified as current as the management expects to realise these financial assets within twelve months after the reporting period.

28. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

At the end of the year, bank balances and cash of the Group comprised of cash held by the Group and short-term bank deposits with an original maturity of six months or less. Bank balances carry interest at market rates which range from 0.001% to 3.00% (2021: 0.001% to 3.98%) per annum.

The deposits are pledged to banks as collateral for the issue of letter of credit by the bank in connection with the project management projects. The pledged bank deposits carry interest at fixed rates which range from 0.25% to 2.75% (2021: 0.3% to 2.75%) per annum.

Details of impairment assessment of bank balances and pledged bank deposits are set out in Note 37(b).

29. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables	**15,893**	7,767
Other payables	**889,833**	726,278
Payroll payable	**240,455**	175,468
Dividend payable	**618**	239
Provision for share of losses of joint ventures exceeded interests invested (Note 21)	**26,418**	33,314
Provision for share of losses of associates exceeded interests invested (Note 20)	**58**	–
	1,173,275	943,066

29. TRADE AND OTHER PAYABLES (CONTINUED)

Included in other payables were unsecured and unguaranteed advances from third parties of RMB25,000,000 (2021: RMB25,000,000) (collectively with interest payable of RMB1,017,000 (2021: RMB645,000)) as at 31 December 2022. The advances are expected to be settled within one year which carry interest at 12% to 15% (2021: 12% to 15%) per annum.

The following is an aged analysis of trade payables presented based on the invoice date.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 1 year	**14,989**	5,997
1 – 2 years	**807**	–
2 – 3 years	**–**	316
More than 3 years	**97**	1,454
	15,893	7,767

30. CONTRACT LIABILITIES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Contract liabilities	**432,867**	384,863

As at 1 January 2021, contract liabilities amounted to RMB396,182,000.

The contract liabilities mainly represent the amounts received from the project management service before the related service is performed. Contract liabilities will be carried-forward to recognise as revenue when related performance obligations that are satisfied.

31. LEASE LIABILITIES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	**7,870**	5,422
Within a period of more than one year but not more than two years	**4,105**	4,798
Within a period of more than two years but not more than five years	**5,033**	4,972
	17,008	15,192
Less: amount due for settlement with 12 months shown under current liabilities	**(7,870)**	(5,422)
Amount due for settlement after 12 months shown under non-current liabilities	**9,138**	9,770

Lease liabilities are monitored within the Group's treasury function.

32. SHARE CAPITAL

	Number of shares	Amount Hong Kong Dollars ("HKD")
Authorised		
Ordinary shares of HKD0.01 each		
At 1 January 2021, 31 December 2021 and 2022	100,000,000,000	1,000,000,000

32. SHARE CAPITAL (CONTINUED)

	Number of shares	Amount HKD	Shown in the consolidated statements of financial position RMB'000
Issued and fully paid			
At 1 January 2021, 31 December 2021 and 1 January 2022 (Note (ii))	1,957,976,000	19,579,760	16,324
New shares issued through allotment (Note (i))	52,024,000	520,240	445
At 31 December 2022 (Note (ii))	**2,010,000,000**	**20,100,000**	**16,769**

Notes:

(i) On 20 June 2022, the Company issued and allotted 52,024,000 ordinary shares of HKD0.01 each for the 2022 Share Award Scheme to Computershare Hong Kong Trustees Limited, the trustee and administrator of the 2022 Share Award Scheme. The amounts of the new shares issued and allotted are equivalent to approximately RMB445,000, which are presented as "shares held for share award scheme" in the consolidated statement of changes in equity.

(ii) Included in number of shares as at 31 December 2022 are 60,414,961 (2021: 20,895,961) shares amounted to HKD28,238,000 (2021: HKD69,027,000)(equivalent to approximately RMB23,842,000 (2021: RMB58,266,000)) held by the trusts which are constituted by the Company for the share award schemes. Details of the share award schemes are set out in Note 34.

The Company has the power to direct the relevant activities of certain trusts and it has the ability to use its power over the trusts to affect its exposure to returns. Therefore, the assets and liabilities of the trusts are included in the Group's consolidated statement of financial position and the ordinary shares held for the share award schemes were regarded as treasury shares and presented as a deduction in equity as "shares held for share award scheme" in the consolidated statement of changes in equity of the Group.

33. ACQUISITION OF SUBSIDIARIES

Particulars of the subsidiaries acquired during 2022 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
Greentown Shangli (Note)	Project management	27 January 2022	60%	427,093

33. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Note: Greentown Construction Management Group acquired 60% equity interest of Greentown Shangli at a fixed cash consideration of RMB400,000,000 with a contingent consideration arrangement. Based on the relevant agreement, the Group is required to pay an additional adjusted incremental consideration determined according to the service fee receivable from the new project management projects of Greentown Shangli during a three-year period following completion of the acquisition. The structure of contingent consideration is tiered with different thresholds of new service fee receivable from new project management projects. The first tier starts at RMB30,000,000 contingent consideration when new service fee reveivable are greater or equal to RMB100,000,000, and the ceiling of contingent consideration is set at RMB200,000,000 when new service fee receivable are greater or equal to RMB700,000,000. The fair value of the contingent consideration at the acquisition date is RMB27,093,000. As at 31 December 2022, the Group had settled the cash consideration of RMB400,000,000 and the condition of the contingent consideration had not been fulfilled yet. The Group acquired Greentown Shangli so as to continue the expansion of the Group's commercial project management operations.

Particulars of the subsidiaries acquired during 2021 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
杭州綠城江濱建設管理有限公司 Hangzhou Greentown Jiangbin Construction Management Co., Ltd. ("Greentown Jiangbin") (Note (a))	Project management	1 January 2021	100%	10,000
杭州綠城江景建設管理有限公司 Hangzhou Greentown Jiangjing Construction Management Co., Ltd. ("Greentown Jiangjing") (Note (a))	Project management	1 January 2021	100%	–
杭州綠城濱峰建設管理有限公司 Hangzhou Greentown Binfeng Construction Management Co., Ltd. ("Greentown Binfeng") (Note (b))	Project management	1 January 2021	49%	–

Notes:

(a) Greentown Construction Management Group acquired 100% equity interest of Greentown Jiangbin at cash consideration of RMB10,000,000. Greentown Jiangjing is a wholly-owned subsidiary of Greentown Jiangbin, therefore, it has also been consolidated into the Group as a subsidiary subsequent to the acquisition. The Group acquired Greentown Jiangbin and Greentown Jiangjing so as to continue the expansion of the Group's governmental project management operations.

(b) Greentown Binfeng was previously a 51%-owned joint venture of the Group. After an acquisition of additional 49% equity interest of Greentown Binfeng by Greentown Construction Management Group, Greentown Binfeng became a wholly-owned subsidiary of the Group. The Group acquired Greentown Binfeng so as to continue the expansion of the Group's governmental project management operations.

33. ACQUISITION OF SUBSIDIARIES (CONTINUED)

A summary effect of acquisition of the subsidiaries is as follows:

	Year ended 31 December 2022 Total RMB'000	2021 Total RMB'000
Fair value of assets and liabilities recognised at the date of acquisition		
Property, plant and equipment	–	2,113
Intangible assets	465,717	–
Deferred tax assets	–	545
Trade and other receivables	56,983	23,194
Contract assets	–	4,679
Amounts due from parent company	–	10,000
Bank balances and cash	–	8,235
Trade and other payables	(48,650)	(30,323)
Income tax payable	–	(213)
Other taxes payable	–	(1,472)
Contract liabilities	–	(6,237)
Deferred tax liabilities	(116,429)	–
	357,621	10,521
Non-controlling interests	(143,048)	–
	214,573	10,521
Less:		
Gain on acquisition of subsidiaries	–	521
	214,573	10,000
Consideration transferred, satisfied by:		
Cash	400,000	–
Contingent consideration arrangement	27,093	–
Consideration payable	–	10,000
	427,093	10,000
Goodwill arising on acquisition:		
Consideration transferred	427,093	10,000
Less: recognised amounts of net assets acquired	214,573	10,000
	212,520	–
Net cash (outflow) inflow arising on acquisition:		
Cash paid	(400,000)	–
Bank balances and cash acquired	–	8,235
	(400,000)	8,235

33. ACQUISITION OF SUBSIDIARIES (CONTINUED)

A summary effect of acquisition of the subsidiaries is as follows: (Continued)

The receivables acquired (which principally comprised trade and other receivables) with a fair value of RMB56,983,000 at the date of acquisition had gross contractual amounts of RMB56,983,000, which were expected to be fully collected for Greentown Shangli.

The acquisition of the subsidiaries has been accounted for using the acquisition method.

The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of net assets of the subsidiary and amounted to RMB143,048,000.

The contingent consideration amounting to RMB27,093,000 in relation to acquisition of Greentown Shangli was subsequently measured at FVTPL. During the current year, loss from changes in fair value of contingent consideration for RMB61,774,000 was included in the "other gains or losses".

Acquisition-related costs were insignificant and have been excluded from the cost of acquisition and were recognised as an expense in the year incurred within the "administration expenses" line item in the consolidated statements of profit or loss and other comprehensive income.

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2022 is RMB82,189,000 attributable to the additional business generated by Greentown Shangli. Revenue for the year ended 31 December 2022 includes RMB181,308,000 generated from Greentown Shangli.

Had the acquisition of Greentown Shangli been completed on 1 January 2022, revenue for the year ended 31 December 2022 of the Group would have been RMB181,308,000, and the profit for the year ended 31 December 2022 would have been RMB82,189,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2022, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Greentown Shangli been acquired at the beginning of the year, the directors of the Company calculated amortisation of intangible assets based on the recognised amounts of intangible assets at the date of the acquisition.

34. SHARE-BASED PAYMENT TRANSACTIONS

Share award scheme

2020 Share Award Scheme

The Company's share award scheme (the "Scheme") was adopted pursuant to a board resolution passed on 28 October 2020 for the primary purpose of providing incentives to directors and eligible employees to retain them for the continual operation and development of the Group, and will expire on 27 October 2030. Under the Scheme, the board of the Company or an authorised person may grant share awards to eligible employees, including directors of the Company. Pursuant to the Scheme, the award shares will be satisfied by existing shares to be acquired and held by a trust constituted by the Company (the "2020 Trust") through on-market transactions at the average prevailing market price, and the Company appointed an independent trustee, Computershare Hong Kong Trustees Limited (the "Trustee") acted as the administrator of the Company's Scheme.

The total number of the award shares made pursuant to the Scheme shall not exceed 1.83% of the total number of issued shares as at 28 October 2020.

The 2020 Trust has acquired 35,830,961 award shares from the market at an average prevailing market price of approximately HKD3.30 (equivalent to approximately RMB2.79) per share, including an aggregate of 35,740,000 award shares were granted by the Group to its 45 directors and eligible employees (the "2020 Grantee") pursuant to the Scheme on 24 December 2020. The award shares granted shall be vested in two tranches, (i) 50% of the award shares shall vest on the first anniversary date of the grant date, and (ii) the second 50% of the award shares shall vest on the second anniversary date of the grant date. When the relevant 2020 Grantee has satisfied all vesting conditions including a condition in relation to the closing price of the Company's shares on the date of vesting, and become entitled to the shares forming the subject of the award, the Trustee shall transfer the relevant granted shares to the 2020 Grantee in accordance with the Scheme rules.

During this year, 14,505,000 (2021: 14,935,000) award shares have been vested by the qualified 2020 Grantee, the remaining number of shares repurchased from market for share award scheme as at 31 December 2022 are 8,390,961 (2021: 20,895,961) shares amounted to HKD27,718,000 (2021: HKD69,027,000)(equivalent to approximately RMB23,397,000 (2021: RMB58,266,000)).

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

***2020 Share Award Scheme** (Continued)*

Movement in the number of award shares outstanding is as follows:

	Number of award shares
At 1 January 2021	35,740,000
Vested	(14,935,000)
Forfeited	(3,870,000)
At 31 December 2021	16,935,000
Vested	(14,505,000)
Forfeited	(1,160,000)
At 31 December 2022	**1,270,000**

During the year ended 31 December 2022, no share awards were granted under the 2020 Share Award Scheme.

The following assumptions were used to calculate the fair values of share awards:

Key inputs	**24 December 2020**
Share price	HKD3.20
Closing price condition on vesting date	HKD4.16
Expected life	10 years
Expected volatility	41.92%
Expected dividend yield	0.00%
Risk-free rate for the first tranche	0.08%
Risk-free rate for the second tranche	0.07%

The Group shall estimate the expected yearly percentage of the 2020 Grantee that will stay within the Group at the end of the vesting periods of the granted shares (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2022, the Expected Retention Rate was assessed to be 85.93% (2021: 89.17%).

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

***2020 Share Award Scheme** (Continued)*

The number of share awards granted expected to vest has been reduced to reflect historical experience of forfeiture of 14.07% (2021: 10.83%) of share awards granted prior to completion of vesting period and accordingly the share-based payment expense has been adjusted.

As at 31 December 2022, there are 1,270,000 granted award shares under 2020 Share Award Scheme have not been vested since corresponding grantees have not satisfied the performance conditions during the vesting period. According to the 2020 Share Award Scheme, these granted award shares will be vested till the performance condition is fulfilled.

For the year ended 31 December 2022, the Group has recognised the total expenses of RMB8,710,000 (2021: RMB22,128,000) in the profit or loss in relation to share awards granted under the 2020 Share Awards Scheme.

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

2022 Share Award Scheme

The Company's 2022 share award scheme (the "2022 Share Award Scheme") was adopted pursuant to a board resolution passed on 24 April 2022 for the primary purpose of providing incentives to directors and eligible employees to retain them for the continual operation and development of the Group, and will expire on 23 April 2032. Under the 2022 Share Award Scheme, the board of the Company or an authorised person may grant share awards to eligible employees, including directors of the Company. Pursuant to the 2022 Share Award Scheme, the award shares will be satisfied by the issue and allotment of new shares to a trust constituted the trust deed to service the 2022 Share Award Scheme (the "2022 Trust"), and the Company appointed the Trustee acted as the administrator of the Company's 2022 Share Award Scheme.

The total number of the award shares made pursuant to the 2022 Share Award Scheme shall not exceed 2.657% of the total number of issued shares as at 24 April 2022.

As at 31 December 2022, the Company issued and allotted 52,024,000 award shares to the 2022 Trust for the 2022 Share Award Scheme. On 24 April 2022 and 28 October 2022, 52,024,000 and 2,580,000 award shares were granted by the Group to its 73 directors and eligible employees and 6 eligible employees respectively (the "2022 Grantee"), pursuant to the 2022 Share Award Scheme.

Subject to the satisfaction of the vesting criteria and conditions of the award letter, the award shares shall be vested in three tranches, (i) 30% of the award shares shall vest on the first anniversary date of the grant date, (ii) 30% of the award shares shall vest on the second anniversary date of the grant date, and (iii) 40% of the award shares shall vest on the third anniversary date of the grant date. When the relevant 2022 Grantee has satisfied all vesting conditions and become entitled to the shares forming the subject of the award, the Trustee shall transfer the relevant granted shares to the 2022 Grantee in accordance with the scheme rules. Each of the 2022 Grantee further agreed to the Company that, upon vesting of the award shares, the vested award shares can only be sold when the latest closing price per share stated on the daily quotation sheet of the Stock Exchange is no less than HKD6.5 per share.

Movement in the number of award shares outstanding is as follows:

Number of award shares	24 April 2022	28 October 2022
At 1 January 2022	–	–
Granted	52,024,000	2,580,000
Forfeited	(4,124,000)	–
At 31 December 2022	47,900,000	2,580,000

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

***2022 Share Award Scheme** (Continued)*

During the year ended 31 December 2022, the estimated fair value of the award shares granted on 24 April 2022 and 28 October 2022 were HKD228,000,000 (equivalent to approximately RMB187,735,000) and HKD8,000,000 (equivalent to approximately RMB7,319,000) respectively. The fair value of award shares was calculated using the Binomial model.

The following assumptions were used to calculate the fair values of share awards:

Key inputs	24 April 2022	28 October 2022
Share price	HKD5.75	HKD4.45
Condition of sale	HKD6.50	HKD6.50
Expected life	10 years	10 years
Expected volatility	38.330%	36.967%
Expected dividend yield	4.217%	4.389%
Risk-free interest rate	2.784%	3.634%

Expected volatility was determined by using the historical average annualised daily volatility of the Company and comparable companies within the same industry. The expected life used in the model is in accordance with the vesting condition term as described above.

The Binomial model has been used to estimate the fair value of the share awards. The variables and assumptions used in computing the fair value of the share awards are based on the directors' and valuer's best estimate. Changes in variables and assumptions may result in changes in the fair value of the share awards.

The Group shall estimate the expected vest ratio of the 2022 Share Awards Scheme based on comprehensive consideration of expected retention rate and the possibility of achievement of relevant performance conditions of each eligible 2022 Grantee in order to determine the amount of share-based compensation expenses charged to the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2022, the average expected vest ratio were assessed to be 75.15% and 68.89% for the award shares granted on 24 April 2022 and 28 October 2022 under 2022 Share Awards Scheme respectively.

For the year ended 31 December 2022, the Group has recognised the total expenses of RMB57,095,000 in the profit or loss in relation to share awards granted under the 2022 Share Awards Scheme.

34. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share award scheme (Continued)

***2022 Share Award Scheme** (Continued)*

At the end of each year, the Group revises its estimates of the number of share awards under the 2020 Share Award Scheme and the 2022 Share Award Scheme that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit and loss, with a corresponding adjustment to the share-based payments reserve.

35. RETIREMENT BENEFITS PLANS

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes interest bearing amounts due to related parties, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost	**3,436,298**	3,356,026
Equity instruments at FVTOCI	**67,430**	100,742
Financial assets at FVTPL	**75,430**	75,031
	3,579,158	3,531,799
Financial liabilities		
Amortised cost	**1,127,092**	980,007
Financial liabilities at FVTPL	**88,867**	–
	1,215,959	980,007

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, other long-term receivables, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, financial assets at FVTPL, trade and other payables, amounts due to related parties and financial liabilities at FVTPL. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Company and two subsidiaries of the Group located in Hong Kong have foreign currency bank balances which expose the Group to foreign currency risk.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Market risk** (Continued)*

Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary bank balances at the end of the year are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
HKD	**21,848**	14,294

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

The following table details the Group's sensitivity to a 5% (2021: 5%) increase and decrease in RMB against HKD 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding HKD denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A negative number below indicates a decrease in post-tax profit where RMB strengthens 5% against the relevant currency. For a 5% weakening of HKD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other comprehensive income.

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit or loss	**(1,092)**	(715)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits, other receivables, other long-term receivables, amounts due from related parties, amounts due to related parties and other payables. The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposit and bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

If the interest rate had been 5 basis points (2021: 5 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease by RMB1,086,000 (2021: increase/decrease by RMB1,140,000) for the year ended 31 December 2022.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Market risk *(Continued)*

Other price risk

The Group is exposed to equity price risk through its investments in unlisted equity securities measured at FVTOCI. The Group monitors the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. If the prices of the equity instruments had been 10% (2021: 10%) higher/lower, FVTOCI reserve would increase/decrease by RMB5,057,000 (2021: increase/decrease by RMB7,556,000) for the year ended 31 December 2022.

Credit risk and impairment assessment

As at 31 December 2022 and 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amounts due from related parties, other long-term receivables, pledged bank deposits, bank balances and contract assets. Except for loans to third parties recognised as other receivables and other long – term receivables are secured by collaterals as detailed in Note 25 and Note 23 respectively, all other financial assets are without collateral or credit enhancement.

Trade receivables, contract assets and trade related amounts due from related parties arising from contracts with customers

In order to minimise the credit risk, the Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade balances individually or based on provision matrix, as appropriate.

Other receivables, non-trade related amounts due from related parties and other long-term receivables due from a related party

The credit risk of other receivables, non-trade related amounts due from related parties and other long-term receivables due from a related party is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment *(Continued)*

Secured loans to third parties recognised as other receivables and other long-term receivables

The management estimates the estimated loss rates of secured loans to third parties based on credit quality of the debtors as well as the fair value of the collateral pledged by the debtors to the loans. Based on assessment by the management, the loss given default is low in view of the estimated realised amount of ultimate disposal of the collaterals and the management considers the ECL for loans to third parties is insignificant and therefore no loss allowance was recognised. Details of secured loans to third parties recognised as other receivables and other long-term receivables are set out in Note 25 and Note 23 respectively.

Bank balances and cash and pledged bank deposits

Cash deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit quality financial institutions, therefore the Group's credit risk on liquid funds is limited.

The Group's internal credit risk grading assessment for trade receivables, contract assets and trade related amounts due from related parties comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Low risk	The counterparty has a low risk of default or counterparty frequently repays after due dates.	Lifetime ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment *(Continued)*

The Group's internal credit risk grading assessment for other receivables, other long-term receivables, non-trade related amounts due from related parties and bank balances and pledged bank deposits comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Low risk	The counterparty still has a strong capacity to meet contractual cash flows after due date and the Group considers that the counterparty can settle in full afterwards.	12-month ECL
Watch list	Repayments are overdue and the Group considers that there is significant increases in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
Doubtful	Repayments are overdue and the Group considers that default has occurred.	Lifetime ECL – credit-impaired
Loss	There is evidence indicating the asset is fully impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets and contract assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	As at 31 December 2022 Gross carrying amount RMB'000	2021 Gross carrying amount RMB'000
Financial assets at amortised cost						
Trade receivables	25	N/A	Note (i)	Lifetime ECL (not credit-impaired)	205,679	134,322
			Doubtful	Lifetime ECL (not credit-impaired)	1,400	2,900
			Loss	Lifetime ECL (credit-impaired)	9,869	8,162
					216,948	145,384
Trade related amounts due from related parties	39(ii)	N/A	Note (i)	Lifetime ECL (not credit-impaired)	20,755	5,603
			Loss	Lifetime ECL (credit-impaired)	729	729
					21,484	6,332
Other receivables	25	N/A	Performing Note (iii)	12-month ECL	421,000	455,000
			Performing& Low risk	12-month ECL	177,912	147,842
			Watch list	Lifetime ECL (not credit-impaired)	285	285
			Doubtful &Loss	Lifetime ECL (credit-impaired)	1,760	1,365
					600,957	604,492

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's financial assets and contract assets which are subject to ECL assessment: (Continued)

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	As at 31 December 2022 Gross carrying amount RMB'000	2021 Gross carrying amount RMB'000
Non-trade related amounts due from related parties	39(ii)	N/A	Performing	12-month ECL	280,484	236,164
Other long-term receivables	23	N/A	Performing Note (iii)	12-month ECL	–	238,000
		N/A	Performing	12-month ECL	266,653	–
					266,653	238,000
Pledged bank deposits	28	AAA – A (Note (ii))	N/A	12-month ECL	152,923	12,502
Bank balances and cash	28	AAA – A (Note (ii))	N/A	12-month ECL	1,933,099	2,137,648
Contract assets	26	N/A	Note (i)	Lifetime ECL (not credit-impaired)	610,536	511,101
			Loss	Lifetime ECL (credit-impaired)	3,215	3,215
					613,751	514,316

Notes:

(i) For trade receivables, trade related amounts due from related parties and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix based on aging of debtors.

(ii) External credit rating disclosed by the counterparty financial institutions and banks, majority of which are located in the PRC.

(iii) Debtors with significant outstanding balance with gross carrying amount of RMB421,000,000 for other receivables as at 31 December 2022 (2021: RMB455,000,000) and RMB nil for other long-term receivables as at 31 December 2022 (2021: RMB238,000,000) were assessed individually. For the year ended 31 December 2022, the Group has not recognised the loss allowance for certain other receivables and other long-term receivables since the value of collaterals pledged for these other receivables and other long-term receivables is much higher than their carrying amounts and there is no significant change in the quality of these collaterals as at 31 December 2022 and 2021.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment *(Continued)*

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers including those who are the related parties of the Group in relation to its project management service and construction design service because these operating segments have large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group assessed the impairment for its customers from these operating segments separately, and the information about the exposure to credit risk for these trade receivables, contract assets and trade related amounts due from related parties based on provision matrix as at 31 December 2022 and 2021 within lifetime ECL (not credit impaired) are presented below respectively. Debtors with significant outstanding balances or credit-impaired with gross carrying amounts of RMB11,269,000, RMB3,215,000 and RMB729,000 for trade receivables, contract assets and trade related amounts due from related parties respectively as at 31 December 2022 (2021: RMB11,062,000, RMB3,215,000 and RMB729,000 for trade receivables, contract assets and trade related amounts due from related parties respectively) were assessed individually.

	As at 31 December			
	2022		2021	
	Average loss rate	Trade receivables RMB'000	Average loss rate	Trade receivables RMB'000
Gross carrying amount				
Within 180 days	5.87%	131,405	5.88%	105,774
180 – 365 days	6.34%	42,057	7.98%	12,738
Over 365 days	21.00%	32,217	18.99%	15,810
		205,679		134,322

	As at 31 December			
	2022		2021	
	Average loss rate	Contract assets RMB'000	Average loss rate	Contract assets RMB'000
Gross carrying amount	6.00%	610,536	5.61%	511,101

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment *(Continued)*

Provision matrix – debtors' aging (Continued)

	As at 31 December			
	2022		2021	
	Average loss rate	Trade related amounts due from related parties RMB'000	Average loss rate	Trade related amounts due from related parties RMB'000
Gross carrying amount				
Within 180 days	3.18%	15,529	3.65%	931
Over 365 days	17.24%	5,226	10.49%	4,672
		20,755		5,603

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables, contract assets and trade related amounts due from related parties under the simplified approach.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

Provision matrix – debtors' aging (Continued)

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2021	29,524	12,543	42,067
– Transfer to credit-impaired	(255)	255	–
– Impairment losses recognised	21,569	4,757	26,326
– Impairment losses reversed	(9,939)	(5,439)	(15,378)
– Write-offs	–	(10)	(10)
At 31 December 2021	40,899	12,106	53,005
– Transfer to credit-impaired	(323)	323	–
– Impairment losses recognised	28,082	11,264	39,346
– Impairment losses reversed	(12,772)	(7,073)	(19,845)
– Write-offs	–	(2,807)	(2,807)
At 31 December 2022	**55,886**	**13,813**	**69,699**

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

Provision matrix – debtors' aging (Continued)

Changes in the loss allowance for trade receivables, contract assets and trade related amounts due from related parties are mainly due to:

	Year ended 31 December			
	2022		2021	
	Increase/(decrease) in lifetime ECL		Increase/(decrease) in lifetime ECL	
	Not credit-impaired RMB'000	**Credit-impaired RMB'000**	Not credit-impaired RMB'000	Credit-impaired RMB'000
Several new trade debtors with gross carrying of RMB258,670,000 (2021: RMB171,294,000)	**14,943**	**–**	9,586	–
Several settlement in full of trade debtors with gross carrying amounts of RMB25,894,000 (2021: RMB54,922,000)	**(1,229)**	**(4,993)**	(3,215)	(123)

The following table provides information about the exposure to credit risk and ECL for other receivables, non-trade related amounts due from related parties and other long-term receivables which are assessed collectively. In addition to the internal credit ratings as stated above, the Group further assessed the impairment for other receivables, non-trade related amounts due from related parties and other long-term receivable from the different operating segments separately, and the information about the exposure to credit risk for these other receivables and amounts due from related parties based on provision matrix as at 31 December 2022 and 2021 within 12-month ECL and lifetime ECL (not credit impaired) are presented below respectively. Credit-impaired debtors with gross carrying amounts of RMB1,760,000 for other receivables as at 31 December 2022 (2021: RMB1,365,000) were assessed individually.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment *(Continued)*

Provision matrix – internal credit rating

	As at 31 December			
	2022		2021	
	Average loss rate	Other receivables RMB'000	Average loss rate	Other receivables RMB'000
Gross carrying amount				
Performing	0.54%	173,841	0.49%	147,481
Low risk	16.42%	4,071	16.42%	361
Watch list	21.01%	285	21.01%	285
		178,197		148,127

	As at 31 December			
	2022		2021	
	Average loss rate	Non-trade related amounts due from related parties RMB'000	Average loss rate	Non-trade related amounts due from related parties RMB'000
Gross carrying amount				
Performing	0.55%	280,484	0.51%	236,164

	As at 31 December			
	2022		2021	
	Average loss rate	Other Long-term receivables due from a related party RMB'000	Average loss rate	Other Long-term receivables due from a related party RMB'000
Gross carrying amount				
Performing	0.56%	266,653	N/A	–

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Credit risk and impairment assessment** (Continued)*

Provision matrix – internal credit rating (Continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for other receivables, non-trade related amounts due from related parties and other long-term receivables.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2021	1,936	568	1,116	3,620
– Transfer to credit-impaired	(363)	–	363	–
– Impairment losses recognised	542	–	479	1,021
– Impairment losses reversed	(145)	(508)	(233)	(886)
– Write-offs	–	–	(360)	(360)
At 31 December 2021	1,970	60	1,365	3,395
– Transfer to lifetime ECL	(4)	4	–	–
– Transfer to credit-impaired	–	(408)	408	–
– Impairment losses recognised	2,948	404	312	3,664
– Impairment losses reversed	(324)	–	(325)	(649)
At 31 December 2022	**4,590**	**60**	**1,760**	**6,410**

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment *(Continued)*

Provision matrix – internal credit rating (Continued)

Changes in the loss allowance for other receivables, non-trade related amounts due from related parties and other long-term receivables are mainly due to:

	Year ended 31 December	
	2022	2021
	Increase (decrease) in 12-month ECL	Increase (decrease) in 12-month ECL
	RMB'000	RMB'000
Several new non-trade debtors with a gross carrying amounts of RMB315,637,000 (2021: RMB18,229,000)	**1,762**	92
Settlement in full of non-trade debtors with gross carrying amounts of RMB41,758,000 (2021: RMB28,089,000)	**(211)**	(156)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

***Liquidity risk** (Continued)*

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
For the year ended 31 December 2022					
Non-derivative financial liabilities					
Trade and other payables					
– fixed rate	12.37%	27,355	–	27,355	26,017
– interest-free	–	879,709	–	879,709	879,709
Amounts due to related parties					
– fixed rate	15.00%	13,560	–	13,560	13,050
– interest-free	–	208,316	–	208,316	208,316
Lease liabilities	5.40%	8,582	9,881	18,463	17,008
As at 31 December 2022		1,137,522	9,881	1,147,403	1,144,100

	Weighted average interest rate	On demand or less than 1 year RMB'000	1-5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
For the year ended 31 December 2021					
Non-derivative financial liabilities					
Trade and other payables					
– fixed rate	12.58%	28,829	–	28,829	25,645
– interest-free	–	708,400	–	708,400	708,400
Amounts due to related parties					
– fixed rate	15.26%	19,822	–	19,822	17,636
– interest-free	–	228,326	–	228,326	228,326
Lease liabilities	5.40%	6,089	10,554	16,643	15,192
As at 31 December 2021		991,466	10,554	1,002,020	995,199

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	Fair value	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Unquoted equity investments	Equity instrument at FVTOCI: RMB16,307,000 (2021: RMB21,989,000)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected dividend income and ultimate disposal proceed.	Discount rate of 5.6% (2021: 5.6%). (Note (i))
	Equity instrument at FVTOCI: RMB27,218,000 (2021: RMB50,708,000)	Level 3	Market approach – in this approach, the value of an asset or security is based upon development of ratios of market prices which investors are paying for similar assets or securities in the market place.	Adjusted price earnings ratio ("P/E ratio"), determined by reference to the P/E ratio of listed entities in similar industries, of 7.2 (2021: 6.4). (Note (ii)) Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, of 31.1% (2021: 30.2%). (Note (iii))
	Equity instruments at FVTOCI: RMB23,905,000 (2021: RMB28,045,000)	Level 3	The value of underlying net assets is based on the expected net realisable value of properties under development calculated by the discounted future income generated from the sales of such properties under development in the future less costs to be incurred to reach the sales condition, plus adjusted value of other identifiable assets and liabilities of the underlying net assets.	Discount rate, used to determine the value of properties under development, taking into account weighted average cost of capital (WACC) determined by using a Capital Asset Pricing Model, of 9.8% (2021: 10.1%). (Note (i)) Expected price per square meter, used to determine the value of properties under development, ranging from RMB8,900 to RMB32,800 (2021: RMB7,900 to RMB33,500). (Note (iv))

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments (Continued)

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis *(Continued)*

Financial instrument	Fair value	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Structured deposits	Financial asset at FVTPL: RMB75,430,000 (2021: RMB75,031,000)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected interest income and ultimate disposal proceed.	Discount rate of 2.2% (2021: 2.2%). (Note (i)) Expected return rate of 3.0% (2021: 3.0%) (Note (v))
Contingent consideration in a business combination	Financial liabilities at FVTPL: RMB88,867,000 (2021: RMB nil)	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration, based on an appropriate discount rate.	Discount rate of 4.3% (2021: nil) (Note (i))

Notes:

(i) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the unquoted equity investments, structured deposits, contingent consideration in a business combination, and vice versa.

(ii) An increase in the adjusted P/E ratio used in isolation would result in an increase in the fair value measurement of the unquoted equity investments, and vice versa.

(iii) An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value measurement of the unquoted equity investments, and vice versa.

(iv) An increase in the expected price per square meter used in isolation would result in an increase in the fair value measurement of the unquoted equity investments, and vice versa.

(v) An increase in the expected return rate would result in an increase in the fair value measurement of structured deposits, and vice versa.

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Financial liabilities at FVTPL RMB'000
At 1 January 2021	93,393	–	–
Fair value gain:			
– in profit or loss	–	6,297	–
– in other comprehensive income	7,349	–	–
Purchased	–	1,684,154	–
Disposals	–	(1,615,420)	–
At 31 December 2021	100,742	75,031	–
Fair value gain (loss):			
– in profit or loss	–	11,455	(61,774)
– in other comprehensive income	(33,312)	–	–
Acquisition of a subsidiary (Note 33)	–	–	(27,093)
Purchased	–	410,000	–
Disposals	–	(421,056)	–
At 31 December 2022	**67,430**	**75,430**	**(88,867)**

Of the total gains or losses for the year included in profit or loss, an unrealised gain of RMB8,734,000 (2021: loss RMB550,000) relates to financial assets at FVTPL held at the end of the current reporting period. Fair value gains or losses on financial assets at FVTPL are included in "other gains and losses".

All gains and losses were included in other comprehensive income related to unquoted equity instruments at FVTOCI held at the end of current and comparable reporting periods and were reported as changes of FVTOCI reserve. Dividends from equity instruments at FVTOCI of RMB22,000,000 (2021: RMB5,000,000) for current reporting period has been recognised in "other income" line item in the consolidated statement of profit or loss and other comprehensive income.

Of the total gains or losses for the year ended 31 December 2022 included in profit or loss, an unrealised loss of RMB61,774,000 relates to financial liabilities at FVTPL held at 31 December 2022 (2021: RMB nil). Fair value gains or losses on financial liabilities at FVTPL are included in "other gains and losses".

37. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurements of financial instruments (Continued)

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Other payables RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000	Amounts due to related parties RMB'000
At 1 January 2021	–	17,390	3,966	16,331
Financing cash flows	23,708	(11,939)	(332,530)	(1,430)
New leases	–	18,391	–	–
Interest expenses	1,937	1,035	–	2,735
Early termination of lease	–	(9,685)	–	–
Dividends recognised as distribution	–	–	326,803	–
Dividends to non-controlling interests	–	–	2,000	–
At 31 December 2021	25,645	15,192	239	17,636
Financing cash flows	(2,978)	(8,422)	(388,099)	(904)
New leases	–	9,709	–	–
Interest expenses	3,150	1,004	–	2,334
Early termination of lease	–	(475)	–	–
Offset by trade and other receivables	(3,000)	–	(26,239)	–
Offset by amount due from a related party (Note 43)	–	–	–	(6,016)
Dividends recognised as distribution	–	–	387,422	–
Dividends to non-controlling interests	–	–	27,295	–
Liquidation of subsidiaries	3,200	–	–	–
At 31 December 2022	**26,017**	**17,008**	**618**	**13,050**

39. RELATED PARTY DISCLOSURES

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

(a) Provided project management service to related parties

	Notes	Year ended 31 December 2022 RMB'000	2021 RMB'000
溫州綠城樂居企業管理有限公司 Wenzhou Greentown Leju Enterprise Management Co., Ltd. ("Wenzhou Leju Enterprise Management")	(1)	**52,526**	45,928
杭州錢江綠星樂居建設管理有限公司 Hangzhou Qianjiang Lvxing Leju Construction Management Co., Ltd. ("Hangzhou Qianjiang")	(1)	**50,639**	40,421
溫州綠城樂居項目管理有限公司 Wenzhou Greentown Leju Project Management Co., Ltd. ("Wenzhou Leju Project Management")	(1)	**50,586**	49,245
Shandong Lvxin Wanhe	(3)	**22,115**	18,732
Greentown Dingli	(3)	**21,335**	14,875
海南島三亞日出觀光有限公司 Hainan Sanya Sunrise Sightseeing Co., Ltd. ("Hainan Sanya Sunrise")	(1)	**18,868**	–
Zhejiang Shidai	(3)	**16,849**	49,313
杭州綠興工程項目管理有限公司 Hangzhou Lvxing Project Management Co., Ltd. ("Hangzhou Lvxing Project Management")	(1)	**9,025**	14,116
首創青旅置業(昆山)有限公司 Capital Youth Travel Real Estate (Kunshan) Co., Ltd. ("Youth Travel")	(2)	**5,469**	9,547
麗水綠星樂居建設管理有限公司 Lishui Lvxing Leju Construction Management Co., Ltd. ("Lishui Lvxing Leju")	(1)	**4,958**	9,942
Hangzhou Bay	(3)	**3,417**	–
綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate Group")	(1)	**2,785**	318
Greentown Northern	(3)	**1,415**	2,399
海南綠城綠明建設管理有限公司 Hainan Greentown Lvming Construction Management Co., Ltd., ("Hainan Lvming")	(3)	**1,350**	296
Greentown Changyu	(3)	**212**	4,106
Greentown Jingfeng	(3)	**52**	8,730
山東高速綠城置業投資有限公司 Shandong High Speed Greentown Real Estate Investment Co., Ltd. ("Shandong High Speed")	(2)	**–**	9,190
杭州方氏織造有限公司 Hangzhou Fangshi Weaving Co., Ltd. ("Hangzhou Fangshi")	(1)	**–**	670
Others		**702**	186
		262,303	278,014

39. RELATED PARTY DISCLOSURES (CONTINUED)

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

(b) Provided construction design and education consulting service to related parties

	Notes	Year ended 31 December 2022 RMB'000	2021 RMB'000
浙江綠城都會建築規劃設計有限公司 Zhejiang Greentown Metropolis Architecture Planning and Design Co. Ltd. ("Zhejiang Greentown Duhui")	(3)	**1,554**	–
Greentown Qinghe	(3)	**288**	–
Greentown Lipu	(3)	**246**	748
青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd. ("Qingdao Greentown")	(1)	**85**	170
Greentown Lvming	(3)	**22**	–
Zhejiang Xinglian	(3)	**–**	920
Hangzhou Hengtai	(3)	**–**	343
Others		**51**	237
		2,246	2,418

(c) Rental income from related parties

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Zhejiang Xinglian	(3)	**–**	344
Hangzhou Hengtai	(3)	**–**	248
		–	592

39. RELATED PARTY DISCLOSURES (CONTINUED)

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

(d) Interest income arising from loans to related parties

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Xiaoshan Zheqi	(3)	**6,653**	–
Greentown Tianyuan	(3)	**852**	203
Greentown Jingfeng	(3)	**103**	–
Greentown Landscape Garden	(3)	**–**	372
Others		**545**	795
		8,153	1,370

(e) Received consulting and other service from related parties

	Notes	Year ended 31 December 2022 RMB'000	2021 RMB'000
Zhejiang Shidai	(3)	**109,211**	105,914
Greentown Northern	(3)	**64,231**	68,673
Greentown Lvming	(3)	**53,781**	67,171
Shanghai Fuqin	(3)	**46,423**	44,853
Greentown Lipu	(3)	**41,097**	18,737
Greentown Zhenghong	(3)	**30,323**	32,670
Greentown Duhui	(3)	**30,207**	28,408
Greentown Tianyuan	(3)	**28,993**	46,116
Zhejiang Shenye	(3)	**26,425**	60,339
Greentown Innovation	(3)	**25,640**	40,385
Zhejiang Greentown Jiangxin	(3)	**18,914**	14,184
Hainan Lvming	(3)	**17,747**	8,521
Greentown Changyu	(3)	**10,578**	7,316
Xinjiang Chuangjing	(3)	**8,373**	15,349
Greentown Jinfeng	(3)	**5,935**	172
Zhejiang Greentown Shangdi	(3)	**3,807**	2,799
Leju Technology	(3)	**2,777**	1,183
Zhejiang Xinglian	(3)	**2,139**	528
Wenzhou Leju Enterprise Management	(1)	**–**	12,633
Wenzhou Leju Project Management	(1)	**–**	10,243
Others		**4,467**	11,747
		531,068	597,941

39. RELATED PARTY DISCLOSURES (CONTINUED)

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: (Continued)

(f) Licensing fee

On 24 February 2020, the Company and Greentown China entered into a license agreement in respect of certain "綠城" ("Greentown") or related trademarks for a term commencing from its effective date on 24 February 2020 for an initial term of ten years after the listing date. Pursuant to the license agreement, there are licensing fees charged by Greentown China to the Company upon 10 July 2020, the listing date of the Company in the following manner: (i) for the first year: RMB30,000,000; (ii) for the second year: RMB40,000,000; (iii) for the third year: RMB50,000,000; (iv) for each of the fourth to tenth year: RMB60,000,000; and (v) for each of the eleventh to twentieth year: RMB60,000,000 if applicable, calculated on a pro-rated basis for less than an entire calendar year. The licensing fee for the first to tenth year shall also be subject to a lower amount that may be agreed by Greentown China and the Company, and the licensing fee for the eleventh to twentieth year may also be adjusted as agreed by Greentown China and the Company.

For the year ended 31 December 2022, the licensing fee amounting to RMB42,124,000 (2021: RMB32,011,000) pursuant to the license agreement was presented as "selling and marketing expenses" in the consolidated statement of profit or loss and other comprehensive income. During the year, the Group has paid RMB42,233,000 (2021: RMB46,291,000) for the abovementioned licensing fee.

(g) Interest expenses on loans from related parties

		Year ended 31 December	
		2022	2021
	Note	**RMB'000**	RMB'000
Greentown Jiayuan	(3)	**1,500**	1,753
Greentown Zhenghong	(3)	**834**	982
		2,334	2,735

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows:

	Notes	As at 31 December 2022 RMB'000	2021 RMB'000
Amounts due from related parties			
Trade related			
Greentown Real Estate Group	(1)	**17,310**	5,234
Zhejiang Shidai	(3)	**2,674**	–
Hainan Lvming	(3)	**779**	–
Greentown Landscape Garden	(3)	**700**	700
Greentown Lipu	(3)	**–**	377
Others		**21**	21
		21,484	6,332
Non-trade related			
Zhejiang Shenye	(3)	**37,748**	44,827
Greentown Zhenghong	(3)	**36,735**	12,114
Greentown Tianyuan	(3)	**35,900**	29,610
Zhejiang Shidai	(3)	**29,537**	32,857
Greentown Lvming	(3)	**27,114**	6,114
Greentown Northern	(3)	**19,936**	22,181
Shandong Wanhe	(3)	**19,028**	11,803
Greentown Innovation	(3)	**14,300**	7,100
Xinjiang Chuangjing	(3)	**13,897**	13,897
Shanghai Fuqin	(3)	**10,370**	16,900
Zhejiang Jiangxin	(3)	**9,185**	5,299
Hainan Lvming	(3)	**8,883**	8,026
北京雲溪綠城房地產開發有限公司 Beijing Yunxi Greentown Real Estate Development Co., Ltd. ("Beijing Yunxi Greentown")	(1)	**6,473**	7,973
Greentown Jinfeng	(3)	**5,103**	–
Hangzhou Bay	(3)	**2,000**	–
Greentown Real Estate Group	(1)	**1,425**	1,417
杭州綠城亞運村開發有限公司 Hangzhou Greentown Asian Games Village Development Co., Ltd. ("Asian Games Village")	(1)	**1,310**	–
Zhejiang Xinglian	(3)	**482**	–
Greentown Landscape Garden	(3)	**365**	5,365

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) **As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows:** (Continued)

		As at 31 December	
		2022	2021
	Notes	**RMB'000**	RMB'000
Amounts due from related parties – continued			
Non-trade related – continued			
Greentown Duhui	(3)	**–**	7,116
綠城楊柳郡房地產有限公司			
Greentown Yangliujun Real Estate Co., Ltd. ("Greentown Yangliujun")	(1)	**–**	1,477
Greentown Fanxing	(3)	**–**	619
Lvxing Yuanli	(3)	**–**	501
Others		**693**	968
		280,484	236,164
		301,968	242,496

Except for the non-trade related amounts due from Greentown Tianyuan of RMB11,000,000 (2021: RMB5,000,000) (collectively with interest receivable of RMB1,003,000 (2021: RMB151,000)), Zhejiang Shenye of RMB7,000,000 (2021: RMB8,000,000) (collectively with interest receivable of RMB802,000 (2021: RMB149,000)), Greentown Zhenghong of RMB23,984,000 (2021: RMB nil) (collectively with interest receivable of RMB nil (2021: RMB nil)), Greentown Lvming of RMB25,000,000 (2021: RMB nil) (collectively with interest receivable of RMB nil (2021: RMB nil)), Greentown Jingfeng of RMB5,000,000 (2021: RMB nil) (collectively with interest receivable of RMB103,000 (2021: RMB nil)), Greentown Landscape Garden of RMB nil (31 December 2021: RMB5,000,000) (collectively with interest receivable of RMB365,000 (31 December 2021: RMB365,000)), Greentown Duhui of RMB nil (31 December 2021: RMB6,885,000) (collectively with interest receivable of RMB nil (31 December 2021: RMB231,000)), and Lvxing Yuanli of RMB nil (31 December 2021: RMB300,000) (collectively with interest receivable of RMB nil (31 December 2021: RMB1,000)) are unsecured advances to related parties, which carry interest rate from 4% to 16% (2021: 10%) per annum respectively and are expected to be recovered within 12 months, the other abovementioned non-trade related amounts due from related parties are mainly related to the performance deposits paid to the related parties and funds paid in advance to the related parties in connection with the project management business which are all expected to be received on demand or within normal operating cycle are all interest free.

The above amounts due from related parties are presented before accumulative impairment losses of RMB3,679,000 as at 31 December 2022 (2021: RMB2,447,000).

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: (Continued)

The following is an aged analysis of gross amounts of trade related amounts due from related parties presented based on the invoice dates.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 180 days	**15,529**	931
Over 365 days	**5,955**	5,401
	21,484	6,332

		As at 31 December	
		2022	2021
	Note	**RMB'000**	RMB'000
Prepayments (included in trade and other receivables)			
Greentown Northern	(3)	**14,203**	17,020
Greentown Innovation	(3)	**3,866**	–
Hainan Lvming	(3)	**781**	–
Greentown Jinfeng	(3)	**741**	–
Greentown Changyu	(3)	**–**	468
		19,591	17,488

		As at 31 December	
		2022	2021
	Notes	**RMB'000**	RMB'000
Contract assets			
Greentown Real Estate Group	(1)	**–**	2,601
Hainan Lvming	(3)	**–**	298
		–	2,899

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: (Continued)

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
Other long-term receivables			
Xiaoshan Zheqi	(3)	**266,653**	–

The other long-term receivables due from Xiaoshan Zheqi amounted to RMB260,000,000 (2021: nil) (collectively with interest receivable of RMB6,653,000 (2021: RMB nil)), are unsecured advances to related parties, which carry interest 15% per annum with term of two years.

The above other long-term receivables are presented before accumulative impairment losses of RMB1,488,000 as at 31 December 2022 (2021: RMB nil).

	Notes	As at 31 December 2022 RMB'000	2021 RMB'000
Amounts due to related parties			
Trade related			
Greentown Tianyuan	(3)	**30,055**	17,102
Zhejiang Shenye	(3)	**29,603**	33,047
Zhejiang Shidai	(3)	**25,944**	25,321
Greentown Lvming	(3)	**25,259**	22,337
Greentown Zhenghong	(3)	**10,756**	15,989
Xinjiang Chuangjing	(3)	**6,891**	4,454
Greentown Changyu	(3)	**4,008**	–
Shandong Lvxin Wanhe	(3)	**3,594**	3,594
Shandong Wanhe	(3)	**3,455**	14,007
Zhejiang Jiangxin	(3)	**1,250**	1,357
Greentown Jingfeng	(3)	**917**	6,674
Shanghai Fuqin	(3)	**837**	4,183
Greentown Duhui	(3)	**–**	10,000
Greentown Innovation	(3)	**–**	3,353
Others		**790**	1,454
		143,359	162,872

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: (Continued)

	Notes	As at 31 December 2022 RMB'000	2021 RMB'000
Amounts due to related parties (Continued)			
Non-trade related			
Greentown Yangliujun	(1)	**23,895**	487
Zhejiang Shidai	(3)	**17,760**	18,460
Greentown Jiayuan	(3)	**13,050**	11,550
Greentown Jingfeng	(3)	**5,000**	–
Shandong Lvxin Wanhe	(3)	**4,586**	4,586
Greentown Public City Garden	(3)	**2,970**	2,970
Xinjiang Chuangjing	(3)	**2,452**	5,821
Greentown China	(4)	**2,423**	2,400
成都綠晟置業有限公司 Chengdu Lvsheng Real Estate Co., Ltd. ("Chengdu Lvsheng")	(1)	**2,063**	–
Greentown Northern	(3)	**1,447**	1,447
杭州尊藍酒店管理有限公司 Hangzhou Zunlan Hotel Management Co., Ltd. ("Zunlan Hotel")	(1)	**716**	–
Wuxi Lvju	(3)	**384**	–
Zhejiang Greentown Shangdi	(3)	**280**	129
Zhejiang Xinglian	(3)	**250**	798
Greentown Dingli	(3)	**–**	7,800
Greentown Zhenghong	(3)	**–**	6,086
Hainan Sanya Sunrise	(1)	**–**	20,000
Others		**731**	556
		78,007	83,090
		221,366	245,962

39. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: (Continued)

As at 31 December 2022, except for the non-trade related amounts due to Greentown Jiayuan of RMB10,000,000 (2021: RMB10,000,000) (collectively with interest payable of RMB3,050,000 (2021: RMB1,550,000)) and Greentown Zhenghong of RMB nil (2021: RMB6,000,000) (collectively with interest payable of RMB nil (2021: RMB86,000)), which carry interest at 15% per annum, the other advances are interest free. All of the abovementioned non-trade related amounts due to related parties are unsecured and repayable on demand.

The following is an aged analysis of trade related amounts due to related parties presented based on the invoice dates.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 1 year	**139,290**	159,469
1-2 years	**3,594**	2,928
More than 3 years	**475**	475
	143,359	162,872

		As at 31 December	
		2022	2021
	Notes	**RMB'000**	RMB'000
Contract Liability			
Youth Travel	(2)	**17,681**	9,912
Greentown Real Estate Group	(1)	**6,708**	–
		24,389	9,912

Notes:

(1) Fellow subsidiaries of the Group

(2) Associates or joint ventures of the controlling shareholder of the Group

(3) Associates or joint ventures of the Group

(4) Parent company

39. RELATED PARTY DISCLOSURES (CONTINUED)

(iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Salaries, directors' fees and other benefits	**13,297**	13,276
Performance-based bonus	**17,047**	15,854
Retirement benefits scheme contributions	**923**	808
Share-based payments	**29,370**	13,722
Termination benefits	**–**	157
	60,637	43,817

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Non-Current Assets		
Investment in a subsidiary	**48,808**	1,520
Amount due from a subsidiary	**1,965,777**	2,376,293
	2,014,585	2,377,813
Current Assets		
Financial assets at FVTPL	**75,430**	75,031
Bank balances and cash	**39,525**	14,154
	114,955	89,185
Current Liabilities		
Trade and other payables	**2,892**	4,283
Amounts due to subsidiaries	**10,716**	10,716
	13,608	14,999
Net Current Assets	**101,347**	74,186
Total Assets Less Current Liabilities	**2,115,932**	2,451,999
Net Assets	**2,115,932**	2,451,999
Capital and Reserves		
Share capital (Note 32)	**16,769**	16,324
Reserves	**2,099,163**	2,435,675
Total Equity	**2,115,932**	2,451,999

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

The movement of the reserves of the Company is as follows:

	Share premium RMB'000	Accumulated losses RMB'000	Shares held for share award scheme RMB'000	Share-based payment reserves RMB'000	Total RMB'000
At 1 January 2021	2,961,194	(79,597)	(99,910)	1,520	2,783,207
Losses for the year	–	(42,856)	–	–	(42,856)
Recognition of equity-settled share-based payments	–	–	–	22,128	22,128
Dividends recognised as distribution	–	(326,804)	–	–	(326,804)
Vesting of share awards	(27,538)	–	41,644	(14,106)	–
At 31 December 2021	2,933,656	(449,257)	(58,266)	9,542	2,435,675
Losses for the year	–	(14,450)	–	–	(14,450)
Issuance of ordinary shares	–	–	(445)	–	(445)
Recognition of equity-settled share-based payments	–	–	–	65,805	65,805
Dividends recognised as distribution	–	(387,422)	–	–	(387,422)
Vesting of share awards	(21,100)	–	34,869	(13,769)	–
At 31 December 2022	**2,912,556**	**(851,129)**	**(23,842)**	**(61,578)**	**2,099,163**

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below.

Name of subsidiary	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2022	2021	Principal activities
Directly held:					
Greentown Management Group Limited (formerly named Mainwide (H.K.) Limited)	Hong Kong/ Hong Kong, 1 April 2016	HKD1	100%	100%	Investment holding
Indirectly held:					
綠城建設管理集團有限公司 Greentown Construction Management Co., Ltd.	PRC/PRC, 8 September 2016	RMB300,000,000	100%	100%	Project management
淳安縣千島湖綠城房產建設管理有限公司 Chun'an Qiandao Lake Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 13 January 2011	RMB1,000,000	100%	100%	Project management
義烏綠城房產建設管理有限公司 Yiwu Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 18 December 2012	RMB10,000,000	100%	100%	Project management
義烏綠城投資發展有限公司 Yiwu Greentown Investment Development Co., Ltd.	PRC/PRC, 11 September 2013	RMB10,000,000	100%	100%	Project management
金華綠城房產建設管理有限公司 Jinhua Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 4 November 2013	RMB1,000,000	100%	100%	Project management
綠城樂居建設管理集團有限公司 Greentown Leju Construction Management Group Co., Ltd.	PRC/PRC, 30 November 2011	RMB100,000,000	100%	100%	Project management

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Name of subsidiary	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2022	2021	Principal activities
杭州大江東綠城建設管理有限公司 Hangzhou Dajiangdong Greentown Construction Management Co., Ltd.	PRC/PRC, 26 June 2015	RMB10,000,000	**100%**	100%	Project management
綠城房地產建設管理集團有限公司 Greentown Real Estate Construction Management Group Co., Ltd.	PRC/PRC, 21 March 2012	RMB200,000,000	**100%**	100%	Project management
杭州綠城九略投資管理有限公司 Hangzhou Greentown Jiulve Investment Management Co., Ltd.	PRC/PRC, 21 September 2015	RMB10,000,000	**100%**	100%	Investment holding and consulting
浙江綠星教育科技有限公司 Zhejiang Lvxing Educational Technology Co., Ltd.	PRC/PRC, 21 September 2015	RMB10,000,000	**100%**	100%	Investment holding and consulting
金華綠城信息經濟產業園建設管理有限公司 Jinhua Greentown Information Economic Industrial Park Construction Management Co., Ltd.	PRC/PRC, 10 November 2016	RMB1,000,000	**100%**	100%	Project management
杭州綠城坤一景觀設計諮詢有限公司 Hangzhou Greentown Kunyi Garden Decoration & Consulting Co., Ltd. ("Greentown Kunyi")	PRC/PRC, 13 August 2014	RMB2,041,000	**67.5%**	67.5%	Construction design and consulting
台州綠城樂居建設管理有限公司 Taizhou Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 12 September 2017	RMB1,000,000	**100%**	100%	Project management

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Name of subsidiary	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2022	2021	Principal activities
溫州綠城樂居建設管理有限公司 Wenzhou Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 13 December 2017	RMB1,000,000	100%	100%	Project management
杭州江南綠城樂居建設管理有限公司 Hangzhou Jiangnan Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 9 February 2018	RMB20,000,000	100%	100%	Project management
台州黃岩綠城樂居企業管理有限公司 Taizhou Huangyan Greentown Leju Enterprise Management Co., Ltd.	PRC/PRC, 14 June 2018	RMB1,000,000	100%	100%	Project management
麗水綠城樂居建設管理有限公司 Lishui Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 26 November 2018	RMB1,000,000	100%	100%	Project management
嘉興綠星樂居建設管理有限公司 Jiaxing Lvxing Leju Construction Management Co., Ltd.	PRC/PRC, 6 May 2019	RMB1,000,000	100%	100%	Project management
溫州綠欣企業管理有限公司 Wenzhou Lvxin Enterprise Management Co., Ltd.	PRC/PRC, 3 December 2019	RMB1,000,000	100%	100%	Project management
溫州綠興工程項目管理有限公司 Wenzhou Lvxing Engineering Project Management Co., Ltd.	PRC/PRC, 3 December 2019	RMB1,000,000	100%	100%	Project management
成都綠城致嘉建設管理有限公司 Chengdu Greentown Zhijia Construction Management Co.,Ltd.	PRC/PRC, 6 December 2019	RMB10,000,000	100%	100%	Project management

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Name of subsidiary	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2022	2021	Principal activities
杭州綠欣海河工程項目管理有限公司 Hangzhou Lvxin Haihe Engineering Project Management Co., Ltd.	PRC/PRC, 12 December 2019	RMB1,000,000	**100%**	100%	Project management
遂昌縣綠興項目管理有限公司 Suichang Lvxing Project Management Co., Ltd.	PRC/PRC, 6 May 2020	RMB1,000,000	**100%**	100%	Project management
杭州綠城濱峰建設管理有限公司 Hangzhou Greentown Binfeng Construction Management Co., Ltd.	PRC/PRC, 29 April 2016	RMB20,000,000	**100%**	100%	Project management
上饒綠星建設管理有限公司 Shangrao Lvxing Construction Management Co., Ltd.	PRC/PRC, 10 June 2021	RMB1,000,000	**100%**	100%	Project management
綠城熵里建設管理有限公司 (formerly named 浙江熵里建設管理有限公司)Greentown Shangli Construction Management Co., Ltd.	PRC/PRC, 27 December 2021	RMB50,000,000	**60% (i)**	N/A	Project management
浙江綠城空間運營管理有限公司 Zhejiang Greentown Space Operation Management Co., Ltd.	PRC/PRC, 10 January 2022	RMB10,000,000	**100% (ii)**	N/A	Investment holding and consulting
河北綠城建設發展有限公司 Hebei Greentown Construction and Development Co., Ltd.	PRC/PRC, 15 March 2022	RMB30,000,000	**100% (ii)**	N/A	Project management
濟南綠城房地產建設管理有限公司 Jinan Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 15 August 2022	RMB5,000,000	**100% (ii)**	N/A	Project management

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Name of subsidiary	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2022	2021	Principal activities
上海綠熙建設管理有限公司 Shanghai Lvxi Construction Management Co., Ltd.	PRC/PRC, 30 August 2022	RMB5,000,000	100% (ii)	N/A	Project management
江門綠城濱江建設管理有限公司 Jiangmen Greentown Binjiang Construction Management Co., Ltd.	PRC/PRC, 22 August 2022	RMB10,000,000	80% (ii)	N/A	Project management
海南綠城宇辰建設管理有限公司 Hainan Lvcheng Yuchen Construction Management Co., Ltd.	PRC/PRC, 18 October 2022	RMB5,000,000	100% (ii)	N/A	Project management
寧波綠灣房產建設管理有限公司 Ningbo Lvwan Real Estate Construction Management Co., Ltd.	PRC/PRC, 3 November 2022	RMB5,000,000	100% (ii)	N/A	Project management
仙居縣綠興工程管理有限公司 Xianju County Lvxing Engineering Management Co., Ltd.	PRC/PRC, 28 April 2022	RMB1,000,000	100% (ii)	N/A	Project management
青田綠青樂居建設管理有限公司 Qingtian Lvqing Leju Construction Management Co., Ltd.	PRC/PRC, 10 May 2022	RMB1,000,000	100% (ii)	N/A	Project management
上海綠城聯捷建設管理有限公司 Shanghai Greentown Lianjie Construction Management Co., Ltd.	PRC/PRC, 4 June 2013	RMB10,000,000	N/A (iii)	70%	Project management
上海藍城聯捷建設管理有限公司 Shanghai Bluetown Lianjie Construction Management Co., Ltd.	PRC/PRC, 30 November 2015	RMB10,000,000	N/A (iii)	70%	Project management
紹興綠欣投資管理有限公司 Shaoxing Lvxin Investment Management Co., Ltd.	PRC/PRC, 22 April 2015	RMB1,000,000	N/A (iii)	80%	Project management

English translated names for the PRC subsidiaries are for identification only.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below. (Continued)

Notes:

(i) The company was acquired by the Group in 2022. The details of the acquisition are set out in Note 33.

(ii) These companies were incorporated in 2022.

(iii) These companies were liquidated in 2022.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

42. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly-owned subsidiary of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests As at 31 December		Loss allocated to non-controlling interests As at 31 December		Accumulated non-controlling interests As at 31 December	
		2022	2021	2022	2021	2022	2021
				RMB'000	RMB'000	RMB'000	RMB'000
Greentown Shangli	PRC	60%	N/A	(13,798)	N/A	129,250	N/A
Individually immaterial subsidiaries with non-controlling interests						4,575	30,451
						133,825	30,451

42. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Greentown Shangli

	As at 31 December 2022 RMB'000
Current assets	213,149
Non-current assets	413,295
Current liabilities	(83,546)
Non-current liabilities	(103,088)
Net assets of Greentown Shangli	439,810
Equity attributable to owners of the Group	310,560
Non-controlling interests of Greentown Shangli	129,250

	Period from 27 January 2022 (date of acquisition) to 31 December 2022 RMB'000
Revenue	181,308
Expense	(99,119)
Profit for the period	82,189
Profit attributable to owners of the Group (Note)	95,987
Loss attributable to the non-controlling interests of Greentown Shangli (Note)	(13,798)
Net cash inflow from operating activities	135,385
Net cash outflow from investing activities	(120)
Net cash inflow	135,265

42. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

Note: According to the acquisition agreement of Greentown Shangli between Greentown Construction Management Group, Mr. Xu Xiongxiang and his spouse Ms. Jiang Yangjun, the non-controlling interests of Greentown Shangli and the guarantor of this acquistion, there is a profit guarantee term agreed by the non-controlling interests of Greentown Shangli and the guarantor of this acquisition. The after-tax profit of Greentown Shangli before the amortisation of intangible assets and relevant deferred taxation arising from the acquistion (the "Target Profit") distributed to Greentown Construction Management Group in the proportion of its ownership interests shall be no less than RMB120,000,000, RMB130,000,000 and RMB150,000,000 for the years of 2022, 2023 and 2024 respectively (the "Guaranteed Profit"). Furthermore, the counterparties to the acquisition agreement of Greentown Shangli agree that:

(i) if the Target Profit distributed to Greentown Construction Management Group in the proportion of its ownership interests for respective year is no less than the Guaranteed Profit, the Target Profit shall be distributed among Greentown Construction Management Group and the non-controlling interests of Greentown Shangli in proportion to their respective shareholdings in Greentown Shangli;

(ii) if the Target Profit distributed to Greentown Construction Management Group in the proportion of its ownership interests for respective year is less than the Guaranteed Profit, and the Target Profit is no less than the Guaranteed Profit, the proportion of the Target Profit equals to the Guaranteed Profit shall be distributed to Construction Management Group first, the remaining profit shall be distributed to the non-controlling interests of Greentown Shangli;

(iii) if the Target Profit is less than the Guaranteed Profit, all of the Target Profit shall be distributed to Greentown Construction Management Group. the non-controlling interests of Greentown Shangli is not entitled to profit distribution. Greentown Construction Management Group is entitled to require the non-controlling interests and the guarantor of this acquisition to pay for the difference between the Target Profit and the Guaranteed Profit on after tax basis; and

(iv) if the Greentown Shangli makes a loss, Greentown Construction Management Group is entitled to require the non-controlling interests and the guarantor of this acquisition to pay for the differences between the loss and the Guaranteed Profit on after tax basis.

The Target Profit distributed to Greentown Construction Management Group in the proportion of its ownership interests was RMB73,327,000 for the year ended 31 December 2022, which is less than the Guaranteed Profit, and the Target Profit was RMB122,211,000 for the year ended 31 December 2022, which is no less than the Guaranteed Profit. Therefore, according to the abovementioned (ii) of the acquisition agreement, the proportion of the Target Profit equals to the Guaranteed Profit (RMB120,000,000 for year 2022) is allocated to Greentown Construction Management Group first, the remaining profit of RMB2,211,000 is allocated to the non-controlling interests of Greentown Shangli.

The profit attributable to owners of the Group and loss attributable to the non-controlling interests of Greentown Shangli for the year ended 31 December 2022 was RMB95,987,000 and RMB13,798,000 respectively (after proportionally deducting the amortisation of intangible assets arising from the acquisition, net of tax amounted to RMB24,013,000 and RMB16,009,000 respectively).

43. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 December 2022, the Group entered into agreements with certain project owners to settle trade receivables amounted to RMB59,192,000 in exchange for certain properties owned by the project owners. Since the transfers of these properties had not been completed as at the reporting date, the amounts are classified as "deposits for acquisition of properties" and are presented separately as current assets in the consolidated statement of financial position as at 31 December 2022.

In accordance to a shareholders' resolution dated 29 April 2022 of Greentown Duhui, a joint venture of the Group, Greentown Construction Management Group, being one of the shareholder of Greentown Duhui, agreed to capitalise the loan receivables of RMB6,885,000 from Greentown Duhui as an additional investment in Greentown Duhui. After such additional investment, Greentown Duhui is still accounted for as a joint venture of the Group.

In July 2022, Zhoushan Greentown Leju Construction Management Co. Ltd舟山綠城樂居建設管理有限公司, an equity instrument at FVTOCI of the Group, declared a total dividend of RMB7,000,000 to the Group, which is set off against the Group's outstanding other payables due to Zhoushan Greentown Leju Construction Management Co. Ltd.

On 27 December 2022, the Group entered into an agreement with Greentown Zhenghong, a joint venture of the Group, to set off loan payables due to and loan receivables due from Greentown Zhenghong with corresponding interest receivables amounted to RMB6,016,000.

Definitions

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

"AGM"	annual general meeting of the Company to be held on 25 May 2023
"Articles" or "Articles of Association"	the Articles of Association of the Company with effect from 10 July 2020, as amended or supplemented from time to time (as amended and restated)
"Audit Committee"	the audit committee of the Company
"Auditor"	Deloitte Touche Tohmatsu, the independent auditor of the Company
"Board"	the board of directors of the Company
"CG Code"	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
"China" or "PRC"	the People's Republic of China, for the purposes of this report only, excluding Hong Kong and Macau Special Administrative Region and Taiwan
"Company" or "Greentown Management"	Greentown Management Holdings Company Limited (綠城管理控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Hong Kong Stock Exchange (Stock code: 09979)
"Companies Law"	the Companies Law of the Cayman Islands, Cap. 22 (Law 3 of 1961, as consolidated and revised), as amended or supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning prescribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning prescribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"GFA"	gross floor area
"Greentown China"	Greentown China Holdings 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: 03900), our controlling shareholder
"Greentown Group"	Greentown China and its subsidiaries
"Group", "we", "us" or "our"	the Company and its subsidiaries

Definitions

"HK$" or "Hong Kong Dollar"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Latest Practicable Date"	14 April 2023, being the latest practicable date prior to the printing of this annual report for ascertaining certain information contained herein
"Listing Date"	10 July 2020, being the date on which the Shares of the Company were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Prospectus"	the prospectus of the Company dated 29 June 2020
"Reporting Period" or "Period"	for the year ended 31 December 2022
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"2020 Share Award Scheme"	the share award scheme for the award of Shares to eligible participant, adopted by the Company on 28 October 2020, pursuant to the announcement made by the Company on 28 October 2020
"2022 Share Award Scheme"	the share award scheme for the award of Shares to eligible participant, adopted by the Company on 24 April 2022, pursuant to the announcement made by the Company on 24 April 2022
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning prescribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning prescribed to it under the Listing Rules
"US$" or "US dollars"	United States dollars, the lawful currency of the United States of America