JINMAO 中国金茂

CHINA JINMAO HOLDINGS GROUP LIMITED

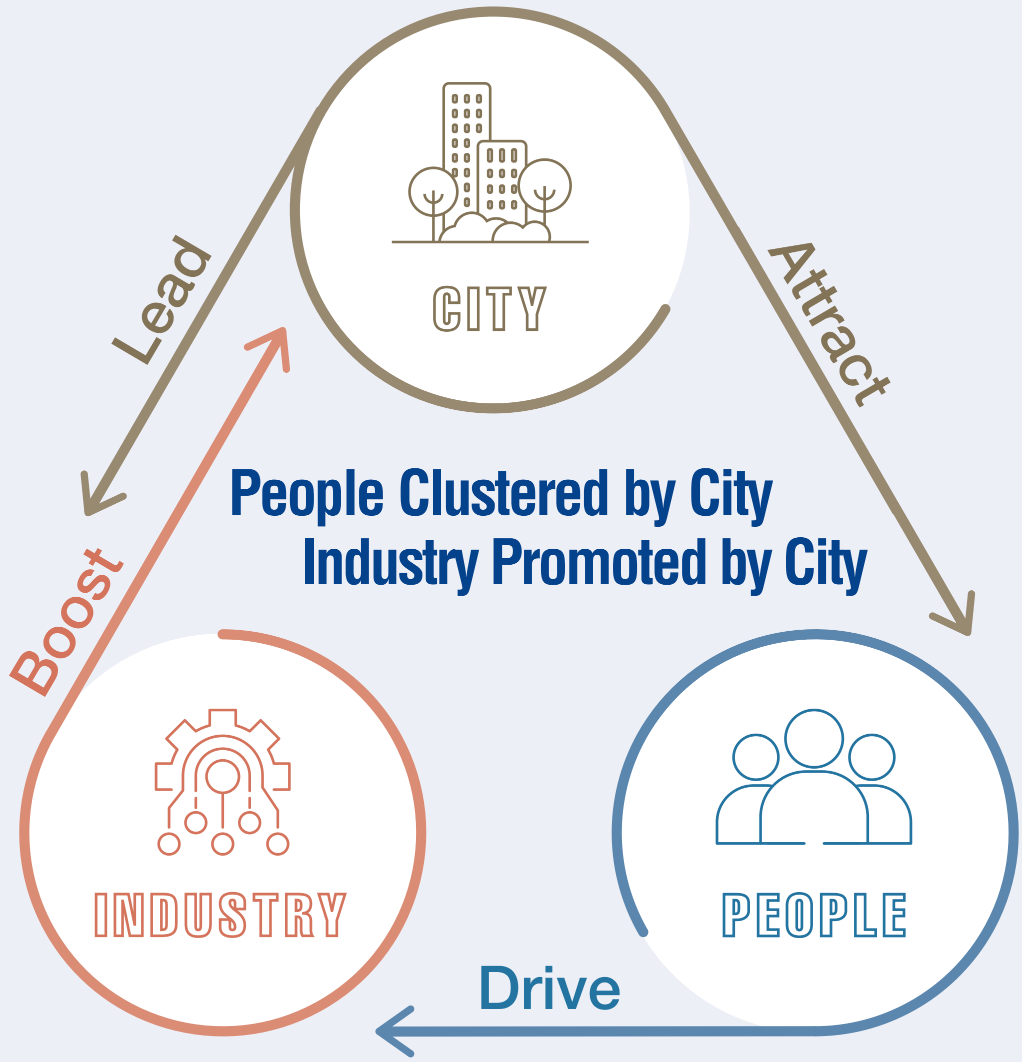
(Incorporated in Hong Kong with limited liability)

Stock Code: 00817

Unleashing Future Vitality of the City

ANNUAL REPORT 2022

a sinochem company



High Quality	High Caliber	Leading Technology
Good Environment	Extensive Knowledge	Active Innovation
Sound Facilities	Broad Vision	Intensive Knowledge
Strong Vitality	High Demand	Frequent Collaboration

Contents

Company Overview

China Jinmao Holdings Group Limited ("China Jinmao" or the "Company") is a platform enterprise under the city operation area of Sinochem Holdings Corporation Ltd. ("Sinochem Holdings"). On 17 August 2007, China Jinmao was listed on the Main Board of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange") (Stock Code: HK.00817), and included in the Hang Seng Composite Index, Hang Seng Composite Industry Index – Properties & Construction, Hang Seng China State-holding Enterprises Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng China High Dividend Yield Index, etc. The Company has been selected as one of the Fortune China 500 for consecutive years and ranked among the Forbes Global 2000. Sinochem Holdings is formed through the restructuring of Sinochem Group Co., Ltd. ("Sinochem Group") and China National Chemical Corporation Ltd. ("ChemChina"), and is an important state-owned backbone enterprise under the supervision of the SASAC of the State Council. With business scope covering the eight major areas of life sciences, materials science, petrochemicals, environmental science, rubber and tire, machinery and equipment, city operation and industrial finance, Sinochem Holdings is the world's leading comprehensive petrochemicals enterprise.

In adherence to the vision of "Unleashing Future Vitality of the City", China Jinmao holds on to the direction of highend positioning and premium quality and endeavours to become a leading city operator in China by capitalising on the quality leadership-oriented "two-wheel and two-wing driven" development strategy with focus on the model of "two-driven and two-upgrade" city operations. Based on its foresight on city potentials, China Jinmao integrates the world's leading premium resources and introduces the concept of mutually beneficial city planning to achieve overall enhancement in regional functions and city vitality. Currently, China Jinmao has succeeded in entering China's rapidly developing regions including the Beijing-Tianjin-Hebei Metropolitan Region, the Yangtze River Delta Region and the Pearl River Delta Region. The Company holds more than 360 projects in 52 core cities including Beijing, Tianjin, Shanghai and Guangzhou.

Capitalising on the synergies and integration strengths between the segments, China Jinmao has created a series of high-end products featuring "Jinmao" brand. The "smart technology and green health" has become a unique quality gene and inherent brand feature of "Jinmao" series products and redefined high-end quality in the industry.

CITY OPERATIONS	PROPERTY DEVELOPMENT	HOTEL OPERATIONS	COMMERCIAL LEASING AND RETAIL OPERATION	TECHNOLOGY AND SERVICES

ADHERING TO THE STRATEGIC POSITIONING OF "CITY OPERATOR" AND PROMOTING THE "TWO-WHEEL AND TWO-WING DRIVEN" STRATEGY UPGRADE

The Company will continue to utilise its experience in city operations, hold on to planning-driven as traction and capital-driven as cornerstone to drive city upgrade and industry upgrade, and work with governments to shape a new city core through the principle of "In City We Gather People and Boost Business".

While continuously deepening its city operation model, the Company will continue to improve the operational efficiency of developing and holding its core businesses, and upgrade the connotation of "two-wing" to "technology + services". The Company will focus on the "technology leading" and "services innovating" areas in the short term to promote the development of its various businesses. In the future, these two areas will be gradually solidified into the Company's technology segment and services segment to build its core competitiveness in the industry.

Planning-driven

Actively capitalise on the Company's professional expertise in planning to achieve function diversification, high-end oriented industry and city internationalisation based on integrated, systematic, forward-looking and scientific planning.

Capital-driven

Leverage on the Company' s funding and credit advantages and capitalise on the role of Jinmao Capital Holdings Limited ("JM Capital") in expanding funding channels and facilitating industry implementation as part of its capital-driven regional development efforts to achieve production led by investment.

Industry upgrade

Focus on the three major industries namely big culture, big healthcare and big technology while capitalising on its leading force of Beijing Jinmao Green Building Technology Co., Ltd. ("Jinmao Green Building") in science and technology industry, and drive industry upgrade of cities via industry cooperation and incubation.

City upgrade

Leverage on the Company's accumulated product strengths and brand influence in areas of quality residence, high-end hotel, premium retail and 5A office building to drive consumption upgrade and functional upgrade of cities.

IN SCIENCE WE TRUST WITH FOCUS ON INNOVATION-DRIVEN TRANSFORMATION

The Company will continue to follow the principle of "In Science We Trust", with the focus on the core line of "digit • technology", and cultivate new pillar businesses to transform itself into an innovative enterprise driven by science and technology.

CITY OPERATIONS AND PROPERTY DEVELOPMENT

During the Year, land reserves were expanded with the successful acquisitions in Beijing, Shanghai, Tianjin, Nanjing, Chengdu, Xi'an, Hefei, Ningbo and Qingdao.

CONTRACTED SALES AMOUNT (RMB million)

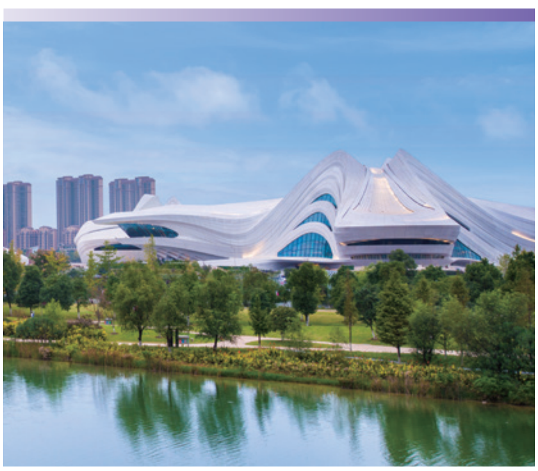
2022	2021
155,000	235,603

COMMERCIAL LEASING AND RETAIL OPERATIONS

Fourteen major investment properties with an area of approximately 0.95 million square metres. Both the rental level and occupancy rate of the Group's investment properties outperformed its peers.

RENTAL REVENUE (RMB million)

2022	2021
1,468.0	1,563.3



HOTEL OPERATIONS

Twelve luxury hotels offering 4,393 guest rooms

During the Year, faced with the challenges brought by the regional pandemic, hotels have always emphasised the concept of differentiated operation, through which we gradually strengthened cost control measures, optimised cost structure, enhanced operational flexibility, and actively adjusted sales strategies in response to changes in the external macro environment.

HOTEL REVENUE (RMB million)

2022	2021
1,143.9	1,638.1

Major Events

2022

JANUARY

- The Company and Hubei United Investment Creating Metropolitan Group entered into a strategic cooperation framework agreement
- The Company held the kick-off ceremony of "Young Times Life Laboratory"

FEBRUARY

- The Company held the launching ceremony of Ganjiang New District Traditional Chinese Medicine International Ecological Technology Town Project in Nanchang

MARCH

- Jinmao Property Services Co., Limited ("Jinmao Services") was listed on the Main Board of the Hong Kong Stock Exchange
- The Company and Everbright Bank, China CITIC Bank and China Lesso entered into strategic cooperation agreements
- The Company acquired the land parcel no. 613 (north side of the road) of Jinmao Smart International City, Jimo District, Qingdao (fourth batch of land parcels)

APRIL

- The Company and Huawei Technologies Co., Ltd. entered into a strategic cooperation framework agreement
- The Company acquired Mall of Splendor Block (Phase II) of Shangdong Jinmao Smart Science City, Dongli District, Tianjin

JUNE

- The Company held the opening ceremony of "Sumao Yiyuan" elderly care centre demonstration zone of Nanjing Tangshan Spa & Wellness Town in Nanjing
- The Company acquired the land parcels no. 319 and 320 in Naixi Village, Cuigezhuang Township, Chaoyang District, Beijing

2022

JULY

- The Company attended the 22nd China Cultural Tourism Global Forum
- The Company attended Glodon's "stable operation, quality improvement and efficiency enhancement" experience exchange meeting on real estate market situation and digital transformation of real estate enterprises
- The Company acquired the land parcels no. 41, 57 in Ningnan, Fenghua District, Ningbo

AUGUST

- The Company attended the 11th China Real Estate Industry Chain Innovation Cooperation Summit
- The Company held the opening ceremony of Guangzhou Marriott Hotel Nansha

SEPTEMBER

- The Company acquired the land parcels LCO605-81, LC0605-137, LC0605-142a in World Expo Park, Licang District, Qingdao
- The Company acquired the land parcel FT00-0516-0008 in Dahongmen, Fengtai District, Beijing

NOVEMBER

- The Company held the opening ceremony of Science and Technology Innovation Park of Jinmao Future Science City Project
- The Company participated in the launch of China-Shanghai Cooperation Organisation (SCO) Local Economic and Trade Cooperation Comprehensive Service Platform cum SCO trade digitalisation and facilitation thematic exchange activity

DECEMBER

- The Company held the opening ceremony of Qingdao Jinmao Mall of Splendor in Qingdao
- The Company held the opening ceremony of Zhangjiagang Jinmao Mall of Splendor in Zhangjiagang
- The Company held the opening ceremony of Tianjin Jinmao Place in Tianjin

Corporate Information

COMPANY NAME

China Jinmao Holdings Group Limited

PRINCIPAL OFFICE

Rooms 4702-4703
47th Floor, Office Tower, Convention Plaza
No.1 Harbour Road
Wan Chai, Hong Kong

NON-EXECUTIVE DIRECTORS

Mr. LI Fanrong (Chairman)
Mr. LI Fuli
Mr. AN Hongjun
Mr. CHENG Yong
Mr. CHEN Chuan

EXECUTIVE DIRECTORS

Mr. LI Congrui (Chief Executive Officer)
Mr. JIANG Nan (Chief Financial Officer)
Mr. SONG Liuyi (Senior Vice President)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SU Xijia
Mr. SUEN Man Tak
Mr. GAO Shibin
Mr. ZHONG Wei

CHIEF FINANCIAL OFFICER

Mr. JIANG Nan

QUALIFIED ACCOUNTANT

Mr. LIAO Chi Chiun

COMPANY SECRETARY

Mr. LIAO Chi Chiun

AUTHORISED REPRESENTATIVES

Mr. LI Congrui
Mr. JIANG Nan

LEGAL ADVISORS

Latham & Watkins LLP
18/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

Tian Yuan Law Firm
Unit 509, Tower A, Corporate Square
No. 35 Finance Street
Xicheng District
Beijing, People's Republic of China

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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979 King's Road
Quarry Bay, Hong Kong

STOCK CODE

00817

SHARE REGISTRAR AND TRANSFER OFFICE

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Wanchai, Hong Kong

INVESTOR ENQUIRY

E-mail: chinajinmao_IR@sinochem.com

WEBSITE

www.chinajinmao.cn

Financial Highlights

	2022 (RMB million)	2021 (RMB million)	Percentage change (%)
Revenue	**82,991.4**	**90,059.9**	**-8**
Gross profit	**13,145.6**	**16,757.6**	**-22**
Profit attributable to owners of the parent	**1,984.1**	**4,689.9**	**-58**
Less: fair value gains/losses on investment properties (net of deferred tax)	1,074.0	-136.8	886
Profit attributable to owners of the parent – excluding fair value gains/losses on investment properties (net of deferred tax)	910.1	4,826.7	-81
Total assets	**421,895.6**	**412,002.3**	**2**
Equity attributable to owners of the parent	**47,445.4**	**49,961.3**	**-5**
Basic earnings per share (RMB cents)	**15.56**	**36.95**	**-58**
Basic earnings per share – excluding fair value gains/losses on investment properties (net of deferred tax) (RMB cents)	7.14	38.03	-81
Dividend (HK cents) (Note 1) – final and interim dividend per share	11	12	-8
Net debt-to-adjusted capital ratio (%) (Note 2)	64	58	N/A

Note 1: Interim dividend of HK9 cents per share and final dividend of HK2 cents per share (totalling HK11 cents per share) for 2022. Interim dividend of HK12 cents per share and final dividend of HK0 cent per share (totalling HK12 cents per share) for 2021.

Note 2: Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances – certain other financial assets)/(total equity + the Company's amounts due to the immediate holding company)

Chairman's Statement

Facing challenges and opportunities in the industry, looking ahead, China Jinmao will adhere to the existing strategic plan, deepen the "city-people-industry" city operation model, promote the "two-wheel and two-wing driven" business strategic upgrade, give play to the "smart technology and green health" product and service characteristics, maintain its premium quality core competitiveness, seize new opportunities and make concerted efforts to march on a new journey so as to comprehensively realise the high quality development of the Company.

Chairman
LI Fanrong

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Jinmao, I hereby present the annual results of the Company and its subsidiaries (the "Group", "We" or "us") for the year ended 31 December 2022 (the "Period under Review", "the Reporting Period", "2022" or the "Year") for your review.

In 2022, under the confluence of the changes of the century and the pandemic, the world's economic growth momentum slowed down, and the internal and external environment of China's economic development was complex and severe. While the central government insisted on the keynote of "housing without speculation" and strived to stabilise the real estate market, the real estate market experienced a sharp decline due to the impact from unexpected factors such as resurgence of the pandemic, default of large-scale debts of real estate enterprises and suspension of loans by property owners, with the sales area of commodity housing across the nation decreasing by 24% year-on-year. In the face of such extreme downward pressure in the market, the Company overcame difficulties and achieved a contracted sales amount of RMB155 billion, bringing its ranking of contracted sales up to 12th. During the Reporting Period, profit attributable to owners of the parent amounted to RMB1.98 billion. The Company maintained the green barrier of the "three red lines", with "full investment" rating by the three major international rating agencies. The Company's overall business operation remained stable. Benefiting from its active response to the new development requirements of the industry, the Company implemented the national strategic deployment, promoted the "two-wheel and two-wing driven" upgrade with the strategic positioning of "city operator", and focused on improving quality and efficiency, thereby consolidating its first-tier position in the industry in terms of comprehensive strength and achieving stable and long-term operation.

The Company regards operational safety as the top priority of all tasks to achieve sustainable and steady development. The Company strived to overcome the impact of the pandemic and spared no effort to collect sales proceeds, breaking the record high collection rate, and contributing stable cash flow to the Company. The Company actively innovated its financing means such as issuance of M&A-themed corporate bonds and long-term CMBS to smoothen the financing channels. At the same time, it adhered to the principle of "determining expenditure based on income and determining investment based on return", strictly controlled expenditure, continued to optimise investment, and strictly controlled the scale of corporate debts. The Company maintained the green barrier of the "three red lines", contributing to Jinmao's strength to "effectively prevent and eliminate major economic and financial risks and ensure the stable development of the real estate market".

The Company implemented the central government's requirements of" ensuring property delivery and stabilising people's livelihood" to help ensure people's livelihood. By adhering to the commitment of lean construction and quality delivery, the Company created the theme year of "project management". Driven by projects and professional collaboration, the Company delivered 100% of more than 60,000 residential units each with excellent quality. It also innovatively created a membership system to connect the four major business segments of the Company for the first time. The customer satisfaction rate was raised to 91 points, reaching the industry benchmark level, and successfully achieving the objective of "controlled risk, excellent quality, progress guarantee, work efficiency improvement, and customer satisfaction", which was highly recognised by customers and the government.

Chairman's Statement

The Company shouldered the mission of the times by actively implementing the national strategic deployment and requirements. Firstly, the Company closely followed the new urbanisation strategy, adhered to its positioning of city operator, deeply implemented the requirements of "Two Supports and Two Synchronisations", and completed the strategic signing of contracts with 337 counterparties for industrial resources such as culture, technology and health, assisting in city upgrading and industrial upgrading. Secondly, the Company undertook the responsibility for the country's opening up and cooperation by implementing the Qingdao SCO Intelligent Ecological City Project, the only demonstration zone in China for carrying out local economic and trade cooperation with countries of Shanghai Cooperation Organisation and along the "Belt and Road", which has become a vivid example of China's promotion of regional peace, stability and prosperity through the construction of the "Belt and Road". Thirdly, the Company devoted itself to the integrated development of the Beijing-Tianjin-Hebei region, and engaged in the planning, design, construction and entrusted construction of "001 Mansion" in Xiong'an New Area, assisting in the moving-out of the first batch of state-owned enterprises and the construction of Xiong'an New Area.

The Company steadily promoted the " two-wheel and two-wing driven" business strategy and consolidated its first-tier position in the industry in terms of comprehensive strength. Business development was focused on quality and efficiency improvement. Firstly, adhering to the principle of "prioritising quality over quantity", the Company acquired a number of high-quality land parcels in the core locations of core cities such as Beijing, Shanghai and Nanjing, among which more than half of the projects belonged to Palace series, laying a solid foundation for the Company's performance and profit growth. Secondly, the Company actively innovated its investment methods by promoting the business development of entrusted construction and management, with a total GFA reaching 2.74 million sq.m. The entrusted construction and management business began to take shape and continued to expand the Company's income sources. Thirdly, the Company continued to improve the refined management and control of costs and expenses, strengthen the simultaneous management of costs, and strictly control the selling and marketing expenses and administrative expenses, with a view to comprehensively achieving the three-year cost reduction goal and maximising the profit of the Company. **The holding business focused on building a balanced structure of light and heavy assets.** Giving full play to its brand and management advantages, the hotel business expanded 12 asset-light projects, with a year-on-year increase of 32% in the number of newly signed rooms, and successfully opened Marriott Hotel Nansha, continuously enhancing the brand influence of Jinmao Hotel. The commercial business continued to consolidate its management foundation. The projects in operation overcame the impact of the pandemic, with various operating indicators improving against the market trend. The three new shopping malls, namely Zhangjiagang Mall of Splendor, Qingdao Mall of Splendor and Tianjin Jinmao Place, constantly innovated consumption scenarios and improved consumption conditions. Their presence has been highly recognised by consumers, the government, and the media, contributing Jinmao's effort to the recovery and expansion of consumption. **Coordinating with the city operation strategy, the two-wing business continued to build market-oriented competitiveness.** The property services business completed its listing in Hong Kong and successfully acquired Beijing Capital Property Services Limited ("Beijing Capital Services"). The scale under management increased by more than 50% year-on-year and, while the performance grew rapidly, its service satisfaction remained at the top level of the industry. In addition, the Company continued to enhance the synergistic value of energy services, construction services and comprehensive city operation services. Its first energy station IDC coupling project, the Nanjing Research and Innovation Park, was officially put into operation, assisting in the upgrade of the connotation of city operation. The technology business strengthened technology empowerment and built core technology capabilities for the market. During the Year, four more entities of the Company were recognized as "National High-tech" enterprises and two more were recognized as "Specialised, Refined, Featured and Innovative" enterprises.

The Company focused on improving quality and efficiency to ensure its high-quality development. Firstly, the Company promoted streamlining of organization. In particular, the headquarters promoted intensification of business lines, the development units implemented withdrawal and merger of city companies, and the non-development units optimised their organisational structure according to the strategic development of business, which significantly improved the overall per capita efficiency of the Company. Secondly, the Company strengthened the responsibility of operation, and continued to implement a series of evaluation and management mechanisms such as operator rating, city general evaluation and post-project evaluation, forming a closed-loop of management responsibility integrating investment and operation to support the achievement of operating objectives. Thirdly, adhering to market-oriented recruitment and employment, the Company implemented the dual benchmarking of performance and incentives, and promoted market-oriented reform, so as to achieve "cadres can work both at the top and bottom, remuneration can be increased or decreased, and employees can be promoted and demoted", and continuously improve the organisational operation and team efficiency.

As a state-owned enterprise and a listed company, China Jinmao also attached great importance to and actively fulfiled its social responsibilities, deeply practised the concept of sustainable development, and continuously improved ESG management capabilities. The Company has formulated a three-year ESG action plan to clarify various governance requirements and goals. The Company's ESG international rating continued to rise, and was shortlisted in the "ESG of State-owned Enterprises · Governance Pioneer 50 Index" by the SASAC. In terms of green strategy, the Company actively responded to the dual carbon policy by formulating the "China Jinmao Low-carbon Development Planning and Implementation Plan", becoming one of the first real estate enterprises to publicly disclose its goal of science-based carbon reduction. In 2022, 100% of its newly built projects attained the green standards. In terms of HSE management, with risk management as the core and the implementation of the FORUS system as the pivot, the Company adhered to the two aspects of safe production and pandemic prevention and control,

Chairman's Statement

and carried out four special actions, namely anti-incompliance operation, 100-day safety improvement, 100-day safe production competition and winter escort, achieving the goals of "zero fatal incident, zero environmental pollution incident, zero new case of occupational disease and zero major HSE negative public opinion". In terms of social welfare, the Company continued to reduce or exempt the rent of small and micro enterprises and individual business proprietors in the service industry. Fully exploring its own resources and giving full play to its professional advantages, the Company carried out public welfare assistance activities such as purchasing agricultural products from the assisted areas, "Dream Fulfilment Campaign (圓夢行動)" to raise employees' donation, and donation to build public welfare libraries, continuing to support public welfare. In terms of corporate governance, the Company newly formulated and issued the Governance Code of the ESG Committee, comprehensively improving the construction of corporate governance system and promoting stable operation of the Company. Thanks to the continuous improvement of the its sustainable development capabilities, the Company ranked 153rd in the 2022 Fortune China Top 500 Enterprises, up 36 places as compared with last year. The brand value exceeded RMB50 billion for the first time, achieving 18 consecutive years of brand value enhancement and continuous expansion of brand influence.

Looking forward, many challenges around the world will continue to intensify, various conflicts will become increasingly prominent, and the external environment will be more complex, severe and uncertain. However, China's economy has strong resilience, great potential, and full vitality. The fundamentals of long-term improvement remain unchanged, and the effects of various policies will continue to emerge. The domestic economy is expected to recover in general. For the real estate industry, housing without speculation is still the main tone of the industry. The industry will gradually transit to a new development model, with stable development, intensified market differentiation, and continuous survival of the fittest. As people's desire for a better life will continue to grow, real estate enterprises with financial stability and excellent products will usher in new development opportunities. Facing challenges and opportunities in the industry, **looking ahead, China Jinmao will adhere to the existing strategic plan, deepen the" city-people-industry" city operation model, promote the" two-wheel and two-wing driven" business strategic upgrade, give play to the" smart technology and green health" product and service characteristics, maintain its premium quality core competitiveness, seize new opportunities and make concerted efforts to march on a new journey so as to comprehensively realise the high quality development of the Company.**

There is a long way to go but we will reach our destination as long as we keep walking; it is not easy to achieve but we can make it as long as we keeping doing. Although the new journey is full of difficulties, the future is still bright. All employees of China Jinmao have always been confident and will forge ahead with the spirit of perseverance and determination, so as to promote the high-quality transformation and development of the Company and create greater value for all shareholders. On behalf of the Board, I would like to express my sincere gratitude to the shareholders, customers, business partners of the Company and various sectors of the community.

Chairman
LI Fanrong

Hong Kong
28 March 2023

Honours and Awards

MAJOR INTEGRATED AWARDS

JAN

China Jinmao was awarded the "2022 Technology Innovation Enterprise" at the 2021-2022 Innovation Leader Ceremony hosted by the Economic Observer.

China Jinmao was awarded the "2021 China Real Estate Annual Red List Brand Influence Enterprise" by China.com.cn in the 13th China Real Estate Forum cum China Real Estate Red List.

FEB

China Jinmao was awarded the "Influential Enterprise of the Year" at the 2021 Focus Finance Annual Awards held by Focus Finance.

JUN

China Jinmao was awarded the "ESG Model Enterprise", "Digital Intelligent Technology Leading Enterprise" and "Excellent Quality Power Enterprise" at the 19th (2022) Blue Chip Annual Conference hosted by the Economic Observer.

JUL

China Jinmao was awarded the "2022 Top 100 Influential Real Estate Brands in China" at the 12th China Real Estate Brand Development Conference 2022 hosted by China Real Estate News.

China Jinmao was awarded the "2022 Excellent Golden Brick Cases of Real Estate Competitiveness in the 21st Century" at the Boao•21st Century Real Estate Forum hosted by 21st Century Business Herald.

SEP

China Jinmao was awarded the "2022 China Real Estate Listed Companies Brand Value TOP100" at the 12th China Value Real Estate Annual Conference hosted by National Business Daily.

NOV

China Jinmao was awarded the "2022 Enterprise with Outstanding Social Responsibility" at the 2022 Thinking Finance Investor Annual Conference hosted by Investorchina.cn.

DEC

China Jinmao was awarded the "2022 Listed Company with Excellent Value" by hexun.com in the 20th Finance Honours List.

China Jinmao was awarded the "Top 100 Commercial Operational Strength of the Year" at the New Starting Point•2022 China Real Estate Summit hosted by takungpao.com.

China Jinmao was awarded the honorary title of "2022 Top 50 China Real Estate Comprehensive Strength" at the 2022 China Urban High-quality Development Forum cum the 9th China Real Estate Huabiao Award Ceremony hosted by finance.china.com.

MAJOR CITY OPERATIONS AND PROPERTY DEVELOPMENT AWARDS

SEP

Tianjin Haihe Jinmao Palace Project won the "Jeme Tien Yow Award Excellent Residential Community Gold Award" by the China Civil Engineering Association.

OCT

Wuhan Fangdao Jinmao Smart Science City won the "2022 China Science and Technology Residence" award at the 10th Global Chinese Real Estate Ceremony held by ifeng.com.

NOV

Jinmao Changsha International Community was awarded the "Platinum Winner in the Architectural Design Category of MUSE Design Awards 2022" and the "Gold Winner in the Interior Design Category of MUSE Design Awards 2022" in the MUSE Design Awards organised by the International Awards Associate (IAA), the United States.

Honours and Awards

DEC Jinhua Dongmei Future Communities won the "Global Zero-Carbon City Innovation Model Award – Gold Award for Innovative Solutions" from the United Nations Industrial Development Organization.

Zhangjiagang Jinmao Smart Science City was awarded the "2022 China Property Market Delivery Demonstration Project" at the 2022 Sixth China Real Estate New Era Ceremony hosted by Leju Finance.

HOTEL AWARDS

JAN Hilton Sanya Yalong Bay Resort & Spa was granted the titles of "2021 Hainan Tourism Hotel Industry Best Family Hotel" and "2021 Hainan Tourism Hotel Industry TOP10".

AUG Jinmao Hotel Lijiang • The Unbound Collection by Hyatt was awarded the "2022 Family Hotel of the 17th Starlight Awards" at the 2022 AHF Asia Hotel and Tourism Real Estate Forum cum the 17th China Cultural Tourism Starlight Awards.

SEP JW Marriott Hotel Shenzhen was awarded the title of "Five-Leaf China Green Hotel" by the National Green Hotel Committee.

OTHER AWARDS

JAN Jinmao Services was awarded the "2021 China Real Estate Annual Red List Property Management Service Brand Influence Enterprise" by China.com.cn in the 13th China Real Estate Forum cum China Real Estate Red List.

Tianjin Jinmao Place was awarded the "iF Design Award 2022 of Germany" by iF International Forum Design GmbH in Hannover.

JUN Jinmao Capital was awarded the "CV Best Investment Institution in the Real Estate Industry of the Year" in the CV List released by CVInfo.

JUL Jinmao Services was awarded the "2022 China Property Service Brand Influence Enterprise" at the 12th China Real Estate Brand Development Conference in 2022 hosted by China Real Estate News.

SEP Jinmao Services was honoured with the titles of "Digital Intelligent Technology Leading Enterprise" and "2022 Top 100 Blue Chip Property Companies" at the 2022 Top 100 Blue Chip Property Companies Summit hosted by the Economic Observer.

NOV Tianjin Jinmao Place was granted the "Urban Renewal Commercial Landmark of the Year" award and "Top Ten Innovative Urban Consumption Cases" by the Tianjin Municipal Bureau of Commerce.

Jinmao Cloud won the "2022 Mobile Internet of Things Advanced Enterprise Award" at the First Mobile Internet of Things Conference hosted by the China Academy of Information and Communications Technology and other units.

DEC Jinmao Decoration was granted the "2022 Shanghai Quality Project Award" by the Shanghai Decoration and Renovation Association.

Management Discussion and Analysis • General Overview

Management Discussion and Analysis • General Overview

The Group holds 363 projects of city operations, property development, commercial leasing and retail operations and hotel operations, with an area yet to be delivered of approximately 98.46 million square metres.

		Number of projects(Note 1)	Area yet to be delivered(Note 2)
Bohai rim	• Baoding	1	52,388
	• Beijing	30	2,814,090
	• Jinan	8	1,128,404
	• Langfang	15	23,704,226
	• Qingdao	21	5,238,398
	• Shijiazhuang	1	148,926
	• Tianjin	9	1,257,551
	• Weihai	1	52,580
	• Weifang	1	481,856
	• Yantai	2	648,604
	• Zhangjiakou	3	634,453

		Number of projects(Note 1)	Area yet to be delivered(Note 2)
East China	• Changzhou	4	979,866
	• Hangzhou	9	995,713
	• Hefei	6	359,696
	• Huzhou	3	1,209,102
	• Jiaxing	8	1,783,753
	• Jinhua	4	2,200,571
	• Nanjing	26	5,084,181
	• Nantong	3	333,677
	• Ningbo	18	3,893,911
	• Shanghai	23	1,783,552
	• Shaoxing	1	277,671
	• Suzhou	10	1,996,834
	• Taizhou (台州)	5	546,481
	• Taizhou (泰州)	1	615,402
	• Wenzhou	20	2,512,905
	• Wuxi	8	967,615
	• Xuzhou	5	443,401

		Number of projects(Note 1)	Area yet to be delivered(Note 2)
South China	• Dongguan	3	77,569
	• Foshan	6	1,300,315
	• Fuzhou	5	2,015,427
	• Guangzhou	11	1,616,110
	• Quanzhou	1	92,619
	• Sanya	3	487,021
	• Xiamen	3	427,981
	• Shantou	2	302,779
	• Shenzhou	3	163,000
	• Zhuhai	1	332,817

		Number of projects(Note 1)	Area yet to be delivered(Note 2)
Central China	• Kaifeng	1	19,885
	• Nanchang	11	9,873,953
	• Taiyuan	2	727,207
	• Wuhan	9	3,867,945
	• Yueyang	1	502,147
	• Changsha	15	1,717,094
	• Zhengzhou	6	3,074,397
	• Zhuzhou	1	412,075

		Number of projects(Note 1)	Area yet to be delivered(Note 2)
West China	• Chengdu	6	554,317
	• Guiyang	4	5,196,464
	• Kunming	3	775,906
	• Lijiang	4	207,152
	• Xi'an	6	1,076,316
	• Chongqing	10	1,493,640
Total		363	98,459,943

Note 1: The number of projects covers city operations, property development, commercial leasing and retail operations, hotel operations

Note 2: The area yet to be delivered refers to the saleable/leasable gross floor area of each of such projects, less the area delivered, unit: m^2

Management Discussion and Analysis • General Overview

In 2022, facing the impact of unexpected factors such as the increasingly complex and severe international environment and the sporadic yet repeated COVID-19 outbreaks in China, authorities in different regions efficiently coordinated the pandemic prevention and control as well as economic and social development, and actively promoted the implementation of a package of policies and follow-up measures for stabilising the economy. The national economy maintained a recovery trend in general. The growth of national per capita disposable income was basically in line with the economic growth, and the actual growth rate of consumption expenditure declined slightly. GDP for the year, calculated based on constant prices, increased by 3.0% as compared with the previous year, while income growth of national residents was basically consistent with economic growth. The incremental value created by large-scale industries across China grew by 3.6% when compared with the previous year, while the incremental value created by high-tech manufacturing industry grew by 7.4% when compared with the previous year. Fixed asset investments grew by 5.1% when compared with the previous year, and the investment in high-tech industry grew by 18.9% when compared with the previous year.

From the perspective of the real estate market, affected by unexpected factors such as COVID-19 resurgence in various places, the cumulative real estate development investment recorded a negative year-on-year growth for the first time. The central government required all regions to make full use of the policy toolbox in light of local situations to support rigidity and improving type of housing demand, consolidate the responsibilities of local governments, ensure property delivery and stabilise people's livelihood. The policy regulation of the industry has entered a new cycle. During the year, area sold of commodity housing decreased by 24.3% as compared with that in the last year; and sales amount of commodity housing decreased by 28.3% as compared with that in the last year.

From the perspective of landscape of the real estate market, top 100 real estate enterprises recorded a year-on-year decline of 41.6% in the cumulative sales operation scale in 2022, and most large real estate enterprises experienced negative growth, resulting in an overall decline in sales performance across the industry. The sales threshold of top 100 real estate enterprises was significantly lower than that of the same period last year, and was lower than that of the same period in recent years. The sales operation threshold amount of TOP10 real estate enterprises decreased by 41.9% year-on-year, whereas the sales operation threshold amount of TOP30 real estate enterprises decreased by 55.8% year-on-year. In 2022, there were only 20 large real estate enterprises each with a total sales scale of more than RMB100 billion, which was significantly fewer than before.

From the perspective of the hotel market, 2022 was the most complicated year for the market environment and the most critical year for the operation situation. The hotel industry continued to suffer heavy losses, in which the mid-to-high-end market was more sluggish. With the continuous resurgence of the pandemic situation and the continuous tightening of control policies, the overall occupancy rate was relatively low and the fluctuation was obvious. After the adjustment of pandemic prevention policies towards the end of the year, the recovery of social consumption was still uncertain, and the pace of recovery of the hotel industry was slow. It takes time for market performance and confidence to recover.

From the perspective of the commercial leasing market, in 2022, the resurgence of the pandemic had a certain impact on the office market. The net absorption of office buildings in Beijing reached a record low throughout the year, with the vacancy rate increasing slowly and the rental level decreasing amid pressure. Rental level of office buildings in Shanghai returned to the downward trend, and the vacancy rate increased slightly year-on-year. From the perspective of the retail operations leasing market, affected by the sporadic COVID-19 outbreaks, the overall domestic economy showed a downward trend, and the total retail sales amount of consumer goods for the year decreased year-on-year. At the end of the year, the State Council and the Central Financial and Economic Affairs Commission Office repeatedly emphasised the pillar position of real estate, while prioritising the recovery and expansion of consumption in the next year. The fundamentals of industry policies will be improved in 2023.

As to city operations and property development, newly launched projects recorded stable sales throughout the year, and total amount of contracted sales was approximately RMB155.0 billion. As at the end of the Reporting Period, the amount of sales of properties and land contracted by the Group but not yet delivered and settled was approximately RMB235.8 billion.

Among the city operations and property development projects, Shanghai•Changxing Jinmao Noble Manor Project was launched for sale for the first time in January 2022. The sales performance was good and achieved TOP1 in Chongming District in terms of sales amount, sales area and number of units sold. Jinhua•Dongmei Future Communities Project was launched as a hot seller in June 2022, becoming the top spot in both sales amount and sales area in Jinhua in the second half of the year. Beijing Wangjingyue Project was first launched in September 2022 and won the championship in terms of number of units sold online, sales area and sales amount of pure commodity housing in Chaoyang District, Beijing in October. Taizhou Zhoushanhe Project continued to be a hot seller throughout the year, and won the top spot in terms of sales amount, number of units sold and sales area in Taizhou property market in 2022. In January 2022, Jinmao Qingdao China-Europe International City Project was granted the "U.S. LEED gold pre-certification" by the U.S. Green Building Council. In September 2022, Tianjin Haihe Jinmao Palace Project was awarded the "Jeme Tien Yow Award Excellent Residential Community Gold Award" by the China Civil Engineering Association. In October 2022, Wuhan Fangdao Jinmao Smart Science City won the "2022 China Science and Technology Residence" award at the 10th Global Chinese Real Estate Ceremony held by ifeng.com.

From the perspective of hotel operations, the regional pandemic had been lingering throughout the year, and the prevention and control measures in various places had been tightened, resulting in a decline in overall revenue, occupancy rate and RevPAR. Under the huge impact on the industry, the hotel segment actively responded to the national policies and shouldered the social responsibility. Many hotels had taken the responsibility of pandemic prevention hotels and provided rent reduction and waiver for qualified micro, small and medium-sized enterprises. During the key period of comprehensive transformation to light assets, the hotel segment optimised and upgraded its organisational structure, improved its operational capabilities through standardised construction, and enhanced its premium capabilities through differentiated operation. By establishing the first digital collection platform in the hotel industry, multiple IP images were released, building up a unified cross-industry smart data analysis platform. The hotel segment has always emphasised the concept of differentiated operation, through which it gradually strengthened cost control measures, optimised cost structure, enhanced operational flexibility, and actively adjusted sales strategies in response to changes in the external macro environment. During the Period under Review, Jinmao Purelax Mountain Hotel, Lijiang was shortlisted as a "grand hall" in the KOL gold list, while Meixi Lake Hotel, A Luxury Collection Hotel, Changsha was awarded the "Golden Leaf" Green Tourism Hotel of Hunan Province.

In terms of commercial leasing, as each office building project was located in the core commercial area with excellent tenant qualifications, the pandemic had not had a material adverse impact on it. The occupancy rate and rental level of the two office buildings in Beijing remained high. Affected by the pandemic and the market, the occupancy rate and average rent of the office buildings in Shanghai decreased slightly. As for Nanjing, affected by the intensified competition in the surrounding commercial and office markets, the average occupancy rate decreased during the year.

In terms of retail operations, in the face of the severe pandemic prevention and control situation, Jinmao Retail has always adhered to strict prevention and control, and the operation of each project remained stable. The occupancy rate of many of its commercial projects increased. Qingdao Jinmao Mall of Splendor, Zhangjiagang Mall of Splendor and Tianjin Jinmao Place were opened in December 2022. Qingdao Jinmao Mall of Splendor effectively filled the commercial gap in Qingdao High-tech Zone, and all performance indicators reached the expected level. Since its opening, the food and beverage outlets of Zhangjiagang Mall of Splendor have performed strongly, and the customer flow level has far exceeded the market competitors, winning the "2022 Yangtze River Delta City Commercial Star" award at the 2022 China Shopping Mall + Summit. In the meantime, Tianjin Jinmao Place overcame the impact of the pandemic and achieved remarkable results on the opening day through stabilising merchants, paying close attention to promotion and continuous innovation. It won the "Annual Urban Renewal Commercial Landmark Award" and the "Top Ten cases of City Consumption Innovation" by the Tianjin Municipal Bureau of Commerce.

In 2022, the Company continued to deepen the connotation of the two wings "technology + service" and strengthened the role of traction of two business wings. In terms of technology, upholding the development philosophy of "In Science We Trust and Unity in Knowledge and Action", the Company adhered to the STEP development strategy, and with the mission of "green technology and better life", Jinmao Green Building responded to the national green development goal of "carbon neutrality" and the major development strategy of "new infrastructure". It also laid out the comprehensive energy service business, photovoltaic and zero-carbon building business, green big data centre business and new energy vehicle charging business, providing green, intelligent, safe and reliable integrated solutions for investment, construction and operation. Based on big data, artificial intelligence, Internet of Things and other technologies, Jinmao Cloud used intelligent and precise products and platform tools as means to start its business with digital marketing and smart Internet of Things, and continuously explored and gave play to digital value. In terms of services, Jinmao Services actively built the three core IPs of "quality", "intelligence" and "symbiosis". Adhering to the customer-oriented principle, with excellent scenario design capabilities and stable quality output capabilities, Jinmao Services provided asset management services and quality life solutions that exceeded the expectations of customers. Through the Internet of Everything management equipment and mobile Internet management services, Jinmao Services deeply promoted the digital transformation of enterprises, drove service upgrading with technology, and continuously improved the management service efficiency and user digital experience. At the same time, it actively strengthened the community ecosystem, promoted and expanded city operation services, and led the sustainable development concept of low-carbon, environmental protection and green. Relying on the investment layout of the city operations industry chain, JM Capital followed through the mission of capital reshaping the value of cities, continued to consolidate the core competitiveness of financing, created diversified financing channels and gave full play to the role of financial empowerment.

At the same time, it explored the blue ocean of urban renewal business and carried out investment layout around China Jinmao's city operations industry chain to empower China Jinmao's innovation, upgrade and industry landing in an effort to actively expand financing channels, and capture projects in the fields of dual carbon technology + smart city + smart medical care, expanding investment scale. Jinmao Decoration continued to adhere to the "market-oriented, professionalised, standardised and refined" guiding ideology, strengthened external market expansion, implemented relevant requirements for the year of project management, and enhanced customer service with a customer-oriented approach, resulting in a significant improvement in customer satisfaction.

In 2022, the Company reaped a good harvest in the land market and capital market with outstanding results. In respect of land acquisition, the Group acquired a number of quality land parcels in various locations, including Qingdao, Chengdu, Tianjin, Beijing, Hefei, Ningbo, Nanjing, Shanghai and Xi'an, and our land reserve was substantially replenished. In fund acquisition, the Group has actively expanded a variety of financing channels since 2022. The Group has completed the issuance of the 5-year domestic exchange market corporate bonds in the amount of RMB5.3 billion. Among which, bonds in the amount of RMB1.8 billion were issued in February 2022 with a coupon rate of 3.2%; bonds in the amount of RMB1.5 billion were issued in March 2022 with a coupon rate of 3.5%; bonds in the amount of RMB2 billion were issued in July 2022 with a coupon rate of 3.28%; and bonds in the amount of RMB2 billion were issued in September 2022 with a coupon rate of 3.6%. In addition, the Group successfully issued domestic ordinary medium-term notes in the amount of RMB2 billion with a coupon rate of 3.29%. At the same time, the Group successfully issued domestic Chemsunny CMBS in the amount of RMB8.708 billion in April 2022 with a coupon rate of 3.4%; successfully issued domestic Xicheng Jinmao Centre CMBS in the amount of RMB2.331 billion in December 2022 with a coupon rate of 3.95%; and successfully issued the 3-year offshore senior bonds in the amount of US$350 million in March 2022 with a coupon rate of 4.4%, which provided sufficient funding support for subsequent development of projects.

Looking ahead, the COVID-19 pandemic is still spreading, and the external environment is becoming more complex, severe and uncertain. The risks and challenges faced by China's development have increased significantly. The pandemic is still suppressing consumer demand, and investment in some fields has yet to bottom out. In the meantime, medium and long-term challenges such as potential slowdown in economic growth, slowdown in population growth and low-carbon transformation cannot be ignored. China's economic fundamentals remain resilient, promising and positive in the long run. New urbanisation will continue, and the demand for urban renewal will keep emerging. Carbon neutrality and digitalisation will bring new opportunities for the development of the industry. With the in-depth adjustment of the market, the pace of survival of the fittest in the industry is accelerating, so that quality real estate enterprises that have withstood the test will enjoy more opportunities. Under the new situation, China Jinmao will fully implement the concept of "insisting on city operation and insisting on In Science We Trust", continuously improving its lean management capabilities and consolidating the foundation of the Company's development by focusing on the working approach of "three reductions, one improvement, one acceleration", thereby creating even better results.

Management Discussion and Analysis • Project Overview

1. MAJOR COMMERCIAL LEASING AND RETAIL OPERATIONS PROJECTS

Name of project	Location	Gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion	Area held for commercial leasing and retail properties (square metres)
Beijing Chemsunny World Trade Centre	Xicheng District, Beijing, China	194,530	Office	100%	2006	111,313
Xicheng Jinmao Centre	Xicheng District, Beijing, China	49,066	Office	100%	1995	49,066
Jin Mao Tower (including hotel)	Pudong New Area, Shanghai, China	292,475	Office	100%	1999	216,462
Nanjing Xuanwu Lake Jinmao Plaza Project (including hotel) (Note 1)	Gulou District, Nanjing, Jiangsu Province, China	225,846	Complex	77.69%	2011	139,806
Changsha Meixi Lake International R&D Centre	Xiangjiang New District, Changsha, Hunan Province, China	132,856	Office	80%	2017	14,963
Lijiang J•LIFE	Old Town, Lijiang, Yunnan Province, China	21,893	Commercial	100%	2014	21,369
Commercial portion of Qingdao Jinmao Harbour	Shinan District, Qingdao, Shandong Province, China	61,142	Commercial	51%	2017	61,142
Jiayuan Plaza Hypermarket	High-Tech Industrial Development Zone, Ningbo, Zhejiang Province, China	25,480	Commercial	100%	2013	25,480
Changsha Jinmao Mall of Splendor	Yuelu District, Changsha, Hunan Province, China	141,723	Commercial	51%	2017	141,723
Shanghai International Shipping Service Center Co., Ltd. (16#)	Hongkou District, Shanghai, China	5,222	Commercial	100%	2013	5,222
Wangjing Lvchuang Center	Chaoyang District, Beijing, China	10,931	Office	100%	2020	10,931
Qingdao Jinmao Mall of Splendor	High-Tech Industrial Development Zone, Qingdao, Shandong Province, China	121,172	Commercial	100%	2022	65,574
Zhangjiagang Jinmao Mall of Splendor	Zhangjiagang, Suzhou, Jiangsu Province, China	123,227	Commercial	100%	2022	62,303
Tianjin Jinmao Place	Hedong District, Tianjin, China	47,693	Commercial	100%	2022	20,362
						945,716

2. HOTEL OPERATION PROJECTS

Name of project	Location	Gross floor area (square metres)	Equity attributable to the Group	Date of completion	Number of guest rooms
Renaissance Beijing Wangfujing Hotel	Dongcheng District, Beijing, China	44,413	100%	1995	329
Grand Hyatt Shanghai (Note 2)	Pudong New Area, Shanghai, China	76,013	100%	1999	555
Hilton Sanya Yalong Bay Resort & Spa	Yalong Bay Resort, Sanya, Hainan Province, China	75,208	100%	2006	501
The Ritz-Carlton Sanya Yalong Bay	Yalong Bay Resort, Sanya, Hainan Province, China	83,772	100%	2008	450
The Westin Beijing Chaoyang	Chaoyang District, Beijing, China	77,945	100%	2008	550
JW Marriott Hotel Shenzhen	Futian District, Shenzhen, Guangdong Province, China	51,730	100%	2009	411
Westin Nanjing (Note 1)	Gulou District, Nanjing, Jiangsu Province, China	33,698	77.69%	2011	232
Hyatt Regency Chongming	Chongming District, Shanghai, China	48,992	100%	2014	235
Lijiang Jinmao Hotel (Note 3)	Old Town District, Lijiang, Yunnan Province, China	84,384	100%	2014	401
Meixi Lake Hotel, A Luxury Collection Hotel, Changsha	Yuelu District, Changsha, Hunan Province, China	62,220	100%	2017	304
Xi'an Jinmao Hotel	Beilin District, Xi'an, Shaanxi Province, China	12,998	100%	2007	160
Guangzhou Marriott Hotel Nansha	Nansha District, Guangzhou, Guangdong Province, China	36,904	90%	2022	265
		688,277			**4,393**

3.1 MAJOR CITY OPERATIONS AND PROPERTY DEVELOPMENT PROJECTS ACQUIRED BEFORE 2022

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Beijing					
Beijing International Community Project	Shunyi District, Beijing, China	419,262	Residential	49.00%	2023
Beijing Jinmao Palace Project	Fengtai District, Beijing, China	169,635	Residential	49.00%	2022
Hopson • Jinmao • Poly • Greentown Beijing Jinmao Palace Project	Fengtai District, Beijing, China	76,339	Residential	25.00%	2023
Beijing Hopson • Jinmao Dongsan Jinmao Palace Project	Fengtai District, Beijing, China	159,109	Residential	18.00%	2023
Beijing Xishan Jinmao Palace Project	Fengtai District, Beijing, China	209,849	Residential	75.00%	2023
Beijing Jinmao Chang'an Residence Project	Mentougou District, Beijing, China	73,522	Residential	100.00%	2024
Beijing Jinmao & Greentown Qinyuan Project	Chaoyang District, Beijing, China	311,770	Residential	30.00%	2024
Shanghai					
Shanghai Nanqiao Jinmao Residence Project	Fengxian District, Shanghai, China	114,273	Residential	38.00%	2022
Shanghai Future City Project	Qingpu District, Shanghai, China	82,900	Residential	49.00%	2022
Shanghai Yinghongqiao Project	Qingpu District, Shanghai, China	183,462	Residential	40.00%	2022
Shanghai Changxing Jinmao Noble Manor Project	Chongming District, Shanghai, China	86,027	Residential	70.00%	2023
Shanghai Fengshengdao Project	Songjiang District, Shanghai, China	254,433	Residential/ Commercial	25.00%	2024
Shanghai Jing'an Tianyue Project	Jing'an District, Shanghai, China	294,353	Residential	35.00%	2025
Shanghai Pudong Hengmian Project	Pudong New Area, Shanghai, China	143,026	Residential	40.00%	2024

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Guangzhou					
Guangzhou Poly Longyue Mansion Project	Baiyun District, Guangzhou, Guangdong Province, China	429,545	Residential	25.00%	2025
Guangzhou CR Land – Road King – Jinmao | Tong Residence Project	Huadu District, Guangzhou, Guangdong Province, China	178,582	Residential	30.00%	2023
Guangzhou Lingshan Island Jinmao Harbour (Phase II) Project	Nansha District, Guangzhou, Guangdong Province, China	98,799	Residential	100.00%	2022
Guangzhou Yuexiu & Jinmao | Lingshan Island Jinmao Harbour Project	Nansha District, Guangzhou, Guangdong Province, China	95,392	Residential	49.00%	2022
Guangzhou Cinda & Jinmao | Tianhe Jinmao Plaza Project	Tianhe District, Guangzhou, Guangdong Province, China	283,732	Residential/ Commercial	40.00%	2022
Guangzhou China Merchants • Jinmao • Poly HEFU Project	Conghua District, Guangzhou, Guangdong Province, China	320,986	Residential	25.00%	2025
Guangzhou Poly Tianjun Project	Liwan District, Guangzhou, Guangdong Province, China	113,599	Residential	25.00%	2024
Guangzhou Jinmao Vanke Metropolis Seasons Project	Zengcheng District, Guangzhou, Guangdong Province, China	511,603	Residential	49.00%	2027
Shenzhen					
Shenzhen Guangming Jinmao Plaza Project	Guangming New District, Shenzhen, Guangdong Province, China	41,793	Residential	49.00%	2023
Changsha					
Changsha International Community Project	Yuelu District, Changsha, Hunan Province, China	405,871	Residential	65.00%	2026
Changsha Yuhua Jinmao Smart Science City Project (First batch of land parcels)	Yuhua District, Changsha, Hunan Province, China	243,404	Residential	50.00%	2026

Management Discussion and Analysis • Project Overview

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Nanjing					
Nanjing Gucheng Lake • Jinmao Noble Manor Project	Gaochun District, Nanjing, Jiangsu Province, China	221,520	Residential/ Commercial	49.00%	2023
Nanjing CR Land • Rui Palace Project	Jianye District, Nanjing, Jiangsu Province, China	688,592	Complex	27.50%	2031
Nanjing Jiangning Jinmao Residence Project	Jiangning District, Nanjing, Jiangsu Province, China	300,053	Residential	70.00%	2023
Nanjing Greenland Haiyue Project	Jiangbei New District, Nanjing, Jiangsu Province, China	538,402	Complex	40.00%	2029
Nanjing Yangtze River Jinmao Residence Project	Jiangbei New District, Nanjing, Jiangsu Province, China	454,094	Complex	40.00%	2028
Nanjing Tangshan Spa & Wellness Town Project	Jiangning District, Nanjing, Jiangsu Province, China	343,763	Complex	47.00%	2023
Nanjing Xuanwu Lake Jinmao Plaza Project Phase II	Gulou District, Nanjing, Jiangsu Province, China	203,826	Complex	77.69%	2026
Nanjing Midea • Jinmao I Fangyuan Project	Jiangning District, Nanjing, Jiangsu Province, China	101,808	Residential/ Commercial	50.00%	2023
Nanjing Yuncui Palace Project	Qinhuai District, Nanjing, Jiangsu Province, China	73,235	Residential	20.00%	2023
Chongqing					
Chongqing Bishan Jinmao Residence Project	Bishan District, Chongqing, China	347,762	Residential	100.00%	2022
Chongqing Longxing International Ecological New City Northern Land Parcel	Liangjiang New Area, Chongqing, China	229,173	Residential	100.00%	2026
Chongqing Longxing International Ecological New City Southern Land Parcel	Yubei District, Chongqing, China	298,169	Residential/ Commercial	100.00%	2025
Chongqing Central Jade Cloud Project	Yubei District, Chongqing, China	372,867	Residential/ Commercial	20.00%	2022
Chongqing Longhu Jinmao Beidao Project	Yubei District, Chongqing, China	102,629	Residential	49.00%	2026
Chongqing Xuetang Jinmao Residence Project	Jiulongpo District, Chongqing, China	273,460	Residential	100.00%	2027

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Ningbo					
Ningbo Greentown Jinmao Chunlan Jingyuan Project	Yuyao, Ningbo, Zhejiang Province, China	178,401	Residential/ Commercial	50.00%	2022
Ningbo Fengyue Yinhu Project	Fenghua District, Ningbo, Zhejiang Province, China	143,442	Residential	25.00%	2023
Ningbo Yuyao Qinglandi Project	Yuyao, Ningbo, Zhejiang Province, China	185,021	Residential	30.00%	2024
Ningbo Cixi Jiangshan Yunwang Project	Cixi, Ningbo, Zhejiang Province, China	169,031	Residential	30.00%	2024
Qingdao					
Qingdao Jimo International Smart New City Project (First batch of land parcels)	Jimo District, Qingdao, Shandong Province, China	322,948	Residential/ Commercial	60.00%	2023
Foreign Investment Block (Fourth batch of land parcels) in China-Europe International City, Qingdao	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	705,846	Residential/ Commercial/ Apartment/Hotel	100.00%	2026
Qingdao West Coast Innovation and Technology City (First batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	195,978	Residential/ Commercial	100.00%	2028
Qingdao Eden Project	High-Tech Industrial Development Zone, Qingdao, Shandong Province, China	139,988	Complex	41.67%	2026
Qingdao Dayun Valley • Laoshan Jinmao Palace (First batch of land parcels)	Laoshan District, Qingdao, Shandong Province, China	931,702	Complex	60.00%	2026
Qingdao West Coast Innovation and Technology City (Second batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	148,966	Residential	100.00%	2033
Qingdao Dayun Valley • Laoshan Jinmao Palace (Second batch of land parcels)	Laoshan District, Qingdao, Shandong Province, China	593,464	Residential	60.00%	2024
Qingdao West Coast Innovation and Technology City (Fifth batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	127,221	Residential	100.00%	2025
Qingdao West Coast Innovation and Technology City (Third batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	104,076	Residential	100.00%	2033
Qingdao West Coast Innovation and Technology City (Fourth batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	74,235	Residential	100.00%	2033

Management Discussion and Analysis • Project Overview

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Hangzhou					
Hangzhou Fuchun Jinmao Xingwaitan Project	Fuyang District, Hangzhou, Zhejiang Province, China	956,826	Complex	60.00%	2026
Hefei					
Hefei Yunqi Xingchen Project	Xinzhan District, Hefei, Anhui Province, China	108,839	Residential	34.00%	2023
Xuzhou					
Xuzhou Four Seasons Citylink Vanke Gemdale Project	Gulou District, Xuzhou, Jiangsu Province, China	373,389	Residential/ Commercial	25.00%	2023
Kunming					
Kunming Jinmao International New City Project	Chenggong District, Kunming, Yunnan Province, China	779,832	Residential/ Commercial	66.00%	2026
Kunming Longjiang Jinmao Palace Project	Xishan District, Kunming, Yunnan Province, China	310,905	Residential/ Commercial	100.00%	2027
Changzhou					
Changzhou Dongcheng Jinmao Residence Project	Economic Development Zone, Changzhou, Jiangsu Province, China	168,574	Residential	50.00%	2025
Nantong					
Nantong Rugao Longxin Jinmao Ruiyuan Project	Rugao, Nantong, Jiangsu Province, China	138,776	Residential	20.00%	2024
Zhuzhou					
Zhuzhou • Jinmao Residence Project	Shifeng District, Zhuzhou, Hunan Province, China	614,953	Residential	100.00%	2024
Taizhou (台州)					
Taizhou Linhai Linjiang Shangcheng Project	Linhai, Taizhou, Zhejiang Province, China	106,910	Residential	75.00%	2023
Taizhou Wenling Bojun Palace Project	Wenling, Taizhou, Zhejiang Province, China	74,136	Residential	34.00%	2023
Taizhou Yuhuan Jinyushangcheng Project	Yuhuan, Taizhou, Zhejiang Province, China	138,157	Residential	55.00%	2023

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Guiyang					
Guiyang Ninth Heaven Project	Baiyun District, Guiyang, Guizhou Province, China	243,471	Residential	49.90%	2028
Guiyang Guanshanhu International Community Project	Guanshanhu District, Guiyang, Guizhou Province, China	564,540	Residential	100.00%	2025
Guiyang Jinmao Crystal Smart New City Project (First batch of land parcels)	Chengnan Sub-district, Qingzhen, Guizhou Province, China	109,544	Residential	51.00%	2024
Suzhou					
Suzhou Changshu Jinmao Smart Science City Project	Changshu, Suzhou, Jiangsu Province, China	744,769	Complex	54.1% and 100% (Note 4)	2029
Suzhou Science and Technology City Financial Town Project	High-Tech Industrial Development Zone, Suzhou, Jiangsu Province, China	300,519	Residential/ Commercial	24.50%	2024
Wuxi					
Wuxi Jiangyin Chengjiang • Jinmao Palace Project	Jiangyin, Wuxi, Jiangsu Province, China	115,269	Residential	100.00%	2022
Wuxi Lihu Jinmao Palace Project	Binhu District, Wuxi, Jiangsu Province, China	427,473	Residential/ Commercial	49.00%	2025
Wuxi Fengyu Shanhe Project	Binhu District, Wuxi, Jiangsu Province, China	184,192	Residential	33.00%	2025
Wuxi Junhe Palace Project	Jiangyin, Wuxi, Jiangsu Province, China	299,667	Residential/ Commercial	36.00%	2027
Foshan					
Foshan Chao'an Jinmao Residence Project	Chancheng District, Foshan, Guangdong Province, China	260,453	Residential	100.00%	2023
Foshan Binjiang Jinmao Residence Project	Nanhai District, Foshan, Guangdong Province, China	564,254	Residential	100.00%	2027
Foshan Qiaoshan Jinmao Residence Project	Nanhai District, Foshan, Guangdong Province, China	80,215	Residential	100.00%	2023
Foshan Zhuoyue • Country Garden • Tianyue Bay Project	Shunde District, Foshan, Guangdong Province, China	171,650	Residential	33.00%	2024

Management Discussion and Analysis • Project Overview

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Tianjin					
Tianjin Shangdong Jinmao Smart Science City Project (Second batch of land parcels)	Dongli District, Tianjin, China	82,910	Residential	100.00%	2023
Jinan					
Jinan Lushang Jinmao International Community Project	Licheng District, Jinan, Shandong Province, China	641,150	Residential	27.50%	2024
Jinan Shizhong • Guoyue City Project	Shizhong District, Jinan, Shandong Province, China	390,551	Residential	33.00%	2026
Fuzhou					
Fuzhou Binhai Jinmao Smart Science City Project (First batch of land parcels)	Changle District, Fuzhou, Fujian Province, China	955,308	Complex	100.00%	2030
Fuzhou Binhai Jinmao Smart Science City Project (Second batch of land parcels)	Changle District, Fuzhou, Fujian Province, China	925,421	Complex	90.00%	2030
Wenzhou					
Wenzhou Yueqing Lechen Palace Project	Yueqing, Wenzhou, Zhejiang Province, China	66,479	Residential	33.00%	2023
Wenzhou Aojiang International New City Project (Land Parcel No.7)	Pingyang County, Wenzhou, Zhejiang Province, China	171,079	Residential/ Commercial	100.00%	2027
Wenzhou Aojiang International New City Project (Land Parcel No.3)	Pingyang County, Wenzhou, Zhejiang Province, China	227,158	Residential/ Commercial	100.00%	2028
Wenzhou Aojiang International New City Project (Land Parcel No.5)	Pingyang County, Wenzhou, Zhejiang Province, China	128,963	Residential/ Commercial	100.00%	2024
Wenzhou Aojiang International New City Project (Land Parcel No.8)	Pingyang County, Wenzhou, Zhejiang Province, China	315,035	Complex	100.00%	2028
Wenzhou Aojiang International New City Project (Land Parcel No.9)	Pingyang County, Wenzhou, Zhejiang Province, China	117,313	Residential	100.00%	2028
Wenzhou • Aojiang International New City Aojiang Palace	Pingyang County, Wenzhou, Zhejiang Province, China	90,044	Residential/ Commercial	100.00%	2023
Wenzhou • Aojiang International New City Wangjiang Residence	Pingyang County, Wenzhou, Zhejiang Province, China	184,172	Residential/ Commercial	100.00%	2028
Wenzhou Pingyang Xitang Future Community Project	Pingyang County, Wenzhou, Zhejiang Province, China	434,987	Residential/ Commercial	100.00%	2025
Wenzhou Quzhou Luming Future Community Project	Kecheng District, Quzhou, Zhejiang Province, China	336,180	Residential/ Commercial	30.02%	2024

Management Discussion and Analysis • Project Overview

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Wuhuan					
Wuhan Huafa Yangluo Jinmao Noble Manor Project	Xinzhou District, Wuhan, Hubei Province, China	473,292	Residential/Hotel	50.00%	2031
Wuhan Jianfa • Jinmao – Royal Residence Project	Jiangxia District, Wuhan, Hubei Province, China	252,452	Residential	49.00%	2021
Wuhan Jinmao • Huafa • Wuhan International Community Project	Jiangxia District, Wuhan, Hubei Province, China	514,134	Residential	50.00%	2023
Wuhan Yangluo Jinmao Noble Manor Project	Xinzhou District, Wuhan, Hubei Province, China	378,101	Residential/Hotel	100.00%	2031
Wuhan Yangluo • Jinmao Residence Project	Xinzhou District, Wuhan, Hubei Province, China	199,619	Residential	100.00%	2021
Wuhan Fangdao Smart Science City Project	Hanyang District, Wuhan, Hubei Province, China	1,617,054	Complex	100.0%/75.00% (Note 5)	2028
Zhengzhou					
Zhengzhou Jinmao Poly • Ruyi Palace Project	Zhengdong New District, Zhengzhou, Henan Province, China	101,716	Residential	49.00%	2023
Zhengzhou Erqi District Mazhai New City Project	Erqi District, Zhengzhou, Henan Province, China	2,301,877	Primary	49.50%	2025
Zhengzhou Poly Jinmao Shiguang Yueyuan Project	Jingkai District, Zhengzhou, Henan Province, China	104,914	Residential/ Commercial	49.00%	2023
Zhengzhou Future Palace Project	Jingkai District, Zhengzhou, Henan Province, China	398,056	Residential	49.00%	2025
Zhengzhou Poly Jinmao CCCG Pu'an Project	Zhengdong New District, Zhengzhou, Henan Province, China	124,764	Residential	34.00%	2024
Chengdu					
Chengdu Dongsan Jinmao Noble Manor Project	Longquanyi District, Chengdu, Sichuan Province, China	79,363	Residential	51.00%	2022
Chengdu Jinjiang Jinmao Palace Project	Jinjiang District, Chengdu, Sichuan Project, China	105,117	Residential	75.48%	2024

Management Discussion and Analysis • Project Overview

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Nanchang					
Nanchang Chennanli Project	Nanchang County, Nanchang, Jiangxi Province, China	201,167	Residential	100.00%	2023
Nanchang Gemdale Jinmao • Jiufeng Palace Project	Honggutan New District, Nanchang, Jiangxi Province, China	177,187	Residential	40.00%	2022
Nanchang Evian Uptown Project	Qingshan Lake District, Nanchang, Jiangxi Province, China	218,551	Residential	33.00%	2025
Nanchang Zhenro Jinmao Midea Yunjing Project	Nanchang County, Nanchang, Jiangxi Province, China	175,252	Residential	33.00%	2023
Jinmao Nanchang International Community Project	Xinjian District, Nanchang, Jiangxi Province, China	532,414	Residential	100.00%	2028
Nanchang Wangyuehu Jinmao Residence Project	Xinjian District, Nanchang, Jiangxi Province, China	130,994	Residential	100.00%	2023
Zhangjiakou					
Zhangjiakou Jingbei Jinmao Residence Project	Xiahuayuan District, Zhangjiakou, Hebei Province, China	131,609	Residential	100.00%	2023
Residential Land Parcel No. A-1-1, Ruanyin Science Park Residence, Xiahuayuan District, Zhangjiakou	Xiahuayuan District, Zhangjiakou, Hebei Province, China	238,019	Residential	100.00%	2026
Zhangjiakou Xiahuayuan Land Parcel K Project	Xiahuayuan District, Zhangjiakou, Hebei Province, China	168,846	Commercial	100.00%	2027
Baoding					
Baoding Jingxiu Jinmao Residence Project	Jingxiu District, Baoding, Hebei Province, China	206,748	Residential	80.00%	2022
Jinhua					
Jinhua Jinmao Future Science City Project	Jindong District, Jinhua, Zhejiang Province, China	2,165,163	Primary	80.00%	2022
Jinhua Dongmei Future Community Project	Jindong District, Jinhua, Zhejiang Province, China	657,032	Residential	100.00%	2033
Jinhua Chuangzhi Tower Project	Jindong District, Jinhua, Zhejiang Province, China	42,352	Office	100.00%	2027

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Sanya					
Sanya Jinmao Harbour Project	Yazhou District, Sanya, Hainan Province, China	388,294	Residential/ Commercial/ Office	70.00%	2024
Shantou					
Shantou Shuangyue Bay Project	Jinping District, Shantou, Guangdong Province, China	252,298	Residential	50.00%	2026
Weihai					
Weihai Fengji • Jinmao Residence Project	Economic and Technological Development Zone, Weihai, Shandong Province, China	222,661	Residential/ Commercial	100.00%	2022
Weifang					
Weifang Taoyuan • Jinmao Residence Project	High-Tech Industrial Development Zone, Weifang, Shandong Province, China	586,253	Residential/ Commercial	100.00%	2026
Yueyang					
Yueyang Jinmao Dongting Ecological Innovation City Project	Dongfeng Lake New District, Yueyang, Hunan Province, China	753,048	Residential	75.00%	2027
Zhuhai					
Zhuhai Huxin • Jinmao Residence Project	Doumen District, Zhuhai, Guangdong Province, China	397,438	Residential	69.99%	2024
Xiamen					
Xiamen International Community Project	Xiang'an District, Xiamen, Fujian Province, China	150,726	Residential	100.00%	2022
Xiamen Huandong Jinmao Residence Project	Xiang'an District, Xiamen, Fujian Province, China	262,543	Residential	100.00%	2025

Management Discussion and Analysis • Project Overview

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Jiaxing					
Jiaxing Shanghai Window Smart Science City Project	Jiashan County, Jiaxing, Zhejiang Province, China	1,408,583	Primary	80.00%	2022
Jiashan Jinyue Xuefu Project	Jiashan County, Jiaxing, Zhejiang Province, China	205,511	Residential	30.00%	2023
Jiaxing Xingchenyuen Project	Jiashan County, Jiaxing, Zhejiang Province, China	88,093	Residential	40.00%	2022
Jiaxing Jiashan Future Community Project	Jiashan County, Jiaxing, Zhejiang Province, China	149,989	Residential	51.00%	2025
Jiaxing Jinyue Xuefu Project	Jiashan County, Jiaxing, Zhejiang Province, China	205,511	Residential	30.00%	2023
Xi'an					
Xi'an Weiyang Jinmao Palace Project	Weiyang District, Xi'an, Shaanxi Province, China	155,323	Residential	100.00%	2022
Xi'an High-tech Industrial Development Zone Jinmao Yueyuan Project	High-tech Industrial Development Zone, Xi'an, Shaanxi Province, China	180,829	Residential	100.00%	2034
Xi'an Daming Palace Jinmao Palace Project	Qujiang New District, Xi'an, Shaanxi Province, China	215,830	Residential	80.00%	2034
Taiyuan					
Taiyuan Longcheng • Jinmao Palace Project	Xiaodian District, Taiyuan, Shanxi Province, China	378,773	Residential	35.00%	2024
Yantai					
Yantai Lu Shang Jinmao • Impression of Sea View Project	Laishan District, Yantai, Shandong Province, China	557,706	Residential/ Commercial	40.00%	2027
Yantai Happy Jinmao Residence Project	Zhifu District, Yantai, Shandong Province, China	117,234	Residential/ Commercial	58.00%	2023
Shijiazhuang					
Shijiazhuang Chang'an • Jinmao Residence Project	Chang'an District, Shijiazhuang, Hebei Province, China	148,926	Residential	100.00%	2023

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Taizhou (泰州)					
Taizhou Fengcheng Jinmao Palace Project	Medical High-tech Zone, Taizhou, Jiangsu Province, China	615,256	Residential/ Commercial	30.50%	2024
Yancheng					
Yancheng Haitang Jinmao Palace Project	High-tech Industrial Development Zone, Yancheng, Jiangsu Province, China	185,735	Residential/ Commercial	70.00%	2026
Dongguan					
Dongguan Poly • Yuexiu • Jinmao – Songhu Yunxi Project	Liaobu Town, Dongguan, Guangdong Province, China	63,994	Residential/ Commercial	30.00%	2024
Danyang					
Danyang Optical City Project	Development Zone, Danyang, Jiangsu Province, China	708,342	Complex	100.00%	2026
Shaoxing					
Shaoxing Zhuji Jiyang Palace Project	Zhuji, Shaoxing, Zhejiang Province, China	250,507	Residential	100.00%	2024
Huzhou					
Huzhou Jinmao Nantaihu Window of the Future Project (First batch of land parcels)	Nantaihu New District, Huzhou, Zhejiang Province, China	565,317	Complex	100.00%	2026
Langfang					
Langfang Longhe New City (First batch of land parcels)	Anci District, Langfang, Hebei Province, China	569,683	Complex	100.00%	2027

3.2 PROJECTS ACQUIRED SINCE 2022

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Beijing					
Beijing Yongding Jinmao Palace Project	Fengtai District, Beijing, China	88,455.40	Residential	100.0%	2025
Beijing Wangjingyue Project	Chaoyang District, Beijing, China	138,222.74	Residential	49.00%	2025
Chengdu					
Chengdu Yuehu Jinmao Residence Project	Wuhou District, Chengdu, Sichuan Province, China	110,594.05	Residential	75.50%	2024
Hefei					
Hefei Yihe Jinmao Xuelin Shiguang Project	Yaohai District, Hefei, Anhui Province, China	117,956.54	Commercial/ Residential	40.00%	2025
Nanjing					
Land Parcel G27	Qinhuai District, Nanjing, Jiangsu Province, China	229,889.50	Complex	36.00%	2030
Ningbo					
Ningbo Jinmao · Huamanli Project	Fenghua District, Ningbo, Zhejiang Province, China	159,445.96	Commercial/ Residential	100.0%	2024
Ningnan Jinmao · Xinxueli Project	Fenghua District, Ningbo, Zhejiang Province, China	127,832.24	Commercial/ Residential	100.0%	2024

Name of project	Location	Saleable area of the project (square metres)	Type of project	Equity attributable to the Group	Date of completion
Qingdao					
Qingdao Shiyuan · Jinmao Palace Project	Licang District, Qingdao, Shandong Province, China	284,172.74	Residential	16.00%	2026
Qingdao Jimo International Smart New City Project (Fourth batch of land parcels)	Jimo District, Qingdao, Shandong Province, China	220,900.12	Commercial/ Residential	60.00%	2024
Shanghai					
Shanghai Taopu Project	Putuo District, Shanghai, China	99,689.90	Residential	100.0%	2025
Tianjin					
Tianjin Shangdong Jinmao Smart Science City Project (Third batch of land parcels)	Dongli District, Tianjin, China	212,233.72	Commercial/ Residential	100.0%	2025
Xi'an					
Xi'an Daming Palace Jinmao Palace	Qujiang New District, Xi'an, Shaanxi Province, China	210,312.52	Residential	100.0%	2026

(Note 1) Nanjing Mall of Splendor and Westin Nanjing are located in Nanjing Xuanwu Lake Jinmao Plaza.

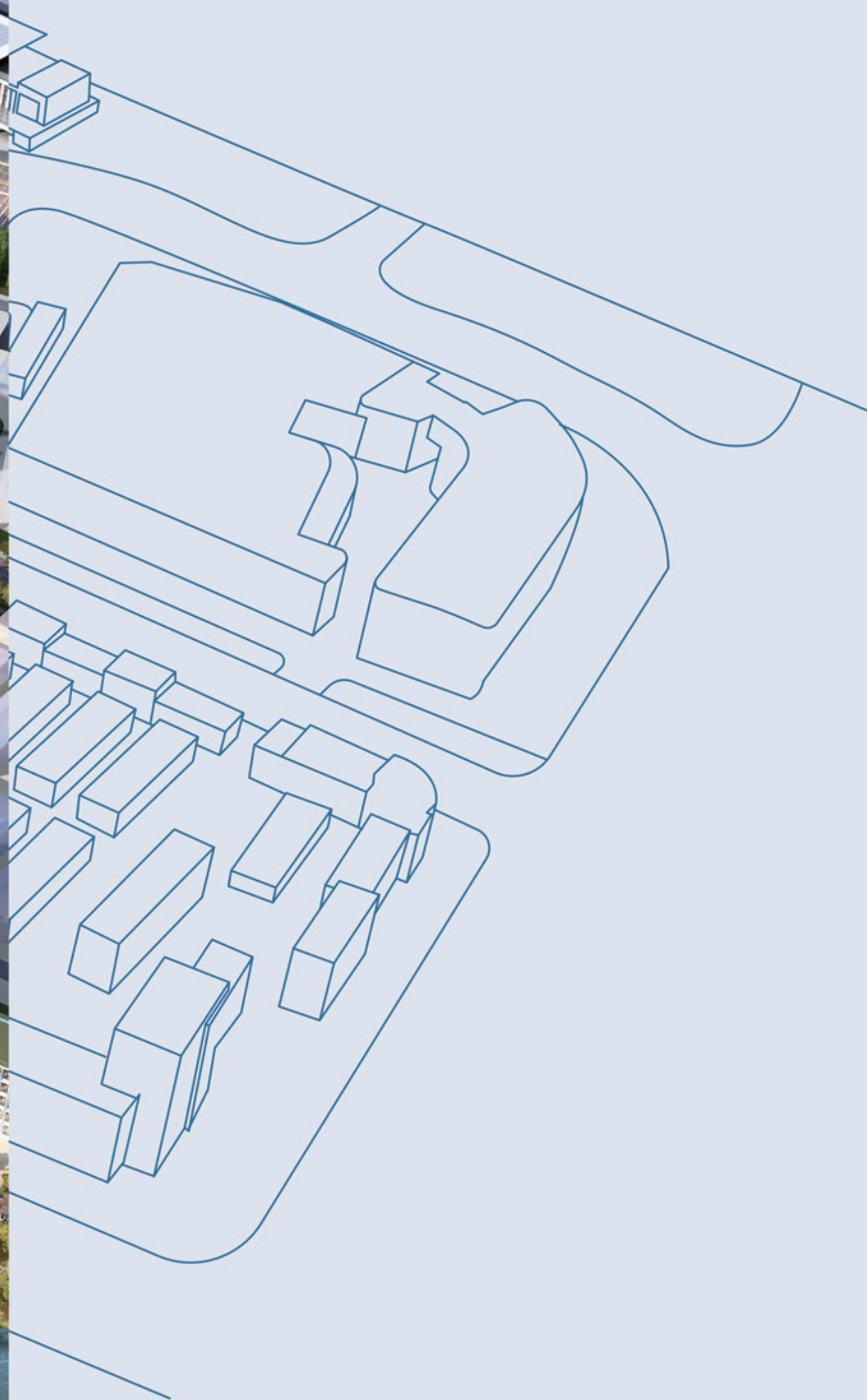
(Note 2) Grand Hyatt Shanghai is located in Jin Mao Tower.

(Note 3) Lijiang Jinmao Hotel is held as to 100% interest by the Group. Lijiang Jinmao Hotel in the urban area is situated in Lijiang Jinmao Richmond Town Project; whereas the Mountain Lodge in the scenic area is situated in Ganhaizi, Jade Dragon Snow Mountain.

(Note 4) Changshu Jinmao Smart Science City Project is developed on Changshu Yumao land parcels Nos.2020A-012/013/015/016 and Changshu Pumao land parcel No.2020A-014 respectively. Currently, the Group holds 100% interest in Changshu Pumao land parcel No.2020A-014, 10% direct interest in Changshu Yumao land parcels Nos.2020A-012/013/015/016, and 44.1% indirect interest in Changshu Yumao land parcels Nos.2020A-012/013/015/016 through Suzhou Maotai Real Estate Co., Ltd., an associate with 49% equity interest.

(Note 5) Wuhan Fangdao Smart Science City Project is developed on the land parcels Nos.B1-9 in Wuhan Ruimao Island and the land parcels Nos.A1-A7 outside Wuhan Yumao Island. Currently, the Group holds 100% interest in the land parcels Nos.B1-B9 in Wuhan Ruimao Island and 75% interest in the land parcels Nos.A1-A7 outside Wuhan Yumao Island.

CITY OPERATIONS



Management Discussion and Analysis • Business Review

City Operations

Qingdao

Jimo Jinmao Smart International City

Qingdao Jimo Jinmao Smart International City Project is located in the Duxin area in the north of Qingdao, next to Zhujiang No. 2 Road in the north and adjacent to Yanqing Road in the west. The location of the project, Huanxiu Street, not only serves as the south portal connecting Jimo with Qingdao, but is also the core area of the "three bays, three cities" planning in the Greater Qingdao, which is benefited most from the urban planning of Jimo and the integration with Qingdao. The area houses abundant landscape resources such as Huanxiu Lake and Xunhu Mountain, laying a solid ecological foundation for subsequent regional transformation. With a total site area of approximately 1,067 mu and a GFA of approximately 1.337 million sq.m., the project is planned to be developed into a modern complex with six major functions, namely commercial retail, commercial office, hotel and catering, apartment residence, cultural entertainment, and leisure. With city operations as the core, the future vitality of the city will be released to establish a new image of North Qingdao's metropolitan centre.

In March 2022, China Jinmao successfully won the bid for the fourth batch of land parcel No. 613 for Qingdao Jimo Smart International City Project with a site area of 88.2 mu and a saleable area of approximately 220,900 sq.m.

Tianjin

Shangdong Jinmao Smart Science City

Tianjin Shangdong Jinmao Smart Science City Project is located in the core area in the eastern part of the central urban area of Tianjin. Based on the TOD core business area and the leisure and greening axis, China Jinmao has planned the five major functional areas, namely TOD business area, smart office area, city park area, elite education area and ecological residential area, and intends to create a smart city complex integrating Jinmao Mall of Splendor, Jinmao Hotel, high-end industries, domestic and foreign brand education resources and ecological residence. Adhering to the "one-stop, all-business format, multi-functional and 24/7" business development model, Jinmao Mall of Splendor is planned to be developed into a large-scale city shopping mall integrating functions such as fashion and shopping, leisure and catering, family entertainment, film and television, and culture and education. In meeting the diversified consumer needs of residents in the eastern area of Tianjin for everyday shopping, leisure and entertainment, the Group strives to build a new landmark in Dongli District, Tianjin which will offer the best one-stop shopping experience.

In April 2022, China Jinmao successfully won the bid for the third batch of land parcel (Jin Dong Li Sha (Gua) no. 2022-005) for Mall of Splendor Block (Phase II) of the project with a site area of 217.3 mu and a total saleable and leasable area of approximately 476,300 sq.m.

Ningbo

Life Science City

Ningbo Life Science City Project is located at Fangqiao land parcel in the northern part of Fenghua District, which is in the new town of South Ningbo. With a total site area of approximately 5,910 mu and a GFA of approximately 4.81 million sq.m., the total investment for the first phase of project amounts to approximately RMB16.5 billion. Its development and operation follow the five city perspectives of Jinmao, namely "symbiosis, resource, human habitat, operation and function", and the three priority concepts of "ecology first, supporting facilities first, and industry first". Focusing on the operation objectives of "three years of planning, five years of development", the project has the supporting facilities orderly implemented, the ecological environment orderly improved, and people's livelihood orderly perfected, so as to accelerate the improvement of urban functional quality and promote a new leap of development.

In July 2022, China Jinmao acquired the land parcel no. FH02-01-23 in Fangqiao Street, Fenghua District and the land parcel no. FH02-02-20 in Fangqiao Street, Fenghua District with a site area of 159.7 mu and a total saleable area of approximately 287,300 sq.m.

Qingdao

SCO International Expo Centre

Qingdao SCO International Expo Centre Project is located at Jiaozhou, Qingdao. Comprising four parts, namely the integrated exhibition hall, the SCO cultural exhibition area, the multi-functional exhibition hall and the central square, the project integrates exhibition, business, tourism and culture, creating a new integrated space for the members of the Shanghai Cooperation Organisation to interact and integrate diversified business forms with a one-stop cultural experience.

In September 2022, China Jinmao, together with Qingdao Chengtong and Qingdao Shiyuan, successfully won the bid for the land parcels nos. LC0605-81, LC0605-137 and LC0605-142a next to the World Horticultural Exposition in Licang District, with a total saleable area of approximately 284,200 sq.m.

Qingdao

Jinmao China-Europe International City

Qingdao Jinmao China-Europe International City Project is located in the Hi-Tech Industry Development Zone along the north coast of Jiaozhou Bay in Qingdao, which is the core zone of the north coast city area of Qingdao. The project occupies a total site area of approximately 2,500 mu, with a planning GFA of 4 million sq.m., covering high-end residential buildings, elite apartments, large shopping malls, five-star hotels, industrial offices and other businesses. For the first time, it integrates industrial functions, urban functions and ecological functions, and is a genuine city-industry integration project. At the same time, in order to accelerate the development of the area, the project introduces the world-renowned cultural tourism project, Eden in the United Kingdom, in the wetland park to the south of the project with an area of approximately 1,000 mu, equipping the area with the key element to develop into a world-class tourism resort destination.

In September 2022, China Jinmao entered into a supplemental cooperation agreement with the management committee of Qingdao Hi-Tech Zone, with all works progressing in an orderly manner.

Wenzhou

Aojiang International New City

Wenzhou Aojiang International New City Project, located in the block of Gu'ao Tou, Binjiang Centre, Aojiang, Pingyang, has a total site area of approximately 1,972 mu (equivalent to approximately 1.31 million sq.m.) and a total GFA of approximately 1.05 million sq.m. China Jinmao plans to develop the project into a "3+2" industrial system integrating industries and urban features step by step from the aspects such as residence, culture, commercial office, landmark buildings and supporting facilities with "technology and innovation industries, financial service industry, cultural and creative industry" as the core, and "professional service industry + education and training industry" as the support, striving to forge the project to become a vibrant centre of Pingyang with its advantages such as urban core location, excellent scenery resources, profound cultural heritage and business supporting facilities.

In September 2022, Wenzhou Aojiang International New City held the kick-off ceremony for the construction of China Jinmao-Pullman ultra-high-rise building with a planned height of 239 metres. With a five-star hotel and Grade A offices as the core, the project will build a business innovation ecological platform and a creative space integrating "city-talent-industry-innovation", covering various functions such as business travel and accommodation, conference and exhibition, catering and banquet, investment promotion and exhibition, high-end office and city sightseeing.

Jinhua

Future Science City

Jinhua Future Science City Project is located in Dongmei area of Jinyi New District (Jindong District) in Jinhua, adjacent to Wuyi River. The project occupies a total site area of approximately 2,760 mu (equivalent to approximately 1.84 million sq.m.) with a GFA of approximately 2.25 million sq.m. The project covers core sectors such as provincial future community pilot projects and digital innovation economic parks, integrating functions such as smart residence, quality education, featured business, business office and industrial research and development, creating a provincial-level all-round future community benchmark project with comprehensive functions, rich business forms and smart operation. By exploring the potential value of the city, it sets to build Dongmei area into a benchmark project leading the development of the Jinyi urban area.

In November 2022, Jinmao Science and Technology Innovation Park of Jinhua Future Science City was officially opened, with an occupancy rate of 100%. Enterprises in the park were set to develop the D5 industrial land parcel of Jinhua Future Science City, with an estimated construction area of approximately 65,000 sq.m.

Langfang

Longhe New City

Langfang Longhe New City Project occupies a total site area of 297.45 mu in five land parcels with a total plot ratio-based GFA of 459,000 sq.m. It is planned to be developed into a large-scale centralised commercial zone as the key industrial park in Langfang. After 16 years of development in Longhe New Area by VAST Development, Longhe New City is now known as "Langfang Information Industry Base under the National Torch Programme", "Hebei High-tech Industry Demonstration Zone" and "Provincial High-tech Industry Cluster Zone", and was rated as "China's Most Valuable Financial Ecological Development Zone". Since the commencement of construction in 2005, the project has now owned a three-dimensional transportation network, and initially formed three leading industrial clusters of electronic information, equipment manufacturing and modern service industry, with a development trend characterised by "innovation-driven and industrial new city".

In 2022, a total of 8 industrial projects including Metcold were signed, and various tasks were progressing in an orderly manner.

PROPERTY DEVELOPMENT

Management Discussion and Analysis • Business Review

Property Development

Beijing Wangjingyue Project is a gift jointly offered by Jinmao and BCDH in its hometown of Wangjing, creating delicate healthy technological residences each with three to four bedrooms and a floor area of approximately 102-155 sq.m. Situated near the ecological natural resource area along the two rivers of Qinghe and Wenyuhe, the project enjoys 9 major urban parks within approximately 3 km. It is located in the central area of Wangjing transportation and road network, with four horizontal and four vertical roads and multi-track rapid access to the popular areas of city such as Haidian, Chaoyang, Changping and Shunyi. While an all-round 8-dimensional system provides all-round solutions for quality life, the project creates a living environment with comfortable temperature, humidity and oxygen by making use of the pleasant functions of Jinmao's twelve major technology systems as the core.

During the Period under Review, the project was ranked No.1 in Chaoyang in terms of number of units sold, sales area and sales amount for pure commodity housing signed online in October 2022.

Beijing Xishan Jinmao Palace Project is located in "Fengtai Changxindian Science and Technology Ecological Zone" in West 5th Ring Road, surrounded by "one river, five lakes and eight parks" including Yongding River and Garden Expo Park. Leveraging the three-dimensional "three horizontals and two verticals" transportation network of West 5th Ring Road and Metro Line 14, it provides quick access to ABP, Financial Street and other business districts. To the west of the project is approximately 800,000 sq.m. of commercial and service ancillary facilities in the west zone of Fengtai Science Park. The products include a community comprising only 6-storey houses with ultra low plot ratio, housing four bedrooms for whole family each with a floor area of approximately 120-160 sq.m., inheriting the 12 major green and gold technologies of Jinmao Palace to create a technological residence with comfortable temperature, humidity and oxygen. At the same time, a new generation community neighbourhood centre "neighbours of neighbours" of approximately 1,400 sq.m. has been established for free connection among neighbours.

During the Period under Review, the project was ranked No.1 in Fengtai in terms of number of units sold, sales area and sales amount for ordinary commodity housing signed online.

Beijing Jinmao • Chang'an Residence Project is located at the west side of the Xinshougang business district block where five rail lines meet, approximately 600 metres away from Sidaoqiao Station of Line S1. It is easily accessible to all parts of the city with one station away from interchange to Lines 6/11, two stations away from interchange to Lines 1/6 and for the long-term, two stations on Line S1 away from interchange to Line 18 which is under planning. The project is within two Metro stations from large-scale integrated commercial complexes such as Chang'an Mills, Xirondo Plaza, Chang'an Paradise Walk and Uni ELITE. With a plot ratio of 2.0 low density environment, it is planned to build delicate residences each with a floor area of approximately 80-100 sq.m. and two to three bedrooms, as well as technological delicate improved housing each with a floor area of approximately 120-143 sq.m. and three to four bedrooms. With full-age all-round design, and relying on Jinmao's twelve major technology systems to create a smart community, the project pays tribute to the quality improvement of contemporary elite families.

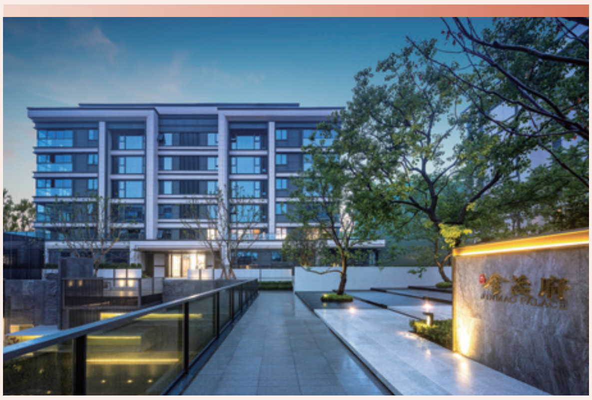
During the Period under Review, the project achieved great success in the first launch, with the small-sized units in land parcel no. 01 sold out. It has quickly become the benchmark of high-quality technological residential units of Jinmao (non-Palace series) in West Beijing.

Hangzhou Qinwang Palace Project is located in the "City Eye" block of Qinwang, which is a residential portion of the Qinwang city complex in Fuyang built by China Jinmao. It enjoys a range of supporting facilities for the future planning of the complex, including a commercial complex, boutique residence, TOD three-dimensional transportation, a 221-metre urban landmark office building, a shopping mall, a five-star hotel, a commercial water street and other business segments.

During the Period under Review, the project continued to achieve hot sales, ranking first in terms of contracted amount in Fuyang District, Hangzhou.

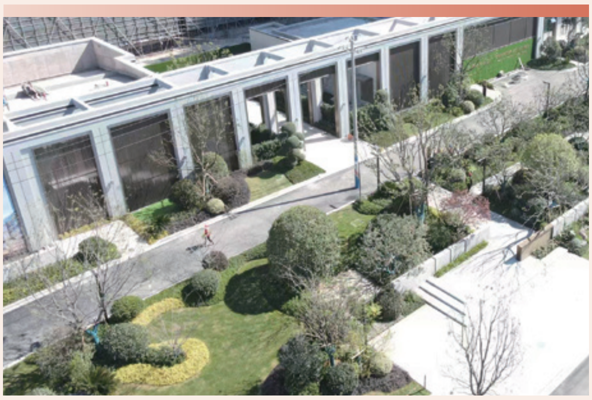
Nanjing • Hexi Jinmao Palace Project is located at the intersection of Yongchu Road and Pingliang Avenue in the southwest of the main city area of Nanjing. It is the new city centre of Nanjing's five major functions, namely finance, commerce, trading, exhibition and culture and sports. A mid-to-high-end residential area for both residence and employment, the project is also a leisure tourist site in the western part of the city featuring riverside scenery. It is the new city centre with modern civilisation and riverside characteristics, and a modern international landmark of the new Nanjing.

During the Period under Review, the project sold well with all residential units sold out.



Chengdu • Jinjiang Jinmao Palace Project is located in the east of the financial city and in the core residential area of Bailuwan Science and Technology Ecological Industrial Park. Supported by the ecological green wedge of approximately 15,000 mu of Bailuwan-Sanshengxiang, the project enjoys both prosperity and nature. The project has a low plot ratio and density, with 6-storey buildings only to create grand floors by making use of green and gold technologies, a benchmark product of double first-floor innovative villas, integrating six major upgrades based on our twelve major indoor green and gold technology systems.

During the Period under Review, all residential units of the project were sold out during all six launches, setting up a hot sales phenomenon for Jinmao in the market and becoming a benchmark residential project in the area.



Jinhua • Dongmei Future Community Project, located within Jinhua Jinmao Future Science City, is equipped with a range of full-dimensional and fully-enjoyed living services distributed in an orderly manner, including community general hospital, happy classroom, the Internet celebrity wet market, future kindergarten, elderly care service centre, central future park, etc. Slow-moving life ring resembling the Chinese character of "日" divides the community land parcel into groups of living services with a radius of approximately 1 km, covering delicacies and shopping, ecological landscape, family life, smart street, firework street, all-age friendly, dynamic social networking, humanity and education and other life nodes, so that community residents in each group can enjoy a wonderful urban life within reach.

During the Period under Review, on the opening day of the project, it set new records in Jinhua for the past year in terms of units sold on the opening day, area sold and sell-through rate, making it a hot seller in Jinhua.

Shanghai • Changxing Jinmao Noble Manor Project sits on the ecological site of Changxing Island with water banks on three sides, and is naturally livable. With a plot ratio of approximately 1.2 and a green area ratio of 35%, it is a low-density and high-quality residential area rarely found in Shanghai. The project uses bungalows and courtyard products to build a pure residential area with comfortable building spacing, bringing more space per resident and safer social life. Changxing Jinmao Noble Manor is crafted with ingenuity in the creation of landscape, combining the needs of architecture, nature and residence to create a scenic garden with attractive, distinctive and functional features to make life warm. At the same time, it is planned to create a full-age activity area integrating social, sports, leisure and other functions to bring residents a richer and more healthy life experience.

During the Period under Review, the project sold well upon the first launch, ranking first in Chongming area in terms of sales amount, number of units and area sold.

Suzhou • Chunhewanxiang Yayuan Project is located in the core area of High-speed Railway New City in Xiangcheng District, Suzhou, and is developed along a north-south axis in general. On its east side is Suzhou Nanjing Normal University Experimental School while the west side is adjacent to Yuanhe Pond, the city water system. With its prime geographical location and good environment, the project has rich cultural heritage.

During the Period under Review, the project launched for 5 times, ranking first in Xiangcheng District, Suzhou in terms of sales amount, number of units and area sold.

Shanghai Fengshengdao Project is located in Songjiang New Town, one of the five key new towns in Shanghai, with high value recognition. The project aims to lead the new concept of urban living and create the warmest, the most interactive and exquisite community in the city. Situated in the commercial core area of Songjiang New Town, the project enjoys a superior location. It carries out value promotion around the international ecological business district and builds advantageous educational resources, targeting mainstream customers with accurate positioning by building products that meet the recognition of target customers.

During the Period under Review, the project achieved great results in all four launches with an overall sell-through rate of over 90%, becoming the bestseller in Songjiang District.

Xi'an • High-tech Industrial Development Zone Jinmao Yueyuan Project is located in the core area of Phase II of High-tech Industrial Development Zone, and belongs to the Yuhuazhai area. Approximately 3 km away from the core area of Phase I and II of High-tech Industrial Development Zone and approximately 2.2 km away from the core area of Software New City, the project enjoys excellent location conditions. On the north side of the project, 3 km east of Yuhuazhai Street is the core axis of Phase II of High-tech Industrial Development Zone (Tangyan Road – Fenghui South Road), and to the west it is close to West 3rd Ring Road, Ring Expressway and other fast roads, accessible to every area of the city. Rail transportation is densely distributed in the surroundings, and the project is only 900 metres away from Yuhuazhai Station of Metro Line 3 which has already been put into operation. Moreover, it is located in the core area of traditional residence for high-tech industry, with mature supporting facilities within 3 km. With three centralised commercial centres, two 3A hospitals, more than 10 primary and secondary schools, there are well-developed commercial, medical and educational resources.

During the Period under Review, the project continued to achieve hot sales in all four launches. Recognised by the market, the project has become a benchmark of high-end residence in High-tech Zone of Xi'an.

Chengdu • Yuehu Jinmao Residence Project is located along Chengxi 3rd Ring and in the core lake area of Yuehu Science and Technology City, with comprehensive planning and supporting facilities. The project occupies a total site area of approximately 64 mu, and consists of 15 lakeside pure residential buildings of low plot ratio of 1.8. The products of the project comprise a 1T2 house lineup of 8-storey and 10-storey high and a semi-enclosed layout of 16-storey small high-rise buildings. Lakeside houses built by a powerful state-owned enterprise with ingenuity are presented to the elite of Chengxi. Leveraging lake view frontage resources, high-quality city-level facilities such as lake ecology, quality education and commercial street areas, the project also owns the quality of luxury residential properties in terms of planning and architectural design.

During the Period under Review, the project got red-hot at its first launch. The overall quality of the project was recognised by the market with a first launch sell-through rate of over 80%, the best project for sales in Chengxi during the same period.

COMMERCIAL LEASING AND RETAIL OPERATIONS


乐趣
2022
THE SPLENDORS

Management Discussion and Analysis • Business Review

Commercial Leasing

During the Period under Review, the leasing of various office projects of the Group performed well. The occupancy rate remained high generally with stable rental levels.

Occupancy rate of major office buildings

	Beijing Chemsunny World Trade Centre	Xicheng Jinmao Centre*	Jin Mao Tower – office portion	Nanjing Xuanwu Lake Jinmao Plaza Phase I – office portion	Changsha Meixi Lake International R&D Centre
2022	100.0%	100.0%	90.9%	89.3%	100.0%
2021	97.7%	100.0%	94.4%	91.6%	100.0%

* The original Sinochem Tower was renamed as Xicheng Jinmao Centre on 23 March 2022 as approved by Xicheng Branch of Beijing Municipal Commission of Planning and Natural Resources.

Beijing Chemsunny World Trade Centre which is situated on Fuxingmen Nei Avenue within the financial district of Beijing, is adjacent to West Chang'an Avenue and opposite to Financial Street. It is the first premium office building in China being granted China Three-Star Green Label and USGBC's LEED-EB platinum certification at the same time.

Xicheng Jinmao Centre which is situated at the heart of Beijing on Fuxingmen Wai Avenue, Xicheng District, the prime location of the business circle of Financial Street which is less than 50 metres away from the subway station of the Beijing Subway Line One, is an office building supported by sophisticated office facilities and personalised services.

Shanghai Jin Mao Tower which is situated at the Lujiazui Finance and Trade Zone of Pudong, Shanghai, is one of China's landmark buildings. The 420.5-metre-high 88-storey tower represents a perfect combination of China's traditional architectural techniques and the world's state-of-the-art technology. Its superior landmark effects make the tower one of the first choices as place of business in Shanghai for prestigious domestic and foreign corporations.

Management Discussion and Analysis • Business Review

Retail Operations

Shanghai J•LIFE is located in the core area of the Lujiazui CBD in Shanghai, which commenced operation in 2005. Being the first commercial and retail business centre in the Lujiazui region, the project adhered to the line of portfolio based on experience and quality of commercial and lifestyle services, striving to attempt and explore innovative businesses constantly, and anchored with a variety of famous brands engaging in catering, healthcare and nursing, sports and social networking, and international education services, providing unique and personalised lifestyle services for high-end business customers.

During the Period under Review, the project had always adhered to strict prevention and control to ensure safety, while utilising innovation to empower by exploring various channels such as Douyin and Doudian, so as to actively help merchants restore business confidence. Tiding over difficulties with merchants and thinking out of the box, the project looked into alternative ways and worked with high-quality fast-moving brands to explore the joint operation model to help achieve the goal of rental income retrieval.

Nanjing Jinmao Mall of Splendor is located in the Hunan Road business district in the main city region of Nanjing, adjacent to the Xuanwu Lake subway station in Nanjing, and occupies the best geographical location alongside the Xuanwu Lake. Since commencement of business at the end of September 2015, it has become one of the dynamic, trendy, energetic and quality shopping mall in the main city region of Nanjing.

During the Period under Review, Nanjing Jinmao Mall of Splendor continued to raise the occupancy rate in the adjustment process of dynamic tenant recruitment, and replenished the business model on certain floors according to the business needs. Both the customer flow of the project and the business fundamentals were effectively improved. At the same time, on the basis of fully stocktaking and exploring various on-site operating resources, the project achieved the maximum utilisation of resources, further enriching its business portfolio and effectively improving the business atmosphere.

Changsha Jinmao Mall of Splendor is the first Mall of Splendor under China Jinmao, which is located in the core region of Meixi Lake, facing an excellent view of Meixi Lake, with Meixi Lake International Culture and Arts Centre to the east, and is seamlessly connected with the Changsha Metro Line No. 2. Since its opening, the project focused on the customer groups of young families and young people in Changsha, collected a variety of famous domestic brands, and presented the innovative and proprietary business forms of Jinmao. It became a gathering place for pioneer experience-based, leisure-based and social-based business lifestyles in central China.

During the Period under Review, the operation of Changsha Jinmao Mall of Splendor remained stable and achieved remarkable results during its 6th anniversary celebration, with both sales amount and single-day customer flow hitting record high. The replacement and renewal for 65 brands were completed in total, including various excellent brands. At the same time, the project won the honorary titles of "National-level Green Shopping Mall" and "Changsha Nighttime Consumption Model".

Management Discussion and Analysis • Business Review • Retail Operations

Qingdao Jinmao Harbour Shopping Mall is located at the harbour front of Jiaozhou, Qingdao, inside the Shinan District, and adjacent to the Qingdao harbour ferry terminal and cross harbour tunnel of Jiaozhou Bay. It is a commercial complex project nearest to the sea in Qingdao region. At present, the project is a gathering place for trendy living and integrated with shopping, catering, entertainment and healthcare services to satisfy the demand for high quality, one-stop and family-based shopping mall from residents in the region. It is a heartwarming harbour built for family leisure living services for 100,000 permanent residents in the surrounding region.

During the Period under Review, Qingdao Jinmao Harbour Shopping Mall continued to introduce its first stores and anchor brands, achieving a high occupancy rate at the end of the Year, and continued to improve the brand level, operating atmosphere and profitability of the project, resulting in a significant increase in project performance. At the same time, it actively coordinated internal and external marketing resources and expanded marketing channels, driving the steady growth of customer flow and sales amount of the project. During its anniversary celebration, customer flow and sales amount reached a new high since the opening of the project.

Zhangjiagang Mall of Splendor is located next to the lake of Shazhou, Zhangjiagang with a total area of approximately 200,000 sq.m. Grandly opened on 23 December 2022 and with the theme of "relaxing life at city centre", the project is set to lead the upgrading of consumer life in Zhangjiagang, creating a cheer-up station, a social gathering place and an entertainment energy field for the locals, as well as a new landmark of quality business in the harbour city.

During the Period under Review, the food and beverage outlets of Zhangjiagang Mall of Splendor had been performing brilliantly since its opening, with customer flow far exceeding competitors in the market. The project will continue to bring new, interesting, trendy and comfortable shopping experience to the people of the harbour city.

Qingdao Jinmao Mall of Splendor Project is located in the Hi-Tech Industry Development Zone along the north coast of Jiaozhou Bay in Qingdao, which is the core zone of the north coast city area of Qingdao. Being the commercial element of China Jinmao's city operations project Qingdao Jinmao China-Europe International City, it is positioned as the "life exploration centre of future city" with new middle-class families as its core customer group. In the future, the project will cooperate with businesses along the China-Europe's dynamic axis to jointly create an ecological commercial centre integrating ecological leisure and exploration experience, gathering consumption, focusing on experience, and emphasising on innovation. By implementing the concept of city operations, the project is set to help the region transform from a new city area on the north coast of Qingdao into a main city area.

During the Period under Review, Qingdao Jinmao Mall of Splendor was opened on 17 December 2022, which effectively filled the commercial gap in the High-Tech Zone. With all performance indicators reaching the expected level, the project grasped the positioning of life exploration centre of future city and focused on new middle-class families in the city, thus facilitating the overall construction of the China-Europe's dynamic axis.

HOTEL OPERATIONS

Management Discussion and Analysis • Business Review

Hotel Operations

General Overview

During the Year, the tourism and hospitality industry continued to be affected by the COVID-19 pandemic and remained at a low level. The performance of the entire industry fell short of expectations. In the face of the challenging market environment, the hotel segment adopted various operating measures to ensure customer experience while actively optimising the personnel structure and improving per capita efficiency. By building asymmetric competitive advantages, the segment actively promoted sales and efficiently captured orders on hand. A number of hotels strictly controlled the room inventory, stabilising the average room rate under the volatile market environment. Adhering to its differentiated strategy, the segment analysed the customers to grasp the overall demand and the pricing power in the market, thereby generating product premium to maintain its leading position in the market. In particular, the resort hotels in Lijiang and Chongming developed their unique hotel products by means of their own IP, featured catering, theme activities and cross-border cooperation to create hotel themes and market labels.

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2022

	Grand Hyatt Shanghai	Hilton Sanya Yalong Bay Resort & Spa	The Ritz-Carlton Sanya Yalong Bay	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Lijiang Jinmao Hotel	Meixi Lake Hotel, A Luxury Collection Hotel, Changsha	Xi'an Jinmao Hotel	Guangzhou Marriott Hotel Nansha
Average room rate	977	1,315	2,233	1,149	818	634	921	819	1,131	744	307	630
Average occupancy rate	33.2%	47.1%	47.6%	30.0%	57.8%	60.8%	58.5%	52.8%	44.1%	54.4%	31.3%	22.8%
Average revenue per available room	324	619	1,063	345	473	385	539	432	499	405	96	144

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2021

	Grand Hyatt Shanghai	Hilton Sanya Yalong Bay Resort & Spa	The Ritz-Carlton Sanya Yalong Bay	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Lijiang Jinmao Hotel	Meixi Lake Hotel, A Luxury Collection Hotel, Changsha
Average room rate	1,131	1,237	2,338	924	916	696	802	928	1,033	810
Average occupancy rate	68.9%	71.3%	60.0%	50.2%	73.1%	66.7%	77.4%	62.6%	44.2%	58.7%
Average revenue per available room	779	882	1,403	464	670	464	621	581	457	475

Information of Projects

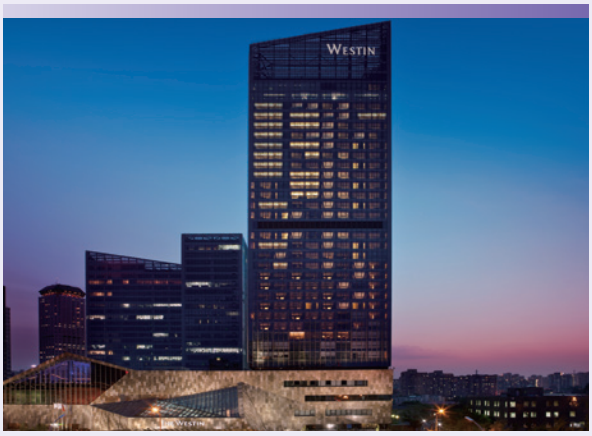
Grand Hyatt Shanghai Situated on 53rd to 87th floors of Jin Mao Tower, a renowned landmark building in Shanghai, Grand Hyatt Shanghai was opened in 1999. The hotel was named in the Guinness World Record 2000 as the highest hotel in the world. Since its opening, leveraging its unique landmark location and high quality services, Grand Hyatt Shanghai has won over 100 hotel awards in China and from all over the world.

Hyatt Regency Chongming Located in the east of Chongming Island, the third largest island in the PRC, Hyatt Regency Chongming was opened in 2014. The hotel is connected to the Pudong district in Shanghai by Chang Jiang tunnel-bridge and is located near Dongtan Wetland Park, which is also a migratory bird reserve. It received the Grand Award for Best International Commercial and Special Use Project at the 51st Annual Gold Nugget Awards applying an ecological design concept on commercial land.

Hilton Sanya Yalong Bay Resort & Spa, which is situated at the enchanting Yalong Bay, Hainan, was opened in 2006. The hotel is designed and built with unique features and services to provide an "unparalleled resort experience", a basic concept embodying strong southern China's characteristics.

The Ritz-Carlton Sanya, Yalong Bay Situated at the enchanting Yalong Bay in Sanya, the magnificent The Ritz-Carlton Sanya, Yalong Bay boasts the majestic views of South China Sea, miles-long beaches and pristine natural beauty. Since its opening in 2008, the hotel has been well received by affluent global travellers and gained recognition from the tourism industry, and has received many awards worldwide.

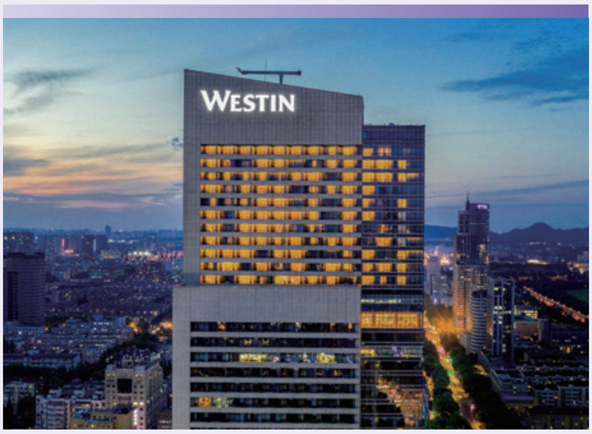
Information of Projects



The Westin Beijing Chaoyang is a 34-storey luxury hotel located in the Yansha Business Circle, Chaoyang District nearby Sanlitun, the central business district ("CBD") of Beijing and home to embassies, corporate headquarters and retail shopping malls. Since its opening in 2008, the hotel has served numerous foreign heads of state sports stars and business elites, highlighting the high-end brand image of the hotel.

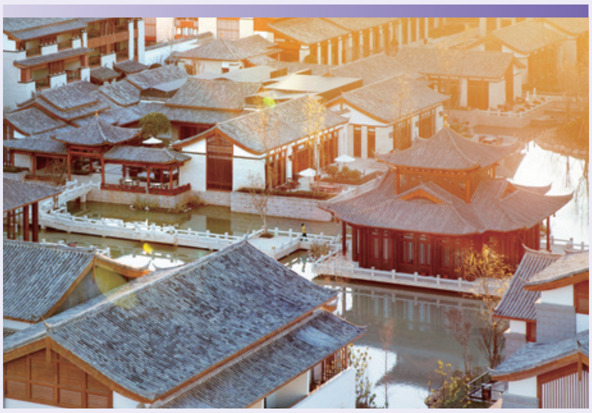
Renaissance Beijing Wangfujing Hotel is situated at Wangfujing Avenue and adjacent to Tian'anmen Square and Palace Museum. Its predecessor is Wangfujing Grand Hotel opened in 1995. The hotel adopts a unique dual-wing architecture design with an endless stream of spectacular palaces from the Ancient Wall of the Imperial City and The Forbidden City to the west and the modernised international metropolitan clusters in the CBD of Wangfujing to the east, blending the modern and classic into one.

JW Marriott Hotel Shenzhen, which is located in Futian District, Shenzhen and in close proximity to the Shenzhen Golf Club, was opened in 2009. Its modern tropical design concept blends into the architectural style of the hotel and the local seasonal characteristics, making the hotel one of Shenzhen's landmark superior deluxe five-star business hotels.



Westin Nanjing, which is located on 23rd to 35th floors of the South Tower in Nanjing Xuanwu Lake Jinmao Plaza, was opened in 2011. The hotel has 234 guest rooms each overlooking a panoramic view of Xuanwu Lake and Purple Mountain.

Information of Projects



Lijiang Jinmao Hotel•The Unbound Collection by Hyatt, which was opened in 2014, is situated inside Jinmao Richmond Town at the northern end of Shangri-La Avenue, is adjacent to the Old Town of Su River and connects to J•Life's exquisite commercial portion and premium quality villas.

Jinmao Purelax Mountain Hotel, Lijiang, which was opened in September 2015, is situated in Ganhaizi, Jade Dragon Snow Mountain. The hotel perfectly integrates the elements of Naxi culture and modern comfort, creating an impeccable space for clients to admire the magnificent snow mountain view from their rooms.

Meixi Lake Hotel, A Luxury Collection Hotel, Changsha Officially opened in 2016, Meixi Lake Hotel, A Luxury Collection Hotel, Changsha is located at the prime location in the State-level Xiangjiang New District adjacent to Meixi Lake International Cultural & Art Centre. Taking the design of "Exploring the peach garden" and blending the cultural essence of Hu and Xiang, the hotel leads travellers from all over the world to embark on the journey of exploring the peach garden.

Xi'an Jinmao Hotel is located in the most prime and prosperous area of Xi'an, the historic and ancient capital for 13 dynasties, and is within walking distance from Zhonggulou, Huimin Street and the city wall built in the Ming Dynasty. The combination of European industrial style with strong sense of design and Xi'an's profound historical and cultural heritage allows each tourist to travel between ancient and modern, Eastern and Western cultures, and to have a fine taste of their respective history and culture.

Guangzhou Marriott Hotel Nansha Situated at the "heart of the Greater Bay Area", Guangzhou Marriott Hotel Nansha is located next to Pearl Lake of Nansha, close to Shenzhen, Hong Kong and Macau and easily accessible to the core business districts of various cities. Opened in August 2022, the hotel has 260 modern rooms with comfortable, stylish and functional features, overlooking the beautiful scenery of Jiaomen River.

TECHNOLOGY AND SERVICES

Technology

In 2022, Jinmao Green Building actively responded to the national green development goal of "carbon neutrality" and the major development strategy of "new infrastructure" in the smart energy segment, and laid out comprehensive energy service business, photovoltaic and zero-carbon construction business, green big data centre business, and new energy vehicle charging business, providing green, intelligent, safe and reliable integrated solutions for investment, construction and operation, with significant economic and environmental benefits. At the same time, relying on research and development as well as innovation, it continued to improve the overall solution of building technology from outdoor to indoor and from energy to terminal, forming its own unique product and technology advantages, continuously consolidating the service capabilities of the whole process of scientific and technological human habitat system, vibration and noise reduction, and forming a one-stop service model from design consulting to operation management. Based on big data, artificial intelligence, Internet of Things (IoT) and other technologies, Jinmao Cloud used intelligent and precise products and platform tools as means to start business with digital marketing and smart IoT, and continuously explored and gave play to digital value. Focusing on the entire marketing business chain, it could provide solutions for seven major digital marketing systems and 13 sub-divided digital products. The smart IoT business covered smart home, smart community, smart parks and other indoor and outdoor multi-scenario smart IoT services, and was capable to deliver integrated solutions and software and hardware at the front and back ends. Adhering to the values of customer first, openness and innovation, perseverance and pragmatism, and pursuit of excellence, and through innovation-driven, ecological construction, data exploration and full-cycle operation, we continuously explored the value of digital services, realising the vision of "digital creation for a better life".

Services

In 2022, Jinmao Services was listed on the Hong Kong Stock Exchange in March. As a fast-growing high-end property management and city operations service provider in China, Jinmao Services managed a diversified property portfolio covering residential properties and non-residential services. Relying on its leading brand reputation, extensive resource advantages, rich service experience and comprehensive technical capabilities, Jinmao Services continued to provide different types of customers with valuable property management services of consistent quality, value-added services to non-property owners and community value-added services. Relying on the investment layout of the city operations industry chain, JM Capital followed through the mission of capital reshaping the value of cities, continued to consolidate the core competitiveness of financing, created diversified financing channels and gave full play to the role of financial empowerment. At the same time, it explored the blue ocean of urban renewal business and carried out investment layout around China Jinmao's city operations industry chain to empower China Jinmao's innovation, upgrade and industry landing in an effort to actively expand financing channels, and capture projects in the fields of dual carbon technology + smart city + smart medical care, expanding investment scale. Jinmao Decoration continued to adhere to the "market-oriented, professionalised, standardised and refined" guiding ideology. "Focusing on the main business and innovative development", it strengthened external market expansion and accumulated high-quality new customers. Jinmao Decoration was awarded the title of "Top 100 Enterprises in China's Building Decoration Industry" for eight consecutive years. The Universal Studios Beijing and Tongzhou New Everbright projects undertaken by Jinmao Decoration both won the "China Construction Engineering Decoration Award", enhancing the brand influence continuously.

Management Discussion and Analysis • Financial Review

REVIEW ON OVERALL RESULTS

For the year ended 31 December 2022, profit attributable to owners of the parent amounted to RMB1,984.1 million, representing a decrease of 58% compared with RMB4,689.9 million in last year. Profit attributable to owners of the parent less fair value gains on investment properties (net of deferred tax) amounted to RMB910.1 million, representing a decrease of 81% compared with RMB4,826.7 million in last year.

The decrease in the above operating results was mainly due to the provision for impairment of properties under development and properties held for sale as the selling price of the projects of the Group and some of its associates and joint ventures fell beyond expectation during the year ended 31 December 2022.

Basic earnings per share, gross profit margin (by business segment) and net debt-to-adjusted capital ratio are selected by the Group as the indicators of assessment on the profitability and solvency of the Group. The analysis of these indicators can comprehensively summarise and evaluate the financial conditions and operating achievements of the Group, and effectively evaluate the management's governance level and whether the goal of maximising shareholders' interests is achieved.

REVENUE

For the year ended 31 December 2022, the revenue of the Group was RMB82,991.4 million, representing a decrease of 8% compared with RMB90,059.9 million in last year.

Revenue by business segments

	For the year ended 31 December				
	2022		2021		
	RMB million	**Percentage of the total revenue (%)**	RMB million	Percentage of the total revenue (%)	Year-on-year change (%)
City operations and property development	**74,708.3**	**90**	82,641.6	91	-10
Commercial leasing and retail operations	**1,468.0**	**2**	1,563.3	2	-6
Hotel operations	**1,143.9**	**1**	1,638.1	2	-30
Others	**5,671.2**	**7**	4,216.9	5	34
Total	**82,991.4**	**100**	90,059.9	100	-8

In 2022, revenue from city operations and property development of the Group decreased by 10% over that of last year to approximately RMB74,708.3 million and accounted for 90% of the total revenue, which was mainly attributable to the decrease in sales properties delivered and settled as compared with that of last year. Revenue from commercial leasing and retail operations decreased by 6% as compared with that of last year and accounted for 2% of the total revenue, which was mainly attributable to the decrease in rental income due to the pandemic. Revenue from hotel operations decreased by 30% from last year and accounted for 1% of the total revenue, which was mainly attributable to the decrease in occupancy rate and room rate due to the impact of the pandemic. Revenue from others (primarily including the property-related revenues arising from the observation deck on the 88th floor of Jin Mao Tower, property management, green buildings technology and building decoration) accounted for 7% of the total revenue, representing an increase of 34% over that of last year, which was mainly due to the increase in revenue from building decoration, property management, green buildings technology.

COST OF SALES AND GROSS PROFIT MARGIN

Cost of sales of the Group for the year ended 31 December 2022 was approximately RMB69,845.8 million (2021: RMB73,302.3 million). The overall gross profit margin of the Group in 2022 was 16%, which decreased by 3 percentage points as compared with 19% of last year, mainly attributable to the decrease in the gross profit margin from the city operations and property development segment and the hotel operations segment.

Gross profit margin by business segments

	For the year ended 31 December	
	2022 Gross profit margin (%)	2021 Gross profit margin (%)
Overall	**16**	19
City operations and property development	**13**	16
Commercial leasing and retail operations	**84**	84
Hotel operations	**30**	45
Others	**27**	37

OTHER INCOME AND GAINS

Other income and gains of the Group for the year ended 31 December 2022 amounted to approximately RMB11,690.6 million, representing an increase of 66% from RMB7,028.3 million in last year, which was mainly due to the increase in the Group's bargain purchase gain, the fair value gains on the investment properties, the fair value gains on financial assets held for trading, etc. Details are set out in note 5 to the financial statements.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses of the Group for the year ended 31 December 2022 increased by 10% to RMB2,616.7 million from RMB2,378.4 million in last year, mainly due to the increase in the amount of amortisation of sales commissions capitalised as contract costs during the Year. Selling and marketing expenses comprise primarily the advertising expenses, commissions paid to relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations. Selling and marketing expenses accounted for 3% (2021: 3%) of the Group's total revenue.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the year ended 31 December 2022 amounted to RMB4,294.5 million, representing a decrease of 8% from RMB4,675.4 million in last year, mainly attributable to the exchange loss of RMB259.5 million in 2021 which was included in administrative expenses, and the decrease in employee expenses and general office expenses as compared with 2021 as the Group exercised lean management and strictly controlled administrative expenses in 2022 through cessation and merger of city companies and employee downsizing. Administrative expenses mainly comprise staff costs, consulting fees, entertainment expenses, general office expenses and depreciation expenses. Administrative expenses accounted for 5% (2021: 5%) of the Group's total revenue.

OTHER EXPENSES AND LOSSES, NET

Other expenses and losses, net of the Group for the year ended 31 December 2022 amounted to RMB5,954.1 million, representing an increase of 112% from RMB2,806.6 million in last year, mainly attributable to the increase in the amount of the provision for impairment of properties under development, properties held for sale and due from related parties of the Group as compared with last year.

On 31 December 2022, the Group reviewed the market conditions of the properties under development and properties held for sale of the Group and its associates and joint ventures as of that date. The Group estimated the net realisable value of properties under development and properties held for sale by mainly taking into account the latest selling prices and prevailing market conditions, estimated development costs to be incurred by the time of completion and necessary selling expenses and related taxes estimated to be incurred in the process of sales. Provision for impairment is made for properties under development and properties held for sale whose net realisable value is lower than the cost. In 2022, the Group recognised a total of RMB4.36 billion in impairment losses on properties under development and properties held for sale, and a total of RMB1.59 billion in impairment losses on receivables from related parties. Details are set out in notes 7 and 28 to the financial statements.

FINANCE COSTS

Total interest expense of the Group for the year ended 31 December 2022 was RMB6,534.6 million, representing an increase of 15% from RMB5,702.2 million in last year, mainly attributable to the increase in average loans amount during the Year. Among them, the interest expense capitalised amounted to RMB3,823.5 million, representing an increase of 31% from RMB2,914.5 million in last year; finance costs of the Group amounted to RMB2,711.1 million, representing a decrease of 3% from RMB2,787.7 million in last year.

INCOME TAX EXPENSE

The Group had an income tax expense of RMB4,536.3 million for the year ended 31 December 2022, representing a decrease of 9% from RMB5,009.4 million in last year, primarily attributable to the decrease in PRC corporate income tax due to the decrease of profit before tax for the Year, and the decrease in PRC land appreciation tax. The Group's effective income tax rate for 2022 was 46% (2021: 39%), which increased as compared with last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2022, profit for the Year of the Company amounted to RMB5,220.9 million, representing a decrease of 32% compared with RMB7,704.8 million in last year, mainly due to the provision for impairment of the city operations and property development segment in 2022. For the year ended 31 December 2022, profit attributable to owners of the parent amounted to RMB1,984.1 million, representing a decrease of 58% compared with RMB4,689.9 million in last year, and profit attributable to owners of the parent excluding fair value gains/losses on investment properties (net of deferred tax) was RMB910.1 million, representing a decrease of 81% compared with RMB4,826.7 million in last year.

Basic earnings per share for the Year were RMB15.56 cents, representing a decrease of 58% compared with RMB36.95 cents in last year. The decrease in basic earnings per share was primarily attributable to the decrease in the profit attributable to owners of the parent for the Year. Basic earnings per share excluding fair value gains/losses on investment properties, net of deferred tax, were RMB7.14 cents (2021: RMB38.03 cents).

Comparison of profit attributable to owners of the parent before and after fair value gains/losses on investment properties, net of deferred tax

	For the year ended 31 December		Year-on-year
	2022 (RMB million)	2021 (RMB million)	change (%)
Profit attributable to owners of the parent	**1,984.1**	4,689.9	-58
Less: fair value gains/losses on investment properties (net of deferred tax)	**1,074.0**	-136.8	886
Profit attributable to owners of the parent excluding fair value gains/losses on investment properties (net of deferred tax)	**910.1**	4,826.7	-81
Basic earnings per share (RMB cents)	**15.56**	36.95	-58
Basic earnings per share excluding fair value gains/losses on investment properties (net of deferred tax) (RMB cents)	**7.14**	38.03	-81

INVESTMENT PROPERTIES

As at 31 December 2022, investment properties mainly comprised the Central and West Towers and some floors of the East Tower of Beijing Chemsunny World Trade Centre, offices and retail operations of Jin Mao Tower (for lease), office portion of Xicheng Jinmao Centre, office portion 16# of Shanghai International Shipping Service Center, office portion of Nanjing Xuanwu Lake Jinmao Plaza and Nanjing Jinmao Mall of Splendor, Qingdao Jinmao Harbour Shopping Mall, Changsha Jinmao Mall of Splendor, Zhangjiagang Mall of Splendor, Qingdao Jinmao Mall of Splendor, Tianjin Jinmao Place, etc. Investment properties increased from RMB31,564.5 million as at 31 December 2021 to RMB37,088.7 million as at 31 December 2022, which was mainly due to additions to investment properties and valuation gains on investment properties. Details are set out in note 18 to the financial statements.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2022, the current portion of properties under development comprised property development costs incurred by properties under development which have been pre-sold or are intended for sale and expected to be completed within one year from the end of the Reporting Period, whereas the non-current portion of properties under development comprised property development costs incurred by properties under development which have not yet been pre-sold and are expected to be completed after one year from the end of the Reporting Period.

As at 31 December 2022, properties under development (current and non-current) amounted to approximately RMB145,044.5 million, which was basically the same as RMB144,824.2 million as at 31 December 2021.

INVESTMENTS IN JOINT VENTURES

The investments in joint ventures increased from RMB22,187.1 million as at 31 December 2021 to RMB25,883.7 million as at 31 December 2022, mainly attributable to the increase in equity investments in Ningbo Greentown Jinmao Chunlan Jingyuan Project, Shanghai Pudong Hengmian Project, etc. during the Period under Review.

INVESTMENTS IN ASSOCIATES

The investments in associates increased from RMB20,335.6 million as at 31 December 2021 to RMB22,770.2 million as at 31 December 2022, mainly due to the increase in equity investment in Chongqing Beidao Project, Beijing Wangjingyue Project, etc. during the Period under Review.

PROPERTIES HELD FOR SALE

The properties held for sale decreased from RMB27,477.6 million as at 31 December 2021 to RMB23,193.7 million as at 31 December 2022, mainly due to the transfer as a result of the delivery of Suzhou Science and Technology City Jinmao Palace Project, Tianjin Shangdong Jinmao Palace Project, Shenzhen Longhua Jinmao Palace Project, etc., which were partially offset by some buildings of Wuxi Chengjiang Jinmao Palace Project and Guangzhou Lingshan Island Jinmao Harbour Project that were completed but yet to be delivered in 2022.

LAND UNDER DEVELOPMENT

Land under development mainly included the land costs incurred by Nanjing Qinglong Mountain International Ecological New City Project and Langfang Longhe New City Project.

The land under development (current and non-current) increased from RMB14,920.0 million as at 31 December 2021 to RMB23,049.3 million as at 31 December 2022, which was mainly due to the privatisation of China VAST Industrial Urban Development Company Limited ("China VAST") by the Company as the offeror and the inclusion of its Langfang Longhe New City Project into the consolidated financial statements.

TRADE RECEIVABLES

As at 31 December 2022, trade receivables (current and non-current) amounted to RMB4,643.2 million, representing an increase of 123% compared with RMB2,082.0 million as at 31 December 2021, which was mainly due to the privatisation of China VAST by the Company as the offeror and the inclusion of China VAST and its subordinated companies into the consolidated financial statements.

OTHER FINANCIAL ASSETS

As at 31 December 2022, other financial assets (current and non-current) amounted to approximately RMB6,051.1 million, representing an increase of 291% compared with approximately RMB1,549.4 million as at 31 December 2021, which was mainly due to the recognition of the investment in Changsha Meixi Lake Primary Development Project Phase II as other financial assets. Details are set out in note 29 to the financial statements.

GOODWILL

As at 31 December 2022, goodwill of approximately RMB249.1 million (31 December 2021: nil) arose from the acquisition of equity interests in Beijing Capital Services by Jinmao Services (stock code: 00816).

TRADE AND BILLS PAYABLES

As at 31 December 2022, trade and bills payables were RMB30,833.1 million, representing an increase of 6% compared with RMB28,951.6 million as at 31 December 2021, which was mainly due to the privatisation of China VAST by the Company as the offeror and the inclusion of China VAST and its subordinated companies into the consolidated financial statements.

INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2022, interest-bearing bank and other borrowings (current and non-current) were RMB122,665.1 million, representing an increase of 15% compared with RMB107,028.1 million as at 31 December 2021. The increase in interest-bearing bank and other borrowings was mainly due to the increase in the Group's interest-bearing bank loans and other borrowings to redeem perpetual capital instruments, and the increase in foreign currency interest-bearing bank loans and other borrowings when translated into RMB as a result of exchange rate changes during the Year.

GEARING RATIO

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less other financial assets (financial products), restricted bank balances and cash and cash equivalents. Adjusted capital comprises all components of equity and the Company's amounts due to the immediate holding company. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratios as at 31 December 2022 and 31 December 2021 were as follows:

	As at 31 December	
	2022 (RMB million)	2021 (RMB million)
Interest-bearing bank and other borrowings (current and non-current)	**122,665.1**	107,028.1
Less: cash and cash equivalents, restricted bank balances and certain other financial assets	**(44,703.5)**	(39,744.5)
Net debt	**77,961.6**	67,283.6
Total equity	**112,686.7**	106,793.6
Add: the Company's amounts due to the immediate holding company	**9,738.3**	8,929.3
Adjusted capital	**112,425.0**	115,722.9
Net debt-to-adjusted capital ratio	**64%**	58%

LIQUIDITY AND CAPITAL RESOURCES

The Group's cash is primarily used to pay for capital expenditure, construction costs, land costs (principally the payment of land grant fees and relocation costs), infrastructure costs, consulting fees of architects and designers and finance costs, the Group's indebtedness, amounts due to and loans from related parties, and fund working capital and normal recurring expenses. The Group has financed the liquidity requirements primarily through internal resources, bank and other borrowings, issue of senior notes and medium-term notes, issue of perpetual capital securities, issue of domestic corporate bonds and issue of new shares.

As at 31 December 2022, the Group had cash and cash equivalents of RMB37,089.2 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2021: RMB31,050.6 million).

As at 31 December 2022, the Group had total interest-bearing bank and other borrowings of RMB122,665.1 million (as at 31 December 2021: RMB107,028.1 million). An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2022 (RMB million)	2021 (RMB million)
By term:		
Within one year	**26,547.3**	25,081.2
In the second year	**40,087.7**	18,778.9
In the third to fifth years, inclusive	**38,895.5**	41,376.9
Beyond five years	**17,134.6**	21,791.1
Total	**122,665.1**	107,028.1

Interest-bearing bank and other borrowings of approximately RMB26,547.3 million were repayable within one year and shown under current liabilities. All of the Group's borrowings are denominated in RMB, HK dollar and US dollars. As at 31 December 2022, save as interest-bearing bank and other borrowings of approximately RMB52,241.5 million that bore interest at fixed rates, other interest-bearing bank and other borrowings bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2022, the Group had banking facilities of RMB189,785.4 million denominated in RMB, HK dollar and US dollars. The amount of banking facilities utilised was RMB89,564.7 million.

The Group's net cash inflow of RMB5,988.2 million up to 31 December 2022 consisted of:

A net cash inflow of RMB1,780.4 million from operating activities, which was mainly attributable to the proceeds derived from the sales of properties, property rental and revenue from hotel operations etc. by the Group, partially offset by the payment of land and construction costs, selling and marketing expenses, administrative expenses and tax expenses etc.

A net cash inflow of RMB3,855.5 million from investing activities, which was mainly attributable to the recovery of loans to joint ventures and associates by the Group and the decrease in restricted bank balance, partially offset by the acquisition of subsidiaries, investments in joint ventures and associates, and loans to non-controlling shareholders.

A net cash inflow of RMB352.2 million from financing activities, which was mainly attributable to new bank and other borrowings by the Company, capital contribution from non-controlling shareholders, etc., partially offset by repayment of bank and other borrowings, payment of interest, redemption of perpetual capital instruments etc.

PLEDGE OF ASSETS

As at 31 December 2022, the Group's interest-bearing bank and other borrowings were secured by the Group's property, plant and equipment of RMB5,168.0 million, properties under development of RMB70,679.2 million, properties held for sale of RMB488.5 million, investment properties of RMB12,999.9 million, right-of-use assets of RMB666.3 million, trade receivables of RMB688.7 million, investments in joint ventures of RMB165.6 million and restricted bank balances of RMB100.0 million.

FINANCIAL GUARANTEES

As at 31 December 2022, the Group provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB19,656.8 million (2021: RMB38,661.2 million).

In addition, as at 31 December 2022, the Group provided guarantees to certain joint ventures and associates of the Group for their borrowings in the amount of RMB2,352.3 million (2021: Nil) and RMB836.6 million (2021: RMB125.8 million), respectively.

The Group assessed that the fair value of the financial guarantees at initial recognition and the expected credit loss allowance during the Year were insignificant.

MARKET RISK

The Group's assets are predominantly in the form of land use rights, land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in Mainland China, these assets may not be readily realised. In 2022, as impacted by factors beyond expectation such as pandemic resurgence and debt default, homebuyers' income expectations and willingness to buy homes have weakened, and homebuyers tend to hold the money with a stronger wait-and-see sentiment. Despite the successive relaxation of heavy restrictions by many regulatory authorities to stabilise market expectations, it will take time for such policies to be absorbed by the market, and the selling price of residential properties continues to face downward pressure.

INTEREST RATE RISK

The Group is exposed to interest rate risk resulting from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations. Increase in interest rates will increase the interest expenses relating to the Group's outstanding floating rate borrowings and increase the cost of new debts. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. Starting from December 2018, the Group has engaged in hedging to manage its interest rate risk, which is expected to eliminate some of the impacts arising from interest rate fluctuations on the Group.

FOREIGN EXCHANGE EXPOSURE RISK

Substantially all of the Group's revenue and costs are denominated in RMB. Since 2016, the Group has changed to report its financial results in RMB. As the Group still has borrowings denominated in US dollars and HK dollars, the Group is exposed to the risk of fluctuations in foreign exchange rates. Starting from March 2017, the Group has engaged in hedging to manage its currency risk, which is expected to eliminate some of the impacts arising from exchange rate fluctuations on the Group. Taking into account the transaction amount under hedging activities and the unpredictability of market exchange rate fluctuations, the Group cannot assure that these hedging activities will protect the Group from fluctuations in exchange rates in the future.

NETWORK RISKS AND SECURITY

As computer system and the Internet play a key role in our operations, the Group has designated professionals to monitor and assess the potential network risks. Hardware and software are subject to tracking according to appropriate policies of the Company. Potential network risks and network security are major issues that draw the management's attention. Accordingly, the Group has put in place policies and procedures to regulate the use of the Internet, physical maintenance of system power supply and regular update of the Internet security system and firewall, in order to isolate the Company's intranet from outside networks. Designated professionals are responsible for daily monitoring of any unusual network activities.

DATA FRAUD AND THEFT RISKS

The Group continues to review and update the internal control system on data and information access. The Group has adopted appropriate policies to protect its data. Only authorised persons are allowed to login. The management considers that the existing policies and procedures are effectively implemented to avoid data fraud and theft risks.

ENVIRONMENTAL AND SOCIAL RISKS

Due to the nature of business, in the event of serious and permanent climate change in China, the Company will face moderate environmental risks. The risks may have adverse effects on property construction and operations and affect the Company's market operations and the turnover of property sales.

In addition, the impact of coronavirus (COVID-19) pandemic has not been fully mitigated in 2022, which has produced an adverse impact on China's economy, including the real estate sector, in 2022. Given the unpredictability of development of the pandemic, there is no assurance that the Group's hotel operations and the commercial leasing and retail operations will not be negatively affected. The Group has actively taken measures to control the relevant costs of the aforesaid businesses, pay attention to cash flow management, integrate existing resources and actively adjust business plans to make full preparation for business recovery.

Investor Relations

INVESTOR RELATIONS ACTIVITIES FOR 2022

January

Participated in the investor meeting held by Credit Suisse

March

Announced the annual results for 2021
– Held analyst meeting
Carried out non-deal related roadshow online

April

Participated in the investor meeting held by Industrial Securities
Participated in the investor meeting held by Everbright Securities
Participated in the Suzhou strategic meeting held by Daiwa Capital
Participated in the investor meeting held by Essence International

June

Participated in the investor meeting held by Credit Suisse
Participated in the investor meeting held by Haitong International
Participated in the strategic meeting held by Industrial Securities
Participated in the investor meeting held by Citibank
Participated in the strategic meeting held by CSC Financial
Participated in the strategic meeting held by Huaan Securities

August

Announced the interim results for 2022
– Held analyst meeting
Carried out non-deal related roadshow online

September

Participated in the investor meeting held by Industrial Securities
Participated in the investor meeting held by Minsheng Securities

October

Participated in the investor meeting held by CICC
Participated in the investor meeting held by Kaiyuan Securities
Participated in the investor meeting held by Citibank

November

Participated in the investor meeting held by Credit Suisse
Participated in the investor meeting held by Goldman Sachs
Participated in the strategic meeting held by Industrial Securities
Participated in the strategic meeting held by CICC

December

Participated in the strategic meeting held by Everbright Securities
Participated in the strategic meeting held by CSC Financial
Participated in the strategic meeting held by Haitong Securities

COMMUNICATION WITH SHAREHOLDERS

The Company considers that high-efficiency communication is a key factor for establishing sound interaction with its shareholders successfully. The Company has adopted the shareholder communication policy with the purpose of providing its existing and potential investors with accurate and timely information, and maintaining its communication with investors by various means, thereby enhancing the transparency of its information disclosure. The Company attaches great importance to the communications with shareholders and public investors to ensure them to have a good channel for voicing their opinions and advice on the Company's performance. At the same time, the Company may also explain the operation of projects and its development strategies.

The Company has constantly maintained a sound two-way communication with its shareholders, and provides information to shareholders mainly through the following channels:

- The Company's annual report, interim report and circulars – they are distributed to shareholders and investors, as well as analysts who are interested in the Company's performance pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules");

- Annual general meeting – the directors and other senior management of the Company are present at the meeting, answering shareholders' inquiries and exchanging opinions with them;

- The Company's interim and annual results announcement conferences – the Company announces its interim and annual results and responds to the inquiries from investors and the media;

- Voluntary disclosure of the Company's information – the Company, through different means, including investor meetings, telephone interviews, press releases and media interviews etc., announces major issues of the Company to the market in a timely and compliant manner pursuant the Listing Rules and the relevant requirement of the "Guidelines on Disclosure of Inside Information", and responds to the inquiries from investors and analysts in a timely manner;

- Periodic meetings with institutional investors and securities analysts on a voluntary basis – the Company provides information on its latest business development to attract more attention from the market. The management of the Company regularly participates in global non-deal related roadshow activities held after the publication of annual reports and interim reports to respond to queries related to its corporate development strategies and market outlook. These measures provide overseas shareholders with an opportunity to discuss with the management of the Company;

- Organising site visits – based on the development progress of its projects, the Company organises on-site visits for investors and analysts to directly visit various projects of the Company as and when necessary, and enables them to communicate with the management, so as to enhance investors' understanding of the Company's development.

In 2022, the Company's management participated in various investor meetings held online, to broaden its communication with international, Hong Kong and Mainland China investors. During the Year, the Company received over 100 investors and arranged over 100 investors to visit its projects in different places.

The Company has reviewed the shareholder communication policy and believes that the Company has provided investors with multiple channels for investors to understand the Group's business and operations, as well as channels for investors to express their opinions and comments. The Company has also actively responded to the feedback from investors. Based on the above, the Company believes that the shareholder communication policy implemented during the Year was sufficient and effective.

FEEDBACK FROM INVESTORS

The Company considers investors' feedback highly important. During the Year, the Company conducted several summaries and analyses on opinions from investors and analysts to have an understanding of the effectiveness of its investor relations function in a timely manner. The Company will further improve the quality of communication based on the investors' feedback to facilitate better communication with investors and analysts in future.

PROSPECTS OF OUR INVESTOR RELATIONS WORK

The Company will continue to progressively strengthen its efforts on investor relations to facilitate better communication with public investors and analysts. The Company is committed to ensuring the full compliance with the disclosure obligations under the Listing Rules and other applicable laws and regulations. In terms of compliance, we will continue to deliver the Company's latest information to the investors all over the world and enhance the Group's corporate governance standards and transparency in order to gain more trust and support from investors.

SUSTAINABLE DEVELOPMENT

Sustainable Development

CHINA JINMAO
SUSTAINABLE DEVELOPMENT

Adhering to the mission of "Unleashing Future Vitality of the City", the Company is committed to leading the city's high-quality sustainable development based on its strategy of "two-wheel and two-wing driven" anchoring on leading quality, and exploring infinite possibilities to meet the people's desire for a better life.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Attaching great importance to environmental, social and governance ("ESG"), China Jinmao is committed to continuously improving the level and performance of ESG governance, and achieving the comprehensive and in-depth integration of the concept of sustainable development with corporate development strategy and business decision-making based on a scientific and professional ESG structure and a sound management system. In 2022, a total of seven sustainable development policies, namely the Environmental Protection Policy of China Jinmao, the Human Rights Policy of China Jinmao, the Supplier Code of Conduct of China Jinmao, the Sustainable Procurement Policy of China Jinmao, the Health and Safety Policy of China Jinmao, the Code of Business Ethics of China Jinmao and the Community Management Policy of China Jinmao have been formulated and published to comprehensively regulate and efficiently manage various areas of sustainable development work. During the Year, China Jinmao's ESG management and practise standards have been highly recognised by authoritative institutions locally and abroad. The MSCI ESG rating has moved up to BBB. In addition, China Jinmao has been awarded a GRESB 3-star green rating, a global real estate sustainable scoring system, has been included in the newly launched Hang Seng Climate Change 1.5℃ Target Index, and has been ranked among the "ESG (Environmental, Social and Corporate Governance) – Pioneer 50 Index for the Central Enterprises" by the Social Responsibility Bureau of the SASAC of the State Council.

Sustainable development governance structure

Board of Directors

As the highest decision-making body of China Jinmao's ESG governance structure, the Board comprehensively supervises the Company's ESG related matters, reviews the ESG vision, objectives, strategies and policies, evaluates and determines ESG risks and opportunities related to the Company's business, and supervises and reviews the Company's ESG performance.

Environmental, Social and Governance Committee (ESG Committee)

The Board of the Company authorised the establishment of the ESG Committee, with Mr. Li Congrui, an executive director and the Chief Executive Officer, serving as the chairman of the committee, and Mr. Zhong Wei, an independent non-executive director, and Mr. Tian Jiupo, the Vice President and CTO of the Company, serving as members. The ESG Committee shall assist the Board to comprehensively guide and monitor ESG management, formulate and regularly review ESG vision, objectives, strategies and policies, comprehensively monitor ESG risk management, material issues, progress of objectives and other related work, review the Company's annual ESG report, and complete other matters authorised by the Board.

Environmental, Social and Governance Working Group (ESG Working Group)

The Company has set up an ESG Working Group under the ESG Committee, which is composed of the functional centre office of the Company's headquarters and the counterparties at the relevant departments of the subsidiaries. The working group comprehensively follows up and implements various ESG matters.

Sustainable development management strategies

China Jinmao pays attention to the demands and expectations of major stakeholders such as shareholders, customers, environment, employees, partners and communities, regularly conducts a variety of communication exchange activities, establishes different communication channels, and always maintains good communication with stakeholders. Giving full play to its own advantages, the following sustainable development management strategies have been determined:

Sustainable development management strategies

Creating value with shareholders

China Jinmao established sound investors' relations, strengthened the system to safeguard shareholders' interest and operated business in adherence to business ethics and in compliance with the laws and regulations while strengthening risk management and insisting on innovative development to maximise the returns to shareholders with sustainable operating results.

Achieving win-win results with partners

In pursuit of achieving win-win results with partners, China Jinmao took a righteous and credible stance as the foundation of business and strove to achieve mutual benefits and win-win results through cooperation while safeguarding an open, fair and just marketing environment in an effort to build a win-win chain of sustainable development.

Building harmony with the community

As part of the community, China Jinmao actively participated in community development and contributed to the public welfare undertakings by upholding the development philosophy of "what is taken from society is used in society" to contribute to the building of a harmonious community.

Co-depending with the environment

Taking the green strategy as one of the Company's key strategies, China Jinmao continued to upgrade three areas namely "eco-city", "life building" and "zero-carbon operations" to build the "Ever Green" living model covering the whole process from design, construction to operation with a view to establishing itself as the model of city green operator in China.

Progressing together with employees

China Jinmao regarded employees as the Company's most valuable asset and respects their rights while ensuring their safety and health, creating a fair and open environment for employees and providing them with comprehensive career development channels and broad development potential for their growth in an effort to achieve enhancement in both corporate value and employee value.

Sharing quality with customers

Committed to the mission of "Build Quality for Better Life", China Jinmao executed its undertaking towards each customer to provide customers with more diversified and comprehensive products and services in an effort to achieve the dream of future habitat and city.

SUSTAINABLE DEVELOPMENT REVIEW

Creating excellent value for shareholders

The Company insists on steady development by continuously exploring innovative transformation to create higher value for shareholders. In 2022, the Company achieved a contracted value of RMB155 billion, ranking 12th in terms of annual sales scale. The brand strength jumped in an all-round way, ranking 153rd among Fortune China 500 companies and 175th among "China's 500 Most Valuable Brands" in 2022. For the first time, its brand value exceeded RMB50 billion.

Maintaining investor relations. Based on the trust and support of shareholders, we continue to improve the mechanism for protecting shareholders' rights and interests and actively facilitate the two-way flow of information. We continue to strengthen communication and exchanges with stakeholders, disclose updates on investment and operating condition to domestic and foreign investors as requested by the laws and regulations, and timely respond to investors' concerns.

Enhancing investment and financing capabilities. We continuously explore the opportunity for financial innovation and constantly expand financing channels to achieve diversified low-cost financing and ensure long-term and stable profit mechanism. We make value investments with scenarios and carriers, and open up new models and paths for investment to lead to production and integration of production, investment and financing. In 2022, China Jinmao supported low-carbon transformation with green finance, and successfully issued the largest carbon neutrality CMBS product in China and the first carbon neutrality office building REITs in China, providing more "green samples" for sustainable development of cities.

Strengthening risk management and control. We continuously improve the risk management system, and endeavour to identify, evaluate, prevent and control internal and external risks effectively to ensure the stable, sustainable and healthy development of the Company. At the same time, by firmly establishing all employees' risk and compliance awareness and competence, we improve management efficiency to effectively avoid risks. In 2022, 100% of the contracts were reviewed by legal specialists and no material risk event was identified.

Promoting anti-corruption and integrity. We continue to improve the management mechanism, optimise the prevention and control measures, smoothen the reporting channels, solidly advance inspection and supervision, constantly enhance warning education, enrich the construction of integrity work culture, and build a solid line of defence against corruption, adopting a zero-tolerance policy towards any form of corruption. The Company has formulated and issued the Code of Business Ethics of China Jinmao to strengthen corporate governance, regulate business cooperation, provide clear business ethics guidelines for employees, and clarify the Company's policies and commitments on reporting and protecting whistle-blowers. In 2022, no event of bribery and corruption was identified.

Building the gold quality for our customers

The Company always adheres to the service philosophy that "customer's demand is our pursuit" by our mission of "building quality for better life", continuing to explore the direction of future living upgrade. Guided by customer needs, the Company continues to promote product upgrading with innovative technologies, constantly improving product quality, upgrading service experience, and achieving the beauty of living and the beauty of city with excellent quality.

Improving the quality of products. The Company continues to deepen city operations, organically integrating cutting-edge technologies and concepts such as smart city, smart energy and smart community with cities, so as to deeply implement the requirements of "Two Supports and Two Synchronisations", continuously improve the construction of urban public supporting facilities and the introduction of industrial resources, and create a livable, business-friendly and people-friendly urban life sample. By 2022, we have implemented 34 city operation projects cumulatively, continuing to empower the high-quality urbanisation process. The Company adheres to the commitment of lean construction and quality delivery, implements a comprehensive quality management system covering the whole construction cycle, and executes the quality and service guarantee mechanism. At the same time, the Company integrates digital technology and engineering construction technology to fully realise a building factory that can be "seen", building a fully transparent, self-inspection, data-based and visualised construction window display mechanism from the four dimensions of "transparent" materials, "transparent" processes, "transparent" delivery standards and "transparent" safety and civilisation, so as to deliver high-quality products with appearance corresponding to inside, excellent quality and details in place to customers. In 2022, the delivery of 69,000 units were completed, and the quality satisfaction rate increased to 86 points, reaching the industry benchmark level.

Upgrading service experience. Guided by customer needs, the Company continues to improve the construction of customer service standardisation management system, and explore more humanised, customised and personalised service experience. Leveraging the advantages of city operators, China Jinmao has comprehensively launched a membership system which integrates and connects different business forms and various consumption scenarios to meet customers' continuously upgraded consumption needs through high-quality services. We optimise customer experience by enriching membership benefits, and providing customers with diversified and personalised membership services. In terms of hotel services, The Westin Beijing Chaoyang once again provided service guarantee for the 2022 Beijing Winter Olympics after undertaking the reception task for the summer Olympic Games in 2008, and received more than 300 guests from 13 countries and regions. The meticulous and considerate security service guarantee work was highly recognised by all parties. In 2022, three new commercial projects, namely Qingdao Jinmao Mall of Splendour, Zhangjiagang Jinmao Mall of Splendour and Tianjin Jinmao Place, commenced operation. They constantly innovate in terms of building quality, business model building and cultural and artistic introduction, providing local residents with a diversified and high-quality lifestyle, and injecting new vitality into the development of cities and communities.

Strengthening communication with customers. We continue to strengthen the construction of customer service platform, enrich and smoothen customer communication channels, and improve the demand feedback mechanism by listening to customers' voices through various channels and forms such as the 400 call centre system, Jinmao Luxuriance platform and in-depth interviews with property owners. Jinmao Service has established the Voice of the Customer (VOC) collection and operation system, which works through six channels, namely customer experience officer, customer research and experience topics, complaint information, customer interviews by butlers, consultation and help information, to continuously collect customer needs insights and experience feedback in a dynamic and nodal manner, and establish a multi-dimensional customer experience monitoring system so as to receive true voices from customers in a timely, comprehensive and effective manner, maximising customer needs satisfaction.

FACILITATING A WIN-WIN PATH FOR OUR PARTNERS

Adhering to the principle of "Co-Creating Value and Pursuing Win-Win Results", the Company actively cooperates with governments at all levels, enterprises, financial institutions and research institutes to promote diversified and coordinated development. We are committed to building a sustainable supply chain and growing together with our partners. We continue to optimise the resource expansion mechanism of "linkages between the upper and lower levels" to integrate abundant industrial resources so as to expedite the sustainable development of the industry.

Practising transparent procurement. Adhering to the principles of "eco-friendliness, openness, standardisation and intelligence", the Company ensures the openness, justness and fairness of the tendering and procurement process through a transparent tendering and procurement platform. In 2022, the Company formulated and issued the China Jinmao Supplier Code of Conduct to further standardise supply chain management, provide guidance for suppliers to practise the concept of sustainable development, and eliminate any form of bribery, corruption, fraud, abuse of power, unfair competition, etc. The Company has continued to improve the green supply chain database and green procurement management system, formulated and issued the Sustainable Procurement Policy of China Jinmao, comprehensively controlling the environmental responsibilities that should be borne in procurement activities. Suppliers are regularly evaluated to continuously improve their awareness of sustainable development and ability to fulfil their responsibilities, promoting the construction of a long-term, stable, responsible and sustainable supply chain system.

Creating innovative platforms. Adhering to the development concept of "In Science We Trust", we closely follow the national themes of innovation-driven and digital economy development strategy, open up and enrich industrial scenarios to cover diversified innovation tracks, continuously strengthen the exchange and operation with external resources, and promote the integrated development of small, medium and large-sized enterprises to build a high-quality industrial ecosystem. Through the tripartite collaboration of "industry scenario party + technology enterprise party + resource coordination party", the open innovation platform of J-SPEED opens up nearly 100 business scenarios of its residential, hotel, commercial and property sectors to external technology enterprises, gathering external high-quality resources to promote new forms of innovation. In 2022, the J-SPEED platform has already gathered 632 technology enterprises and achieved more than 70 innovative achievements. At the industrial chain extension level, we continue to explore and implement carbon neutrality, smart construction and other fields, form the scale effect and network effect of innovative resources with high-throughput innovation, and continue to promote industrial scenarios and technological resource cooperation.

Facilitating cross-industry cooperation. Integrating its own advantageous resources, the Company closely combines social development needs with the Company's strategic development, and continuously deepens cooperation and exchanges with the government, scientific research institutes, financial institutions, enterprises and other relevant parties. We carry out cross-industry cooperation with Haier, SenseTime, Siemens, Huawei and other enterprises in the fields of industrial Internet of Things, artificial intelligence, 5G smart buildings, enterprise digital transformation, smart park and ICT infrastructure, etc., to explore joint innovation and cross-industry co-creation by large enterprises, empowering a better life with technology. Jinmao Green Building, a subsidiary of the Company, held the 4th University Innovation Competition to continue to strengthen the in-depth cooperation between the enterprise and universities, and to accelerate application transformation and industrialisation development of scientific research achievements by taking the industry and academic research cooperation as an important way to innovate.

Building a happy home for employees

The Company regards employees as the most valuable asset. Adhering to the talent development strategy of "creation, sharing and growth together", the Company continuously improves employment, management, training system and protection mechanism, and is committed to building an equal, diversified, inclusive and harmonious workplace environment to provide employees with comprehensive career development channels and broad development space for their growth. As of 31 December 2022, the Company had a total of 11,534 employees, of which 34.7% were female and 22.9% managers were female. The Group has adopted appropriate recruitment and selection measures and established talent management and training programmes to consider diverse candidates. The Board believes that the Company has ensured gender diversity at the employee level of the Group by providing a fair environment, and the proportion of female employees has been maintained at a level consistent with industry characteristics for a long time. During the Reporting Period, the Board was not aware of any mitigating factors or circumstances that made achieving gender diversity across the workforce, including senior management, more challenging or less relevant.

Safeguarding employees' interests. The Company strictly abides by relevant international conventions and relevant laws and regulations of the places where it operates, continuously improves the employee management system, formulates and issues the Human Rights Policy of China Jinmao, always adheres to the principle of equal and fair employment and strictly prohibits discrimination, child labour and other forced and compulsory labour. The Company strengthens democratic management of employees by forming a democratic management and supervision system with the employee representative meeting system as the core, continuing to pay attention to and respond to the requirements of employees.

Optimising the remuneration package. We continuously improve the system of remuneration package in order to establish a more fair and equal incentive mechanism, further playing the role of the incentive system in driving business growth, and ensuring that revenue growth is in line with corporate development and employee performance. On the premise of basic social security benefits, we provide employees with various supplementary benefits such as trade union care and holiday subsidies, so as to comprehensively enhance employees' sense of happiness and belonging.

Reinforcing safety responsibilities. We continue to improve the safety and health management system and conscientiously implement the "14335" work idea for the project management year. Taking lean construction as the core, we adhere to the strategic guidance of the FORUS system, and build our lean construction capabilities by making up for shortcomings, building platforms, and upgrading systems. With the three-year action plan for special rectification of safe production as the guideline and the goal of achieving "four zero" in HSE management, the Company earnestly implements the dual prevention mechanism for risks and hidden dangers. Special actions such as illegal operation eradication, 100-day safety improvement, understanding of laws and regulations, and safety management improvement are conducted to ensure the implementation of HSE management at the front line, deepen the awareness of safe production of employees and contractors, and continuously reduce safety risks. In 2022, the Company actively promoted the safety standardisation work and the construction of FORUS system, and overfulfilled the safety indicators throughout the year, achieving the Company's "four zero" goal of HSE "0" fatal accident, "0" general and above environmental incident, "0" major negative HSE public opinion, and "0" new occupational disease.

Sustainable Development

Helping talents grow. The Company continuously improves its internal training mechanism, organises and carries out various vocational training to build a solid talent echelon. Adopting a combination of online and offline training, we accurately offer training content for employees, and provide courses that match the needs of talent development in a more flexible manner. The Company continues to enrich its talent training system on the basis of the training programmes of "Ark Trainees", "Jincai Trainees", "Jinfan Trainees" and "Jinge Trainees", and has launched the training programmes for professional talents such as "Jinken Trainees" and "Jingong Academy", continuously improving the thickness of young talent echelon, strengthening the competitiveness of resource management, and comprehensively supporting the implementation of the Company's strategies and business development.

More caring for the employees. Guided by the corporate culture and values and in combination with the actual production and operation conditions of the Company, we organise a variety of cultural and sports activities such as knowledge contests, themed festival cultural activities and employee birthday parties to promote work-life balance of employees. Based on the actual needs of different groups, we implement various employee caring measures, focusing on humanistic caring and psychological counselling, with a view to enhancing the cohesion and combat power of employees. During the pandemic, the Company put the safety and health of employees in the first place by timely understanding the needs of employees, and providing them with various anti-pandemic materials and daily supplies such as face masks, disinfectants, antigen reagents, and drugs.

Delivering boundless love for our community

Upholding the mission of "alleviating poverty, actively participating in charity and building a harmonious community" and leveraging the resource advantages of city operator, the Company leads employees, partners and customers to participate in social welfare undertakings in the aspects of poverty alleviation, community governance, and respect for the elderly and caring for children, continuing to fulfil its responsibility as a corporate citizen.

Improving public welfare management. Continuously improving the public welfare management mechanism, the Company integrates its resource advantages and business characteristics to explore a sustainable public welfare model and carefully create all-round public welfare projects. We call on management personnel at all levels and stakeholders for active participation, so that the concepts of public welfare and sustainability are deeply rooted in people's hearts. Together we promote the close integration of public welfare undertakings and sustainable undertakings, contributing more warmth and caring to the society.

Focusing on education assistance. The Company attaches great importance to the assistance to the assisted areas and resolutely pursues the effective connection between the achievements of poverty alleviation and rural revitalisation. Upholding the concept of "Dual Support for Intelligence and Ambition", we set up an incentive fund for outstanding young teachers and establish remote classroom as the teaching point, which shows that areas where educational resources are scarce can have better educational conditions and rich educational resources.

As at 2022, the Company has already donated a total of 32 "Build your Dreams Public Welfare Library" to Tibet, Qinghai, Inner Mongolia, Sichuan, Guizhou and other places, changing the destiny of children with knowledge and education. The third season of "Charity for Children" book donation activity has been organised to call on employees of the Company and property owners to donate more than 6,000 books to Gulang County, Gansu. In addition, the Company and Gulang County jointly participated in the public welfare project in building a remote classroom. With the remote classroom as the teaching point of Chunhui Primary School in Gulang County and continuous provision of remote teaching assistance, we offer the school with online real-time courses, which help improve the shortage of school teachers and enrich students' school activities.

Launching public welfare campaigns. The Company fully explores its own resources, gives full play to its professional advantages, and actively carries out public welfare and charity activities and volunteer services. Companies at all levels join hands with local public welfare and charity organisations to form volunteer service teams with Jinmao characteristics, carrying out public welfare and volunteer activities in the community, conveying care and giving back to the community with actions.

Contributing green civilisation to the environment

The Company has always adhered to the strategy of "utmost green quality", deepened the concept of eco-friendliness and harmonious co-existence, and carried out comprehensive upgrades from the three dimensions of ecological cities, life buildings, and zero-carbon operations, infiltrating the green, low-carbon, and sustainable concepts through the entire life cycle of urban and architectural planning and design, building material selection, construction, and operation management, so as to promote high-quality and sustainable development of the city. China Jinmao actively responds to the national strategic goal of "dual carbon" by introducing the concept of "carbon neutrality" in the planning of city operations, actively exploring the path of energy conservation and emission reduction, and creating ultra-low energy consumption and zero energy consumption buildings to promote smart energy. In 2022, the Company formulated and disclosed its greenhouse gas emission reduction target, becoming one of the first batch of real estate enterprises in Mainland China to publicly disclose the scientific carbon emission reduction target.

Deepening green management. In strict compliance with the Environmental Protection Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China and other laws and regulations related to environmental protection, the Company has revised management documents such as the Environmental Protection Management Standards of China Jinmao and the Energy Conservation and Low Carbon Management Standards of China Jinmao, and published the Environmental Protection Policy of China Jinmao to continuously manage and reduce the impact of business operations on the environment. The Company continues to carry out environmental impact assessment and management, and takes management measures against dust pollution, noise pollution and solid waste pollution that may exist in construction and operation, so as to reduce pollution from the source, improve the efficiency of resource utilisation, and reduce or avoid the generation and discharge of pollutants in the process of production, service and product use, thereby reducing the harm of construction and operation to personnel health and the environment.

Sustainable Development

Co-building eco-cities. We build ecological cities according to local conditions and inject lasting power into the sustainable development of cities. The Company always adheres to the green development strategy, continuously pushing ahead the implementation of the "carbon neutral" IP under city operations. In 2022, Jinhua Jinmao Future Science City · Dongmei Future Community, a low-carbon demonstration zone focused on by China Jinmao, was awarded the "Global Zero-Carbon City Innovation Model Award – Gold Award for Innovative Solutions" at the Global Technology Innovation Conference of the United Nations Industrial Development Organization. Based on the local climate characteristics and natural conditions of Jinhua, the project significantly reduces the energy consumption demand for building heating and cooling, and replaces a large amount of traditional energy by installing photovoltaic power generation systems to create green and energy-saving buildings for low-carbon operation. In addition, Dongmei Future Community Kindergarten was awarded the "Net Zero Carbon Building" certification jointly issued by TÜV Rheinland Greater China and the Building Research Establishment (BRE), becoming the first project receiving "Net Zero Carbon Building (School) Certification" in China.

Creating green buildings. We integrate the concepts of green, low-carbon and sustainability into the whole process of building design, construction and operation. Actively advocating green design, promoting green construction and conducting green operation, the Company proactively implements green environmental protection requirements at every stage of the entire life cycle of buildings, improving the energy-saving level of buildings and the ability to respond to climate change, and setting up a model of green and healthy living. In 2022, 34 projects of China Jinmao obtained 35 green building certifications, bringing the total number of green building certifications and labels obtained to 297, with certified GFA reaching 29,639,000 square metres, ranking No. 1 in green real estate developers in terms of competitiveness in China for 5 consecutive years.

Adhering to green operations. The Company deeply explores the potential of energy conservation and emission reduction in the construction and operation stages, and promotes conservation and utilisation of resources and energy through energy substitution, energy efficiency improvement, green office, waste recycling and other measures. In 2022, the Company formulated the China Jinmao Low-carbon Development Plan and Implementation Outline to clarify the key carbon emission units and projects, as well as the implementation path of carbon emission reduction from the four dimensions of "ecological city", "life building", "low-carbon operation" and "focus on carbon reduction in the entire life cycle", so as to ensure the successful achievement of carbon emission reduction targets. We continue to explore the development model of smart energy, and vigorously promote the use of clean energy and renewable energy in daily operations, reducing energy consumption in the operation process from the source. As of 2022, China Jinmao has invested, constructed and operated 79 energy stations at city, regional and project levels, with a planned energy supply area of 43.80 million square metres, which is expected to reduce carbon emissions by 423,000 tonnes per year after reaching the designed capacity.

Vision of green development. In time we shape the city and the future is full of possibilities. Up to the end of 2022, China Jinmao has applied advanced green and low-carbon concept in the design, construction and operation of more than 300 projects in 55 cities across China, achieving comprehensive green and low-carbon transformation in the city or region as a whole. The past is a prologue. In the journey of exploring green health and smart technology, China Jinmao, as the leading city operator in China, will set a "no limit" perpetual plan adhering to the principle of "In Science We Trust" to revive with more cities in search of a better tomorrow.

GREEN ACTIVITIES AND HONOURS

1 Won major award at the "2023 China Real Estate Industry Trend Outlook cum the 23rd China International Real Estate & Architectural Technology Fair (CIHAF)"

On 11 January 2023, the "2023 China Real Estate Industry Trend Outlook cum the 23rd China International Real Estate & Architectural Technology Fair (CIHAF)" was held in Beijing, which was jointly organised by China Real Estate Business, the China City and the Regional Governance Research Institute to explore the high-quality development of the real estate industry under the new development pattern and the new model of industry development, and announce the list of "2022 Top 20 Most Competitive Green Property Developers in China". With continuous exploration and outstanding contribution in the field of green development, China Jinmao won the major award again in 2022, ranking No.1 among the most competitive green property developers. Since 2018, China Jinmao has been ranked in the top ranking for five consecutive years.

2 Attended the 11th China Real Estate Industry Chain Innovation Cooperation Summit Forum and delivered a keynote speech

On 5 August 2022, the 11th China Real Estate Industry Chain Innovation Cooperation Summit Forum (North China Station) titled "New Era, New Model, New Opportunity" organised by China Real Estate Chamber of Commerce ("CRECC") and undertaken by CRECC Industry Chain & Building Industrialisation Branch and Lianzhu platform was held at Gehua New Century Hotel in Beijing, at which many influential experts and scholars attended to explore how urban renewal, green and low-carbon, technological endowment start a new journey for the upgrading of the real estate industry under the guidance of the "14th Five-Year Plan" strategy to build a high-quality development economic system. At the forum, TIAN Jiupo, Vice President and CTO of China Jinmao, delivered a keynote speech titled "Exploration and Practice of Carbon Neutrality in Jinmao City Operations", which received enthusiastic responses from the experts and guests present.

Vice President TIAN Jiupo shared China Jinmao's exploration and practice of carbon-neutral transformation in city operations, and mentioned that cities are the main battlefield for carbon neutrality, as well as the testing ground for innovation, which is the basis for realising low-carbon scenarios in various fields. Taking green health and smart technology as its development concept, and low-carbon as its core element, China Jinmao starts from top-level design in practice and implements the concept of green city planning. At the same time, Jinmao Green Building actively expands regional energy, cooling and heating services, and uses green energy to promote green upgrades in city operations.

3 Jinmao Green Building appeared at the CIFTIS Special Exhibition on Environmental Services

From 1 to 5 September 2022, the grand opening of the 2022 CIFTIS Special Exhibition on Environmental Services themed "Dual Carbon Empowerment to Ignite Innovation Momentum" was held in Phase 2, China National Convention Centre. As an outstanding representative in the implementation of the "dual-carbon" strategic goal, Jinmao Green Building, together with other industry leaders such as PetroChina and CNOOC, made an appearance at the exhibition, to present new business segments and new paths leading the city's green and low-carbon development in a multi-dimensional manner, injecting new impetus to the healthy and sustainable development of the industry.

Sustainable Development

4 Attended the CIOC 2022 Real Estate Digitalisation Summit

On 8 December 2022, under the guidance of the China Real Estate Association, the 5th CIOC Real Estate Digitalisation Summit, which was hosted by CRIC, E-House and co-organised by the Digital Technology Real Estate Branch of the China Real Estate Association, was successfully held online. The summit was divided into three chapters: "Re: Explore – Policy and Practice", "Re: Construct – Digital Development" and "Re: Innovate – Digital Operation". At the summit, many industry experts and leaders were invited to discuss the digital construction and development of the real estate industry.

ZUO Jianbo, deputy general manager of China Jinmao Green Building Company, was invited to attend the summit and delivered a keynote speech on the "Living Technology and Innovation Practice of Jinmao Green Building". With the mission of "Green Technology for a Better Life", Jinmao Green Building has continuously gained an insight into customer needs and explored a path of complete independent research and development which originates from system integration, gradually to independent research and development of core products, to the realisation of core technologies and systems, offering owners a new living experience that is healthier, comfier, safer and higher in quality.

5 Attended and won awards at the 3rd Ifeng Fengcaixun Super Finance Week Forum

The 3rd Ifeng Fengcaixun Super Finance Week was held on 8 December 2022, with the theme of "Fire Is The Test Of Gold", at which 35 industry experts and political and business leaders had 11 cloud conversations on topics such as new real estate pattern, industry sector, retail, property, agency construction, ESG corporate responsibility, metaverse and Generation Z to jointly analyse economic opportunities and the future of the real estate industry. Jinmao Green Building, as a cutting-edge platform for technological R&D and innovation expansion and a leading company in the new energy track under China Jinmao, was invited to attend to jointly explore a new pattern of comprehensive green transformation and development of the real estate industry and the economy and society. At the forum, Jinmao Green Building won the "2022 Outstanding Green Real Estate Brand" award for its outstanding achievements in green, low-carbon and technological empowerment in the area of city operations.

6 Attended and won awards at the IDCC 2022 Yangtze River Delta Forum

From 24 to 26 August 2022, the 17th China IDC Industry Annual Ceremony Yangtze River Delta Forum (IDCC2022 Yangtze River Delta Forum), which was hosted by the Organising Committee of China IDC Industry Annual Ceremony and undertaken by the China IDC Circle and the Yangtze River Delta Information Intelligence Innovation Research Institute, was held in Hilton Suzhou. As an outstanding representative in the implementation of the "dual-carbon" strategic goal, Jinmao Green Building was invited to explore the development and empowerment of computing power, and won the "2022 Yangtze River Delta Hub Green Data Centre Award" by the organiser. The purpose of the award is to recognise data centre rooms or clusters that have developed breakthrough innovative applications in the Yangtze River Delta region and have made outstanding contributions to improving the supply of computing power in the Yangtze River Delta region.

7 Attended the 2nd China Building Energy Efficiency Industry Conference on Promoting Emission Peak and Carbon Neutrality – Solar Building Application Forum

On 17 June 2022, the 2nd China Building Energy Conservation Industry Conference on Promoting Emission Peak and Carbon Neutrality – Solar Building Application Forum, which was co-organised by China Association of Building Energy Efficiency and China Real Estate Industry Association, was successfully held, at which ZHANG Zhang, general manager of the product research and development centre of China Jinmao, was invited to participate in the forum, exchanged views on the future development direction and opportunities of the photovoltaic industry with China Academy of Building Research and Solar Building Application Committee of China Real Estate Association, and shared China Jinmao's photovoltaic product innovation research and development achievements and project application experience under the "dual-carbon" backdrop centring around the theme of "Building-integrated photovoltaics (BIPV)".

8 Participated in the compilation of national and industrial green intelligence protocols

Participation in the compilation of 1 national protocol: Evaluation Standards for Application of Renewable Energy in Buildings (GB/T50801).

Participation in the compilation of 4 regional protocols: Technical Specifications for Electrical Safety of Distributed Photovoltaic Power Generation System (DB11/T2036-2022), Technical Specifications for Distributed Photovoltaic Power Generation Engineering (DB11/T1773-2022), Technical Specifications for Ground Geothermal Heating (DB11/T806-2022) and Technical Regulations for Application of Household Air Source Heat Pump System (DB11/T1382-2022).

Participation in the compilation of 5 industry protocols: Technical Specifications for Building Integrated Photovoltaic Engineering Design, Technical Specifications for Construction and Installation of Building Integrated Photovoltaic Engineering, Operation and Maintenance Specifications for Building Integrated Photovoltaic Systems, Inspection Requirements for Rating Working Temperature of Battery Integrated Photovoltaic Components and Code for Acceptance of Building Integrated Photovoltaic Exterior Wall Thermal Insulation and Energy-saving Decoration.

9 Other honours in 2022

- Jinmao Green Building won the 2022 Power Exchange Station Brand Award, 2022 Power Exchange Technology Award, 2022 Green Electric Heavy Truck Charging and Power Exchange Brand Award, and 2022 Green Electric Heavy Truck Pioneer Operator Award.

- Huanji Hi-Tech Co., Ltd. won the first prize at the Fujian Provincial Science and Technology Advancement Awards, and the champion of Xiamen Division of "China Chuangyi" Entrepreneurship and Innovation Competition.

- J•Maker (金茂建築科技) was shortlisted for the 2022 "Top 100 PRC Enterprises in Prefabricated Decoration Industry for Liveability".

- Jinhua Dongmei Future Communities won the "Global Zero-Carbon City Innovation Model Award – Gold Award for Innovative Solutions" at the Global Technology Innovation Conference of the United Nations Industrial Development Organization.

- Xi'an Weiyang Jinmao Palace won the title of Model Project for Renewable Energy Heating.

- In 2022, Jinmao Green Building obtained 7 invention patents, 40 utility model patents and 8 appearance design patents in the field of green and smart technology, while J•Maker obtained 1 invention licence, 8 utility model patents and 1 software copyright in the field of prefabricated construction.

Profile of Directors and Senior Management

Mr. LI Fanrong
Chairman and Non-executive Director

Mr. LI, who was born in October 1963, joined the Company in September 2022 as the Chairman of the Company and a non-executive Director. Mr. LI joined Sinochem Holdings Corporation Ltd. in April 2021 and held positions as a director and the general manager. Mr. LI has been the chairman of Sinochem Holdings Corporation Ltd. since August 2022. Prior to joining Sinochem Holdings Corporation Ltd., Mr. LI served as an engineer, department manager and branch general manager of CNOOC China Limited and its subsidiaries from August 1984 to February 2009. From February 2009 to April 2010, he served as an assistant general manager of China National Offshore Oil Corporation, and concurrently as the general manager of CNOOC Energy Technology & Services Limited. From April 2010 to May 2016, he served as the deputy general manager of China National Offshore Oil Corporation, and a director, the president and chief executive officer of CNOOC Limited (stock code: 00883). From May 2016 to February 2020, Mr. LI worked as the deputy director of National Energy Administration. From February 2020 to April 2021, Mr. LI served as a director and the general manager of China National Petroleum Corporation. Mr. LI has nearly 40 years of experience in petroleum energy industry and the management of large-scale enterprises. Mr. LI obtained a bachelor's degree in petroleum engineering from Yangtze University (formerly Jianghan Petroleum Institute (江漢石油學院)) in 1984 and a master's degree in business administration from Cardiff University, United Kingdom in 2003. Mr. LI is a professor-level senior engineer.

Mr. LI Fuli
Non-executive Director

Mr. LI, who was born in December 1965, joined the Company in June 2022 as a non-executive Director. Mr. LI joined Sinochem Holdings Corporation Ltd. in May 2022, and held positions as the chief accountant and the deputy general manager. Prior to joining Sinochem Holdings Corporation Ltd., Mr. LI worked in China Minmetals Group and its various subsidiaries from January 1991 to August 2018, and served as the vice president of China Minmetals Corporation, the general manager of Minmetals Investment & Development Co., Ltd., the chairman of MMG Limited, the chairman of China Minmetals Non-ferrous Metals Holding Company Limited, and the chairman of Minmetals Land Limited. Mr. LI had held various positions in China Resources Group and its various subsidiaries from August 2018 to May 2022, and served as the chief accountant and the deputy general manager of China Resources (Holdings) Company Limited, the chairman of China Resources Capital Holdings Company Limited, the chairman of China Resources SZITIC Trust Co., Ltd. and the chairman of China Resources Bank of Zhuhai Co., Ltd. He served as the chairman of China Resources Microelectronics Limited (a company listed on the Shanghai Stock Exchange, stock code: 688396) from April 2019 to April 2020, the chairman of China Resources Cement Holdings Limited (stock code: 01313) from December 2020 to May 2022. Mr. LI has nearly 35 years of experience in strategic investment, corporate finance and financial management. Mr. LI obtained a bachelor's degree in economics from Renmin University of China in 1988 and an executive master's degree in business administration (EMBA) from Cheung Kong Graduate School of Business in 2006.

Profile of Directors and Senior Management

Mr. AN Hongjun
Non-executive Director

Mr. AN, who was born in July 1975, has been a non-executive Director of the Company since November 2015. Mr. AN joined New China Asset Management Corporation Limited in May 2010 and served successively as the deputy general manager of the project investment department (in charge of daily operations) and the general manager of the international business department. He has been an executive director and the president of New China Asset Management (Hong Kong) Limited since April 2013. Mr. AN has served as a non-executive Director of Guotai Junan Securities Co., Ltd. (stock code: 02611; a company also listed on Shanghai Stock Exchange, stock code: 601211) since December 2019. Prior to joining New China Asset Management Corporation Limited, Mr. AN had held various positions, including project manager, macro researcher and research analyst, in Northeast Securities Co., Ltd., The People's Insurance Company (Group) of China Limited and China Life Franklin Asset Management Company Limited. Mr. AN has over 15 years of practical experience in securities, insurance and investment sectors, and has mastered a general knowledge in macroeconomics, securities investment and real estate industries, and had in-depth research on corporate governance, development strategies, etc. Mr. AN obtained his bachelor's degree in Economics at Jilin University in 1998, and a master's degree in Economics at Jilin University in 2002, and then the doctor's degree in Economics at Jilin University in 2006. Mr. AN obtained the Securities Practitioner Qualification Certificate issued by the Securities Association of China and the license to carry on businesses including advising on securities and asset management granted by Securities and Futures Commission of Hong Kong.

Profile of Directors and Senior Management

Mr. CHENG Yong
Non-executive Director

Mr. CHENG, who was born in November 1973, has been a non-executive Director of the Company since August 2020. He joined the strategic planning department of Sinochem Group Co., Ltd. in August 1999. He served as an assistant to the general manager, the deputy general manager and the general manager of the strategic planning department of Sinochem Group Co., Ltd. from August 2002 to December 2016, the vice president of the agricultural business department of Sinochem Group Co., Ltd. from January 2017 to October 2018, and the managing director of Sinochem Agriculture Holdings Limited from October 2015 to October 2018. Mr. CHENG has been the deputy director of the human resources department of Sinochem Group Co., Ltd. since October 2018, and the executive vice president of Sinochem Innovation Management Institute (中化創新管理學院) since December 2018. He has been the director of the human resources department of Sinochem Holdings Corporation Ltd. and the executive vice president of Sinochem Innovation Management Research Institute (中化創新管理研修院) since April 2021. Mr. CHENG has also been a director of a number of subsidiaries of Sinochem Holdings Corporation Ltd., including China Foreign Economy and Trade Trust Co., Ltd. and Sinochem Capital Co., Ltd. since May 2012. Mr. CHENG has over 20 years of extensive experience in economic and trade, agricultural industry, corporate strategy and human resources management. Mr. CHENG obtained a bachelor's degree in international trade from the department of economics and trade of Anhui Institute of Finance and Trade in 1994, a master's degree in business economics from the department of economics and trade of Anhui Institute of Finance and Trade in 1996, a doctoral degree in applied economics from the department of finance and trade of the Graduate School of Chinese Academy of Social Sciences in 1999, and an executive master's degree in business administration from Xiamen University in 2008. Mr. CHENG is a senior economist, a Chinese certified public accountant (CPA) and a qualified lawyer in the PRC.

Profile of Directors and Senior Management

Mr. CHEN Chuan
Non-executive Director

Mr. CHEN, who was born in September 1979, joined the Company in November 2022 as a non-executive Director. Mr. CHEN joined Ping An Insurance (Group) Company of China, Ltd. (stock code: HK.02318; a company also listed on Shanghai Stock Exchange, stock code: 601318) in December 2021, and currently holds the position as the managing director of asset management center. Prior to joining Ping An Insurance (Group) Company of China, Ltd., Mr. CHEN served as an architectural designer at Shanghai Institute of Architectural Design and Research Co., Ltd. (上海建築設計研究院) from July 2002 to November 2005, and held senior positions including vice president and managing director in Shanghai Dingtong Investment Co., Ltd. (上海鼎通投資有限公司), Beijing Yunxiang Architectural Design Co., Ltd. (北京雲翔建築設計有限公司) and CCDI International (Shenzhen) Design Consultants Co., Ltd. (悉地國際設計顧問(深圳)有限公司) from December 2005 to July 2016. Mr. CHEN served as the executive vice general manager in Shanghai Building Materials Group Technology Development Company Limited (上海建築材料集團科技發展有限公司) and Yuzu Property Limited Partnership (游族置業合夥企業(有限合夥)) from August 2016 to November 2021. Mr. CHEN has more than 20 years of experience in real estate development management, planning and design, mergers and acquisitions and post-investment management, and corporate governance. Mr. CHEN obtained a bachelor's degree in architecture from Tianjin University in 2002 and a master's degree in international real estate from the Hong Kong Polytechnic University in 2011.

Profile of Directors and Senior Management

Mr. LI Congrui
Executive Director and Chief Executive Officer

Mr. LI, who was born in March 1971, joined the Company in April 2009 as Vice President. Mr. LI has been serving as an executive Director of the Company since June 2011 and an executive Director and the Chief Executive Officer of the Company since January 2013. Mr. LI also holds positions in a number of subsidiaries of the Company. He has been serving as a non-executive director of Jinmao (China) Hotel Investments and Management Limited (a company delisted from The Stock Exchange of Hong Kong Limited in October 2020, stock code before the delisting: 06139) and Jinmao (China) Investments Manager Limited since March 2014, and has been the chairman of the board of directors since April 2016. Mr. LI also has been serving as the chairman of the board of directors of Sinochem Franshion Properties (Beijing) Co., Ltd. and an executive director of Shanghai Jinmao Investment Management Group Co., Ltd. Mr. LI joined Sinochem Group Co., Ltd. in 1997, and had held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corp. From 2003 and prior to joining the Company, Mr. LI was a director and the general manager of Zhoushan State Oil Reserve Base Company Limited. Mr. LI has over 25 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large project construction. Mr. LI obtained a bachelor's degree in Petroleum Geology and Exploration from the Petroleum Department of China University of Geosciences (Wuhan) in 1994. He earned a master's degree in Petroleum Development from the Research Institute of Petroleum Exploration & Development in 1997 and an Executive Master of Business Administration degree from China Europe International Business School (CEIBS) in 2007.

Profile of Directors and Senior Management

Mr. JIANG Nan

Executive Director and Chief Financial Officer

Mr. JIANG, who was born in April 1973, joined the Company in January 2006 as the Chief Financial Officer of the Company and has been involved in the day-to-day management of the Company since then. Mr. JIANG served as an executive Director of the Company from 2007 to 2011, and has been redesignated as an executive Director of the Company since August 2015. Mr. JIANG also holds positions in a number of subsidiaries of the Company, including a director and the general manager of Jinmao Capital Holding Limited, and a non-executive director of Jinmao (China) Hotel Investments and Management Limited (a company delisted from The Stock Exchange of Hong Kong Limited in October 2020, stock code before the delisting: 06139) and Jinmao (China) Investments Manager Limited, an non-executive director and the chairman of Jinmao Property Services Co., Limited (stock code: 00816). He is in charge of the direction and management of the Company's strategic operations, accounting and finance, capital market, investor relations and budget assessment. He joined Sinochem Group Co., Ltd. in August 1995 and worked in the finance department of Sinochem Group Co., Ltd. from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong (Group) Company Limited from August 2002 to January 2006, responsible for handling the financial management and investment projects, and the operation of overseas funds of Sinochem Group Co., Ltd. Mr. JIANG has over 25 years of experience in corporate finance and accounting management. Mr. JIANG earned a bachelor's degree in finance from China Institute of Finance in 1995 and a master's degree in finance from Central University of Finance and Economics in 2003. He obtained the Accounting Qualification Certificate in 1999 and is now an associate member of the Association of International Accountants (AIA).

Mr. SONG Liuyi

Executive Director and Senior Vice President

Mr. SONG, who was born in November 1975, joined the Company as the assistant to the president of the Company in May 2011 and became the vice president of the Company in January 2013. He has been serving as the senior vice president of the Company since March 2017, and has been an executive Director of the Company since August 2017. Mr. SONG also holds positions in a number of subsidiaries of the Company, including the director and the general manager of Sinochem Franshion Properties (Beijing) Co., Ltd. and Shanghai Tuoying Industrial Co., Ltd.. Mr. SONG joined Sinochem Group Co., Ltd. in 2001 and worked at the investment business department of Sinochem International Corporation, the investment department and general office of Sinochem Group Co., Ltd. Mr. SONG has over 20 years of experience in project investment, real estate development and corporate management. Mr. SONG obtained a bachelor's degree in high polymer materials and processing from the Beijing Institute of Technology in 1998 and a master's degree in materials from the Beijing Institute of Technology in 2001.

Profile of Directors and Senior Management

Mr. SU Xijia

Independent non-executive Director

Mr. SU, who was born in September 1954, has been an independent non-executive Director of the Company since March 2007. He was an assistant professor in 1996 and subsequently an associate professor in the Department of Accountancy of City University of Hong Kong. He has joined China Europe International Business School (CEIBS) since July 2010 as a professor of accounting. His research focuses on corporate governance and auditing practices of PRC listed companies. He has also been appointed as the special researcher by the CICPA since 2005. He has given lectures at the China Securities Regulatory Commission, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, major commercial banks and various universities in China. He was an independent director of World Union Property Consultancy (China) Limited (a company listed on the Shenzhen Stock Exchange, stock code: 002285) from 2007 to 2013, and an independent director of Huazhong In-vehicle Holdings Company Limited (stock code: 06830) from 2011 to 2013. From 2010 to 2016, he served as an independent director of Sundy Land Investment Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600077). From 2011 to 2017, he served as an independent director of Shenzhen Ellassay Fashion Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603808), and from 2014 to 2017, he served as a non-executive director of Jiangsu Changbao Steel Tube Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002478). Mr. SU has been serving as an independent director of Industrial Bank Co., Ltd. since 2017, an independent director of Opple Lighting Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603515) since June 2018, and an independent director of Oriental Pearl Media Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600637) since May 2021. Mr. SU has over 25 years of experience in corporate governance and accounting practice. Mr. SU earned a bachelor's degree in Accounting from Xiamen University in 1982. He obtained his PhD degree from Concordia University of Canada in 1996.

Mr. SUEN Man Tak

Independent non-executive Director

Mr. SUEN, who was born in June 1958, has been an independent non-executive Director of the Company since November 2020. He has extensive experience in the enforcement of securities and futures related legislation as well as commercial crime investigations. Mr. SUEN had served with the Securities and Futures Commission of Hong Kong for more than 17 years. He is now a practicing barrister-at-law specializing in litigation and advisory matters in relation to the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Buy-backs, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission of Hong Kong, market misconduct, white collar crimes and anti-money laundering activities. Mr. SUEN has been an independent non-executive director of Sino-Ocean Group Holding Limited (stock code: 03377) since December 2015, and an independent non-executive director of Zijin Mining Group Co., Ltd. (stock code: 02899) since December 2019. Mr. SUEN served as an independent director of Inception Growth Acquisition Limited, a company listed on the NASDAQ Global Market (stock code: IGTAU), from 9 December 2021 to 28 February 2023. Mr. SUEN received his master's degree in accountancy from the Charles Sturt University, Australia in September 1996. He further obtained a degree of juris doctor in July 2010 and a postgraduate certificate in laws in July 2011, both from the City University of Hong Kong. He was called to the Hong Kong Bar in February 2013. Mr. SUEN has been a member of the Hong Kong Institute of Certified Public Accountants since July 1998 and a member of the Hong Kong Securities and Investment Institute since April 1999.

Profile of Directors and Senior Management

Mr. GAO Shibin

Independent non-executive Director

Mr. GAO, who was born in March 1964, has been an independent non-executive Director of the Company since November 2015. Mr. GAO is currently an independent consultant of enterprise strategy and investment expansion in the real estate field. Mr. GAO served as an independent non-executive Director of the Company from July 2007 to June 2011. Mr. GAO worked for Jones Lang LaSalle Beijing from April 2003 to May 2008 and was a national director before departure. He served as the managing director for China of Standard Chartered Asia Real Estate Fund Management Company from June 2008 to September 2009. He was the managing director of Tishman Speyer Properties and the general manager of its Beijing branch from October 2009 to October 2015. Mr. GAO worked as a project manager, a senior business manager and a senior investment manager for several investment and project management companies in the UK, Hong Kong and Canada between 1996 and 2003. Mr. GAO has over 25 years of experience in real estate development and investment, real estate finance and asset management. Mr. GAO obtained a bachelor's degree in Civil Engineering and a master's degree in Building Economics and Management from Tsinghua University in 1987 and 1989, respectively. He obtained his PhD degree in Property Development and Management from the University of Manchester in the UK in 1998. Mr. GAO is a member of the Royal Institution of Chartered Surveyors and an assessor of its membership qualification.

Mr. ZHONG Wei

Independent non-executive Director

Mr. ZHONG, who was born in February 1969, has been an independent non-executive Director of the Company since August 2020. Mr. ZHONG has been a professor of the department of finance of the Business School of Beijing Normal University since July 2003. Mr. ZHONG served as an independent director of Dongxing Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601198) from August 2010 to March 2017, and has been an independent non-executive director of China Resources Land Limited (stock code: 01109) since April 2017, an independent non-executive director of Seazen Group Limited (stock code: 01030) since December 2014, and an independent non-executive director of Yunnan Water Investment Co., Limited (stock code: 06839) since November 2020. Mr. ZHONG has over 20 years of experience in the areas of corporate governance, finance and real estate research. Mr. ZHONG obtained a bachelor's degree in science from the department of physics of Nanjing University in 1990, a master's degree in management engineering from the School of Economics and Management of Southeast University in 1994, a doctoral degree in economics from Beijing Normal University in 1999, and a post-doctoral degree in management science and engineering from Tongji University in 2004.

Mr. ZHANG Hui
Senior Vice President

Mr. ZHANG, who was born in October 1970, has been a vice president of the Company since January 2010. From March 2014 to October 2017, he was redesignated as the chief executive officer and executive director of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (a company delisted from The Stock Exchange of Hong Kong Limited in October 2020, stock code before the delisting: 06139) and Jinmao (China) Investments Manager Limited, and he has been redesignated as a non-executive director of these companies since October 2017. Mr. ZHANG has served as the senior vice president of the Company since October 2017. Mr. ZHANG is currently a director of a number of subsidiaries of the Company including China Jin Mao (Group) Company Limited. Mr. ZHANG joined Sinochem Group Co., Ltd. in 2002 and held a number of senior positions including the general manager of Shanghai Orient Terminal Co., Ltd. Before joining Sinochem Group Co., Ltd., he worked at Shanghai Offshore Petroleum Bureau of China Petrochemical Corporation from 1995 to 2002. Mr. ZHANG has over 25 years of experience in large-scale project development and management, project investment planning and corporate governance. Mr. ZHANG graduated from China University of Geosciences (Wuhan) with a bachelor's degree in oil and gas reservoir engineering in June 1995 and obtained an executive master's degree in business administration from China Europe International Business School in September 2008. He obtained the Professional Certificate of Specialty and Technology and was awarded with the title of Senior Economist in December 2011. He was a delegate in the 14th Session of the Shanghai Municipal People's Congress.

Profile of Directors and Senior Management

Mr. TAO Tianhai
Senior Vice President

Mr. TAO, who was born in October 1975, has been a vice president of the Company since January 2017 and a senior vice president of the Company since October 2017. Upon joining China Jin Mao (Group) Co., Ltd. in July 2000, Mr. TAO has served as the manager of planning management at the corporate planning department and the general manager of the strategic planning department. He successively served as the general manager of the strategic operations department, general manager of the cost contracting department and assistant to the president of the Company from October 2009. Mr. TAO currently serves as an executive director and chairman of a number of subsidiaries of the Company, including Jinmao (Shanghai) Real Estate Co., Ltd., Franshion Properties (Hangzhou) Co., Ltd., Franshion Properties (Ningbo) Co., Ltd. and Franshion Properties (Suzhou) Co., Ltd. Mr. TAO has more than 15 years of experience in hotel and real estate development and management, and accumulated extensive practical experience in areas of corporate management, strategic management, operations management, etc. Mr. TAO obtained a bachelor's degree in Information Management from Northeast Normal University in July 1997 and a master's degree in Economics from Fudan University in July 2000.

Profile of Directors and Senior Management

Mr. WEI Zhe
Senior Vice President

Mr. WEI, who was born in June 1970, has been a vice president of the Company since January 2017 and a senior vice president of the Company since October 2017. Upon joining the Company in October 2013, he served as an assistant to the president of the Company. He is currently the chairman, executive director and general manager of a number of subsidiaries of the Company, including Guangzhou Jinmao Properties Co., Ltd. and Foshan Maoxing Property Development Co., Ltd. Mr. WEI began his career in July 1991. He was the deputy secretary of the Youth League General Branch of the Design Review Office of Shaanxi Provincial Planning Commission from July 1991 to May 1995. He worked at China State Construction Engineering Corporation Limited from May 1995 to October 2013, during which he served as the architectural designer and the person-in-charge of project design of China Construction Northwest Design & Research Institute, senior architect of the planning and design centre of China Overseas Property Group Co., Ltd., director and deputy chief architect of China Overseas Property (Xi'an) Co., Ltd., deputy director of design of China Overseas Property Group Co., Ltd. (North China), and director and design director of China Overseas Property Chongqing Co., Ltd. He served as the general manager of China State Construction Land, Changsha Branch and general manager of Changsha CSC Investment Co., Ltd. from July 2011 to October 2013. Mr. WEI is a Grade-1 registered architect and has accumulated more than 20 years of extensive experience in design and real estate project development and management. Mr. WEI obtained a bachelor's degree in Architecture from North-western Institute of Architectural Engineering in July 1991.

Mr. LIU Guanghua
Senior Vice President

Mr. LIU, who was born in March 1974, joined the Company in August 2015 as the secretary of the disciplinary committee, and has been a senior vice president of the Company since June 2021. Mr. LIU is currently the chairman of the board of directors of Shanghai Jin Mao Construction & Decoration Company Limited. From July 1997 to September 2002, Mr. LIU worked at Liaohe Oilfield Huayou Oil Company* (遼河油田華油公司) and successively served as staff member, technician and deputy plant manager. Mr. LIU joined Sinochem Group Co., Ltd. in July 2004 and has successively held various management positions in the human resources department of Sinochem Group, Sinochem Hebei Import & Export Company* (中化河北進出口公司), Sinochem Quanzhou Petrochemical Co., Ltd. and Sinochem Hongrun Petrochemical Co., Ltd.* (中化弘潤石油化工有限公司). Mr. LIU has extensive practical experience in strategic management, corporate operation and discipline inspection and supervision. Mr. LIU obtained a bachelor's degree in petroleum processing from Beijing Institute of Petrochemical Technology in July 1997 and a master's degree in business administration from Dalian University of Technology in July 2004.

Profile of Directors and Senior Management

Mr. LIAO Chi Chiun
Company Secretary

Mr. LIAO, who was born in January 1968, has been the Chief Accountant, Qualified Accountant and Company Secretary of the Company since March 2007. Prior to joining the Company, he served as an accountant of SEA Holdings Limited between 1997 and 2006. He has over 20 years of experience in Hong Kong and PRC accounting practice relating to property leasing and development. Mr. LIAO earned a BA (Hons) degree in Accounting from De Montfort University, England in 1995. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the HKICPA.

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE

Since its establishment, the Company has been committed to enhancing the level of its corporate governance. The Company has adopted its own code on corporate governance which sets out all code provisions and most of the recommended best practices set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (the "Corporate Governance Code"). The Company will continue to improve its corporate governance practices, focusing on maintenance and enhancement of the management quality of the Board, internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintaining its long-term healthy and sustainable development and is vital for the interests of its shareholders.

In 2022, the Company complied with all provisions of its own code on corporate governance, except for paragraphs F.2.2 of the Corporate Governance Code. Pursuant to the requirements of paragraph F.2.2 of the Corporate Governance Code, the chairman of the Board shall attend the annual general meeting. Mr. NING Gaoning, the then Chairman of the Company, has not been able to attend the 2021 annual general meeting of the Company due to other business commitments. Mr. LI Congrui, an executive Director and the Chief Executive Officer of the Company, chaired the meeting on his behalf.

BOARD OF DIRECTORS

The Board is accountable to the shareholders and is responsible for the Group's overall strategy, internal control and risk management system. In order to fulfil its responsibilities, the Board has established and adhered to explicit operating policies and procedures, reporting hierarchy and delegated authority. The management is authorised to handle the daily operations of the Group.

The Board is responsible for managing the overall business of the Company and overseeing the functions performed by the subordinate special committees. In particular, the internal control practices are mainly reflected in the following areas:

- management and monitoring of the Group's assets, liabilities, revenues and expenditures as well as proposing changes in areas critical to the Group's performance;

- strategic capital investments and new projects – the implementation of stringent project review and approval process, purchasing and tendering procedures and diligent assessment of its implementation upon completion;

- financial and operational performance – through overall strategic planning, the implementation and maintenance of the effective financial management system and the improvement of the performance-driven operational monitoring system;

- management of relationship with stakeholders of the Company – through frequent communication with partners, governments, customers and other parties who have legal interests in the business of the Company;

- risk management – continuous risk management through review of the reports from the Audit and Risk Management Department to identify, evaluate and appropriately manage the risks faced by the Company; and

- corporate governance – formulation and review of the Company's corporate governance policies and practices; review and monitoring of the training and continuous professional development of Directors and senior management; review and monitoring of the Company's policies and practices in relation to compliance with laws and regulatory requirements; formulation, review and monitoring of the code of conduct for employees and Directors; as well as review of the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

With respect to Board diversity, the Directors have different professional backgrounds, providing professional advice to the Company in their respective area of expertise. As of the date of this report, the Board consisted of the following twelve Directors. The term of office of each of the Directors is three years from their respective dates of appointment:

NON-EXECUTIVE DIRECTORS

Mr. LI Fanrong (Chairman)
Mr. LI Fuli
Mr. AN Hongjun
Mr. CHENG Yong
Mr. CHEN Chuan

EXECUTIVE DIRECTORS

Mr. LI Congrui (Chief Executive Officer)
Mr. JIANG Nan (Chief Financial Officer)
Mr. SONG Liuyi (Senior Vice President)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SU Xijia
Mr. SUEN Man Tak
Mr. GAO Shibin
Mr. ZHONG Wei

Mr. NING Gaoning, Mr. AN Hongjun, Mr. LIU Pengpeng, Mr. GAO Shibin and Mr. JIANG Nan were re-elected as Directors of the Company at the annual general meeting held on 8 June 2022.

Mr. NING Gaoning resigned as a non-executive Director and the Chairman of the Company with effect from 23 September 2022 due to reaching his retirement age. Mr. NING has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders. On the same day, Mr. LI Fanrong was appointed by the Board as a non-executive Director and the Chairman of the Company.

Mr. YANG Lin resigned as a non-executive Director and a member of the Audit Committee of the Company due to his other business commitments with effect from 15 June 2022. Mr. YANG has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders. On the same date, Mr. LI Fuli was appointed by the Board as a non-executive Director and a member of the Audit Committee.

Mr. WANG Wei resigned as a non-executive Director and a member of the Remuneration and Nomination Committee of the Company due to his other business commitments with effect from 28 March 2022. Mr. WANG has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders. On the same date, Mr. LIU Pengpeng was appointed by the Board as a non-executive Director and a member of the Remuneration and Nomination Committee. Subsequently, Mr. LIU resigned as a non-executive Director and a member of the Remuneration and Nomination Committee of the Company due to his other business commitments with effect from 11 November 2022. Mr. LIU has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders. On the same date, Mr. CHEN Chuan was appointed by the Board as a non-executive Director and a member of the Remuneration and Nomination Committee.

As of the date of this report, the composition of the special committees under the Board of the Company is as follows:

Audit Committee: Mr. SU Xijia (Chairman), Mr. LI Fuli, Mr. AN Hongjun, Mr. SUEN Man Tak and Mr. GAO Shibin

Remuneration and Nomination Committee: Mr. ZHONG Wei (Chairman), Mr. SU Xijia, Mr. GAO Shibin, Mr. CHENG Yong and Mr. CHEN Chuan

Strategy and Investment Committee: Mr. LI Congrui (Chairman), Mr. JIANG Nan, Mr. GAO Shibin and Mr. SONG Liuyi

Independent Board Committee: Mr. SU Xijia (Chairman), Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei

ESG Committee: Mr. LI Congrui (Chairman), Mr. ZHONG Wei and Mr. TIAN Jiupo

Other than disclosed above, there was no change in the Company's Directors during the Period under Review and as at the date of this report.

Biographical details of the Directors are set out from pages 98 to 112 of this report. The Board members have no financial, business, family or other material/relevant relationships with each other. The Company has arranged appropriate insurance coverage in respect of potential legal actions against its Directors and reviews the coverage of the insurance every year.

The Board has a balanced composition. Each Director possesses the knowledge, experience and expertise required for the business operation and development of the Group. All Directors are aware that they are severally and collectively accountable to the shareholders. They also fulfil their duties and responsibilities diligently to make contribution to the outstanding results of the Group.

The current non-executive Directors are not involved in the Company's daily management but they provide the Company with a wide range of expertise and experience. Their participation in the Board and the committee meetings brings independent judgment on issues relating to the Company's strategies, performance, conflicts of interest and management procedures, to ensure that adequate checks and balances are provided and the interest of all shareholders are taken into account. The Board believes that the balance between executive and non-executive Directors is reasonable and appropriate to safeguard the interests of shareholders, other related parties and the Group.

As at the end of the Reporting Period and the date of this report, the Company has four independent non-executive Directors in compliance with the requirements that the number of independent non-executive directors shall account for at least one-third of the members of the board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Company, and the Company is of the view that these Directors are independent of the Company under the guidelines set out in Rule 3.13 of the Listing Rules.

The Directors have access to appropriate business documents and information about the Company on a timely basis. The Directors have free access to the management for enquiries and further information when necessary. All Directors and the special committees under the Board also have recourse to external legal counsels and other professionals for independent advice at the Company's expense as and when the need arises.

The Company believes that the composition of the Board of the Company (including the number and proportion of independent non-executive Directors), the channels for Directors to obtain information and resources, as well as the process of nomination of Directors and the implementation of the diversity policy of the Board (see the section headed "Rules for Nomination, Appointment, Re-election and Removal of Directors and Board Diversity" below for details) can ensure that the Board can obtain independent views and opinions.

The Directors actively participate in continuous professional development, develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. During the Reporting Period, all Directors participated in trainings relating to the real estate industry and forums on the digital technology, economic development and their interrelations as well as other related topics. The Directors also participated in a number of external trainings and conferences, respectively. In particular, Mr. LI Congrui participated in a series of trainings held by the China E-learning Academy For Leadership, including "Global Strategic Vision and Innovative Thinking", "Strategic Leadership and Art of Leadership", "Technological Innovation and New Technology Revolution" and "Green Finance Development and Innovation", and read books such as United Action (《統一行動》); Mr. JIANG Nan participated in a series of thematic trainings held by the China E-learning Academy For Leadership, including "Financial Statements and Financial Indicators from the Perspective of Directors and Supervisors", "Risk Management, Internal Control and Compliance Management", "Strive for Carbon Peak and Carbon Neutrality, Promote High-quality Development of Enterprises" and "Compliance Operation of State-owned Enterprises"; Mr. SONG Liuyi participated in the trainings on "Digital Transformation and Innovative Implementation", "Corporate Sustainable Growth in Complex Environment" and "New Capital Business Model Innovation and Top-level Design" organised by Sinochem Holdings; Mr. CHENG Yong participated in a series of training courses related to corporate governance, improvement of quality and efficiency of listed companies and improvement of duty performance ability of directors and supervisors held by Sinochem Holdings; Mr. CHEN Chuan read books such as Post-pandemic Era – Major Restructuring (《後疫情時代－大重構》), Zero Carbon Society (《零碳社會》) and Perspectives of Lee Kuan Yew (《李光耀觀天下》), and participated in trainings such as "Financial Innovation and Risk Management", "Corporate Risk and Internal Control" and "PMP Project Management Certification Training"; Mr. AN Hongjun participated in trainings and meetings such as the "Hong Kong Stock Exchange SPAC New Listing System", "Hong Kong Crypto Regulation Rules", "Interpretation of Infrastructure Public REITs Policy and Practical Points" and "HKMA Green and Sustainable Finance Training"; Mr. GAO Shibin participated in online lectures or trainings held by Tsinghua University, the Royal Institution of Chartered Surveyors and other organisers on topics including "Green, Low-carbon and Innovative Development", "Real Estate Transformation and High-quality Development", "Residential Market and Urban Renewal", "Real Estate Investment and Digital Transformation", "Real Estate Investment Funds and Cases", "Research and Cases of Healthy Living and Working Environment", "Asset Operation and Industrial Real Estate" and "The Royal Institution of Chartered Surveyors Chairman Examination Officer Training"; Mr. ZHONG Wei participated in a series of trainings for independent directors with the theme of ESG anti-corruption held by the Hong Kong Stock Exchange; Mr. SUEN Man Tak participated in trainings and meetings held by the Hong Kong Institute of Directors and the Securities and Futures Commission of Hong Kong, including "Recent Updates on the Listing Rules and Corporate Governance Code", "How to bring benefits and value of ESG policies to the Company and stakeholders" and "SFC Investor Compensation and Remedies".

BOARD MEETINGS

The Board holds meetings regularly to review the financial performance of the Company, significant issues and other matters that require decisions of the Board.

The Company has made proper arrangements to give all Directors the opportunity to present matters for discussion in the agenda of each Board meeting. All Directors are given the meeting agenda and relevant documents prior to each Board meeting.

The Board office of the Company assists in preparing agenda for Board meetings and ensures that all applicable rules and regulations regarding the meetings are followed.

Apart from the consent obtained through circulation of 18 written resolutions to all Board members, during the Period under Review, the Board held eight meetings, during which the Directors considered and approved various matters, mainly including the 2021 annual report and the 2022 interim report of the Company, China Jinmao's 2021 environmental, social and governance report, authorisation of domestic and foreign debt financing for 2023, the conditional special dividend by way of distribution in specie mandate, the privatisation scheme of China VAST and related matters, the scrip dividend mandate, the 2022 work report on Corporate Governance Improvement and Implementation of Powers and Duties of the Board of Directors and the four policy documents, renewal of the factoring service framework agreement and the continuing connected transactions contemplated thereunder with Sinochem Factoring, renewal of the financial services framework agreement and the continuing connected transactions contemplated thereunder with Sinochem Finance, renewal of the financial services framework agreement and the continuing connected transactions contemplated thereunder with Ping An member companies. In addition, the Directors regularly review the relevant matters of corporate governance, including review of the Company's compliance with the policies and practices on laws and regulatory requirements, training and continuous professional development of Directors and senior management, code of conduct for employees and Directors and the Company's compliance with the Corporate Governance Code. Meeting and resolution participation of each Director during 2022 is set out below:

Position	Name	Meeting attended in person	Meeting attendance rate	Total number of resolutions	Resolution participation rate
Non-executive Director	Mr. NING Gaoning*	3/6	50%	28/28	100%
Non-executive Director	Mr. LI Fanrong*	1/1	100%	7/7	100%
Non-executive Director	Mr. YANG Lin*	2/5	40%	21/21	100%
Non-executive Director	Mr. LI Fuli*	2/2	100%	14/14	100%
Non-executive Director	Mr. AN Hongjun	4/8	50%	39/39	100%
Non-executive Director	Mr. CHENG Yong	4/8	50%	35/35	100%
Non-executive Director	Mr. WANG Wei*	0/0	–	3/3	100%
Non-executive Director	Mr. LIU Pengpeng*	3/3	100%	22/22	100%
Non-executive Director	Mr. CHEN Chuan*	1/1	100%	6/6	100%
Executive Director	Mr. LI Congrui	8/8	100%	39/39	100%
Executive Director	Mr. JIANG Nan	8/8	100%	39/39	100%
Executive Director	Mr. SONG Liuyi	4/8	50%	39/39	100%
Independent non-executive Director	Mr. SU Xijia	4/8	50%	39/39	100%
Independent non-executive Director	Mr. SUEN Man Tak	4/8	50%	39/39	100%
Independent non-executive Director	Mr. GAO Shibin	4/8	50%	39/39	100%
Independent non-executive Director	Mr. ZHONG Wei	4/8	50%	39/39	100%

* Mr. NING Gaoning resigned as a non-executive Director of the Company with effect from 23 September 2022, and Mr. LI Fanrong was appointed as a non-executive Director of the Company on the same day; Mr. YANG Lin resigned as a non-executive Director of the Company with effect from 15 June 2022, and Mr. LI Fuli was appointed as a non-executive Director of the Company on the same day; Mr. WANG Wei resigned as a non-executive Director of the Company on 28 March 2022, and Mr. LIU Pengpeng was appointed as a non-executive Director of the Company on the same day; Mr. LIU Pengpeng resigned as a non-executive Director of the Company with effect from 11 November 2022, and Mr. CHEN Chuan was appointed as a non-executive Director of the Company on the same day.

The Directors are given sufficient information both at meetings and at regular intervals so that they can maintain effective control over strategic, financial, operational, compliance and corporate governance issues. They also have unrestricted access to independent professional advice and the advice and services from the Company Secretary to ensure compliance with all procedures of the Board meetings. The Company Secretary keeps minutes of each meeting of the Board and the subordinate committees, which are available to all Directors for review at any time.

The Company continuously updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance with the requirements by the Directors, and to maintain good corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer of the Company are held by different persons.

Mr. NING Gaoning served as a non-executive Director and the Chairman of the Company from 12 May 2016 to 22 September 2022. Mr. LI Fanrong has been serving as a non-executive Director and the Chairman of the Company since 23 September 2022. Mr. LI Congrui was appointed as the Vice President of the Company in April 2009 and has been serving as an executive Director of the Company since 17 June 2011. He resigned as the Vice President of the Company and was redesignated as an executive Director and the Chief Executive Officer with effect from 16 January 2013.

There is a clear division of these two positions of Chairman and Chief Executive Officer of the Company to ensure a balanced distribution of power and authority. The Chairman of the Company is responsible for leading and supervising the operation of the Board and providing leadership to the Board in terms of formulating overall strategies, business directions and policies of the Company. The Chairman of the Company also makes effective plans for Board meetings and ensures that the Board acts in the best interests of the Company and its shareholders. The Chief Executive Officer of the Company is directly responsible for the management of daily operation of the Company, formulation and execution of policies of the Company, and reports to the Board for the overall operation of the Company. The Chief Executive Officer also advises the Board on any significant developments and issues.

RULES FOR NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS AND BOARD DIVERSITY

The Company has a set of formal, prudent and transparent procedures for the appointment and succession of Directors. According to the Articles of Association of the Company, a Director shall be appointed or removed by an ordinary resolution at the general meeting; the Board has the right to appoint any Director to fill a casual vacancy or appoint a new member to the Board, subject to re-election by the shareholders at the first annual general meeting immediately after the appointment. All Directors (including executive and non-executive Directors) of the Company are appointed for a term of three years. A Director may be re-elected at the general meeting after expiration of his/her term.

According to the Articles of Association of the Company, a Director shall be recommended by the Board or be nominated by any shareholder (other than the person to be nominated) of the Company who is entitled to exercise voting rights at a general meeting during the period from the date of despatch of the notice of the general meeting to 7 days before the date on which such general meeting is duly convened. The Remuneration and Nomination Committee of the Company will also provide advice to the Board in respect of the nomination. Qualifications and competence of the nominees should be taken into consideration during nomination.

To achieve sustainable and balanced development, the Company considers that having a diversified Board is crucial to fulfilling its strategic objectives and achieving sustainable development. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors. 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. The selection of candidates by the Company is based on a number of criteria on diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the Reporting Period, the

Remuneration and Nomination Committee made recommendations to the Board with respect to the re-election of Directors having due regard for the above diversity requirements. The Board reviewed the current composition of Board diversity and confirmed that the members of the Board of the Company have diversified backgrounds, professional experience and skills, including property development and investment, corporate management, capital market, law, financial accounting and financial investment. The Board is committed to gender diversity of Board members. For future appointment and re-appointment, the Remuneration and Nomination Committee will also make recommendations to the Board with respect to the appointment of Directors according to the diversity policy of the Company so as to promote gender diversity of Board members, and appoint at least one Director of different gender by 31 December 2024 so as to achieve Board diversity and the best interests of shareholders as a whole on an ongoing basis. For male and female employees who have the experience, skills and knowledge required for operations and business, the Group will provide comprehensive training, including but not limited to operations, management, accounting, finance, compliance, etc. The Board believes that the above strategies can provide opportunities for the Board to select capable female employees to be nominated as members of the Board in the future, which will further promote the gender diversity of the Board in the long run.

The diversity of the Board is set out below:

Age	
40 – 49	5 persons
50 – 59	5 persons
60 or above	2 persons

Term of directorship	
5 years or less	6 persons
more than 5 years – 10 years	2 persons
more than 10 years	4 persons

Roles	
Executive Director	3 persons
Non-executive Director	5 persons
Independent non-executive Director	4 persons

RESPONSIBILITIES OF DIRECTORS

Each Director is required to keep abreast of his responsibilities as a Director and of the operation and business activities of the Company from time to time. Non-executive Directors have the same duties of care and skills as executive Directors.

The non-executive Directors of the Company have sufficient experience and talent and fully participate in the Board to fulfil the functions specified in the provisions C.1.2(a) to (d) of the Corporate Governance Code.

RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for the preparation of financial statements of each financial year, which give a true and fair view of the operating results and financial status of the Company. In preparing the financial statements, the Directors of the Company have selected and applied appropriate accounting policies, and have made prudent and reasonable judgments.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 169.

THE SPECIAL COMMITTEES UNDER THE BOARD

In order to review the specific matters, the Company has established five special committees under the Board, namely the Remuneration and Nomination Committee, the Audit Committee, the Independent Board Committee, ESG Committee and the Strategy and Investment Committee.

REMUNERATION AND NOMINATION COMMITTEE

As of the date of this report, the members of the Remuneration and Nomination Committee of the Company are Mr. ZHONG Wei, Mr. SU Xijia and Mr. GAO Shibin as independent non-executive Directors, and Mr. CHENG Yong and Mr. CHEN Chuan as non-executive Directors. The chairman of the Remuneration and Nomination Committee is Mr. ZHONG Wei. Mr. WANG Wei has resigned as a member of the Remuneration and Nomination Committee on 28 March 2022, and Mr. LIU Pengpeng has been appointed as a member of the Remuneration and Nomination Committee with effect from the same day. Mr. LIU Pengpeng has resigned as a member of the Remuneration and Nomination Committee on 11 November 2022, and Mr. CHEN Chuan has been appointed as a member of the Remuneration and Nomination Committee with effect from the same day.

The functions of the Remuneration and Nomination Committee include:

- to review the size and composition of the Board at least annually based on the operation, scale of assets and shareholding structure of the Company, and make recommendations to the Board;

- to examine the standards and procedures for election of candidates for Directors and senior management and make recommendations; review the qualifications and abilities of candidates for directorship and management and make recommendations;

- to assess the independence of independent non-executive Directors;

- to make recommendations to the Board on the remuneration policies, share option/incentive schemes for Directors and senior management and on the establishment of formal and transparent procedures for developing such policies; and

- to determine, with delegated responsibility, the remuneration packages of all executive Directors and senior management; to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, policies and objectives; and make recommendations in respect of the remuneration of the non-executive Directors to the Board.

The Remuneration and Nomination Committee may seek professional advice if necessary and will be provided with sufficient resources to perform its duties.

In 2022, the Remuneration and Nomination Committee's determination of remuneration packages and approval of incentive proposals included the following:

– assessed the performance of executive Directors;

– determined the remuneration packages of Directors and senior management based on the results performance of the Company and with reference to the market rates;

– made recommendations to the Board with respect to the re-election of Directors according to the policies and procedures for nomination of Directors with due regards to election and recommendation criteria including gender, age, cultural and educational background, professional experience, skills and knowledge.

The Remuneration and Nomination Committee entered into 8 written resolutions in respect of the above matters in 2022. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. ZHONG Wei	9/9	100%
Independent non-executive Director	Mr. SU Xijia	9/9	100%
Independent non-executive Director	Mr. GAO Shibin	9/9	100%
Non-executive Director	Mr. CHENG Yong	9/9	100%
Non-executive Director	Mr. WANG Wei*	2/2	100%
Non-executive Director	Mr. LIU Pengpeng*	3/3	100%
Non-executive Director	Mr. CHEN Chuan*	2/2	100%

* Mr. WANG Wei has resigned as a member of the Remuneration and Nomination Committee on 28 March 2022, and Mr. LIU Pengpeng has been appointed as a member of the Remuneration and Nomination Committee with effect from the same day. Mr. LIU Pengpeng has resigned as a member of the Remuneration and Nomination Committee on 11 November 2022, and Mr. CHEN Chuan has been appointed as a member of the Remuneration and Nomination Committee with effect from the same day.

THE AUDIT COMMITTEE

The Audit Committee of the Company is responsible for communicating with management and internal and external auditors, as well as reviewing and overseeing the Company's financial reporting and audit procedures jointly with them. As of the date of this report, the members of the Audit Committee are Mr. SU Xijia, Mr. SUEN Man Tak and Mr. GAO Shibin as independent non-executive Directors, and Mr. LI Fuli and Mr. AN Hongjun as non-executive Directors. The chairman of the Audit Committee is Mr. SU Xijia. Mr. YANG Lin has resigned as a member of the Audit Committee on 15 June 2022, and Mr. LI Fuli has been appointed as a member of the Audit Committee with effect from the same day.

All members of the Audit Committee have financial backgrounds, which enable them to precisely assess the financial conditions, compliance and risk exposure of the Company, as well as to impartially perform their duties and responsibilities.

The functions of the Audit Committee include:

– to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and to deal with any issues in respect of resignation or dismissal of the auditor;

– to discuss the nature and scope of the audit and the relevant reporting responsibilities with the external auditor before auditing, and to review and examine whether the external auditor is independent and objective and whether the audit procedures are effective according to applicable standards;

– to develop and implement policies on the engagement of external auditors for non-audit services, and report and make recommendations to the Board with respect to any actions to be taken or areas for improvement;

– to monitor the integrity of the Company's financial statements, reports and accounts, interim reports and quarterly reports (if any), and to review significant opinions regarding financial reporting contained therein, to consider any material matters or unusual matters that are reflected or are required to be reflected in such reports and accounts, and to consider any matters proposed by the person in charge of accounting and finance work, compliance officer or auditor of the Company as appropriate;

– to review the financial control of the Company and review the risk management and internal control system of the Company, to discuss the risk management and internal control system with the management to ensure that the management has performed its duties in establishing an effective system, and to examine the material investigation findings and the management's responses in respect of risk management and internal control matters;

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

– to review the Company's financial and accounting policies and practices, to review the external auditor's management letter, to timely respond to any queries raised by the management and the Board, and to report to the Board as and when necessary;

– to have the right to establish a system for direct reporting by employees of the Company, to conduct investigations on any abnormalities of the Company in the manner as it considers necessary and appropriate, and to report to the Board as and when necessary. The committee shall also have the right to direct the Company to make proper arrangements for such issues, including conducting fair and independent investigations and taking appropriate actions; and

– to act as the key representative body for overseeing the Company's relation with the external auditor.

In 2022, the financial reporting and control reviews undertaken by the Audit Committee included the following:

– reviewed the integrity and accuracy of the 2021 annual report, the 2022 interim report and formal announcements relating to the Group's financial performance;

– reviewed the 2022 work report and 2023 work plans for internal audit and internal control of the Company, confirmed the effectiveness of the internal audit and internal control functions, and carried out profound communication and discussion on strengthening the capacity building of internal audit teams, enhancing the application of big data and information technology, and conducting front-line work research; and

– reviewed the annual pre-audit results, profit forecast, audit strategies and significant issues for 2022.

The Audit Committee held three meetings in 2022. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. SU Xijia	3/3	100%
Non-executive Director	Mr. YANG Lin*	1/1	100%
Non-executive Director	Mr. LI Fuli*	2/2	100%
Non-executive Director	Mr. AN Hongjun	3/3	100%
Independent non-executive Director	Mr. SUEN Man Tak	3/3	100%
Independent non-executive Director	Mr. GAO Shibin	3/3	100%

* Mr. YANG Lin has resigned as a member of the Audit Committee on 15 June 2022, and Mr. LI Fuli has been appointed as a member of the Audit Committee with effect from the same day.

The chief financial officer, the deputy chief financial officer, the qualified accountant and the auditor of the Company attended all these meetings including the three meetings which reviewed the integrity and accuracy of the Company's 2021 annual report, 2022 interim report and formal announcements relating to the Group's financial performance.

INDEPENDENT BOARD COMMITTEE

During the Period under Review and as of the date of this report, the members of the Independent Board Committee of the Company are Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei. The chairman of the Independent Board Committee is Mr. SU Xijia. All members are independent non-executive Directors.

The functions of the Independent Board Committee include:

– to discuss whether to exercise the independent options granted by Sinochem Group to the Company pursuant to the Non-competition Undertaking dated 26 July 2007, and to discuss any business in connection with the Non-competition Undertaking or any redevelopment business in relation to the properties held by Sinochem Group, and any new business opportunities or property redevelopment opportunities of which the Company is notified by Sinochem Group in writing;

– to formulate and implement policies in relation to the appointment of an independent financial adviser or other professional advisers regarding the exercise of options and the pursuit of new business opportunities;

– for connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, or spin-off listing arrangements subject to approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the Group and its shareholders as a whole, and to make recommendations to the Board; and

– to review continuing connected transactions every year and make confirmation in the annual reports and accounts of the Company.

The Independent Board Committee held one meeting and entered into two written resolutions in 2022. It considered the independent option over Shimao Investment as granted by Sinochem Group, and resolved not to exercise the option over Shimao Investment for the time being and to make relevant disclosure in the 2021 annual report and 2022 interim report; confirmed various continuing connected transactions of the Company in 2021; considered the renewal of the financial services framework agreements by the Company with Sinochem Finance and Ping An member companies, respectively, and the continuing connected transactions and major transaction caps thereunder. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. SU Xijia	5/5	100%
Independent non-executive Director	Mr. SUEN Man Tak	5/5	100%
Independent non-executive Director	Mr. GAO Shibin	5/5	100%
Independent non-executive Director	Mr. ZHONG Wei	5/5	100%

STRATEGY AND INVESTMENT COMMITTEE

During the Period under Review and up to the date of this report, the members of the Strategy and Investment Committee of the Company are executive Directors Mr. LI Congrui, Mr. JIANG Nan, Mr. SONG Liuyi and independent non-executive Director Mr. GAO Shibin. The chairman of the Strategy and Investment Committee is Mr. LI Congrui.

The functions of the Strategy and Investment Committee include:

– to study and formulate the Company's growth strategies and investment performance standards, and supervise and monitor the management's execution of the Company's growth strategies; and

– to review the new project investment proposals submitted by the management according to the Company's growth strategies and investment performance standards.

The Strategy and Investment Committee entered into 28 written resolutions in 2022. It considered and approved various issues, including a number of investment feasibility research reports, equity/assets acquisitions and disposals, etc. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Executive Director	Mr. LI Congrui	40/40	100%
Executive Director	Mr. JIANG Nan	40/40	100%
Executive Director	Mr. SONG Liuyi	40/40	100%
Independent non-executive Director	Mr. GAO Shibin	40/40	100%

ESG COMMITTEE

During the Period under Review and up to the date of this report, the members of the ESG Committee of the Company are Mr. LI Congrui, an executive Director, Mr. ZHONG Wei, an independent non-executive Director, and Mr. TIAN Jiupo, Vice President and CTO. The chairman of the ESG Committee is Mr. LI Congrui.

The functions of the ESG Committee include:

– Responsible for formulating and regularly reviewing the Company's ESG vision, objectives, strategies and policies;

– Responsible for monitoring the Company's ESG risk management, material issues, target progress, and communication with stakeholders; and

– to review the Company's annual ESG report for the Board's consideration, approval and disclosure.

The ESG Committee may seek professional advice if necessary and will be provided with sufficient resources to perform its duties.

The ESG Committee entered into 3 written resolutions in 2022. It considered and approved 3 issues, including formulation of the ESG Committee governance code, formulation and promulgation of 7 sustainable development policy documents such as the Environmental Protection Policy of China Jinmao, the 2021 environmental, social and governance report and the ESG work progress report of the Company. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Executive Director	Mr. LI Congrui	3/3	100%
Independent non-executive Director	Mr. ZHONG Wei	3/3	100%
CTO	Mr. TIAN Jiupo	3/3	100%

EXTERNAL AUDITOR

In 2022, the remuneration paid or payable to the Company's auditor, Ernst & Young, for the audit and non-audit services amounted to HK$17,196,000 and HK$4,446,000, respectively. The fees for non-audit services provided by Ernst & Young to the Group were mainly in relation to the fees for the review services on the interim financial reports, the services on continuing connected transactions and other professional services.

INTERNAL CONTROL

The Board takes responsibilities for the risk management and internal control systems and is responsible for reviewing the effectiveness of such systems. In 2022, the Directors and the Audit Committee of the Company respectively listened to the special reporting on the Company's internal and external audit and the internal control work summary report, and continued to communicate directly with the personnel from the finance department, the internal audit department, the legal and compliance department and the strategic operations department with respect to key tasks including evaluating the effectiveness of the Company's risk management, operations and compliance management, financial management and internal control systems, and made specific guiding opinions and requirements.

The Company has in place comprehensive internal audit functions and, through its internal control department, conducts regular audits, including annual routine audit, departure audit and special audit where the scope of audits covers all aspects including the execution of the Group's internal regulations and procedures, finance, cost, tender and procurement, project quality, strategic operations, marketing, design, customer service and HSE management to prevent assets from inappropriate use. The Company also maintains proper accounts and ensures that relevant regulations are complied with. In 2022, the internal audit department of the Company carried out 10 economic responsibility audits, 11 internal control audits, 15 special audits and 45 training sessions. The above measures aim to manage but not eliminate relevant risks and the above measures can only provide reasonable but not absolute assurance to the achievement of business objectives.

The Company has formulated a complete system concerning risk identification, assessment and management, and constantly made amendments and updates to the system. Various departments at the headquarters are responsible for executing the professional risk assessment, management and monitoring procedures, including 87 management standards, 98 management rules and 71 reference guidelines in 17 categories on integrated management, human resources management, strategic operation and management, financial fund management, investment expansion management, industrial city management, design management, cost management, tender and procurement management, marketing management, customer resource management, HSE management, quality management, audit and legal affairs management, innovation management, party and masses management and discipline inspection management which comprehensively cover various risks associated with property related business and development of the Company. In addition, environmental, social and governance risks are also one of the important risk categories that the Company pays attention to in its comprehensive risk management system. The identified risk issues including bribery and corruption, business ethics, product quality and safety, occupational health and safety, etc. are included in the Company's overall risk assessment and monitoring process. In 2022, among all procedures reviewed, managed and monitored by the headquarters of the Company, executive Directors gave 7,370 approvals in total, all of which were completed via the electronic online approval system.

The Company has in place a regulated, sound and effective internal control system. The headquarters of the Company is responsible for making annual amendments to the organisational structure, the accountability system and institutional documents on a rolling basis, and optimising the management hierarchy and approval procedures. It added 34 new management standards, management rules and reference guidelines, revised the management standards, management rules and reference guidelines 199 times and revised the terms of accountabilities 4 times in 2022. At the same time, it endeavours to strengthen the IT system development, enhance the process monitoring and risk management in the course of business execution, and continuously improve the internal control system. In addition to regular internal audit and inspection of the accountability system by the internal audit department of our headquarters to ensure that the internal control system of the Company is in smooth operation as a whole, all the companies under the Group also regularly implement self-examination of the internal control system as part of their routine internal control efforts. In addition, the routine control measures also include the following: i) professional committees comprising the senior management and the relevant persons-in-charge from the headquarters' functional departments of the Company are established by the Company to regularly review the management of internal controls of the Company, such as budget and assessment, operation, quality and safety, investment as well as customer research and services, and to report to the senior management, and to decide and account for the same. In 2022, the five professional committees of the Company convened 38 regular and ad hoc meetings to consider and approve the enhancement initiatives for the management of a number of professional line functions and the decisions on key achievements of projects; ii) evaluation of the Group's comprehensive operating results, strategic progress and performance is carried out by the strategic operations department of the headquarters on a quarterly, semi-annual and annual basis, the reports of which are subject to the collective review and approval by the management of the Company. The supervision list of key matters is distributed to the relevant subordinate units for implementation and rectification within a specified period. This forms an efficient internal control feedback mechanism of the Company. The internal control system of the Company fully covers the major matters of the Company's operations and high risk areas that draw close attention, such that any material risks and deficiencies can be evaluated, supplemented and rectified in a timely manner.

After careful evaluation, the Directors of the Company all consider that the Group's existing risk management and internal control system is effective and adequate.

CORPORATE CULTURE

The Company has formulated a corporate culture that is consistent with long-term development goals, values and strategies, including the corporate vision of unleashing the future vitality of the city, the corporate mission of building quality for better life; and the internal values and behaviour requirements of honesty and cooperation, customer orientation, entrepreneurship and innovation, and pursuit of excellence. Directors have always set a role model and are committed to the promotion and implementation of corporate culture. During the Reporting Period, centring around the theme of "Year of Project Management Improvement", organisations at all levels of the Company carried out a variety of corporate culture-themed activities combined with actual business operations. Upholding the propaganda mission of "raising the banner, gathering people's hearts, cultivating new talents, invigorating culture, and displaying image", the Company created a cultural atmosphere of hard work, compliant operation and active contribution through various evaluation and sharing activities, effectively enhancing the cohesion and working strength of all employees of the Company.

INSIDE INFORMATION

The Company has taken prudent measures in handling inside information, for which the Company has formulated effective confidentiality systems and measures, such as the formulation of the "Board Performance Support and Listing Compliance Management System of China Jinmao" (《中國金茂董事會履職保障及上市合規管理制度》), which provides in details that inside information shall be kept strictly confidential prior to public disclosure, among which the personnel who have access to inside information must ensure confidentiality of the information, and should not, in any manner, divulge the information of the Company to external parties without authorisation. Besides, consultants and intermediaries engaged by the Company shall enter into strict confidentiality agreements with the Company to ensure the inside information is properly handled. At the same time, to ensure the inside information is disclosed in a timely and proper manner, any matters that constitute inside information must be first reviewed by the compliance officers and investor relations officers of the Company and obtain consent from the relevant executive Directors before due disclosure.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules to regulate directors' securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have complied with the requirements set out in the Model Code for the year ended 31 December 2022.

All employees of the Group shall comply with the "Board Performance Support and Listing Compliance Management System of China Jinmao" formulated by the Company with reference to the requirements set out in Appendix 10 of the Listing Rules in their dealings in the securities of the Company.

RIGHTS OF SHAREHOLDERS

Shareholders have the right to raise questions and make suggestions on the business of the Company. All shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations. Shareholders are entitled to get access to and participate in the material matters of the Company as prescribed by laws, administrative regulations and the Articles of Association of the Company.

MOVING A RESOLUTION AT AN ANNUAL GENERAL MEETING

Pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a shareholder may submit a written requisition to move a resolution at an annual general meeting if it has received requests that it do so from:

(a) the members of the Company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or

(b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

A request -

(a) may be sent to the Company in hard copy form or in electronic form;

(b) must identify the resolution of which notice is to be given;

(c) must be authenticated by the person or persons making it; and

(d) must be received by the Company not later than -

(i) six weeks before the annual general meeting to which the requests relate; or

(ii) if later, the time at which notice is given of that meeting.

PROPOSING A CANDIDATE FOR ELECTION AS A DIRECTOR

Pursuant to paragraph (2)(b) of Article 77 of the Articles of Association of the Company, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should give the Company Secretary a written notice of his intention to propose a resolution for the appointment or reappointment of the person as a Director of the Company and a notice executed by that person of his willingness to be appointed or re-appointed, no earlier than the day after the despatch of the notice of the general meeting and no later than seven days prior to the date fixed for such general meeting.

CONVENING A GENERAL MEETING

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a general meeting may be called upon if the company has received requests to do so from members of the company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.

(a) A request -

  (i) must state the general nature of the business to be dealt with at the meeting; and

  (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;

(b) Requests may consist of several documents in like form; and

(c) A request -

  (i) may be sent to the Company in hard copy form or in electronic form; and

  (ii) must be authenticated by the person or persons making it.

SHAREHOLDERS' ENQUIRIES TO THE BOARD

Enquiries from shareholders to the Board may be directed to us by the means as stated in the section under "Corporate Information" in this report.

GENERAL MEETING

The Company maintains and facilitates exchange and communication between shareholders and the Board through a number of communication methods, including general meetings, announcements and circulars to shareholders, interim reports and annual reports, as well as the official website. Shareholders may send relevant questions or information and their contact details to the Investor Relations mailing address published on the Company's official website if they have any opinions or suggestions on the Company. The Investor Relations Department of the Company is responsible for contacting and giving feedback to shareholders in a timely manner. The Company uses its best endeavours to listen, understand and respond to shareholders' feedback.

The Company held an annual general meeting on 8 June 2022, which considered and approved the audited financial statements, the report of the Directors and the auditor's report for the year ended 31 December 2021; re-elected Mr. NING Gaoning, Mr. AN Hongjun, Mr. LIU Pengpeng, Mr. GAO Shibin and Mr. JIANG Nan as Directors of the Company; authorised the Board of the Company to determine the remuneration of Directors of the Company; re-appointed Ernst & Young as the auditor of the Company and authorised the Board to determine its remuneration; and considered and approved the general mandate to issue shares and repurchase shares. Save for non-executive Directors Mr. NING Gaoning, Mr. YANG Lin, Mr. CHENG Yong and Mr. AN Hongjun who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the annual general meeting held on 8 June 2022.

The Company held an extraordinary general meeting on 17 February 2022, which considered and approved the grant of a mandate to the Directors of the Company to make a distribution in specie of no more than 309,320,870 ordinary shares of Jinmao Services to the qualifying shareholders as a conditional special dividend. Save for non-executive Directors Mr. NING Gaoning, Mr. YANG Lin and Mr. CHENG Yong, and executive Directors Mr. LI Congrui and Mr. SONG Liuyi, who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the extraordinary general meeting held on 17 February 2022.

The Company held an extraordinary general meeting on 27 September 2022, which approved and adopted the scrip dividend scheme, i.e. generally and unconditionally authorised and approved the exercise by the Board of the Company of the power contained in Article 119 of the Company's Articles of Association to offer ordinary shareholders the right to choose to receive new ordinary shares of the Company, which are credited as fully paid up, instead of the whole or part of their cash dividend, in respect of some or all of the dividends (including, without limitation, any final and/or interim dividends) which may be declared or paid in the period up to and including the annual general meeting of the Company which is held in the fifth year after the date on which the resolution is passed. Save for non-executive Directors Mr. LI Fanrong, Mr. LI Fuli, Mr. CHENG Yong and Mr. LIU Pengpeng, executive Directors Mr. LI Congrui and Mr. SONG Liuyi, and an independent non-executive Director Mr. SU Xijia, who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the extraordinary general meeting held on 27 September 2022.

The Company held an extraordinary general meeting on 23 December 2022, which considered and approved the deposit services, loan services and financing factoring services (including the maximum daily balance of each service) contemplated under the financial services framework agreement between the Company and various subsidiaries of Ping An Insurance (Group) Company of China, Ltd., and the deposit services (including the maximum daily balance of the total deposits) contemplated under the renewed financial services framework agreement between the Company and Sinochem Finance Co., Ltd. Save for non-executive Directors Mr. LI Fanrong, Mr. LI Fuli, Mr. CHENG Yong and Mr. AN Hongjun, and an executive Director Mr. LI Congrui, who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the extraordinary general meeting held on 23 December 2022.

Report of the Directors

The Board presents its report and the audited financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its subsidiaries are focusing on city operations, property development, technology and services, commercial leasing, retail operations and hotel operations. Details of the subsidiaries of the Company are set out in note 4 to the financial statements.

BUSINESS REVIEW

For details of the business operations, future business development and major risks faced by the Company during the Reporting Period, please refer to the section headed "Chairman's Statement" from pages 8 to 13, and the section headed "Management Discussion and Analysis" from pages 16 to 80 in this report.

For details of the environmental policies and performance of the Company during the Reporting Period, please refer to the section headed "Sustainable Development" from pages 84 to 97 in this report.

For details of the material relationship between the Company and its employees, customers, suppliers and other persons of significant influence to the Company during the Reporting Period, please refer to the section headed "Sustainable Development" from pages 84 to 97 in this report.

The above discussion forms part of the Report of the Directors.

Taking into account the laws, regulations, policies and documents that have a material impact on the business of the Company, including but not limited to the "Civil Code of the People's Republic of China", the "Land Administration Law of the People's Republic of China", the "Urban Real Estate Administration Law of the People's Republic of China", the "Bidding Law of the People's Republic of China", the "Measures on the Administration of Sale of Commodity Houses", the "Company Law of the People's Republic of China" and foreign-invested related laws and regulations, as well as the documents issued by relevant government authorities from time to time including the State Administration of Foreign Exchange, the Ministry of Housing and Urban-Rural Development, the Ministry of Finance, the China Securities Regulatory Commission and the People's Bank of China (the "PBOC"), the Company confirmed that, during the Reporting Period, there were no circumstances of administrative punishments or inspections by relevant government authorities as a result of violation of laws, regulations, policies and documents that have material impact on the business of the Company, and the Company and its subsidiaries were in compliance with all applicable laws and regulations. The Company has formulated the comprehensive administration standards and approval procedures for legal affairs and continued to revise them for improvement. In 2022, the Group reviewed and approved a total of 22,891 contracts according to the standardised procedures via the network office automation platform with a rate of 100% of the contracts reviewed by legal specialists, and avoided contract default risks through ongoing supervision of contract execution. In addition, in 2022, the Company organised 115 legal publicity trainings for employees, including professional trainings on urban operation project acquisition and management and control of performance risks, listing compliance, prevention of legal risks regarding advertisements and publicity, management and control of engineering performance risks; amended the Manual for Legal Risk Prevention and Control of Investment/Design/Engineering/Cost Bidding/Marketing/Customer Relations issued in 2018, which introduced the major risks that the Company should focus on in investment, design, engineering, etc., and put forward legal risk prevention and control suggestions, so as to ensure continuously effective operation of the legal risk prevention and control system of the Company by making sure that the employees of the Company are aware of and in compliance with the relevant laws and regulations, related major risks and solutions when discharging their duties.

RESULTS AND DIVIDENDS

Details of the Group's results for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss on page 176 of this report.

The dividend distribution policy of the Company is to distribute dividend to its shareholders when the Group records profit for a financial period. The dividend to be distributed to shareholders will be determined based on the profit attributable to owners of the parent (net of fair value of investment properties (net of deferred tax) and excluding the factors of impairment of properties and the effect on profit or loss caused by the privatisation of China VAST) for that period, multiplied by a dividend distribution ratio of around 40%. In determining the specific dividend distribution ratio, the Board will take into account the financial performance, cash flow, paid special dividends (if any) and capital commitments, etc. of the Group.

Upon authorization by shareholders, on 18 February 2022, the Board resolved to distribute 191,680,031 shares of Jinmao Services to the qualifying shareholders as a special dividend, conditional upon and contemporaneously with the global offering of the shares of Jinmao Services. Qualifying shareholders were entitled to one share of Jinmao Services for every 66.2 shares of the Company held on the record date (i.e. 23 February 2022). The special dividend was distributed on 10 March 2022.

On 30 August 2022, the Board resolved to make payment of an interim dividend of HK9 cents per share to the shareholders of the Company. On 27 September 2022, the Company convened an extraordinary general meeting to approve, pass and adopt the scrip dividend scheme. On 28 September 2022, the Board resolved to provide a scrip dividend arrangement to the shareholders in respect of the 2022 interim dividend distribution. The interim dividend, including the new shares issued pursuant to the scrip dividend arrangement, was paid and distributed on 24 November 2022.

The Board recommended the payment of a final dividend of HK2 cents per share for the year ended 31 December 2022 and provided an option of distribution of scrip dividend to the shareholders. The proposed final dividend is subject to approval at the forthcoming annual general meeting. The Company will give a notice on the annual general meeting and closure of its register of members in relation to the entitlement to the final dividend upon determination of the date of the annual general meeting. The final dividend is expected to be distributed by 31 August 2023. The Company will announce the details of the distribution of dividend (including scrip dividend arrangements) as and when appropriate.

SHARES, PAID-UP SHARE CAPITAL AND SHARE OPTIONS

As at 31 December 2022, the total issued shares of the Company were 13,314,992,912 ordinary shares.

Details of movement in the Company's paid-up share capital and share options in 2022 are set out in notes 39 and 40 to the financial statements, respectively.

SPIN-OFF AND SEPARATE LISTING OF JINMAO SERVICES ON THE MAIN BOARD OF THE HONG KONG STOCK EXCHANGE

As stated in the announcements of the Company dated 31 August 2021, 18 January 2022, 25 January 2022, 28 January 2022, 6 February 2022, 17 February 2022, 18 February 2022, 25 February 2022, 9 March 2022, 10 March 2022 and 3 April 2022 and the circular despatched on 29 January 2022, the Company has successfully spun off and separately listed the shares of Jinmao Services on the Main Board of the Hong Kong Stock Exchange (stock code: 00816, the "Spin-off"). The Spin-off was completed on 10 March 2022. Upon completion of the Spin-off and immediately after the partial exercise of the over-allotment option, Jinmao Services remained as a subsidiary of the Company and the Company held approximately 67.3% of its issued shares. Jinmao Services and its subsidiaries are principally engaged in the provision of property management services, value-added services to non-property owners and community value-added services in the PRC.

RESERVES

Movements in reserves of the Company and of the Group in 2022 are set out in note 41 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to RMB517,731,000.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to major customers and purchases from major suppliers of the Group in the Year are set out below:

	For the year ended 31 December 2022 Percentage of total turnover (%)
Five largest customers	4.27
The largest customer	2.86

	Percentage of total purchase (%)
Five largest suppliers	24.29
The largest supplier	11.64

The above five largest customers and suppliers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors of the Company or any of their close associates or any shareholders who own more than 5% of the Company's shares had any interest in the Group's five largest customers or five largest suppliers.

BANK AND OTHER BORROWINGS

Particulars of the bank and other borrowings of the Company and the Group as at 31 December 2022 are set out in note 35 to the financial statements.

CHARITABLE DONATIONS

During the Year, the subsidiaries of the Company in Shanghai, Wenzhou and other places donated a total of approximately RMB33,101,781 for public welfare including school education, disaster relief, healthcare and targeted poverty alleviation.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movement in the property, plant and equipment and investment properties of the Group during the Year are set out in notes 14 and 18 to the financial statements.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 320 of this report. The summary does not form part of the audited financial statements.

DIRECTORS OF THE LISTED COMPANY AND ITS SUBSIDIARIES

During the Year and up to the date of this report, the Directors of the Company include:

Non-executive Directors

Mr. NING Gaoning (has resigned on 23 September 2022)
Mr. LI Fanrong (has been appointed on 23 September 2022)
Mr. YANG Lin (has resigned on 15 June 2022)
Mr. LI Fuli (has been appointed on 15 June 2022)
Mr. AN Hongjun
Mr. CHENG Yong
Mr. WANG Wei (has resigned on 28 March 2022)
Mr. LIU Pengpeng (has been appointed on 28 March 2022, has resigned on 11 November 2022)
Mr. CHEN Chuan (has been appointed on 11 November 2022)

Executive Directors

Mr. LI Congrui
Mr. JIANG Nan
Mr. SONG Liuyi

Independent non-executive Directors

Mr. SU Xijia
Mr. SUEN Man Tak
Mr. GAO Shibin
Mr. ZHONG Wei

During the Year and up to the date of this report, the list of directors of the Company's subsidiaries is published on the website of the Company at www.chinajinmao.cn.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2022, none of the Directors had a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

SENIOR MANAGEMENT

Biographical details of the current senior management of the Company are set out on pages 98 to 112 of this report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

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

For the year ended 31 December 2022, the annual remuneration of 2 of the executive Directors and other members of senior management of the Company fell within the band of below HK$3 million and the annual remuneration of 6 of them fell within the band of HK$3 million to HK$5 million. Details of the remuneration of the Directors and senior management of the Company are set out in notes 9, 10 and 48 to the financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Year.

DIRECTORS' (OR THEIR CONNECTED ENTITIES') INTEREST IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors (or their connected entities) was materially interested, directly or indirectly, in any transactions, arrangements or contracts of significance entered into by the Company or its controlling shareholders or any of their respective subsidiaries as at 31 December 2022 or at any time during the Year. The Company did not provide any loan to any of the Directors or the management personnel of the Company during the Year.

DIRECTORS' RIGHTS TO SUBSCRIBE FOR SHARES

Save as disclosed in the section headed "Share Option Scheme" under the "Report of the Directors" in this report, no arrangements to which the Company or its controlling shareholders or any of their respective subsidiaries is a party, whose purposes are, or one of whose purposes is, to enable any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, subsisted as at 31 December 2022 or at any time during the Year.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance coverage in respect of legal actions against its Directors, which was in force during the Year and up to the date of this report.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Sinochem Holdings is the ultimate controlling shareholder of the Company. The contracts of significance entered into between Sinochem Holdings or its subsidiaries and the Company or its subsidiaries are mainly agreements of connected transactions and continuing connected transactions conducted between them, as detailed in sections headed "Connected Transactions", "Continuing Connected Transactions" below.

Sinochem Group is a wholly-owned subsidiary of Sinochem Holdings and an indirect controlling shareholder of the Company. Details of the agreement of the Non-competition Undertaking entered into between Sinochem Group and the Company on 26 July 2007 are set out in "Compliance with Non-Competition Agreement" below.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

Sinochem Group has provided a written confirmation stating that Sinochem Group and its subsidiaries (other than those which form part of the Group) complied with their obligations under the Non-competition Undertaking during 2022.

EMPLOYEES AND REMUNERATION POLICIES

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the section headed "Sustainable Development" on pages 84 to 97 of this report.

RETIREMENT SCHEMES

The Group contributes on a monthly basis to various defined contribution retirement benefit schemes (the "Retirement Schemes") administrated and organised by the relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to pay retirement benefits under the Retirement Schemes to employees when they retire, and the Group is not required to provide other post-retirement benefits to the employees, except for the contributions made under the Retirement Schemes.

The Group also participates in a mandatory provident fund scheme (the "MPF Scheme") required by the government of Hong Kong, which is a defined contribution retirement benefit scheme. Contributions to these schemes are expenses as incurred.

Neither the Retirement Schemes nor the MPF Scheme has any requirement concerning forfeited contributions.

Contributions to the retirement benefit schemes by the Group for the year ended 31 December 2022 were RMB311,112,000.

MANAGEMENT CONTRACT

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

SHARE OPTION SCHEME

The Company adopted a share option scheme on 22 November 2007 (the "2007 Scheme"), which has expired on 21 November 2017. On 29 January 2019, the Company convened an extraordinary general meeting, and approved and adopted a new share option scheme (the "New Scheme"), the purpose of which is to enhance the commitment of the participants to the Company and encourage them to pursue the objectives of the Company.

According to the terms of the New Scheme, the Board shall at its absolute discretion grant to any participant a certain number of options at any time within 10 years after the approval date of the New Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive Directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive Directors of the Company. As at the end of the Reporting Period, the remaining life of the New Scheme is approximately six years.

The number of shares to be issued at any time upon exercise of all options granted under the New Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the then issued shares of the Company. Accordingly, the Company may issue up to 1,155,352,832 shares to the participants under the New Scheme, representing 9.1% of the issued shares of the Company as at the date of this report.

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the share options (including exercised, cancelled and outstanding share options) granted under the New Scheme and any other share option schemes of the Company to a participant in any 12-month period in aggregate exceeds 1% of the issued shares of the Company at any time, no further share options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of the Company, pay a consideration of HK$1 or equivalent (to be determined on the date when the offer of the grant is accepted) to the Company for acceptance of the offer of the grant of the share option.

The share options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the date of grant, subject to the vesting conditions and early termination provisions as set out in the New Scheme and the share option grant letter. The exercise price of share options shall be the higher of (i) the closing price of the Company's shares on the Hong Kong Stock Exchange on the date of grant of the share options; and (ii) the average closing price of the Company's shares on the Hong Kong Stock Exchange for the five trading days immediately preceding the date of grant.

More details of the 2007 Scheme and the New Scheme are set out in note 40 to the financial statements.

GRANT AND EXERCISE OF SHARE OPTIONS

On 17 October 2016, the Company granted 172,350,000 share options to eligible participants pursuant to the 2007 Scheme and the exercise price was HK$2.196 per share, being the average closing price per share as stated in the Hong Kong Stock Exchange's daily quotation sheet for the last five consecutive trading days prior to the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the grant date. The share options shall only vest if the pre-set performance targets of the Group and the grantees are achieved. In particular, (i) in respect of the performance of the Group, the return on equity attributable to the parent company, the growth rate of net profit attributable to the parent company and the working capital turnover ratio of the Company for the financial year immediately preceding each effective year shall not be lower than the specified target value and not lower than the 75th percentile of the selected comparable companies for the same period; (ii) in respect of the individual performance assessment of the grantees, if the performance assessment result of the previous year for each effective year is B or above, such batch of options shall become 100% vested on the grantees, and if the result is B-, such batch of options shall become 80% vested on the grantees. The share options shall lapse unless all the aforesaid targets have been achieved.

On 6 September 2018, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016 (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to 1) the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012); 2) results of performance assessment of the grantees in 2017; 3) the "Explanation on the Fulfilment of Conditions of the First Batch of Share Options Granted by China Jinmao (2016) for the Third Time (based on the 2017 performance)" provided by the external independent professional advisor (in particular, 11 comparable companies were selected based on factors such as similar nature of principal business and company, continuous operation and consistency of listing place, and in accordance with their publicly disclosed financial statements (after making necessary adjustments to the incomparable information (if any)), the comparison results of the relevant performance of the Group and the comparable companies were then calculated); and 4) a breakdown of the final vesting of this batch of options for all the grantees based on the above three documents.

On 8 February 2019, the Company granted 265,950,000 share options to eligible participants pursuant to the New Scheme and the exercise price was HK$3.99 per share, being the closing price per share on the Hong Kong Stock Exchange on the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the grant date. The share options shall only vest if the pre-set performance targets of the Group and the grantees are achieved. In particular, (i) in respect of the performance of the Group, the return on equity attributable to the parent company, the growth rate of net profit attributable to the parent company and the working capital turnover ratio of the Company for the financial year immediately preceding each effective year shall not be lower than the specified target value and not lower than the 75th percentile of the selected comparable companies for the same period; (ii) in respect of the individual performance assessment of the grantees, if the performance assessment result of the previous year for each effective year is B or above, such batch of options shall become 100% vested on the grantees, and if the result is B-, such batch of options shall become 80% vested on the grantees. The share options shall lapse unless all the aforesaid targets have been achieved.

On 26 August 2019, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016 (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to 1) the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012); 2) results of performance assessment of the grantees in 2018; 3) the "Explanation on the Fulfilment of Conditions of the Second Batch of Share Options Granted by China Jinmao (2016) for the Third Time (based on the 2018 performance)" provided by the external independent professional advisor (in particular, 11 comparable companies were selected based on factors such as similar nature of principal business and company, continuous operation and consistency of listing place, and in accordance with their publicly disclosed financial statements (after making necessary adjustments to the incomparable information (if any)), the comparison results of the relevant performance of the Group and the comparable companies were then calculated); and 4) a breakdown of the final vesting of this batch of options for all the grantees based on the above three documents.

On 9 September 2019, the Company granted in a total of 9,000,000 share options to Mr. LI Congrui, Mr. JIANG Nan and Mr. SONG Liuyi, the executive Directors of the Company, pursuant to the New Scheme and the exercise price was HK$4.58 per share, being the closing price per share on the Hong Kong Stock Exchange on the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the date of grant. The share options shall only vest if the pre-set performance targets of the Group and the grantees are achieved. In particular, (i) in respect of the performance of the Group, the return on equity attributable to the parent company, the growth rate of net profit attributable to the parent company and the working capital turnover ratio of the Company for the financial year immediately preceding each effective year shall not be lower than the specified target value and not lower than the 75th percentile of the selected comparable companies for the same period; (ii) in respect of the individual performance assessment of the grantees, if the performance assessment result of the previous year for each effective year is B or above, such batch of options shall become 100% vested on the grantees, and if the result is B-, such batch of options shall become 80% vested on the grantees. The share options shall lapse unless all the aforesaid targets have been achieved.

On 5 August 2020, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016, 8 February 2019 and 9 September 2019, respectively (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to 1) the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012); 2) results of performance assessment of the grantees in 2019; 3) the "Explanation on the Fulfilment of Conditions of the Third Batch of Share Options Granted by China Jinmao (2016) (based on the 2019 performance) and Breakdown of the Release" and the "Explanation on the Fulfilment of Conditions of the First Batch of Share Options Granted by China Jinmao (2019) (based on the 2019 performance) and Breakdown of the Release" provided by the external independent professional advisor (in particular, 11 comparable companies were selected based on factors such as similar nature of principal business and company, continuous operation and consistency of listing place, and in accordance with their publicly disclosed financial statements (after making necessary adjustments to the incomparable information (if any)), the comparison results of the relevant performance of the Group and the comparable companies were then calculated); and 4) a breakdown of the final vesting of the aforesaid batches of options for all the grantees based on the above three documents.

On 10 March 2022, the Remuneration and Nomination Committee of the Board of the Company approved the lapsing on a pro rata basis of up to one-third of the share options granted by the Company on 8 February 2019 and 9 September 2019, respectively, which were no longer vested in the grantees and cancelled, according to 1) the New Scheme; 2) results of performance assessment of the grantees in 2020; 3) the "Explanation on the Failure to Fulfil Conditions of the Second Batch of Share Options Granted by China Jinmao (2019) (based on the 2020 performance)" provided by the external independent professional advisor.

On 8 December 2022, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 8 February 2019 and 9 September 2019, respectively (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to 1) the New Scheme; 2) results of performance assessment of the grantees in 2021; 3) the "Explanation on the Fulfilment of Conditions of the Third Batch of Share Options Granted by China Jinmao (2019) (based on the 2021 performance)" provided by the external independent professional advisor (in particular, 10 comparable companies were selected based on factors such as similar nature of principal business and company, continuous operation and consistency of listing place, and in accordance with their publicly disclosed financial statements (after making necessary adjustments to the incomparable information (if any)), the comparison results of the relevant performance of the Group and the comparable companies were then calculated); and 4) a breakdown of the final vesting of this batch of options for all the grantees based on the above three documents.

At the beginning and the end of the Reporting Period, the number of share options that may be granted by the Company under the New Scheme was 914,352,832 and 1,003,446,832, respectively. During the Reporting Period, the Company did not grant any share options. Share options lapsed during the Reporting Period were not treated as utilized, resulting in an increase in the number of share options available for grant at the end of the Reporting Period as compared to the beginning of the Reporting Period.

Report of the Directors

The following share options were outstanding under the 2007 Scheme and New Scheme during the year ended 31 December 2022:

	Number of share options									
Name or category of grantees	As at 1 January 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2022	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date of share options (HK$)
Directors										
Mr. LI Congrui	500,000	–	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	(1,000,000)	–	9 September 2019	9 September 2022 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71
Mr. JIANG Nan	500,000	–	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	(1,000,000)	–	9 September 2019	9 September 2022 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71

Name or category of grantees	Number of share options As at 1 January 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2022	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date of share options (HK$)
Mr. SONG Liuyi	500,000	–	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	(1,000,000)	–	9 September 2019	9 September 2022 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71
Sub total	4,500,000	–	–	–	–	4,500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	9,000,000	–	–	–	(3,000,000)	6,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
Employees in aggregate	3,688,800	–	(50,000)	–	(34,000)	3,604,800	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	22,842,800	–	(300,000)	–	(476,000)	22,066,800	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	38,436,800	–	(1,134,000)	–	(792,000)	36,510,800	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	76,394,000	–	–	–	(3,550,000)	72,844,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	77,794,000	–	–	–	(77,794,000)	–	8 February 2019	8 February 2022 to 7 February 2026	3.99	4.00
	77,812,000	–	–	–	(4,750,000)	73,062,000	8 February 2019	8 February 2023 to 7 February 2026	3.99	4.00

Name or category of grantees	As at 1 January 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2022	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date of share options (HK$)
	Number of share options									
Total	69,468,400	–	(1,484,000)	–	(1,302,000)	66,682,400	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	232,000,000	–	–	–	(86,094,000)	145,906,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	9,000,000	–	–	–	(3,000,000)	6,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71

Note: The weighted average closing price of the Company's shares immediately before the date(s) on which the share option(s) was(were) exercised by the employees was HK$2.718 per share.

DIRECTORS AND CHIEF EXECUTIVES' INTEREST IN SHARES OR UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Save as disclosed below, as at 31 December 2022, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code as set out in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

Interest in the shares or underlying shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held (Note)	Approximate percentage of the issued share capital
Mr. LI Congrui	Beneficial owner	5,000,000(L)	3,500,000(L)	0.064%
Mr. JIANG Nan	Beneficial owner	4,100,000(L)	3,500,000(L)	0.057%
Mr. SONG Liuyi	Beneficial owner	3,500,000(L)	3,500,000(L)	0.053%

(L) Denotes long positions

Note: Represents the underlying shares subject to share options which are unlisted physically settled equity derivatives.

Interest in the shares or underlying shares of the Company's associated corporation

Name	Capacity	Name of associated corporation (Note 1)	Number of shares held	Approximate percentage of the issued share capital (Note 2)
Mr. LI Congrui	Beneficial owner	Jinmao Services	60,423(L)	0.007%
Mr. JIANG Nan	Beneficial owner	Jinmao Services	54,380(L)	0.006%
Mr. SONG Liuyi	Beneficial owner	Jinmao Services	45,317(L)	0.005%

(L) Denotes long positions

Note 1: As at 31 December 2022, the Company was interested in approximately 67.3% of the shares issued by Jinmao Services, and Jinmao Services was therefore an associated corporation of the Company.

Note 2: The percentage is calculated based on the total number of shares of Jinmao Services in issue as at 31 December 2022, which was 904,189,000.

SUBSTANTIAL SHAREHOLDERS' INTEREST

So far as is known to the Directors of the Company, as at 31 December 2022, the following persons (other than the Directors or chief executives of the Company) had interest and short positions in the shares, or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange:

Name of the substantial shareholder	Nature	Capacity/nature of Interest	Number of ordinary shares	Approximate percentage of the issued share capital
Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong")	Long position	Beneficial owner	4,847,142,832	36.40%
Sinochem Corporation	Long position	Interest of controlled corporation[Note 1]	4,847,142,832	36.40%
Sinochem Group	Long position	Interest of controlled corporation[Note 1]	4,847,142,832	36.40%
Sinochem Holdings	Long position	Interest of controlled corporation[Note 1]	4,847,142,832	36.40%
Ping An Life Insurance Company of China, Ltd. ("Ping An Life Insurance")	Long position	Beneficial owner	1,787,077,435	13.42%
Ping An Insurance (Group) Company of China, Ltd. ("Ping An")	Long position	Interest of controlled corporation[Note 2]	1,792,272,565	13.46%
New China Life Insurance Company Ltd.	Long position	Beneficial owner	1,234,475,137	9.27%
	Long position	Interest of controlled corporation[Note 3]	3,150,000	0.02%
UBS Group AG	Long position	Interest of controlled corporation[Note 4]	788,719,520	5.92%

Note 1: Sinochem Holdings holds the entire equity interests in Sinochem Group, which in turn holds the entire equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong. For the purpose of the SFO, Sinochem Holdings, Sinochem Group and Sinochem Corporation are all deemed to be interested in the shares beneficially owned by Sinochem Hong Kong.

Note 2: Ping An holds 99.51% equity interests in Ping An Life Insurance and the entire equity interests in Ping An of China Asset Management (Hong Kong) Company Limited. For the purpose of the SFO, Ping An is deemed to be interested in 1,787,077,435 shares beneficially owned by Ping An Life Insurance and 5,195,130 shares owned by Ping An of China Asset Management (Hong Kong) Company Limited (as the investment manager).

Note 3: New China Life Insurance Company Ltd. controls a series of companies, including New China Asset Management Co., Ltd., New China Asset Management (Hong Kong) Limited, New China Capital International Management Limited and New China Capital Management Limited. For the purpose of the SFO, New China Life Insurance Company Ltd. is deemed to be interested in 3,150,000 shares beneficially owned by New China Capital Management Limited.

Note 4: UBS Group AG is deemed to have interests in the shares of the Company held by UBS AG, UBS Switzerland AG, UBS Asset Management (Shanghai) Limited, UBS Asset Management (Americas) Inc., UBS Asset Management (Australia) Ltd, UBS Fund Management (Luxembourg) S.A., UBS Asset Management (Deutschland) GmbH, UBS Asset Management (Hong Kong) Ltd, UBS Asset Management (Singapore) Ltd, UBS Asset Management Life Ltd, UBS Fund Management (Switzerland) AG, UBS Asset Management Switzerland AG, UBS Asset Management (UK) Limited and UBS O'Connor LLC, and such companies are subsidiaries of UBS Group AG. Among such long positions, 9,103,021 shares are cash settled unlisted derivatives.

Note 5: On 6 August 2019, Sinochem Hong Kong delivered 1,787,077,435 shares to Ping An Life Insurance pursuant to a placing and subscription agreement dated 26 July 2019. Ping An Life Insurance is granted a pre-emptive right to off-market transfers and is thus deemed to be interested in the shares held by Sinochem Hong Kong by virtue of section 317 of the SFO, and Sinochem Hong Kong is deemed to be interested in the shares held by Ping An Life Insurance by virtue of section 317 of the SFO.

Save as disclosed above, as at 31 December 2022, the Directors of the Company were not aware of any person (other than the Directors or chief executives of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

During the Period under Review and up to the date of this report, the Company entered into non-exempt continuing connected transactions, including:

I. Continuing connected transactions exempt from the independent shareholders' approval requirement:

1 Framework lease agreement between the Company and Sinochem Holdings;

2 Factoring service framework agreement between the Company and Sinochem Commercial Factoring Co., Ltd. ("Sinochem Factoring");

3 Loan framework agreement between Jinmao Investment (Changsha) Co., Ltd. ("Jinmao Changsha"), Shanghai Jinmao Economic Development Co., Ltd. ("Jinmao Development") and Changsha CSC Investment Co., Ltd. ("CSC Changsha");

4 Loan framework agreement between Chongqing Xingqian Real Estate Co., Ltd. ("Xingqian Real Estate") and its direct and indirect shareholders (including the Company, Ping An Real Estate Company Limited ("Ping An Real Estate"), Jinmao Xinan Enterprise Management (Tianjin) Limited ("Jinmao Xinan", formerly known as Jinmao Xinan Enterprise Management (Chongqing) Limited), Fubao Investment Management Limited ("Fubao"), Step Fancy Investments Limited ("Step Fancy"), and Year Fine Limited ("Year Fine"));

5 Entrustment loan framework agreement between Ningbo Yingmao Properties Development Co., Ltd. ("Yingmao Properties"), Wide Sea Limited ("Wide Sea") and Shenzhen Pingjia Investment and Management Co., Ltd. ("Pingjia Investment");

6 Loan framework agreement between 12 project companies including Qingdao Fanghui Properties Co., Ltd. ("Qingdao 12 Project Companies"), Beijing Xingmao Properties Co., Ltd. ("Xingmao Properties"), Win Cheer Limited ("Win Cheer"), Tongxiang Haoji Properties Co., Ltd. ("Haoji Properties"), Tongxiang Haoqing Properties Co., Ltd. ("Haoqing Properties") and China Overseas Enterprise Development Group Co., Ltd. ("China Overseas Development");

7 Loan framework agreement between Shanghai Rongdi Real Estate Development Co., Ltd. ("Shanghai Rongdi"), Shanghai Rongyu Real Estate Development Co., Ltd. ("Shanghai Rongyu"), Jinmao Huadong Enterprises Management Co., Ltd. ("Jinmao Huadong", formerly known as Shanghai Maohuan Enterprise Management Co., Ltd.), Shenzhen Deli Enterprise Management Co., Ltd. ("Shenzhen Deli") and Rongqiao Group Co., Ltd. ("Rongqiao Group");

8 Loan framework agreement between Ningbo Yongmao Construction Development Co., Ltd. ("Ningbo Yongmao"), Ningbo Dingmao Construction Development Co., Ltd. ("Dingmao Construction") and Ningbo Ningnan Xincheng State-owned Assets Management Co., Ltd. ("Ningnan Assets Management");

9 Cash pooling accession agreement between the Company, Sinochem Hong Kong and Bank Mendes Gans N.V. (the "Bank").

II. Continuing connected transactions approved or to be approved by independent shareholders:

10 Financial services framework agreement between the Company and Sinochem Finance Co., Ltd. ("Sinochem Finance");

11 Financial services framework agreement between the Company and various subsidiaries of Ping An.

For these continuing connected transactions, the Company confirms that it had complied with the requirements under Chapter 14A of the Listing Rules. During the Year, when conducting these continuing connected transactions, the Company had complied with the pricing policies and guidelines formulated when such transactions were entered into. Set out below is a summary of all these transactions:

I. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1 Framework lease agreement between the Company and Sinochem Holdings

On 28 December 2021, the Company entered into a framework lease agreement (the "Framework Lease Agreement") with Sinochem Holdings to streamline the leasing relationship between the Group and Sinochem Holdings and its associates in respect of the relevant units in Shanghai Jin Mao Tower, Xicheng Jinmao Centre (the former Sinochem Tower), Beijing Chemsunny World Trade Centre and Royal International Mansion. The Framework Lease Agreement is for a term of three years with effect from 1 January 2022. The annual caps for the rent, property management fees and other fees received by the Group in respect of the above leased properties under the Framework Lease Agreement for the three years ending 31 December 2024 are RMB582.25 million, RMB654.14 million and RMB733.45 million, respectively.

In 2022, details of the transactions contemplated under the Framework Lease Agreement are as follows:

	Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2022
1	Two subsidiaries/controlled companies of Sinochem Holdings			RMB	39,589,760
	1A Manulife-Sinochem Life Insurance Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2017 to 2025	RMB	32,059,633
	1B China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2021 to 2023	RMB	7,530,127
2	15 subsidiaries of Sinochem Holdings			RMB	267,180,060
	2A Sinochem Corporation	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	112,976,788
	2B Sinochem Group Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	8,611,207
	2C China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	52,529,063
	2D Sinochem Fertilizer Company Limited	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	60,721
	2E Sinochem Finance Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	15,130,607
	2F Sinochem Juyuan Enterprises Management (Beijing) Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	3,187,000
	2G Sinochem Energy Corporation Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2020 to 2023	RMB	25,614,242
	2H Sinochem Commercial Factoring Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2022 to 2025	RMB	3,365,211

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	Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2022
	2I Sinochem Petroleum Exploration and Production Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	10,460,058
	2J Sinochem Petroleum Sales Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	75,513
	2K Sinochem Oil Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	11,869,337
	2L Sinochem Information and Technology Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	5,256,477
	2M Sinochem Capital Co., Ltd., Beijing Branch	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	12,856,885
	2N Sinochem Energy Logistics Co., Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	4,835,863
	2O Syngenta (China) Investment Co. Ltd.	Lease of relevant units in Beijing Chemsunny Word Trade Centre from the Group	2021 to 2023	RMB	351,088
3	16 subsidiaries/controlled companies of Sinochem Holdings			RMB	58,787,809
	3A Sinochem Corporation	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	3,943,221
	3B Beijing Sinochem Jinqiao Trade Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	199,612
	3C China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	14,285,423
	3D Manulife-Sinochem Life Insurance Co., Ltd., Beijing Branch	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	3,000,379
	3E Sinochem International (Holdings) Co., Ltd., Beijing Branch	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	3,924,087
	3F Sinochem Commerce Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2023	RMB	13,715,719
	3G Sinochem Environment Holdings Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2023	RMB	1,808,835
	3H Sinochem Juyuan Enterprises Management (Beijing) Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2021 to 2023	RMB	118,648
	3I Sinochem Plastics Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	12,859,207
	3J Sinochem Information and Technology Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2023	RMB	563,193
	3K Sinochem Asset Management Co. Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	3,680,390

Connected person		Nature of transaction	Effective period	Currency	Transaction amount in 2022
	3L Sinochem Energy Corporation Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2021 to 2023	RMB	21,371
	3M Sinochem Baoli Commercial Services Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	49,700
	3N Beijing Jili Petroleum Products Service Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2021 to 2023	RMB	130,229
	3O Beijing Sinochem Medical Technology Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2025	RMB	121,172
	3P Sinochem Pharmaceutical Co., Ltd.	Lease of relevant units in Xicheng Jinmao Centre from the Group	2022 to 2023	RMB	366,623
4	13 subsidiaries of Sinochem Holdings			RMB	51,051,388
	4A China National Seed Group Corp.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	2,609,322
	4B Sinochem Fertilizer Company Limited	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	15,278,607
	4C Sinochem Petroleum Sales Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2021 to 2023	RMB	13,710,413
	4D Sinochem Agriculture Holdings Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	5,326,158
	4E Sinochem International Crop Care Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	87,947
	4F Sinochem Energy and Technology Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2021 to 2023	RMB	3,570,388
	4G Syngenta Group Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	1,797,932
	4H Sinochem Refined Oil Commerce Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2021 to 2024	RMB	1,579,798
	4I ADAMA (China) Investment Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	312,483
	4J Syngenta Seeds (Beijing) Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	1,788,824
	4K Syngenta Biotechnology (China) Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2021 to 2023	RMB	1,698
	4L Syngenta (China) Investment Co. Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2023	RMB	4,197,703
	4M Beijing Yixingyuan Petrochemical Technology Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2022 to 2025	RMB	790,116
Total				RMB	416,609,017

Sinochem Holdings is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the Framework Lease Agreement and the transactions contemplated under the specific lease contracts constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2022, the transaction amount under the Framework Lease Agreement did not exceed the annual cap.

2 Factoring service framework agreement between the Company and Sinochem Factoring

On 19 April 2022, the Company and Sinochem Factoring entered into a factoring service framework agreement, pursuant to which the Group will utilise the financing factoring services and non-financing factoring services available from Sinochem Factoring from time to time as it deems necessary for a term of three years. Under the factoring service framework agreement, the interest and fees payable by the Group to Sinochem Factoring shall not be higher than the interest and fees charged by independent factoring companies in the PRC in providing the same type of factoring services under the same conditions. During the term of the factoring service framework agreement, the cap on the daily maximum balance (including the amount of accounts receivables and accrued interest) in respect of the financing factoring services to be provided by Sinochem Factoring to the Group will be RMB1,400 million, and the annual cap for the fees of the non-financing factoring services to be provided by Sinochem Factoring to the Group will be RMB28 million. As of 31 December 2022, the transaction amount did not exceed the aforesaid two caps.

Sinochem Factoring is an indirect non-wholly-owned subsidiary of Sinochem Holdings, which is the ultimate controlling shareholder of the Company. Accordingly, Sinochem Factoring is a connected person of the Company. The transactions under the factoring service framework agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

3 Loan framework agreement between Jinmao Changsha, Jinmao Development and CSC Changsha

On 22 June 2020, Jinmao Changsha entered into a loan framework agreement with Jinmao Development (which has now been deregistered, and was absorbed by Wuhan XingMao Real Estate Co., Ltd. (武漢興茂置業有限公司) ("Wuhan Xingmao"), the rights and obligations of which were assumed by Wuhan Xingmao) and CSC Changsha (the "Changsha Framework Agreement"), pursuant to which Jinmao Changsha agreed to provide loans to Wuhan Xingmao and CSC Changsha (or their respective designated entities) based on the same terms and conditions and in proportion to their respective equity interests in Jinmao Changsha. Under the Changsha Framework Agreement, the actual interest rate of each of the loans shall be determined by reference to the same term RMB benchmark loan interest rate published by the PBOC from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the Changsha Framework Agreement. The Changsha Framework Agreement shall be valid for three years with effect from 25 June 2020. During the term of the Changsha Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Jinmao Changsha to CSC Changsha (or its designated entities) will be RMB1,000 million. For the year ended 31 December 2022, the transaction amount did not exceed the aforesaid cap.

Wuhan Xingmao is a wholly-owned subsidiary of the Company. Jinmao Changsha, owned as to 80% and 20% respectively by Wuhan Xingmao and CSC Changsha, is a non-wholly-owned subsidiary of the Company. CSC Changsha is the substantial shareholder of Jinmao Changsha and is therefore a connected person of the Company at the subsidiary level. Accordingly, the transaction in relation to the provision of loans by Jinmao Changsha to CSC Changsha (or its designated entities) constitutes the provision of financial assistance by the Company to a connected person at the subsidiary level, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

4 Loan framework agreement between Xingqian Real Estate and its direct and indirect shareholders (including the Company, Ping An Real Estate, Jinmao Xinan, Fubao, Step Fancy and Year Fine)

On 23 August 2019, Xingqian Real Estate, an indirect non-wholly-owned subsidiary of the Company, entered into the loan framework agreement with its direct and indirect shareholders (including the Company, Ping An Real Estate, Jinmao Xinan, Fubao, Step Fancy and Year Fine) (the "2019 Xingqian Framework Agreement"), pursuant to which Xingqian Real Estate agreed to provide loans to the Company and Ping An Real Estate (or their respective designated entities) based on the same terms and conditions and in proportion to the effective interest in Xingqian Real Estate held by the Company and Ping An Real Estate through their respective subsidiaries. Under the 2019 Xingqian Framework Agreement, the actual interest rate of each of the loans should be determined by reference to the RMB benchmark loan interest rate for financial institutions of the same term published by the PBOC, subject to a floating range of 50% higher or lower than such rate. The parties should enter into loan agreements separately according to the terms and conditions set out in the 2019 Xingqian Framework Agreement. The 2019 Xingqian Framework Agreement should be valid for three years. During the term of the 2019 Xingqian Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Xingqian Real Estate to Ping An Real Estate (or its designated entities) would be RMB900 million. The term of the 2019 Xingqian Framework Agreement ended on 22 August 2022.

On 22 August 2022, Xingqian Real Estate entered into the loan framework agreement with its direct and indirect shareholders (including the Company, Ping An Real Estate, Jinmao Xinan, Fubao, Step Fancy and Year Fine) (the "2022 Xingqian Framework Agreement"), pursuant to which Xingqian Real Estate shall continue to provide loans to the Company and Ping An Real Estate (or their respective designated entities) during the term of the 2022 Xingqian Framework Agreement. The 2022 Xingqian Framework Agreement shall be valid for three years commencing from 22 August 2022. The terms of the 2022 Xingqian Framework Agreement are substantially the same as those of the 2019 Xingqian Framework Agreement. During the term of the 2022 Xingqian Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Xingqian Real Estate to Ping An Real Estate (or its designated entities) will be RMB821 million. For the year ended 31 December 2022, the transaction amount did not exceed the aforesaid cap.

Ping An Real Estate is an associate of Ping An Life Insurance, which is a substantial shareholder of the Company, and is therefore a connected person of the Company. Step Fancy is a subsidiary of the Company owned as to 63.2% by the Company and 36.8% by Ping An Real Estate through Fubao, its wholly-owned subsidiary. Accordingly, Step Fancy is a connected subsidiary of the Company. Xingqian Real Estate is an indirect non-wholly-owned subsidiary of Step Fancy and also a connected subsidiary of the Company. Therefore, the transactions under the 2019 Xingqian Framework Agreement and the 2022 Xingqian Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

5 Entrustment loan framework agreement between Yingmao Properties, Wide Sea and Pingjia Investment

On 17 March 2020, Yingmao Properties, an indirect non-wholly-owned subsidiary of the Company, entered into the entrustment loan framework agreement with its shareholders, namely Wide Sea and Pingjia Investment (the "2020 Yingmao Framework Agreement"), pursuant to which Yingmao Properties agreed to provide entrustment loans to Wide Sea and Pingjia Investment (or their respective designated entities) based on the same terms and conditions and in proportion to the respective shareholding ratio of Wide Sea and Pingjia Investment in Yingmao Properties. Under the 2020 Yingmao Framework Agreement, the actual interest rate of each of the entrustment loans should be determined by reference to the latest loan prime rate for one-year loan as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. The parties should enter into specific loan agreements with relevant financial institutions separately according to the terms and conditions set out in the 2020 Yingmao Framework Agreement. The 2020 Yingmao Framework Agreement should be for a term of two years commencing from 24 March 2020. During the term of the 2020 Yingmao Framework Agreement, the cap on the maximum daily balance (including the accrued interests) of the loans to be provided by Yingmao Properties to Pingjia Investment (or its designated entities) would be RMB550 million. The term of the 2020 Yingmao Framework Agreement ended on 23 March 2022.

On 24 March 2022, Yingmao Properties entered into the entrustment loan framework agreement with Wide Sea and Pingjia Investment (the "2022 Yingmao Framework Agreement"), pursuant to which Yingmao Properties will continue to provide entrustment loans to Wide Sea and Pingjia Investment (or their respective designated entities) during the term of the 2022 Yingmao Framework Agreement. The 2022 Yingmao Framework Agreement shall be for a term of one year commencing from 24 March 2022. The terms of the 2022 Yingmao Framework Agreement are substantially the same as those of the 2020 Yingmao Framework Agreement. During the term of the 2022 Yingmao Framework Agreement, the cap on the maximum daily balance (including the accrued interests) of the loans to be provided by Yingmao Properties to Pingjia Investment (or its designated entities) will be RMB550 million. For the year ended 31 December 2022, the transaction amount did not exceed the aforesaid cap. On 24 March 2023, Yingmao Properties entered into the entrustment loan framework agreement with Wide Sea and Pingjia Investment (the "2023 Yingmao Framework Agreement") to further extend the term of such entrustment loan arrangement to 31 December 2023. The cap amount under the 2023 Yingmao Framework Agreement remains to be RMB550 million.

Pingjia Investment is an associate of Ping An Life Insurance, a substantial shareholder of the Company, and is therefore a connected person of the Company. Yingmao Properties is a subsidiary owned as to 50% by the Company through Wide Sea and the remaining 50% by Pingjia Investment, and is therefore a connected subsidiary of the Company. Accordingly, the transactions under the 2020 Yingmao Framework Agreement, the 2022 Yingmao Framework Agreement and the 2023 Yingmao Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

6 Loan framework agreement among Qingdao 12 Project Companies, Xingmao Properties, Win Cheer, Haoji Properties, Haoqing Properties and China Overseas Development

On 14 May 2020, Qingdao 12 Project Companies, the indirect non-wholly-owned subsidiaries of the Company, entered into the loan framework agreement with their shareholders (including Xingmao Properties, Win Cheer, Haoji Properties, Haoqing Properties and China Overseas Development) (the "Qingdao Framework Agreement"), pursuant to which Qingdao 12 Project Companies agreed to provide loans to their shareholders (or their respective designated entities) based on the same terms and conditions and in proportion to the respective shareholding ratio of the Company (through its subsidiaries Xingmao Properties and Win Cheer), Ping An (through its subsidiaries Haoji Properties and Haoqing Properties) and China Overseas Development in Qingdao 12 Project Companies. Under the Qingdao Framework Agreement, the effective interest rate of each of the loans shall be determined by reference to the loan prime rate for one-year loan as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the Qingdao Framework Agreement. The Qingdao Framework Agreement shall be for a term of three years commencing from 14 May 2020. During the term of the Qingdao Framework Agreement, the cap on the aggregate maximum daily balance (including the accrued interests) of the loans to be provided by Qingdao 12 Project Companies to Haoji Properties and Haoqing Properties (or their respective designated entities) will be RMB770 million. For the year ended 31 December 2022, the transaction amount did not exceed the aforesaid cap.

Haoji Properties and Haoqing Properties are associates of Ping An Life Insurance, a substantial shareholder of the Company, and are therefore connected persons of the Company. Qingdao 12 Project Companies are subsidiaries owned as to 68% by the Company (through Xingmao Properties or Win Cheer) and 14% by Ping An (through Haoji Properties or Haoqing Properties). Accordingly, Qingdao 12 Project Companies are therefore connected subsidiaries of the Company. Accordingly, the transactions under the Qingdao Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

7 Loan framework agreement among Shanghai Rongdi, Shanghai Rongyu, Jinmao Huadong, Shenzhen Deli and Rongqiao Group

On 14 January 2021, Shanghai Rongdi (an indirect non-wholly-owned subsidiary of the Company) and its wholly-owned subsidiary, Shanghai Rongyu, entered into the loan framework agreement (the "Shanghai Framework Agreement") with the shareholders of Shanghai Rongdi (including Jinmao Huadong, Shenzhen Deli and Rongqiao Group), pursuant to which Shanghai Rongyu agreed to provide loans to Jinmao Huadong, Shenzhen Deli and Rongqiao Group (or their respective designated entities) based on the same terms and conditions and in proportion to the equity interest held by Jinmao Huadong, Shenzhen Deli and Rongqiao Group in Shanghai Rongdi. The actual interest rate of each of the loans under the Shanghai Framework Agreement should be determined by reference to the loan prime rate for the loans of the same term as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. The parties should enter into specific loan agreements separately according to the terms and conditions set out in the Shanghai Framework Agreement. The Shanghai Framework Agreement will be effective from 14 January 2021 for a term of one year. During the term of the Shanghai Framework Agreement, the maximum daily balance (including the accrued interest) of the loans to be provided by Shanghai Rongyu to Shenzhen Deli (or its designated entities) would be RMB375 million. The term of the Shanghai Framework Agreement ended on 13 January 2022. For the period ended 13 January 2022, the transaction amount did not exceed the aforesaid cap.

Shenzhen Deli is an associate of Ping An Life Insurance, a substantial shareholder of the Company, and is therefore a connected person of the Company. Shanghai Rongdi is a subsidiary of the Company owned as to 38% by the Company (through Jinmao Huadong) and 25% by Ping An (through Shenzhen Deli). Therefore, Shanghai Rongdi and its wholly-owned subsidiary, Shanghai Rongyu, are connected subsidiaries of the Company. Accordingly, the transactions under the Shanghai Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

8 Loan framework agreement between Ningbo Yongmao, Dingmao Construction and Ningnan Assets Management

On 22 June 2022, Ningbo Yongmao, an indirect non-wholly-owned subsidiary of the Company, entered into the loan framework agreement with its shareholders Dingmao Construction and Ningnan Assets Management (the "Ningbo Framework Agreement"), pursuant to which Ningbo Yongmao agreed to provide loans to Dingmao Construction and Ningnan Assets Management (or their respective designated entities) based on the same terms and conditions and in proportion to the shareholding ratio of Dingmao Construction and Ningnan Assets Management in Ningbo Yongmao. Under the Ningbo Framework Agreement, the effective interest rate of each of the loans shall be determined by reference to the loan prime rate for the loans of the same term as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the Ningbo Framework Agreement. The Ningbo Framework Agreement shall be for a term of three years commencing from 22 June 2022. During the term of the Ningbo Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Ningbo Yongmao to Ningnan Assets Management (or its designated entities) will be RMB720 million. For the year ended 31 December 2022, the transaction amount did not exceed the aforesaid cap.

Dingmao Construction is an indirect wholly-owned subsidiary of the Company. Ningbo Yongmao is an indirect non-wholly-owned subsidiary of the Company owned as to 80% by Dingmao Construction and 20% by Ningnan Assets Management. Ningnan Assets Management is a connected person at the subsidiary level of the Company as it is a substantial shareholder of Ningbo Yongmao. Accordingly, the transaction of Ningbo Yongmao providing loans to Ningnan Assets Management (or its designated entities) constitutes a continuing connected transaction in which the Group provides financial assistance to a connected person at the subsidiary level under Chapter 14A of the Listing Rules.

9 Cash pooling accession and cooperation agreement among the Company, Sinochem Hong Kong and the Bank

On 23 June 2020, the Company (as a new customer) entered into the accession agreement with Sinochem Hong Kong and the Bank (the "Original Accession Agreement"), pursuant to which the Company agreed to become a party to the cash pooling agreement dated 19 June 2008 (the "Original Cash Pooling Agreement") and join the cash pool established by Sinochem Hong Kong (as the principal customer and the guarantor), the Sinochem member companies (each as a customer) and the Bank. On the same day, the Company and Sinochem Hong Kong entered into the cooperation agreement which further regulated their rights and obligations under the cash pooling cooperation arrangement, and provided additional protection to the Company.

In order to consolidate a series of amendments that have been made to the Original Cash Pooling Agreement since its execution in 2008 and to reflect the latest regulatory requirements governing the European financial market, Sinochem Hong Kong and the Bank entered into a new cash pooling agreement (the "New Cash Pooling Agreement") on 27 May 2021 to terminate and replace the Original Cash Pooling Agreement. In this connection, the Company entered into an accession agreement with Sinochem Hong Kong and the Bank on 28 October 2021 (the "New Accession Agreement"), pursuant to which the Company agreed to become a party to the New Cash Pooling Agreement as a customer. Pursuant to the New Cash Pooling Agreement, any accounts of the Company and their credit or debit balances, as the case may be, under the Original Cash Pooling Agreement would be deemed accounts with corresponding credit or debit balances under the New Cash Pooling Agreement. Each customer (including the Company) should pledge to the Bank, by way of a first ranking right of pledge, all its present and future claims on the Bank arising from, or in connection with, its accounts, as security for the fulfillment of the secured obligations of all customers, which constituted a provision of financial assistance among customers of the cash pool (including the Company, Sinochem Hong Kong and group companies of Sinochem Hong Kong. Sinochem Hong Kong irrevocably and unconditionally guaranteed to the Bank the due payment and performance by each customer of all present and future secured obligations of each customer. On the same day, the Company and Sinochem Hong Kong entered into the Supplemental Agreement to the Cooperation Agreement to confirm that the terms under the Cooperation Agreement should equally apply to the arrangement under the New Cash Pooling Agreement. Pursuant to the Cooperation Agreement, the daily balance (including the accrued interest) of the deposit placed by the Company in the cash pool should not exceed US$100,000,000, and the interest rate of the deposit should be calculated at overnight LIBOR plus 10 base points. In addition, for the purpose of providing protection to the Company for the safety of its deposit placed in the cash pool, Sinochem Hong Kong provided the loan in a principal amount of US$100,000,000 (equivalent to the maximum amount of the deposit) to the Company pursuant to the Cooperation Agreement. No security over the assets of the Company was required for the loan. The loan would be renewed upon maturity to ensure that the loan was in place at all times during the term of the cash pooling cooperation arrangement. If the Company was not able to recover any or part of the deposit, the Company would have the right to set off the amount of the shortfall against its repayment obligation under the loan on a dollar-to-dollar basis. The term of the cash pooling cooperation arrangement ended on 31 December 2022. For the year ended 31 December 2022, the transaction amount did not exceed the aforesaid cap.

On 17 March 2023, the Company and Sinochem Hong Kong entered into the Supplemental Agreement II to the Cooperation Agreement in relation to the cash pooling cooperation arrangement (the "Supplemental Agreement II") to extend the cash pooling cooperation arrangement to 31 December 2025. Pursuant to the Supplemental Agreement II, the daily balance (including the accrued interest) of the deposit placed by the Company in the cash pool during the extended period of the cash pooling cooperation arrangement shall not exceed US$120,000,000. The interest rate of the US dollar deposit shall be calculated at overnight SOFR plus 10 base points and the interest rate of the Hong Kong dollar deposit at overnight HIBOR plus 10 base points. In addition, for the purpose of providing protection to the Company for the safety of its deposit placed in the cash pool, Sinochem Hong Kong has agreed to continue provide the loan in a principal amount of US$120,000,000 (equivalent to the maximum amount of the deposit) to the Company pursuant to the Supplemental Agreement II.

Sinochem Hong Kong is an direct controlling shareholder of the Company, therefore is a connect person of the Company. The cash pooling cooperation arrangement involves a provision of financial assistance among customers of the cash pool (including the Company, Sinochem Hong Kong and group companies of Sinochem Hong Kong), and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

II. CONTINUING CONNECTED TRANSACTIONS APPROVED OR TO BE APPROVED BY INDEPENDENT SHAREHOLDERS

10 Financial services framework agreement between the Company and Sinochem Finance

On 7 July 2020, the Company and Sinochem Finance entered into a financial services framework agreement (the "2020 Sinochem Financial Services Framework Agreement"), pursuant to which the Group would utilise the financial services provided by Sinochem Finance on a non-exclusive basis as it deemed necessary during the period until 31 December 2022, including deposit and loan services, entrustment loans, settlement services, guarantee services, internet banking services and any other financial services as approved by the China Banking and Insurance Regulatory Commission, and paid the relevant interests and service fees to or received deposit interest from Sinochem Finance. The relevant fees and loan interest should be determined at a rate no higher than the standards as set by the PBOC from time to time or the market price, and the deposit interest should be determined at a rate no lower than the benchmark interest rate as promulgated by the PBOC from time to time or the market price. The settlement services are provided free of charge. During the term of the 2020 Sinochem Financial Services Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the deposits placed by the Group with Sinochem Finance would be RMB10,000 million. The deposit services (including the maximum daily balance) under the 2020 Sinochem Financial Services Framework Agreement were considered and approved at the extraordinary general meeting of the Company held on 24 August 2020. The term of the 2020 Sinochem Financial Services Framework Agreement ended on 31 December 2022. For the year ended 31 December 2022, the transaction amount did not exceed the aforesaid cap.

On 16 November 2022, the Company and Sinochem Finance entered into a renewed financial services framework agreement (the "2022 Sinochem Financial Services Framework Agreement"), pursuant to which the Group will continue to utilise the financial services provided by Sinochem Finance on a non-exclusive basis as it deems necessary during the period until 31 December 2025. The terms of the 2022 Sinochem Financial Services Framework Agreement are substantially the same as those of the 2020 Sinochem Financial Services Framework Agreement. During the term of the 2022 Sinochem Financial Services Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the deposits placed by the Group with Sinochem Finance will be RMB10,000 million. The deposit services (including the maximum daily balance) under the 2022 Sinochem Financial Services Framework Agreement have been considered and approved at the extraordinary general meeting of the Company held on 23 December 2022.

Sinochem Finance is a subsidiary of Sinochem Holdings, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. The transactions under the 2020 Sinochem Financial Services Framework Agreement and the 2022 Sinochem Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

11 Financial services framework agreement between the Company and various subsidiaries of Ping An

On 18 March 2020, the Company entered into the financial services framework agreement (the "2020 Ping An Financial Services Framework Agreement") with various subsidiaries of Ping An (including Ping An Bank Co., Ltd., Ping An Trust Co., Ltd., Shenzhen Qianhai Pingyu Commercial Factoring Co., Ltd., Ping An Property & Casualty Insurance Company of China, Ltd., Ping An Annuity Insurance Company of China, Ltd., Ping An Real Estate and Ping An Asset Management Co., Ltd.), pursuant to which the Group would, when it deemed necessary during the period until 31 December 2022, utilise the financial services that Ping An member companies provided on a non-exclusive basis, including deposit and loan services, entrustment loans services, mortgage loan services, settlement services, factoring services (including financing factoring services and non-financing factoring services), commercial insurance services and other financial services as approved by competent authorities such as the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission, and paid the relevant interests and service fees to or received deposit interest from Ping An member companies. The relevant fees and loan interest should be determined at a rate no higher than the rates offered by independent financial institutions of the same type under the same conditions, and the deposit interest should be determined at a rate no lower than the benchmark interest rate as promulgated by the PBOC or those offered by independent financial institutions. The mortgage loan services and settlement services were provided free of charge. During the term of the 2020 Ping An Financial Services Framework Agreement, the caps on the maximum daily balance (including the accrued interest) of the deposit services, the loan services and the financing factoring services were RMB8,000 million, RMB10,000 million and RMB3,000 million, respectively. The deposit services, the loan services and the financing factoring services (including their respective maximum daily balances) under the 2020 Ping An Financial Services Framework Agreement were considered and approved at the extraordinary general meeting of the Company held on 8 May 2020. The term of the 2020 Ping An Financial Services Framework Agreement ended on 31 December 2022. For the year ended 31 December 2022, the transaction amount did not exceed the aforesaid caps.

On 16 November 2022, the Company entered into the renewed financial services framework agreement (the "2022 Ping An Financial Services Framework Agreement") with various subsidiaries of Ping An (including Ping An Bank Co., Ltd., Ping An Wealth Management Co., Ltd., Shenzhen Qianhai Pingyu Commercial Factoring Co., Ltd., Ping An Property & Casualty Insurance Company of China, Ltd., Ping An Annuity Insurance Company of China, Ltd., Ping An Real Estate and Ping An Asset Management Co., Ltd.), pursuant to which the Group will, when it deems necessary during the period until 31 December 2025, continue to utilise the financial services that Ping An member companies provide on a non-exclusive basis. The terms of the 2022 Ping An Financial Services Framework Agreement are substantially the same as those of the 2020 Ping An Financial Services Framework Agreement. During the term of the 2022 Ping An Financial Services Framework Agreement, the caps on the maximum daily balance (including the accrued interest) of the deposit services, the loan services and the financing factoring services are RMB8,000 million, RMB10,000 million and RMB3,000 million, respectively, while the annual caps of all other financial services are RMB20 million, RMB21 million and RMB22 million, respectively. The deposit services, the loan services and the financing factoring services (including their respective maximum daily balances) under the 2022 Ping An Financial Services Framework Agreement have been considered and approved at the extraordinary general meeting of the Company held on 23 December 2022.

Each of Ping An and its subsidiaries is an associate of Ping An Life Insurance, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the transactions under the 2020 Ping An Financial Services Framework Agreement and the 2022 Ping An Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

During the Period under Review and up to the date of this report, the one-time connected transactions of the Company include:

Acquisition of Equity Interests in Xi'an Tingmao by Jin Mao Hainan

On 29 April 2022, Jin Mao Hainan Investment Company Limited ("Jin Mao Hainan", an indirect wholly-owned subsidiary of the Company) entered into the equity transfer agreement with Tianjin Xinmao Equity Investment Partnership (Limited Partnership) ("Tianjin Xinmao"), Jiaxing Huimao Investment Company Limited ("Jiaxing Huimao") and Xi'an Tingmao Enterprise Management Company Limited ("Xi'an Tingmao"), pursuant to which, (i) Jin Mao Hainan agreed to acquire all equity interests in Xi'an Tingmao held by Tianjin Xinmao and Jiaxing Huimao for a total consideration of RMB124,960,885.73; and (ii) Jin Mao Hainan agreed to provide the shareholder's loan of RMB24,290,000 to Xi'an Tingmao for its repayment of a shareholder's loan provided by Tianjin Xinmao. Upon completion of the equity acquisition, Xi'an Tingmao became an indirect wholly-owned subsidiary of the Company.

As the Group owns over 50% interests in Tianjin Xinmao, and Sinochem Holdings, through its associates, owns over 10% interests in Tianjin Xinmao, and Sinochem Holdings is the ultimate controlling shareholder of the Company, Tianjin Xinmao is a connected person of the Company. As such, the transaction (including the equity acquisition and the provision of the shareholder's loan) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The transaction was completed on 11 May 2022.

Acquisition of Equity Interests in Qingdao Fangqian by Xingmao Properties

On 30 June 2022, Xingmao Properties, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Haoji Properties, pursuant to which Xingmao Properties agreed to acquire 14% equity interest in Qingdao Fangqian Properties Co., Ltd. ("Qingdao Fangqian") held by Haoji Properties at a consideration of RMB92,571,794. In addition, Xingmao Properties successfully won the bid for 18% equity interest in Qingdao Fangqian held by China Overseas Enterprise Development Group Co., Ltd. ("China Overseas Development") through the listing-for-sale process organised by the China Beijing Equity Exchange Co., Ltd. On 30 June 2022, Xingmao Properties and China Overseas Development entered into an agreement, pursuant to which Xingmao Properties agreed to acquire 18% equity interest in Qingdao Fangqian held by China Overseas Development at a consideration of RMB119,020,878. Upon completion of the above two acquisitions, Qingdao Fangqian became an indirect wholly-owned subsidiary of the Company.

Haoji Properties is a subsidiary of Ping An and is also a connected person of the Company. Accordingly, the acquisition of 14% equity interest in Qingdao Fangqian held by Haoji Properties by Xingmao Properties constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The transaction was completed on 8 July 2022.

Acquisitions of Equity Interests in Yongyun Real Estate and Yonghuan Real Estate by Jinmao Huadong

On 11 July 2022, Jinmao Huadong Enterprises Management Co., Ltd. ("Jinmao Huadong", an indirect wholly-owned subsidiary of the Company) entered into two contracts with Ningbo Ningnan Xincheng Development Investment Co., Ltd. ("Ningnan Development"), pursuant to which Jinmao Huadong agreed to acquire from Ningnan Development the entire equity interests and creditor's rights in Ningbo Yongyun Real Estate Development Co., Ltd. ("Yongyun Real Estate") and Ningbo Yonghuan Real Estate Development Co., Ltd. ("Yonghuan Real Estate") held by Ningnan Development at a total consideration of RMB3,735,651,247.62. Upon completion of the two acquisitions, Yongyun Real Estate and Yonghuan Real Estate became indirect wholly-owned subsidiaries of the Company.

The acquisitions of the entire equity interests and creditor's rights in Yongyun Real Estate and Yonghuan Real Estate constitute discloseable transactions of the Group under Chapter 14 of the Listing Rules. In addition, Ningnan Assets Management is a connected person of the Company at the subsidiary level. Ningnan Development is a wholly-owned subsidiary of Ningnan Assets Management and therefore a connected person of the Company at the subsidiary level. Accordingly, the transaction constitutes a connected transaction between the Group and a connected person at the subsidiary level under Chapter 14A of the Listing Rules. The transaction was completed on 29 July 2022.

Connected Transaction under Project Development Entrusted Management Contract

On 30 December 2022, the Company and its indirect wholly-owned subsidiary Shijiazhuang Baobo Real Estate Development Co., Ltd. ("Shijiazhuang Baobo") entered into a project development entrusted management contract with Sinochem Holdings and its indirect wholly-owned subsidiary Sinochem Holdings Xiong'an Property Co., Ltd. ("Sinochem Xiong'an"), pursuant to which Shijiazhuang Baobo will provide management services to Sinochem Xiong'an in relation to the development and construction of the office building project to be constructed on land parcel No.15 in Corporate Headquarters Zone, Xiong'an New Area Startup Zone, Hebei Province at a consideration of 5% of the construction cost of the project, which is expected to be no more than RMB113,110,000 in aggregate.

Sinochem Holdings is the ultimate controlling shareholder of the Company, and a connected person of the Company. Sinochem Xiong'an is an indirect wholly-owned subsidiary of Sinochem Holdings, and is also a connected person of the Company. Accordingly, the transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In the opinion of the independent non-executive Directors of the Company, the continuing connected transactions for the year ended 31 December 2022 were entered into by the Group:

- in the ordinary and usual course of its business;
- on normal commercial terms; and
- in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company for the year ended 31 December 2022 in accordance with the Hong Kong Standard on Assurance Engagements 3000 "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 Board of Directors has received an unqualified letter from the auditor of the Company in accordance with Rule 14A.56 of the Listing Rules, stating that the auditor has not noticed that any of these continuing connected transactions:

- have not been approved by the Board of Directors of the Company;
- for the connected transactions involving the provision of goods or services by the Group have not been entered into in accordance with the pricing policies of the Group in all material aspects;
- have not been entered into in accordance with the terms of the relevant agreements governing such continuing connected transactions in all material aspects; and
- have exceeded the relevant caps for the year ended 31 December 2022.

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 report, there is sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in the sections headed "Issuance of Notes and Bonds" and "Redemption of Notes" under the "Report of the Directors" in this report, during the Period under Review, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ISSUANCE OF NOTES AND BONDS

1 Issue of domestic corporate bonds

On 16 February 2022, Shanghai Jinmao Investment Management Group Co., Ltd. ("Shanghai Jinmao") (as the issuer) completed the issue of the corporate bonds with the principal amount of RMB1,800,000,000 to professional investors. These bonds are unsecured and have a term of 5 years, and the issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the corporate bonds at the end of the third year. The final coupon rate is fixed at 3.20%. All of the proceeds from the issuance of these bonds amounting to approximately RMB1,800 million had been used to repay all the existing debts of the Company. As at the date of this report, the Group did not redeem or cancel any of these bonds.

2 Issue of senior guaranteed notes

On 25 February 2022, the Company together with Franshion Brilliant Limited (as the issuer) entered into a purchase agreement with CLSA Limited, China Securities (International) Corporate Finance Company Limited, J.P. Morgan Securities plc, Shanghai Pudong Development Bank Hong Kong Branch and China International Capital Corporation Hong Kong Securities Limited (as the initial purchasers) in respect of the subscription and sale of the US$200,000,000 senior guaranteed notes with an interest rate of 4.4% per annum. These notes are guaranteed by the Company and the issuance of these notes was completed on 4 March 2022. The net proceeds from the issuance of these notes amounted to approximately US$199.3 million. All of the net proceeds from these notes had been used by the Company to repay the medium – and long-term overseas debts due within the following year. As at the date of this report, the Group did not redeem or cancel any of these notes.

3 Issue of senior guaranteed notes

On 15 March 2022, the Company together with Franshion Brilliant Limited (as the issuer) entered into a purchase agreement with ABCI Capital Limited and CLSA Limited (as the initial purchasers) in respect of the subscription and sale of the US$150,000,000 senior guaranteed notes with an interest rate of 4.4% per annum. These notes are guaranteed by the Company and the issuance of these notes was completed on 22 March 2022. The issue price of these securities was 99.998% of the principal amount plus accrued interest from 4 March 2022. The net proceeds from the issuance of these notes amounted to approximately US$150.0 million. All of the net proceeds from these notes had been used by the Company to repay the medium – and long-term overseas debts due within the following year. These notes have been consolidated and form a single series with the senior guaranteed notes issued by Franshion Brilliant Limited on 4 March 2022. As at the date of this report, the Group did not redeem or cancel any of these notes.

4 Issue of domestic corporate bonds

On 25 March 2022, Shanghai Jinmao (as the issuer) completed the issue of the corporate bonds with the principal amount of RMB1,500,000,000 to professional investors. These bonds are unsecured and have a term of 5 years, and the issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the corporate bonds at the end of the third year. The final coupon rate is fixed at 3.5%. All of the proceeds from the issuance of these bonds amounting to approximately RMB1,500 million have been used entirely to repay other debts of the Company. As at the date of this report, the Group did not redeem or cancel any of these bonds.

5 Issue of domestic corporate bonds

On 8 July 2022, Shanghai Jinmao (as the issuer) completed the issue of the corporate bonds with the principal amount of RMB2,000,000,000 to professional investors. These bonds are unsecured and have a term of 5 years, and the issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the corporate bonds at the end of the third year. The final coupon rate is fixed at 3.28%. All of the proceeds from the issuance of these bonds amounting to approximately RMB2,000 million have been used entirely for the acquisition of Yongyun Real Estate and Yonghuan Real Estate. As at the date of this report, the Group did not redeem or cancel any of these bonds.

6 Issue of unsecured medium-term notes

On 27 July 2022, Shanghai Jinmao completed the issuance of the first tranche of the medium-term notes in a principal amount of RMB2,000,000,000 to qualified investors. The unsecured notes have a term of three years and a final coupon rate of 3.29%. The proceeds from the issuance of the notes amounted to approximately RMB2,000 million. Part of the proceeds have been used for project development and construction and the remaining proceeds will be used for the same purpose. As at the date of this report, the Group did not redeem or cancel any of these notes.

7 Issue of domestic corporate bonds

On 29 September 2022, Shanghai Jinmao (as the issuer) completed the issue of the corporate bonds with the principal amount of RMB2,000,000,000 to professional investors. These bonds are unsecured and have a term of 5 years, and the issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the corporate bonds at the end of the third year. The final coupon rate is fixed at 3.6%. All of the proceeds from the issuance of these bonds amounting to approximately RMB2,000 million have been used entirely to repay other debts of the Company. As at the date of this report, the Group did not redeem or cancel any of these bonds.

8 Issue of domestic corporate bonds

On 20 February 2023, Shanghai Jinmao (as the issuer) completed the issue of the corporate bonds with the principal amount of RMB1,700,000,000 to professional investors. These bonds are unsecured and have a term of 5 years, and the issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the corporate bonds at the end of the third year. The final coupon rate is fixed at 3.8%. All of the proceeds from the issuance of these bonds amounted to approximately RMB1,700 million. Part of the proceeds have been used to repay other debts of the Company and the remaining proceeds will be used for the same purpose. As at the date of this report, the Group did not redeem or cancel any of these bonds.

REDEMPTION OF NOTES

1 Redemption of subordinate guaranteed perpetual capital securities

As stated in the announcement of the Company dated 20 January 2017 regarding the issuance and listing of the securities, and the announcement dated 17 December 2021 regarding the notice of redemption of securities, Franshion Brilliant Limited (as the issuer) has elected to redeem all the securities at the aggregate principal amount of the securities plus any distributions (including any arrears of distribution and additional distribution amounts) accrued on the subordinate guaranteed perpetual capital securities issued by it in an aggregate principal amount of US$500,000,000 with an interest rate of 5.75% per annum, but excluding the distribution accrued on the scheduled redemption date of 17 January 2022 (being the first reset date). On 18 January 2022, the securities were fully redeemed and cancelled at the redemption price of US$514,375,000. The listing of the securities on the Hong Kong Stock Exchange was withdrawn on 25 January 2022.

2 Redemption of senior guaranteed perpetual capital securities

As stated in the announcements of the Company dated 3 July 2017 and 8 September 2017 regarding the issuance and listing of the securities, and the announcement dated 2 December 2022 regarding the notice of redemption of securities, Franshion Brilliant Limited (as the issuer) has elected to redeem all the securities at the aggregate principal amount of the securities plus any distributions (including any arrears of distribution and additional distribution amounts) accrued on the senior guaranteed perpetual capital securities issued by it in an aggregate principal amount of US$500,000,000 with an interest rate of 4.00% per annum, but excluding the distribution accrued on the scheduled redemption date of 3 January 2023 (being the first reset date). On 4 January 2023, the securities were fully redeemed and cancelled at the redemption price of US$510,000,000. The listing of the securities on the Hong Kong Stock Exchange was withdrawn on 11 January 2023.

REVIEW OF THE OPTION OVER SHIMAO INVESTMENT BY THE INDEPENDENT BOARD COMMITTEE

A written resolution was entered into by the Independent Board Committee comprising all independent non-executive Directors of the Company on 23 March 2023 to review its decision made on 25 August 2022 not to exercise, for the time being, the option to acquire Sinochem Group's 15% interest in China Shimao Investment Company Limited ("Shimao Investment").

The Independent Board Committee has carefully reviewed the relevant information of Shimao Investment, taking into account the facts that Sinochem Group is a financial investor of Shimao Investment and owns only a minority and passive interest in it, and that the Company has always adhered to accelerating the asset turnover ratio and achieving rapid return of funds, and currently the overall total debt position maintains healthy. The funds of the Company are mainly used for the expenditure of acquired development projects and the expansion of land reserve for development segments. The projects recently acquired by the Company, including the projects in Beijing, Taiyuan, Qingdao, etc., are all at a stage that requires capital investment. In addition, the city operations projects in Huzhou, Nanchang, Changsha and Shanghai are projects with long development cycles and huge demand for funds, and the injection and expansion of industrial resources require long-term commitment in operation and relentless effort. The Company considers that the acquisition of Shimao Investment at the moment would pose greater challenges to the Company in various aspects, including manpower and financial capacity. As such, the independent non-executive Directors unanimously agreed that the exercise of the option over Shimao Investment at this moment is not in line with the Company's prudent investment policy, and is not in the best interests of the Company and the shareholders as a whole.

The Independent Board Committee unanimously resolved not to exercise the option to acquire Sinochem Group's 15% interest in Shimao Investment at this moment. As disclosed in the prospectus and the announcement dated 9 April 2010 of the Company, the Independent Board Committee would continue to review the option over Shimao Investment at the time when the interim and annual reports of the Company are to be released.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the auditor of the Company the accounting principles and practices adopted by the Company, and discussed with them the audit, internal control and financial reporting matters of the Company, including review of the financial statements for 2022. The 2022 financial statements prepared in accordance with Hong Kong Financial Reporting Standards were audited by Ernst & Young based on the Hong Kong Standards on Auditing. Ernst & Young issued unqualified opinion on the 2022 financial statements.

MATERIAL ACQUISITIONS, DISPOSAL AND OTHER DISCLOSEABLE TRANSACTIONS

During the Period under Review and as of the date of this report, save as disclosed in the section headed "Connected Transactions" above, the material acquisitions, disposal and other discloseable transactions entered into by the Company include the following:

Privatisation of China VAST

As stated in the announcements of the Company dated 9 June 2022, 30 June 2022, 29 July 2022, 29 August 2022, 29 September 2022, 12 October 2022, 17 October 2022, 25 October 2022, 31 October 2022, 23 November 2022, 2 December 2022 and 6 December 2022 and the scheme document dated 31 October 2022, the privatisation of China VAST Industrial Urban Development Company Limited ("China VAST") by the Company was approved and implemented, involving, among others, (i) the cancellation of part of the ordinary shares of China VAST (including 429,671,827 shares held by non-controlling shareholders and 564,373,143 shares held by the controlling shareholder); (ii) immediately following the aforesaid cancellation of shares, the issued share capital of China VAST would be increased and restored to its former amount by the issue of new China VAST shares to the Company at par; (iii) the controlling shareholder of China VAST continued to hold 163,472,511 rollover shares; and (iv) withdrawal of the listing of the ordinary shares of China VAST on the Hong Kong Stock Exchange. As consideration, the non-controlling shareholders would be entitled to receive HK$2.40 per share in cash for the cancellation of the shares held by them, and the controlling shareholder would be entitled to receive HK$2.13 per share in cash for the cancellation of the shares held by it. The above transaction was effected by way of a scheme of arrangement under section 86 of the Companies Law of the Cayman Islands and was fully completed on 6 December 2022.

Provision of earnest money loan

On 22 June 2022, Tianjin Northern Demao Properties Company Limited ("Northern Demao", an indirect wholly-owned subsidiary of the Company) entered into an agreement with Beijing Capital Development Co., Ltd. ("BCDH"), pursuant to which, for the purpose of their subsequent cooperation in the development of the land parcels numbered 29-319 and 320 situated at Naixi Village, Cuigezhuang Township, Chaoyang District, Beijing, Northern Demao (i) agreed to provide BCDH and the project company, Beijing Zhimao Real Estate Development Co., Ltd., with an earnest money loan in an aggregate amount of not exceeding RMB2,166,780,000 at an interest rate of 5.3% per annum; and (ii) conditionally agreed to participate in the listing-for-sale process of the project company in the form of capital injection. For details, please refer to the announcement of the Company dated 22 June 2022.

Provision of guarantee for Nanjing Runmao

On 15 November 2022, Great Wall Wealth Insurance Asset Management Co., Ltd. ("Great Wall Wealth") (as the creditor) and Nanjing Runmao Property Development Co., Ltd. ("Nanjing Runmao") (an affiliated company of the Company, as the debtor) entered into an investment agreement, pursuant to which Great Wall Wealth conditionally agreed to provide, through a debt investment plan established by it, the funds in a total amount of no more than RMB4.0 billion to Nanjing Runmao for its development and construction of the land parcels No. 2016G97A, B and C located in Jianye District, Nanjing, Jiangsu Province. As one of the conditions precedent to Great Wall Wealth's provision of funds to Nanjing Runmao pursuant to the investment agreement, Shanghai Jinmao, a wholly-owned subsidiary of the Company, and China Resources Land Holdings Company Limited ("CR Land Holdings") issued a letter of guarantee to Great Wall Wealth on 15 November 2022, pursuant to which Shanghai Jinmao agreed to provide a guarantee with respect to 27.5% of the debts of Nanjing Runmao under the investment agreement in proportion to the equity interest of the Group in Nanjing Runmao, and CR Land Holdings agreed to provide a guarantee with respect to the remaining 72.5% of the debts of Nanjing Runmao under the investment agreement. For details, please refer to the announcement of the Company dated 15 November 2022.

Acquisition of equity interests in Nanjing International

On 15 March 2023, Jin Mao Suwan Enterprises Management (Tianjin) Company Limited ("Jin Mao Suwan", an indirect wholly-owned subsidiary of the Company), Jiaxing Liangmao Investment Partnership (Limited Partnership) ("Jiaxing Liangmao", an indirect non-wholly-owned subsidiary of the Company) and Nanjing International Mall Construction Company Limited ("Nanjing International") entered into an equity acquisition agreement, pursuant to which Jin Mao Suwan agreed to acquire and Jiaxing Liangmao agreed to sell 37.7464% equity interests in Nanjing International for a consideration of RMB2,061,471,733. For details, please refer to the announcement of the Company dated 15 March 2023.

MATERIAL LITIGATION

For the year ended 31 December 2022, the Company was not subject to any material litigation that could have an adverse impact on the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed under the section(s) headed "Issuance of Notes and Bonds", "Redemption Of Notes" and "Material Acquisitions, Disposal and Other Discloseable Transactions" under the "Report of the Directors" in this report, there were no material events of the Group after the Reporting Period.

AUDITOR

The financial reports of the Group have been audited by Ernst & Young, who has offered itself for reappointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as the auditor of the Company. The Company did not change its auditor in the past three years.

On Behalf of the Board
LI Fanrong
Chairman

Independent Auditor's Report

Ernst & Young
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To the members of China Jinmao Holdings Group Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Jinmao Holdings Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 176 to 319, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Revaluation of investment properties	
The Group adopted the fair value model for its investment properties in accordance with HKAS 40 *Investment Property*. Changes in fair values were recognised in profit or loss. The valuations on the investment properties of the Group as at 31 December 2022 were determined by management or independent appraisers engaged by management. Different valuation techniques were applied to these investment properties. As both the year-end balance of RMB37,088,686,000 and the changes in fair value of RMB1,625,045,000 were significant, and the valuation involved management judgement and estimates based on a projection of future rental income, growth rate, vacancy rate, discount rate and reversionary yield, we considered the revaluation of investment properties a key audit matter of our audit. Relevant disclosures are included in notes 3 and 18 to the consolidated financial statements.	We considered the competence, capabilities and objectivity of the external appraisers. We involved our real estate valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples. We compared market rental assumptions against actual rents of existing lease contracts and external market rents, expected vacancy rate against historical data maintained by the Group, and the discount rate, the growth rate and reversionary yield against those of peers with similar nature and area of properties. We also assessed the adequacy of the disclosures of investment properties, including the fair value hierarchy.

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying values of properties for sale held by the Group, its associates and joint ventures	**For properties for sale held by the Group**
As at 31 December 2022, the total carrying value of the Group's properties for sale, including properties under development and properties held for sale, amounted to RMB168,238,207,000. Besides, as at 31 December 2022, the total carrying values of investments in associates and joint ventures, and the amounts due from associates and joint ventures amounted to RMB75,881,669,000. Given the properties for sale represented the majority of the total assets of these associates and joint ventures, management's assessment on carrying values for the investments in and amounts due from these companies would take into account the carrying values of the properties for sale held by these companies. The assessment of the carrying values of the properties for sale is complex because it involves significant management judgements and estimates regarding, among others, the net realisable value (the "NRV") of the properties for sale and anticipated construction costs to be incurred to complete the properties under development based on existing plans. Relevant disclosures are included in notes 3, 6, 7, 15, 17, 22, 23 and 28 to the consolidated financial statements.	We understood and assessed the Group's assessment of the carrying values of properties for sale. In assessing the NRV of the properties for sale, we evaluated, on a sample basis, the reasonableness of their forecasted selling price based on the current market price of properties of comparable locations and conditions, and on our knowledge of the Group's business and the current market development in the real estate industry, where appropriate. For construction costs to be incurred to complete properties under development, we obtained an understanding of the management's process in estimating the future costs to completion for the properties under development and assessed the reasonableness of the budgeted construction costs, on a sample basis, by comparing to the actual development costs of similar projects recently completed by the Group and by checking to construction contracts and other relevant documents. We re-calculated the carrying values of the properties for sale based on management's methodology at the year end.

Key audit matter	How our audit addressed the key audit matter
	For properties for sale held by the Group's associates and joint ventures We understood and assessed the Group's assessment of the carrying values of the properties for sale held by its significant associates and joint ventures. In assessing the NRV of the properties for sale held by its significant associates and joint ventures, we evaluated, on a sample basis, the reasonableness of their forecasted gross profit margins based on the current market price and unit cost of properties of comparable locations and conditions, and based on our knowledge of the business of the significant associates and joint ventures and the current market development in the real estate industry, where appropriate. We re-calculated the carrying values of the properties for sale held by the Group's significant associates and joint ventures based on management's methodology at the year end.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Kwok Yin.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2023

Consolidated Statement of Profit or Loss

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	5	**82,991,372**	90,059,934
Cost of sales		**(69,845,752)**	(73,302,309)
Gross profit		**13,145,620**	16,757,625
Other income and gains	5	**11,690,608**	7,028,274
Selling and marketing expenses		**(2,616,703)**	(2,378,428)
Administrative expenses		**(4,294,548)**	(4,675,358)
Other expenses and losses, net	7	**(5,954,108)**	(2,806,638)
Finance costs	8	**(2,711,121)**	(2,787,670)
Share of profits and losses of:			
Joint ventures		**73,467**	996,077
Associates		**423,965**	580,388
PROFIT BEFORE TAX	6	**9,757,180**	12,714,270
Income tax expense	11	**(4,536,286)**	(5,009,439)
PROFIT FOR THE YEAR		**5,220,894**	7,704,831
Attributable to:			
Owners of the parent		**1,984,083**	4,689,944
Non-controlling interests		**3,236,811**	3,014,887
		5,220,894	7,704,831
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13	**RMB cents**	RMB cents
Basic		**15.56**	36.95
Diluted		**15.56**	36.91

Consolidated Statement of Comprehensive Income

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
PROFIT FOR THE YEAR		**5,220,894**	7,704,831
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(4,337,533)**	1,458,692
Net gain on cash flow hedges		**46,786**	57,096
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods, net of tax		**(4,290,747)**	1,515,788
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gains on property revaluation	14	**–**	11,179
Income tax effect	37	**–**	(2,795)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		**–**	8,384
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(4,290,747)**	1,524,172
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**930,147**	9,229,003
Attributable to:			
Owners of the parent		**(2,401,794)**	6,224,453
Non-controlling interests		**3,331,941**	3,004,550
		930,147	9,229,003

Consolidated Statement of Financial Position

31 December 2022

	Notes	31 December 2022 RMB'000	31 December 2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**13,401,296**	11,732,936
Properties under development	15	**85,144,984**	83,696,594
Land under development	16	**20,294,254**	13,065,966
Investment properties	18	**37,088,686**	31,564,522
Right-of-use assets	19(a)	**1,951,675**	1,697,886
Goodwill	20	**249,122**	–
Intangible assets	21	**487,425**	174,888
Investments in joint ventures	22	**25,883,714**	22,187,070
Investments in associates	23	**22,770,194**	20,335,619
Deferred tax assets	37	**3,734,707**	3,248,538
Due from non-controlling shareholders	31	**4,492,278**	4,533,781
Due from related parties	28	**6,129,530**	11,857,042
Prepayments, other receivables and other assets	26	**314,271**	446,838
Trade receivables	25	**2,429,970**	–
Other financial assets	29	**6,051,037**	1,549,336
Total non-current assets		**230,423,143**	206,091,016
CURRENT ASSETS			
Properties under development	15	**59,899,476**	61,127,564
Properties held for sale	17	**23,193,747**	27,477,555
Land under development	16	**2,755,074**	1,854,024
Inventories	24	**395,544**	234,105
Trade and bills receivables	25	**2,213,248**	2,081,970
Contract assets	27	**476,017**	1,400,898
Prepayments, other receivables and other assets	26	**28,498,777**	37,726,274
Due from related parties	28	**24,288,192**	30,253,973
Prepaid tax		**5,042,577**	4,010,454
Other financial assets	29	**41**	42
Derivative financial instruments	34	**6,312**	–
Restricted bank balances	30	**7,614,247**	8,693,792
Cash and cash equivalents	30	**37,089,244**	31,050,637
Total current assets		**191,472,496**	205,911,288

Consolidated Statement of Financial Position

31 December 2022

	Notes	31 December 2022 RMB'000	31 December 2021 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	32	**30,833,056**	28,951,562
Other payables and accruals	33	**79,981,676**	103,811,166
Interest-bearing bank and other borrowings	35	**26,547,294**	25,081,186
Lease liabilities	19(b)	**175,448**	117,206
Due to related parties	28	**45,484,326**	38,966,238
Tax payable		**2,773,003**	1,989,835
Derivative financial instruments	34	**–**	13,623
Provision for land appreciation tax	36	**2,664,013**	2,314,063
Total current liabilities		**188,458,816**	201,244,879
NET CURRENT ASSETS		**3,013,680**	4,666,409
TOTAL ASSETS LESS CURRENT LIABILITIES		**233,436,823**	210,757,425
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	35	**96,117,796**	81,946,903
Lease liabilities	19(b)	**950,654**	948,770
Other payables and accruals	33	**1,980,728**	771,559
Derivative financial instruments	34	**–**	28,072
Due to related parties	28	**12,220,269**	13,305,676
Deferred tax liabilities	37	**9,480,636**	6,962,817
Total non-current liabilities		**120,750,083**	103,963,797
Net assets		**112,686,740**	106,793,628
EQUITY			
Equity attributable to owners of the parent			
Share capital	39	**26,738,026**	26,140,465
Other reserves		**20,707,401**	23,820,884
		47,445,427	49,961,349
Non-controlling interests		**65,241,313**	56,832,279
Total equity		**112,686,740**	106,793,628

Li Congrui
Director

Jiang Nan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

		Attributable to owners of the parent											
	Notes	Share capital RMB'000 (note 39)	Capital reserve RMB'000 (note 41)	Asset revaluation reserve RMB'000 (note 41)	PRC statutory surplus reserve RMB'000 (note 41)	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000 (note 41)	Share option reserve RMB'000 (note 41)	Retained profits RMB'000	Merger reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021		26,132,248	(4,364,394)	186,522	4,993,821	(645,159)	(95,947)	186,967	20,698,006	(330,000)	46,762,064	55,065,018	101,827,082
Profit for the year		–	–	–	–	–	–	–	4,689,944	–	4,689,944	3,014,887	7,704,831
Other comprehensive income/(loss) for the year:													
Exchange differences on translation of foreign operations		–	–	–	–	1,469,029	–	–	–	–	1,469,029	(10,337)	1,458,692
Net gain on cash flow hedges		–	–	–	–	–	57,096	–	–	–	57,096	–	57,096
Net gain on property revaluation		–	–	8,384	–	–	–	–	–	–	8,384	–	8,384
Total comprehensive income for the year		–	–	8,384	–	1,469,029	57,096	–	4,689,944	–	6,224,453	3,004,550	9,229,003
Repurchase of shares	39	–	–	–	–	–	–	–	(134,804)	–	(134,804)	–	(134,804)
Issue of perpetual capital instruments	38	–	–	–	–	–	–	–	–	–	–	4,233,900	4,233,900
Issue expense of perpetual capital instruments		–	–	–	–	–	–	–	–	–	–	(10,964)	(10,964)
Redemption of perpetual capital instruments	38	–	–	–	–	–	–	–	–	–	–	(7,308,847)	(7,308,847)
Perpetual capital instruments' distribution		–	–	–	–	–	–	–	–	–	–	(1,290,474)	(1,290,474)
Acquisition of subsidiaries	43	–	–	–	–	–	–	–	–	–	–	504,183	504,183
Final 2020 dividend declared	12	–	–	–	–	–	–	–	(1,462,990)	–	(1,462,990)	–	(1,462,990)
2021 interim dividend declared	12	–	–	–	–	–	–	–	(1,266,204)	–	(1,266,204)	–	(1,266,204)
Acquisition of non-controlling interests		–	(116,526)	–	–	–	–	–	–	–	(116,526)	(470,696)	(587,222)
Capital repayment of non-controlling shareholders		–	(100,322)	–	–	–	–	–	–	–	(100,322)	(1,245,488)	(1,345,810)
Capital contribution from non-controlling shareholders		–	2,783	–	–	–	–	–	–	–	2,783	5,569,341	5,572,124
Dividends distribution to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(1,218,244)	(1,218,244)
Equity-settled share option arrangements	40	–	–	–	–	–	–	46,127	–	–	46,127	–	46,127
Exercise of share options	39	8,217	–	–	–	–	–	(1,449)	–	–	6,768	–	6,768
Transfer of share option reserve upon the forfeiture of share options		–	–	–	–	–	–	(24,922)	24,922	–	–	–	–
Transfer from retained profits		–	–	–	527,816	–	–	–	(527,816)	–	–	–	–
At 31 December 2021		26,140,465	(4,578,459)*	194,906*	5,521,637*	823,870*	(38,851)*	206,723*	22,021,058*	(330,000)*	49,961,349	56,832,279	106,793,628

Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Notes	Attributable to owners of the parent											
		Share capital RMB'000 (note 39)	Capital reserve RMB'000 (note 41)	Asset revaluation reserve RMB'000 (note 41)	PRC statutory surplus reserve RMB'000 (note 41)	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000 (note 41)	Share option reserve RMB'000 (note 41)	Retained profits RMB'000	Merger reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022		26,140,465	(4,578,459)	194,906	5,521,637	823,870	(38,851)	206,723	22,021,058	(330,000)	49,961,349	56,832,279	106,793,628
Profit for the year		-	-	-	-	-	-	-	1,984,083	-	1,984,083	3,236,811	5,220,894
Other comprehensive income/(loss) for the year:													
Exchange differences on translation of foreign operations		-	-	-	-	(4,432,663)	-	-	-	-	(4,432,663)	95,130	(4,337,533)
Net gain on cash flow hedges		-	-	-	-	-	46,786	-	-	-	46,786	-	46,786
Total comprehensive income for the year		-	-	-	-	(4,432,663)	46,786	-	1,984,083	-	(2,401,794)	3,331,941	930,147
Redemption of perpetual capital instruments	38	-	-	-	-	-	-	-	-	-	-	(3,406,496)	(3,406,496)
Perpetual capital instruments' distribution		-	-	-	-	-	-	-	-	-	-	(868,815)	(868,815)
Acquisition of subsidiaries	43	-	-	-	-	-	-	-	-	-	-	3,108,725	3,108,725
Issue of shares as a result of scrip dividend	12	594,337	-	-	-	-	-	-	(594,337)	-	-	-	-
2022 interim dividends paid by cash	12	-	-	-	-	-	-	-	(405,444)	-	(405,444)	-	(405,444)
Acquisition of non-controlling interests		-	(48,533)	-	-	-	-	-	-	-	(48,533)	(717,625)	(766,158)
Capital contribution from non-controlling shareholders		-	1,224	-	-	-	-	-	-	-	1,224	9,391,443	9,392,667
De-registration of a subsidiary		-	-	-	-	-	-	-	-	-	-	(1,820,471)	(1,820,471)
Distribution in specie and changes in the ownership interests in Jinmao Property Services Co., Ltd. ("Jinmao Services")	12	-	1,643,419	-	-	-	-	-	(1,259,142)	-	384,277	286,768	671,045
Dividends distribution to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(896,436)	(896,436)
Equity-settled share option arrangements	40	-	-	-	-	-	-	(48,308)	-	-	(48,308)	-	(48,308)
Exercise of share options	39	3,224	-	-	-	-	-	(568)	-	-	2,656	-	2,656
Transfer from retained profits		-	-	-	1,000,536	-	-	-	(1,000,536)	-	-	-	-
At 31 December 2022		26,738,026	(2,982,349)*	194,906*	6,522,173*	(3,608,793)*	7,935*	157,847*	20,745,682*	(330,000)*	47,445,427	65,241,313	112,686,740

* These reserve accounts comprise the consolidated other reserves of RMB20,707,401,000 (2021: RMB23,820,884,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**9,757,180**	12,714,270
Adjustments for:			
Finance costs	8	**2,711,121**	2,787,670
Share of profits and losses of joint ventures and associates		**(497,432)**	(1,576,465)
Interest income	5	**(2,130,988)**	(2,387,013)
Other investment income	5	**(474,346)**	(631,942)
Gain on disposal of items of property, plant and equipment	6	**1,205**	14,393
Gain on disposal of items of intangible assets	6	**–**	(18)
Provision of impairment of trade and bills receivables	6,25	**8,118**	6,016
(Reversal of impairment)/impairment of financial assets included in prepayments, other receivables and other assets	6	**(2,475)**	5,828
Impairment of amounts due from related parties	7	**1,585,912**	–
Impairment of properties under development	7	**3,100,161**	594,285
Impairment of properties held for sale	7	**1,259,329**	399,306
Fair value (gains)/losses on investment properties	6,18	**(1,625,045)**	1,676,648
Fair value gains on transfers from properties held for sale to investment properties	4	**(34,725)**	–
Loss on revision of a lease term arising from a change in the non-cancellable period of a lease		**14**	–
Depreciation of property, plant and equipment	6,14	**470,073**	438,676
Depreciation of right-of-use assets	6,19	**166,769**	187,087
Amortisation of intangible assets	6,21	**35,205**	23,166
Gain on disposal of subsidiaries	5,44	**(584,294)**	(1,068,824)
Fair value gains on the equity interests previously held as investments in joint ventures and associates	5,43	**(833,929)**	(266,183)
Gain on bargain purchase	5,43	**(3,926,368)**	(93,763)
Gain on disposal of investments in joint ventures and associates	5	**(87,258)**	(440,906)
Equity-settled share option expense	6,40	**(48,308)**	46,127
Fair value gain of a convertible bond	5	**(48,544)**	(20,598)
Gain on acquisition of an associate	5	**–**	(1,660,284)
Fair value gains on financial assets	5	**(1,249,700)**	–
		7,551,675	10,747,476
Increase in properties under development		**(51,381,418)**	(81,193,195)
Decrease in properties held for sale		**63,765,378**	69,506,049
Increase in land under development		**(1,495,240)**	(651,524)
Increase in inventories		**(161,439)**	(58,213)
Decrease/(increase) in trade and bills receivables		**125,237**	(1,641,210)
Decrease/(increase) in contract assets		**924,881**	(611,570)
Decrease in prepayments, other receivables and other assets		**12,310,530**	1,468,255
(Increase)/decrease in amounts due from related parties		**(5,661,826)**	1,251,093
(Decrease)/increase in trade and bills payables		**(165,204)**	7,324,905
Decrease in other payables and accruals		**(24,949,727)**	(899,534)
Increase in amounts due to related parties		**5,239,032**	955,971
Effect of exchange rate changes, net		**(999,543)**	494,611

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
Cash generated from operations		**5,102,336**	6,693,114
Interest received		**1,263,236**	2,248,870
PRC corporate income tax paid		**(3,193,789)**	(3,014,554)
Land appreciation tax paid		**(1,391,342)**	(1,489,338)
Net cash flows from operating activities		**1,780,441**	4,438,092
CASH FLOWS FROM INVESTING ACTIVITIES			
Other investment income received from unlisted investments		**474,346**	631,942
Purchases of items of property, plant and equipment		**(740,252)**	(906,611)
Proceeds from disposal of items of property, plant and equipment		**10,211**	19,579
Proceeds from disposal of intangible assets		**965**	177
Additions to investment properties		**(143,337)**	(127,856)
Additions to intangible assets	21	**(86,447)**	(90,665)
Decrease/(increase) in other financial assets		**458,905**	(95,253)
Disposal of subsidiaries	44	**(265,193)**	1,802,392
Acquisition of subsidiaries	43	**(5,938,341)**	1,722,681
Dividends received from joint ventures and associates		**462,475**	724,739
Investments in joint ventures		**(2,541,111)**	(5,497,753)
Investments in associates		**(1,376,751)**	(6,636,873)
Disposal of investments in joint ventures and associates		**1,508,279**	628,214
Decrease in loans to joint ventures and associates		**10,872,547**	1,078,965
Increase in loans to non-controlling shareholders		**(1,793,541)**	(6,252,309)
Decrease in entrustment loans to substantial shareholders		**134,491**	266,081
Repayment/(advance) of investment from/(to) third parties		**450,725**	(2,218,749)
Decrease in long-term deposits		**–**	3,300,000
Decrease in restricted bank deposits		**2,367,568**	652,432
Purchase of a convertible bond		**–**	(797,657)
Net cash flows from/(used in) investing activities		**3,855,539**	(11,796,524)

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Changes in the ownership interests in Jinmao Service		**671,045**	–
Issue of perpetual capital instruments, net of issue expenses		**–**	4,222,936
Repurchase of shares		**–**	(134,804)
New bank and other borrowings		**91,573,761**	68,618,009
Repayment of bank and other borrowings		**(86,116,739)**	(58,154,516)
Interest paid		**(6,617,729)**	(4,842,969)
Advance/(repayment) of investment from/(to) third parties		**2,022,085**	(2,009,034)
Principal portion of lease payments		**(58,452)**	(125,207)
Dividends paid		**(405,444)**	(2,729,194)
Dividends paid to non-controlling shareholders		**(743,642)**	(1,184,867)
Capital repayment of non-controlling shareholders		**–**	(1,180,131)
Loans from non-controlling shareholders		**–**	1,498,586
Repayment of loans from non-controlling shareholders		**(1,731,129)**	(1,516,023)
Acquisition of non-controlling interests		**(211,592)**	(440,222)
Capital contribution from non-controlling shareholders		**6,242,738**	4,862,684
Proceeds from exercise of share options		**2,656**	6,768
Distributions of perpetual capital instruments paid		**(868,815)**	(1,290,474)
Redemption of perpetual capital instruments		**(3,406,496)**	(7,308,847)
Net cash flows from/(used in) financing activities		**352,247**	(1,707,305)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**5,988,227**	(9,065,737)
Cash and cash equivalents at beginning of year		**31,050,637**	40,155,580
Effect of foreign exchange rate changes, net		**50,380**	(39,206)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**37,089,244**	31,050,637
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	30	**37,087,009**	30,984,729
Non-pledged time deposits with original maturity of within three months when acquired		**–**	51,830
Non-pledged time deposits with original maturity of over three months when acquired with an option to withdraw upon demand similar to demand deposits		**2,235**	14,078
Cash and cash equivalents as stated in the statement of financial position	30	**37,089,244**	31,050,637

Notes to Financial Statements

31 December 2022

1. CORPORATE AND GROUP INFORMATION

China Jinmao Holdings Group Limited (formerly known as Franshion Properties (China) Limited) (the "Company") is a limited liability company incorporated in Hong Kong on 2 June 2004 under the Hong Kong Companies Ordinance. The registered office of the Company is located at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") since 17 August 2007.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- city and property development
- commercial leasing and retail operations
- hotel operations
- provision of property management, design and decoration services

In the opinion of the directors, the immediate holding company of the Company is Sinochem Hong Kong (Group) Company Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company is Sinochem Holdings Corporation Ltd., a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chongqing Xingqian Properties Development Co., Ltd.*	The PRC/ Mainland China	RMB2,884,540,000	–	73%	Property development
Jinmao Hangzhou Property Development Co., Ltd.*	The PRC/ Mainland China	RMB3,200,000,000	–	100%	Property development
Nanjing Xingtuo Investment Co., Ltd.**	The PRC/ Mainland China	RMB2,400,000,000	–	80%	Land development
Beijing Chemsunny Property Co., Ltd.***	The PRC/ Mainland China	US$102,400,000	50%	50%	Property investment

Notes to Financial Statements

31 December 2022

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
China Jin Mao Group Co., Ltd.***	The PRC/ Mainland China	RMB2,635,000,000	–	100%	Hotel operation and property investment
Changsha Jin Mao Meixi Lake International Plaza Properties Limited***	The PRC/ Mainland China	US$600,000,000	–	100%	Property development
Jin Mao Investment (Changsha) Co., Ltd.**	The PRC/ Mainland China	RMB3,000,000,000	–	80%	Land development
Franshion Brilliant Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Changsha Jinmao City Construction Limited**	The PRC/ Mainland China	RMB2,962,500,000	–	100%	Land development
Jinmao Assets Management Limited Partnership	Cayman Islands/ Hong Kong	RMB23,343,017,853	95%	5%	Property investment
Suzhou Anmao Property Co., Ltd. ("Suzhou Anmao")**	The PRC/ Mainland China	RMB4,500,000,000	–	26.5%^	Property development
Shanghai Franshion Development Co., Ltd.*	The PRC/ Mainland China	RMB7,000,000,000	–	90%	Property development
Jinmao Investment Management (Tianjin) Co., Ltd.**	The PRC/ Mainland China	–	–	100%	Investment management
Hangzhou Qinmao Property Development Co., Ltd.**	The PRC/ Mainland China	RMB4,000,000,000	–	60%	Property development
Wuhan Huazi Enterprise Management Consulting Co., Ltd.**	The PRC/ Mainland China	RMB6,520,000,000	–	100%	Investment holding
Tianjin Jinhui Property Development Co., Ltd.**	The PRC/ Mainland China	RMB2,580,000,000	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Qingdao Lanhai Xingang City Real Estate Co., Ltd.**	The PRC/ Mainland China	RMB1,000,000,000	–	50%^^	Property development
Wuhan Xingmao Property Co., Ltd.**	The PRC/ Mainland China	RMB8,000,000	–	100%	Property development
Beijing Fangxing Yicheng Property Co., Ltd.***	The PRC/ Mainland China	RMB6,000,000,000	–	100%	Property development
Qingdao Maochuang Technology Co., Ltd.***	The PRC/ Mainland China	RMB4,963,795,355	24.7%	75.3%	Property development
Tianjin Chengmao Industrial Innovation Co., Ltd.***	The PRC/ Mainland China	RMB50,000,000	–	100%	Property development
Nanjing Baomao Property Co., Ltd.**	The PRC/ Mainland China	RMB200,000,000	–	70%	Property development
Ruian Jiamao Property Development Co., Ltd.***	The PRC/ Mainland China	US$86,900,000	–	51%	Property development
Zhangjiagang Huimao Property Co., Ltd.***	The PRC/ Mainland China	US$150,000,000	–	100%	Property development
Hangzhou Rongshang Property Co., Ltd.**	The PRC/ Mainland China	RMB1,000,000,000	–	34%^^	Property development
Yiwu Xingmao Property Co., Ltd.**	The PRC/ Mainland China	RMB1,800,000,000	–	70%	Property development
Shanghai Rongyu Property Development Co., Ltd.**	The PRC/ Mainland China	RMB10,000,000	–	38%^^	Property development
Shanghai Maojia Property Co., Ltd.**	The PRC/ Mainland China	RMB100,000,000	–	40%^^	Property development

Notes to Financial Statements

31 December 2022

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Changshu Yumao Property Co., Ltd. ("Changshu Yumao")**	The PRC/ Mainland China	RMB4,000,000,000	–	10%^^^	Property development
Xi'an Mingmao Property Co., Ltd.**	The PRC/ Mainland China	RMB1,833,333,330	–	80%	Property development
Shanghai Taomao Property Co., Ltd.***	The PRC/ Mainland China	RMB3,710,000,000	–	51%	Property development
Jinmao (China) Hotel Investments and Management Limited	Cayman Islands/ Hong Kong	HK$2,000,000	100%	–	Investment holding
Jinmao Services	Hong Kong/ Hong Kong	HK$967,377,219	67.28%	–	Property Services
Langfang Hongtai Industrial Town Investment Co., Ltd.**	The PRC/ Mainland China	RMB150,000,000	–	90.1%	Investment holding

* Registered as Sino-foreign joint ventures under PRC law

** Registered as limited liability companies under PRC law

*** Registered as wholly-foreign-owned entities under PRC law

^ The Group is entitled to 52% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.

^^ The Group is entitled to 51% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.

^^^ The Group is entitled to 54.1% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.

The English names of certain of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments, other financial assets and certain trade receivables which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1,5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*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 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties, certain trade receivables derivative financial instruments and certain financial assets at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, land under development, properties held for sale, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	1.7% – 9.5%
Leasehold improvements	9% – 50%
Buildings	2% – 5%
Furniture, fixtures and office equipment	3.8% – 33.3%
Motor vehicles	8.3% – 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation with surplus credited to the asset revaluation reserve and deficit charged to the statement of profit or loss. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 1 to 10 years.

Contractual right

Contractual right is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated life of 12 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	30 to 70 years
Office properties, equipments and staff quarters	2 to 15 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of properties, machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land under development

Land under development is stated at the lower of cost and net realisable value and comprises the compensation for land requisition, project costs, other preliminary infrastructure costs, borrowing costs, professional fees and other costs directly attributable to such land under development during the development period.

Land under development which has been pre-sold or intended for sale and is expected to be completed within one year from the end of the reporting period is classified under current assets. Net realisable value takes into account the Group's proceeds derived from the sale of land under development by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land under development based on prevailing market conditions.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development which have been pre-sold or intended for sale and are expected to be completed within one year from the end of the reporting period are classified under current assets. On completion, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes certain long-term trade receivables, derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss (Continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables, amounts due to related parties, interest-bearing bank and other borrowings, lease liabilities, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments and hedge accounting (Continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) *Sale of completed properties*

Revenue from the sale of completed properties is recognised at the point in time when control of the asset is transferred to the customer, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has obtained the right to payment and the collection of the consideration is probable;

(b) *Land development*

Revenue from land development is recognised at the point in time when control of the asset is transferred to the customers, that is when the related construction works have been completed as well as land is sold, and the collectability of the proceeds from land sales is reasonably assured;

(c) *Hotel operations*

Hotel and other service income is recognised in the period in which such services are rendered because the customer simultaneously receives and consumes the benefits provided by the Group;

(d) *Property management services*

Revenue from the rendering of property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group;

(e) *Design, construction and decoration services*

Revenue from the provision of design, construction and decoration services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the design, construction and decoration services.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as properties under development, land under development, inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a weighted average capitalisation rate of 3.49% has been applied to the expenditure on the group level.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB, while the Company's functional currency is HK$. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and subsidiaries operating outside Mainland China are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rate ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arises throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

Estimation uncertainty

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2022 was RMB249,122,000 (2021: Nil). Further details are given in note 20.

Fair value measurement of certain trade receivables at fair value through profit or loss

Certain of the Group's trade receivables amounting to RMB2,429,970,000 as at 31 December 2022 (2021: Nil) are classified as financial assets at fair value through profit or loss and measured at fair value, which was determined by management with the assistance of an independent qualified professional valuer. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant input thereof, mainly including estimated repayment periods. Further details are given in note 50. Changes to these assumptions would result in changes in the fair values of these trade receivables and the corresponding adjustments to the amount of gain or loss reported in profit or loss.

Provision for expected credit losses on trade receivables at amortised cost and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables at amortised cost and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating, and credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the properties development sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables at amortised cost and contract assets is disclosed in note 25 and note 27 to the financial statements, respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for expected credit losses on amounts due from joint ventures and associates

The Group uses general approach to calculate ECLs on the amounts due from joint ventures and associates. For those associates and joint ventures undertaking property development projects, if applicable, the provision is measured at an amount equal to the lifetime ECL which would be calculated by taking into account the impairment losses of the properties under development and properties held for sale held by the associates and joint ventures. The ECLs reflect the current conditions and forecasts of future economic conditions, as appropriate. The assessment of the carrying value of properties under development and properties held for sale held by the associates and joint ventures and ECLs is a significant estimate. As at 31 December 2022, the loss allowance was assessed and recognised at an amount of RMB2,897,092,000 (2021: RMB1,311,180,000). Further details are disclosed in note 28 to the financial statements.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2022 was RMB37,088,686,000 (2021: RMB31,564,522,000). Further details, including the key assumptions used for the fair value measurement, are given in note 18 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Measurement of properties under development

The Group's properties under development is stated at the lower of cost and net realisable value. Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. An apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a particular phase are recorded as the cost of such phase. Common costs are allocated to individual phases based on the estimated saleable area of the entire development project. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years.

Based on the Group's recent experience and the nature of the subject project, the Group makes estimates of cost of properties under development, and its net realisable value, i.e., the revenue to be derived from the properties under development for sale, less costs to completion and the costs to be incurred in realising the revenue from the sale of properties under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of properties under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties under development in the periods in which such estimate is changed will be adjusted accordingly. The carrying amount of properties under development at 31 December 2022 was RMB145,044,460,000 (2021: RMB144,824,158,000). Further details are given in note 15 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Measurement of land under development

The Group's land under development is stated at the lower of cost and net realisable value. Costs of land under development during the construction stage, before the final settlement of the development costs and other costs relating to the land under development are accrued by the Group based on management's best estimate. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years. Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land under development, and its net realisable value, i.e., the revenue to be derived from the land under development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land under development in the periods in which such estimate is changed will be adjusted accordingly. The carrying amount of land under development at 31 December 2022 was RMB23,049,328,000 (2021: RMB14,919,990,000). Further details are given in note 16 to the financial statements.

Estimation of net realisable value for properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is assessed with reference to market conditions and prices existing at the end of the reporting period and is determined by the Group having taken suitable external advice and in light of recent market transactions. The carrying amounts of properties held for sale at 31 December 2022 were RMB23,193,747,000 (2021: RMB27,477,555,000). Further details are given in note 17 to the financial statements.

Provision for impairment of properties for sale

Management reviews the market conditions of properties for sale held by the Group and associates and joint ventures at the end of each reporting period, and makes provision for impairment of properties for sale identified that the net realisable value is lower than cost. Management estimates the net realisable value for properties for sale based primarily on the latest selling prices and current market conditions. If the condition was to deteriorate so that the actual provision might be higher than expected, the Group would be required to revise the basis of making the provision and its future results would be affected. Further details are given in notes 15 and 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2022 was RMB1,493,047,000 (2021: RMB1,148,139,000). The amount of unrecognised tax losses at 31 December 2022 was RMB7,876,988,000 (2021: RMB6,233,364,000). Further details are contained in note 37 to the financial statements.

PRC corporate income tax

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable at 31 December 2022 was RMB2,773,003,000 (2021: RMB1,989,835,000).

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the local tax authorities upon the completion of the Group's property development projects. The Group has not finalised its LAT tax returns and payments with the local tax authorities for its property development projects. When the final outcome is determined, it may be different from the amounts that were initially recorded, and any differences will affect the current income tax expense and LAT provision in the period which LAT is ascertained. The carrying amount of provision for LAT at 31 December 2022 was RMB2,664,013,000 (2021: RMB2,314,063,000). Further details are given in note 36 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the city and property development segment develops city complexes and properties and develops land;

(b) the commercial leasing and retail operations segment leases office and retail commercial premises;

(c) the hotel operations segment provides hotel accommodation services, food and beverage; and

(d) the "others" segment mainly comprises the provision of property management, design and decoration services, and the operation of an observation deck.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, other investment income, non-lease-related finance costs, fair value gain on a convertible bond and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude derivative financial instruments, deferred tax assets, prepaid tax, restricted bank balances, cash and cash equivalents, certain financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings and related interest payables, tax payable, provision for land appreciation tax, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Group's operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2022	City and property development RMB'000	Commercial leasing and retail operations RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	74,708,319	1,467,970	1,143,874	5,671,209	82,991,372
Intersegment sales	–	83,018	10,000	1,478,476	1,571,494
	74,708,319	1,550,988	1,153,874	7,149,685	84,562,866
Reconciliation:					
Elimination of intersegment sales					(1,571,494)
Total revenue					82,991,372
Segment results	10,638,210	1,996,429	(182,013)	735,860	13,188,486
Reconciliation:					
Elimination of intersegment results					(3,026,870)
Interest income					2,130,988
Other investment income					474,346
Fair value gains on a convertible bond					48,544
Corporate and other unallocated expenses					(396,837)
Finance costs (other than interest on lease liabilities)					(2,661,477)
Profit before tax					9,757,180
Segment assets	395,494,959	48,523,161	13,507,582	12,744,437	470,270,139
Reconciliation:					
Elimination of intersegment assets					(185,912,734)
Corporate and other unallocated assets					137,538,234
Total assets					421,895,639
Segment liabilities	237,166,916	15,837,231	6,942,608	10,800,854	270,747,609
Reconciliation:					
Elimination of intersegment liabilities					(165,448,396)
Corporate and other unallocated liabilities					203,909,686
Total liabilities					309,208,899
Other segment information:					
Share of profits/(losses) of joint ventures	74,793	–	–	(1,326)	73,467
Share of profits/(losses) of associates	427,559	–	–	(3,594)	423,965
Depreciation and amortisation	135,574	54,708	374,012	107,753	672,047
Loss/(gain) on disposal of items of property, plant and equipment	737	48	829	(409)	1,205
Impairment losses recognised in the statement of profit or loss, net	5,945,402	–	–	5,643	5,951,045
Fair value gains on investment properties	–	1,625,045	–	–	1,625,045
Fair value gains on transfer from properties held for sale to investment properties	–	34,725	–	–	34,725
Investments in associates	22,770,194	–	–	–	22,770,194
Investments in joint ventures	25,855,903	–	–	27,811	25,883,714
Capital expenditure*	2,243,418	342,931	199,240	474,835	3,260,424

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, and investment properties including assets from the acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2021	City and property development RMB'000	Commercial leasing and retail operations RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	82,641,602	1,563,348	1,638,081	4,216,903	90,059,934
Intersegment sales	–	27,230	3,386	1,578,042	1,608,658
	82,641,602	1,590,578	1,641,467	5,794,945	91,668,592
Reconciliation:					
Elimination of intersegment sales					(1,608,658)
Total revenue					90,059,934
Segment results	9,730,889	918,777	57,061	725,368	11,432,095
Reconciliation:					
Elimination of intersegment results					(305,219)
Interest income					2,387,013
Other investment income					631,942
Fair value gains on a convertible bond					20,598
Corporate and other unallocated expenses					1,285,826
Finance costs (other than interest on lease liabilities)					(2,737,985)
Profit before tax					12,714,270
Segment assets	366,202,368	41,876,423	14,274,765	10,708,620	433,062,176
Reconciliation:					
Elimination of intersegment assets					(146,214,491)
Corporate and other unallocated assets					125,154,619
Total assets					412,002,304
Segment liabilities	234,499,175	10,276,742	6,151,165	7,953,510	258,880,592
Reconciliation:					
Elimination of intersegment liabilities					(132,886,946)
Corporate and other unallocated liabilities					179,215,030
Total liabilities					305,208,676
Other segment information:					
Share of profits of joint ventures	994,670	–	–	1,407	996,077
Share of profits/(losses) of associates	593,169	–	–	(12,781)	580,388
Depreciation and amortisation	157,229	35,362	360,276	96,062	648,929
Loss/(gain) on disposal of items of property, plant and equipment	(2,503)	54	17,251	(409)	14,393
Impairment losses recognised in the statement of profit or loss, net	993,591	–	–	11,844	1,005,435
Fair value losses on investment properties	–	(1,676,648)	–	–	(1,676,648)
Investments in associates	22,156,898	–	–	30,172	22,187,070
Investments in joint ventures	20,279,660	–	–	55,959	20,335,619
Capital expenditure*	37,333	191,772	213,736	628,910	1,071,751

4. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

During the year, there was no revenue from a single customer which accounted for 10% or more of the Group's revenue (2021: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers	**81,523,402**	88,496,586
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	**13,139**	7,700
Other lease payments, including fixed payments	**1,454,831**	1,555,648
	1,467,970	1,563,348
	82,991,372	90,059,934

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2022

Segments	City and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Types of goods or services				
Sale of completed properties	**71,762,026**	**–**	**–**	**71,762,026**
Land development	**2,946,293**	**–**	**–**	**2,946,293**
Hotel operations	**–**	**1,143,874**	**–**	**1,143,874**
Others	**–**	**–**	**5,671,209**	**5,671,209**
Total revenue from contracts with customers	**74,708,319**	**1,143,874**	**5,671,209**	**81,523,402**
Timing of revenue recognition				
Goods transferred at a point of time	**74,708,319**	**–**	**–**	**74,708,319**
Services transferred over time	**–**	**1,143,874**	**5,671,209**	**6,815,083**
Total revenue from contracts with customers	**74,708,319**	**1,143,874**	**5,671,209**	**81,523,402**

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2021

Segments	City and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Types of goods or services				
Sale of completed properties	77,797,079	–	–	77,797,079
Land development	4,844,523	–	–	4,844,523
Hotel operations	–	1,638,081	–	1,638,081
Others	–	–	4,216,903	4,216,903
Total revenue from contracts with customers	82,641,602	1,638,081	4,216,903	88,496,586
Timing of revenue recognition				
Goods transferred at a point of time	82,641,602	–	–	82,641,602
Services transferred over time	–	1,638,081	4,216,903	5,854,984
Total revenue from contracts with customers	82,641,602	1,638,081	4,216,903	88,496,586

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2022

Segments	City and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers:				
Sales to external customers	**74,708,319**	**1,143,874**	**5,671,209**	**81,523,402**
Intersegment sales	**–**	**10,000**	**1,478,476**	**1,488,476**
	74,708,319	**1,153,874**	**7,149,685**	**83,011,878**
Intersegment adjustments and eliminations	**–**	**(10,000)**	**(1,478,476)**	**(1,488,476)**
Total revenue from contracts with customers	**74,708,319**	**1,143,874**	**5,671,209**	**81,523,402**

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2021

Segments	City and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers:				
Sales to external customers	82,641,602	1,638,081	4,216,903	88,496,586
Intersegment sales	–	3,386	1,578,042	1,581,428
	82,641,602	1,641,467	5,794,945	90,078,014
Intersegment adjustments and eliminations	–	(3,386)	(1,578,042)	(1,581,428)
Total revenue from contracts with customers	82,641,602	1,638,081	4,216,903	88,496,586

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of completed properties	**58,556,902**	46,988,645
Hotel operations	**30,399**	12,577
Others	**23,160**	33,614
	58,610,461	47,034,836

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of completed properties

The performance obligation is satisfied upon delivery of the completed properties.

Land development

The performance obligation is satisfied when the land development is completed.

Hotel operations

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the services.

Property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Property management service contracts are for periods of one year or less, or are billed based on the time incurred.

Design, construction and decoration services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 60 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

	Notes	2022 RMB'000	2021 RMB'000
Other income			
Interest income		**2,130,988**	2,387,013
Other investment income		**474,346**	631,942
Government grants*		**333,326**	288,716
Default penalty income		**45,535**	31,496
		2,984,195	3,339,167
Gains			
Fair value gains on investment properties	18	**1,625,045**	–
Fair value gains on transfers from properties held for sale to investment properties		**34,725**	–
Gain on bargain purchase	43	**3,926,368**	93,763
Gain on disposal of subsidiaries	44	**584,294**	1,068,824
Fair value gains on the equity interests previously held as investments in joint ventures or associates	43	**833,929**	266,183
Fair value gains on other financial assets		**1,249,700**	–
Fair value gain on a convertible bond		**48,544**	20,598
Foreign exchange gain, net	6	**41,019**	–
Gain on disposal of investments in joint ventures and associates		**87,258**	440,906
Gain on bargain purchase of an associate	23	**–**	1,660,284
Others		**275,531**	138,549
		8,706,413	3,689,107
		11,690,608	7,028,274

* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2022 RMB'000	2021 RMB'000
Cost of properties sold		**63,273,395**	66,655,131
Cost of land development		**1,414,958**	2,818,111
Cost of services provided		**5,076,294**	3,829,067
Cost of goods sold		**81,105**	–
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**238,024**	254,309
Depreciation of property, plant and equipment	14	**470,073**	438,676
Depreciation of right-of-use assets	19(a)	**166,769**	187,087
Amortisation of intangible assets	21	**35,205**	23,166
Lease payments not included in the measurement of lease liabilities	19(c)	**89,406**	76,086
Auditor's remuneration		**8,853**	8,718
Employee benefit expense (including directors' and chief executive's remuneration (note (9)):			
Wages and salaries		**3,280,435**	3,146,467
Equity-settled share option expense	40	**(48,308)**	46,127
Pension scheme contributions (defined contribution schemes)****		**311,112**	279,127
Less: Amount capitalised		**(58,297)**	(65,746)
Net pension scheme contributions*		**252,815**	213,381
		3,484,942	3,405,975
Foreign exchange differences, net		**(41,019)**	259,463
Loss on disposal of items of property, plant and equipment**		**1,205**	14,393
Penalties**		**–**	110,365
Gain on disposal of intangible assets		**–**	(18)
Provision of impairment of trade and bills receivables**	25	**8,118**	6,016
(Reversal of impairment)/impairment of financial assets included in prepayments, other receivables and other assets**		**(2,475)**	5,828
Impairment of properties under development, net**		**3,100,161**	594,285
Impairment of properties held for sale, net**		**1,259,329**	399,306
Impairment of amounts due from related parties, net**	28	**1,585,912**	–
Fair value (gains)/losses on investment properties***	18	**(1,625,045)**	1,676,648

* At 31 December 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2021: Nil).

** These items are included in "other expenses and losses, net" in the consolidated statement of profit or loss.

*** The fair value losses on investment properties for the year ended 31 December 2021 were included in "other expenses and losses, net" in the consolidated statement of profit and losses.

**** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. OTHER EXPENSES AND LOSSES, NET

An analysis of other expenses and losses, net is as follows:

	Notes	2022 RMB'000	2021 RMB'000
Impairment of properties under development, net		**3,100,161**	594,285
Impairment of properties held for sale, net		**1,259,329**	399,306
Fair value loss on investment properties	18	**–**	1,676,648
Impairment of amounts due from related parties, net	28	**1,585,912**	–
Others		**8,706**	136,399
		5,954,108	2,806,638

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2021 RMB'000
Interest on bank and other loans, notes and bonds	**5,269,712**	4,299,309
Interest on an amount due to fellow subsidiaries (note 48(a))	**89,116**	144,696
Interest on an amount due to the immediate holding company (note 48(a))	**291,436**	149,780
Interest on an amount due to an intermediate holding company (note 48(a))	**469,177**	492,583
Interest on an amount due to associates (note 48(a))	**93,664**	202,494
Interest on an amount due to joint ventures (note 48(a))	**206,900**	356,394
Interest on an amount due to the substantial shareholder (note 48(a))	**64,977**	7,234
Interest on lease liabilities (note 19(b))	**49,644**	49,685
Total interest expense	**6,534,626**	5,702,175
Less: Interest capitalised	**(3,823,505)**	(2,914,505)
	2,711,121	2,787,670

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2022 RMB'000	2021 RMB'000
Fees	**1,580**	1,528
Other emoluments:		
Salaries, allowances, benefits in kind and bonuses*	**8,786**	28,293
Equity-settled share option expense	**1,407**	2,634
Pension scheme contributions	**445**	1,482
	10,638	32,409
	12,218	33,937

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the performance of the Group's operations.

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 40 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

Mr. Su Xijia, Mr. Suen Man Tak, Mr. Gao Shibin and Mr. Zhong Wei, are independent non-executive directors of the Company, and the fees paid to them during the year were RMB395,000 (2021: RMB382,000), RMB395,000 (2021: RMB382,000), RMB395,000 (2021: RMB382,000) and RMB395,000 (2021: RMB382,000), respectively.

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

Executive directors

i. During the year ended 31 December 2022, Mr. Li Congrui is the chief executive officer of the Company, and the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB3,037,000, equity-settled share option expense of RMB469,000, and pension scheme contributions of RMB130,000.

   During the year ended 31 December 2021, Mr. Li Congrui is the chief executive officer of the Company, and the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB3,153,000, performance related bonuses of RMB5,272,000, special bonuses of RMB1,817,000, equity-settled share option expense of RMB878,000, and pension scheme contributions of RMB507,000.

ii. During the year ended 31 December 2022, Mr. Jiang Nan is the chief financial officer of the Company, and the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB3,066,000, equity-settled share option expense of RMB469,000, and pension scheme contributions of RMB179,000.

   During the year ended 31 December 2021, Mr. Jiang Nan is the chief financial officer of the Company, and the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB3,142,000, performance related bonuses of RMB5,058,000, special bonuses of RMB311,000, equity-settled share option expense of RMB878,000, and pension scheme contributions of RMB459,000.

iii. During the year ended 31 December 2022, Mr. Song Liuyi is the senior vice president of the Company, and the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB2,683,000, equity-settled share option expense of RMB469,000, and pension scheme contributions of RMB136,000.

   During the year ended 31 December 2021, Mr. Song Liuyi is the senior vice president of the Company, and the remuneration paid to him included fees of nil, salaries, allowances and benefits in kind of RMB2,775,000, performance related bonuses of RMB6,246,000, special bonuses of RMB519,000, equity-settled share option expense of RMB878,000, and pension scheme contributions of RMB516,000.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive (Continued)

Non-executive directors

i. Mr. Ning Gaoning resigned as the chairman and non-executive director of the Company with effective from 23 September 2022. There was no remuneration paid to him during the year (2021: Nil).

   Mr. Li Fanrong was appointed as the chairman and non-executive director of the Company with effect from 23 September 2022. There was no remuneration paid to him during the year (2021: Nil).

ii. Mr. Yang Lin resigned as a non-executive director of the Company with effect from 15 June 2022. There was no remuneration paid to him during the year (2021: Nil).

   Mr. Li Fuli was appointed as a non-executive director of the Company with effect from 15 June 2022. There was no remuneration paid to him during the year (2021: Nil).

iii. Mr. Wang Wei resigned as a non-executive director of the Company with effect from 28 March 2022. There was no remuneration paid to him during the year (2021: Nil).

   Mr. Liu Pengpeng was appointed as a non-executive director of the Company with effect from 28 March 2022 and resigned as a non-executive director of the Company with effect from 11 November 2022. There was no remuneration paid to him during the year (2021: Nil).

   Mr. Chen Chuan was appointed as a non-executive director of the Company with effect from 11 November 2022. There was no remuneration paid to him during the year (2021: Nil).

iv. Mr. An Hongjun and Mr. Cheng Yong are non-executive directors of the Company. There was no remuneration paid to them during the year (2021: Nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2021: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors including the chief executive (2021: three directors including the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration of the five highest paid employees of the Company are as follows:

	2022 RMB'000	2021 RMB'000
Salaries, allowances, benefits in kind and bonuses*	**13,791**	41,745
Equity-settled share option expense	**1,959**	3,760
Pension scheme contributions	**1,046**	2,258
	16,796	47,763

The number of the five highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**1**	–
HK$4,000,001 to HK$4,500,000	**3**	–
HK$7,500,001 to HK$8,000,000	**–**	1
HK$10,500,001 to HK$11,000,000	**–**	1
HK$11,500,001 to HK$12,000,000	**–**	1
HK$13,000,001 to HK$13,500,000	**–**	1
HK$14,000,001 to HK$14,500,000	**–**	1
	5	5

In prior years, share options were granted to two non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 40 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX

	Note	2022 RMB'000	2021 RMB'000
Current			
PRC corporate income tax			
Charge for the year		**2,829,866**	3,359,917
Over-provision in prior years		**50,815**	(10,184)
PRC land appreciation tax		**1,671,392**	2,044,745
		4,552,073	5,394,478
Deferred	37	**(15,787)**	(385,039)
Total tax charge for the year		**4,536,286**	5,009,439

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2021: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2021: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

11. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge for the year at the effective tax rates is as follows:

2022

	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000
Profit before tax	917,022	8,840,158	9,757,180
Tax at the statutory income tax rate	151,309	2,210,034	2,361,343
Effect of withholding tax at 5% on the distributable profits of certain PRC subsidiaries	(15,797)	–	(15,797)
Adjustment in respect of current tax of previous periods	–	50,815	50,815
Profits and losses attributable to joint ventures and associates	–	(124,358)	(124,358)
Income not subject to tax	(292,413)	(721,410)	(1,013,823)
Expenses not deductible for tax	141,104	229,910	371,014
Tax losses utilised from previous periods	–	(229,714)	(229,714)
Tax losses not recognised	–	1,883,262	1,883,262
LAT (note 36)	–	1,671,392	1,671,392
Tax effect of LAT	–	(417,848)	(417,848)
Tax charge for the year	(15,797)	4,552,083	4,536,286

11. INCOME TAX (Continued)

2021

	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000
Profit before tax	1,647,396	11,066,874	12,714,270
Tax at the statutory income tax rate	271,820	2,766,719	3,038,539
Effect of withholding tax at 5% on the distributable profits of certain PRC subsidiaries	23,948	–	23,948
Adjustment in respect of current tax of previous periods	–	(10,184)	(10,184)
Profits and losses attributable to joint ventures and associates	–	(367,583)	(367,583)
Income not subject to tax	(506,959)	(141,282)	(648,241)
Expenses not deductible for tax	235,139	417,515	652,654
Tax losses utilised from previous periods	–	(141,879)	(141,879)
Tax losses not recognised	–	928,626	928,626
LAT (note 36)	–	2,044,745	2,044,745
Tax effect of LAT	–	(511,186)	(511,186)
Tax charge for the year	23,948	4,985,491	5,009,439

The share of tax attributable to joint ventures and associates amounting to RMB592,297,000 (2021: RMB764,512,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

12. DIVIDENDS

	2022 RMB'000	2021 RMB'000
Interim – HK9.0 cents (2021 interim dividend: HK12.0 cents) per ordinary share	**999,781**	1,266,204
Proposed final – HK2.0 cents (2021: Nil) per ordinary share	**231,974**	–

Special dividend by mean of distribution in specie

On 10 March 2022, in connection of the listing of ordinary shares of Jinmao Services, a then wholly-owned subsidiary, on the Hong Kong Stock Exchange (the "Listing"), a distribution in specie of 191,680,031 ordinary shares of Jinmao Services was made to the qualifying shareholders of the Company (the "Special Distribution") with a total fair value of HK$1,560,275,000 (equivalent to RMB1,259,142,000), which is based on Jinmao Services' initial public offering price of HK$8.14 per share.

Subsequent to the Listing and the Special Distribution, Jinmao Services became a 67.28% owned subsidiary of the Company.

Scrip dividend scheme

On 30 August 2022, the board of directors of the Company resolved to declare and pay an interim dividend of HK$0.09 per share for the six months ended 30 June 2022 to the shareholders of the Company (the "Shareholders"), and proposed to adopt a scrip dividend scheme to offer the Shareholders an option to receive the dividends to be declared or paid by the Company wholly or partly in the form of new and fully paid shares of the Company in lieu of cash. The resolution of the adoption of this scrip dividend scheme was duly passed by the Shareholders on 27 September 2022. The number of ordinary shares issued as scrip dividends was 625,166,822 and the total amount of dividend paid as scrip dividends was RMB594,337,000 while cash dividends amounted to RMB405,444,000.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 12,754,745,545 (2021: 12,691,578,579) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of the Group's share options into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2022 RMB'000	2021 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic and diluted earnings per share calculations	**1,984,083**	4,689,944

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**12,754,745,545**	12,691,578,579
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	14,593,362
	12,754,745,545	12,706,171,941

14. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2022							
At 1 January 2022:							
Cost	8,785,316	41,943	1,038,459	2,561,366	57,330	3,570,953	16,055,367
Accumulated depreciation and impairment	(2,495,466)	(21,380)	(230,147)	(1,526,062)	(49,376)	–	(4,322,431)
Net carrying amount	6,289,850	20,563	808,312	1,035,304	7,954	3,570,953	11,732,936
At 1 January 2022, net of accumulated depreciation and impairment	6,289,850	20,563	808,312	1,035,304	7,954	3,570,953	11,732,936
Additions	63,701	80,010	114,970	84,452	1,108	430,910	775,151
Disposals	(25,442)	(1,190)	–	(4,939)	(21)	(5,281)	(36,873)
Depreciation provided during the year (note 6)	(216,795)	(16,851)	(69,409)	(163,230)	(3,788)	–	(470,073)
Acquisition of subsidiaries (note 43)	–	–	753,849	7,401	3,716	159,397	924,363
Disposal of subsidiaries (note 44)	–	–	–	(1,124)	(182)	–	(1,306)
Transfer from investment properties (note 18)	–	–	54,200	–	–	–	54,200
Transfer from properties under development	422,892	–	–	–	–	–	422,892
Transfers	10,336	(60,840)	385,391	499,290	–	(834,177)	–
Exchange realignment	–	–	–	6	–	–	6
At 31 December 2022, net of accumulated depreciation and impairment	6,544,542	21,692	2,047,313	1,457,160	8,787	3,321,802	13,401,296
At 31 December 2022:							
Cost	9,252,262	61,703	2,708,564	3,156,103	82,333	3,321,802	18,582,767
Accumulated depreciation and impairment	(2,707,720)	(40,011)	(661,251)	(1,698,943)	(73,546)	–	(5,181,471)
Net carrying amount	6,544,542	21,692	2,047,313	1,457,160	8,787	3,321,802	13,401,296

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2021							
At 1 January 2021:							
Cost	8,806,191	22,150	917,470	2,372,929	59,334	3,045,610	15,223,684
Accumulated depreciation and impairment	(2,265,569)	(20,264)	(185,894)	(1,395,454)	(49,448)	–	(3,916,629)
Net carrying amount	6,540,622	1,886	731,576	977,475	9,886	3,045,610	11,307,055
At 1 January 2021, net of accumulated depreciation and impairment	6,540,622	1,886	731,576	977,475	9,886	3,045,610	11,307,055
Additions	(58,327)	14,056	10,231	90,656	2,972	608,795	668,383
Disposals	(25,457)	(4)	–	(4,357)	(509)	(41,977)	(72,304)
Depreciation provided during the year (note 6)	(234,441)	(971)	(51,853)	(147,014)	(4,397)	–	(438,676)
Acquisition of subsidiaries (note 43)	–	119	–	995	2	150,828	151,944
Disposal of subsidiaries (note 44)	–	–	–	(1,821)	–	–	(1,821)
Gain on property revaluation in relation to the transfer to investment properties	–	–	11,179	–	–	–	11,179
Transfer to investment properties (note 18)	–	–	(14,500)	–	–	–	(14,500)
Transfer from investment properties (note 18)	–	–	121,679	–	–	–	121,679
Transfers	67,453	5,477	–	119,373	–	(192,303)	–
Exchange realignment	–	–	–	(3)	–	–	(3)
At 31 December 2021, net of accumulated depreciation and impairment	6,289,850	20,563	808,312	1,035,304	7,954	3,570,953	11,732,936
At 31 December 2021:							
Cost	8,785,316	41,943	1,038,459	2,561,366	57,330	3,570,953	16,055,367
Accumulated depreciation and impairment	(2,495,466)	(21,380)	(230,147)	(1,526,062)	(49,376)	–	(4,322,431)
Net carrying amount	6,289,850	20,563	808,312	1,035,304	7,954	3,570,953	11,732,936

At 31 December 2022, certain of the Group's hotel properties and buildings, construction in progress included in property, plant and equipment with an aggregate net carrying amount of approximately RMB5,168,032,000 (2021: RMB3,213,792,000) were pledged to secure bank and other loans granted to the Group (note 35).

15. PROPERTIES UNDER DEVELOPMENT

The Group's properties under development are situated in Mainland China.

At 31 December 2022, certain of the Group's properties included in properties under development with a net carrying amount of approximately RMB70,679,210,000 (2021: RMB90,341,912,000) were pledged to secure bank and other loans granted to the Group (note 35).

16. LAND UNDER DEVELOPMENT

Land under development represents the project cost, land requisition cost, compensation cost and other preliminary infrastructure costs in relation to the Group's land development projects (the "Projects") in Mainland China. Though the Group does not have the ownership title or land use right to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities as well as other development works in the Projects. When the land plots are sold by the local government, the Group is entitled to receive from the local authorities the land development fee.

17. PROPERTIES HELD FOR SALE

The Group's properties held for sale are situated in Mainland China.

At 31 December 2022, certain of the Group's properties included in properties held for sale with a net carrying amount of approximately RMB488,501,000 (2021: RMB132,501,000) were pledged to secure bank and other loans granted to the Group (note 35).

18. INVESTMENT PROPERTIES

	Notes	2022 RMB'000	2021 RMB'000
Carrying amount at 1 January		**31,564,522**	33,315,404
Additions		**144,603**	160,683
Net gain/(loss) from a fair value adjustment	5	**1,625,045**	(1,676,648)
Transfer from properties held for sale		**4,675,289**	–
Transfer to properties held for sale		**(485,937)**	–
Transfer from property, plant and equipment	14	**–**	14,500
Transfer to property, plant and equipment	14	**(54,200)**	(121,679)
Transfer from/(to) right-of-use assets	19(a)	**19,764**	(127,738)
Acquisition of subsidiaries	43	**1,067,600**	–
Disposal of subsidiaries	44	**(1,468,000)**	–
Carrying amount at 31 December		**37,088,686**	31,564,522

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18. INVESTMENT PROPERTIES (Continued)

The Group's investment properties consist of commercial properties and right-of-use assets in Mainland China. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued individually on 31 December 2022 based on valuations performed by Cushman & Wakefield Limited, Shanghai Cairui Real Estate Land Appraisal Co., Ltd., Beijing Zhongqihua Assets Appraisal Co., Ltd., and Beijing Zhuoxindahua Appraisal Co., Ltd., independent professionally qualified valuers. Each year, the Group's management decides to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

As at 31 December 2022, four of the Group's investment properties were right-of-use asset with total carrying amount of RMB746,708,000 (2021: RMB766,301,000) relating to buildings which were leased out under one or more operating leases. These investment properties are leased under operating leases, further summary details of which are included in note 19 to the financial statements.

At 31 December 2022, certain of the Group's investment properties with a carrying value of RMB13,319,860,000 (2021: RMB11,881,000,000) were pledged to secure bank and other loans granted to the Group (note 35).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2022 using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:			
Commercial properties	**41,600**	**37,047,086**	**37,088,686**

	Fair value measurement as at 31 December 2021 using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:			
Commercial properties	41,800	31,522,722	31,564,522

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2021: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000
Carrying amount at 1 January 2021	33,273,504
Additions	160,683
Net loss from a fair value adjustment	(1,676,548)
Transfer from property, plant and equipment	14,500
Transfer to property, plant and equipment	(121,679)
Transfer to right-of-use assets	(127,738)
Carrying amount at 31 December 2021 and 1 January 2022	31,522,722
Additions	144,603
Net gain from a fair value adjustment	1,625,245
Transfer from properties held for sale	4,675,289
Transfer to properties held for sale	(485,937)
Transfer from right-of-use assets	19,764
Transfer to property, plant and equipment	(54,200)
Acquisition of subsidiaries	1,067,600
Disposal of subsidiaries	(1,468,000)
Carrying amount at 31 December 2022	37,047,086

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2022	Range or weighted average 2021
Commercial properties	Term and reversion method	Term yield	**2.00% – 6.00%**	2.00% – 6.00%
		Reversionary yield	**2.00% – 6.50%**	2.00% – 6.50%
		Market rent (per sqm p.a.)	**RMB314 – RMB18,600**	RMB528 – RMB18,000
	Discounted cash flow method	Estimated rental value (per sqm p.a.)	**RMB626 – RMB2,600**	RMB2,003
		Rental growth p.a.	**0.00% – 6.74%**	2.50% – 6.50%
		Long term vacancy rate	**0.00% – 10.00%**	5.00% – 20.00%
		Discount rate	**4.00% – 7.00%**	5.50% – 7.00%
	Market comparable method	Price per sqm	**RMB5,600 – RMB59,928**	RMB13,300 – RMB90,840
Right-of-use assets	Term and reversion method	Term yield	**3.50% – 5.50%**	3.50% – 5.50%
		Reversionary yield	**4.00% – 6.00%**	4.00% – 6.00%
		Market rent (per sqm p.a.)	**RMB637 – RMB2,387**	RMB637 – RMB2,630
	Discounted cash flow method	Estimated rental value (per sqm p.a.)	**RMB316 – RMB563**	N/A
		Rental growth p.a.	**(1%) – 11%**	N/A
		Discount rate	**6.50%**	N/A

The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent would result in a significant increase (decrease) in the fair value of the investment properties.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

Under the market comparable method, a property's fair value is estimated based on comparable transactions. Although property interests are not homogeneous, the International Valuation Standards Council considers the market approach most commonly applied. "In order to compare the subject of the valuation with the price of other real property interests that have been recently exchanged or that may be currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are commonly used include analysing sales prices by calculating the price per square meter of a building or per hectare for land. Other units used for price comparison where there is sufficient homogeneity between the physical characteristics include a price per room or a price per unit of output, e.g., crop yields. A unit of comparison is only useful when it is consistently selected and applied to the subject property and the comparable properties in each analysis".

The market comparable method is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Group is the price per square metre. The market comparable approach is often used in combination with either the discounted cash flow or the term and reversion method as many inputs to these methods are based on market comparison.

A significant increase (decrease) in the price per square metre would result in a significant increase (decrease) in the fair value of the investment properties.

The residual method is essentially a mean of valuing land with reference to its development potential by deducting construction cost, interest and developer's profit from its estimated gross development value assuming it would have been completed as at the valuation date in accordance with the latest development scheme provided to the Group by relevant parties. The estimated total and outstanding construction costs and development schedule to be advised by the relevant parties will also be considered.

A significant increase (decrease) in the developer's profit rate would result in a significant decrease (increase) in the fair value of the investment properties.

19. LEASES

The Group as a lessee

The Group has lease contracts mainly for properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties, equipments and staff quarters generally have lease terms between 2 and 15 years.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Office properties, equipments and staff quarters RMB'000	Total RMB'000
As at 1 January 2021	1,411,339	223,853	1,635,192
Additions	5,188	98,542	103,730
Additions as a result of acquisition of subsidiaries (note 43)	17,158	1,155	18,313
Transfer from investment properties (note 18)	–	127,738	127,738
Depreciation charge (note 6)	(54,975)	(132,112)	(187,087)
As at 31 December 2021 and 1 January 2022	**1,378,710**	**319,176**	**1,697,886**
Additions	**37,726**	**123,091**	**160,817**
Additions as a result of acquisition of subsidiaries (note 43)	**167,358**	**8,683**	**176,041**
Transferred to investment properties (note 18)	**–**	**(66,472)**	**(66,472)**
Transfer from investment properties (note 18)	**–**	**46,708**	**46,708**
Transfer from properties under development	**104,944**	**-**	**104,944**
Revision of a lease term arising from a change in the non-cancellable period of a lease	**–**	**(1,480)**	**(1,480)**
Depreciation charge (note 6)	**(59,379)**	**(107,390)**	**(166,769)**
As at 31 December 2022	**1,629,359**	**322,316**	**1,951,675**

At 31 December 2022, certain of the Group's right-of-use assets with an aggregate net carrying amount of approximately RMB666,323,000 (2021: RMB618,864,000) were pledged to secure bank and other loans granted to the Group (note 35).

19. LEASES (Continued)

The Group as a lessee (Continued)

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount at 1 January	**1,065,976**	1,099,575
New leases	**111,420**	90,565
Additions as a result of acquisition of subsidiaries (note 43)	**8,624**	1,044
Accretion of interest recognised during the year (note 8)	**49,644**	49,685
Payments	**(108,096)**	(174,893)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(1,466)**	–
Carrying amount at 31 December	**1,126,102**	1,065,976
Analysed into		
Current portion	**175,448**	117,206
Non-current portion	**950,654**	948,770

The maturity analysis of lease liabilities is disclosed in note 51 to the financial statements.

The Group has applied the practical expedient to all eligible rent concessions granted by the lessors for leases of certain office properties and staff quarters during the year.

19. LEASES (Continued)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	**49,644**	49,685
Depreciation charge of right-of-use assets	**166,769**	187,087
Expense relating to short-term leases (included in cost of sales)	**10,871**	12,631
Expense relating to leases of low-value assets (included in administrative expenses)	**78,535**	63,455
Total amount recognised in profit or loss	**305,819**	312,858

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 45(c) and 47, respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 18) consisting of commercial properties and right-of-use assets in Mainland China under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB1,467,970,000 (2021: RMB1,563,348,000), details of which are included in note 5 to the financial statements.

At 31 December 2022, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	**1,172,635**	1,188,967
After one year but within two years	**765,922**	852,415
After two years but within three years	**647,819**	440,240
After three years but within four years	**310,666**	296,410
After four years but within five years	**270,431**	170,189
After five years	**573,021**	455,381
	3,740,494	3,403,602

20. GOODWILL

	RMB'000
Cost and carrying amount at 1 January 2021, 31 December 2021 and 1 January 2022	–
Acquisition of a subsidiary (note 43)	249,122
At 31 December 2022	**249,122**
At 31 December 2022	
Cost	**249,122**
Accumulated impairment	**–**
Net carrying amount	**249,122**

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing:

- Beijing Capital Property Services Limited cash-generating unit

Beijing Capital Property Services Limited cash-generating unit

The recoverable amount of this cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 11.98%. The growth rate used to extrapolate the cash flows of the upscale residential and commercial projects cash-generating unit beyond the five-year period is 3%, which was the same as the long term average growth rate of the property management industry.

The carrying amount of goodwill allocated to the cash-generating unit is as follows:

	Beijing Capital Property Services Limited cash-generating unit 2022 RMB'000
Carrying amount of goodwill	249,122

Assumptions were used in the value in use calculation of this cash-generating unit for 31 December 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are after tax and reflect specific risks relating to the relevant unit.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

21. INTANGIBLE ASSETS

	Computer software RMB'000	Contractual rights	Total RMB'000
31 December 2022			
At 1 January 2022			
Cost	259,320	–	259,320
Accumulated amortisation and impairment	(84,432)	–	(84,432)
Net carrying amount	174,888	–	174,888
Cost at 1 January 2022, net of accumulated amortisation and impairment	174,888	–	174,888
Additions	86,447	–	86,477
Acquisition of subsidiaries (note 43)	176,060	86,200	262,260
Disposals	(965)	–	(965)
Amortisation provided during the year (note 6)	(31,328)	(3,877)	(35,205)
At 31 December 2022	405,102	82,323	487,425
At 31 December 2022			
Cost	513,483	86,200	599,683
Accumulated amortisation and impairment	(108,381)	(3,877)	(122,258)
Net carrying amount	405,102	82,323	487,425

	Computer software RMB'000
31 December 2021	
At 1 January 2021	
Cost	195,336
Accumulated amortisation and impairment	(87,864)
Net carrying amount	107,472
Cost at 1 January 2021, net of accumulated amortisation and impairment	107,472
Additions	90,665
Acquisition of subsidiaries (note 43)	76
Disposals	(159)
Amortisation provided during the year (note 6)	(23,166)
At 31 December 2021	174,888
At 31 December 2021	
Cost	259,320
Accumulated amortisation and impairment	(84,432)
Net carrying amount	174,888

22. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES

Investments in joint ventures

	2022 RMB'000	2021 RMB'000
Share of net assets	**22,552,160**	22,187,070
Other investments in joint ventures	**3,331,554**	–
Total investments in joint ventures	**25,883,714**	22,187,070

Other investments in joint ventures represented the investments in perpetual capital instruments issued by joint ventures. In the opinion of the directors, these perpetual capital instruments are considered as part of the Group's investments in joint ventures.

The amounts due from and to joint ventures are disclosed in note 28 to the financial statements.

All of the Group's investments in joint ventures are indirectly held by the Company.

The Group has discontinued the recognition of its share of loss of certain joint ventures because the share of loss of the joint ventures exceeded the Group's interests in them and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of loss of the joint ventures for the current year and cumulatively were RMB280,580,000 (2021: RMB508,933,000) and RMB1,237,304,000 (2021: RMB1,413,152,000), respectively.

The joint ventures of the Group are considered not individually material and the following table illustrates the aggregate financial information of the joint ventures:

	2022 RMB'000	2021 RMB'000
Share of the joint ventures' profit for the year	**73,467**	996,077
Share of the joint ventures' total comprehensive income for the year	**73,467**	996,077
Aggregate carrying amount of the Group's investments in the joint ventures	**25,883,714**	22,187,070

Joint operations

On 11 May 2010, the Company entered into a framework cooperation agreement with Qingdao Urban Construction Investment (Group) Co., Ltd. ("Qingdao Urban Investment Group") pursuant to which the Company and Qingdao Urban Investment Group intended to jointly develop the Lanhai Xingang City project located in Qingdao, the PRC.

On 5 November 2010, Qingdao Jin Mao, an indirect wholly-owned subsidiary of the Company was established for the purpose of operating the Lanhai Xingang City project, and Qingdao Urban Investment Group entered into a capital increase agreement pursuant to which Qingdao Jin Mao agreed to make a capital injection of RMB1 billion into Qingdao Lanhai Xingang City Properties Co., Ltd. ("Lanhai Xingang City"), a wholly-owned subsidiary of Qingdao Urban Investment Group, to subscribe for its new registered capital.

22. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Joint operations (Continued)

On 28 July 2011, Qingdao Jin Mao completed the acquisition of a 50% equity interest in Lanhai Xingang City through contributing RMB1 billion to the newly registered capital of Lanhai Xingang City. On the same day, Qingdao Jin Mao and Qingdao Urban Investment Group entered into a supplementary agreement pursuant to which Lanhai Xingang City agreed to establish two branches, where branch 1 would be unilaterally managed and controlled by Qingdao Jin Mao in respect of the development of the Southern region with a land area of 200 mu (the "Southern Region") and branch 2 would be unilaterally managed and controlled by Qingdao Urban Investment Group in respect of the development of the Northern region with a total land area of 140 mu (the "Northern Region"). The land use right certificate in connection with the Southern Region is registered under the name of Lanhai Xingang City.

The Group considered this supplementary arrangement as a joint operation and recognised the assets, liabilities and revenue and expenses of branch 1 as the Group is given the rights to the assets and has obligations for the liabilities of branch 1 pursuant to the terms of the supplementary agreement.

The following table illustrates the summarised financial information of branch 1 of Lanhai Xingang City recognised in the Group's consolidated financial statements:

	2022 RMB'000	2021 RMB'000
Non-current assets		
Property, plant and equipment	**158**	179
Total non-current assets	**158**	179
Current assets		
Properties held for sale	**293,872**	300,958
Prepayments, other receivables and other assets	**5,346**	3,575
Restricted bank balances	**4,200**	563
Cash and cash equivalents	**6,852**	55,389
Total current assets	**310,270**	360,485
Current liabilities		
Trade and bills payables	**122,037**	157,029
Other payables and accruals	**83,621**	91,828
Total current liabilities	**205,658**	248,857
Net current assets	**104,612**	111,628
Total assets less current liabilities	**104,770**	111,807
Net assets	**104,770**	111,807

22. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Joint operations (Continued)

	2022 RMB'000	2021 RMB'000
Revenue	**6,236**	273,190
Cost of sales	**3,303**	(243,837)
Gross profit	**9,539**	29,353
Other income and gains	**130**	962
Selling and marketing expenses	**(948)**	308
Administrative expenses	**(285)**	(527)
Profit before tax	**8,436**	30,096
Income tax	**(2,545)**	(18,659)
Profit for the year	**5,891**	11,437

23. INVESTMENTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Share of net assets	**21,873,426**	20,335,619
Other investments in associates	**896,768**	–
Total investments in associates	**22,770,194**	20,335,619

Other investments in associates represented the investments in perpetual capital instruments issued by associates. In the opinion of the directors, these perpetual capital instruments are considered as part of the Group's investments in the associates.

The amounts due from and to associates are disclosed in note 28 to the financial statements.

The Group has discontinued the recognition of its share of loss of certain associates because the share of loss of the associates exceeded the Group's interests in them and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of loss of the associates for the current year and cumulatively were RMB176,409,000 (2021: RMB549,982,000) and RMB1,262,346,000 (2021: RMB1,380,230,000), respectively.

During the year ended 31 December 2021, the Company acquired a 29.9% equity interest in China VAST Industrial Urban Development Company Limited ("China VAST"), a company incorporated in the Cayman Islands, whose shares were listed on the Hong Kong Stock Exchange for a cash consideration of approximately RMB1,234,760,000. China VAST is engaged in the business of (i) planning, development and operation of large-scale industrial towns, (ii) property development, and (iii) property leasing, in the PRC. The investment in China VAST was accounted as an associate and was measured using the equity method. The excess of the Company's share of net fair value of China VAST's identifiable asset and liabilities over the cost of investment of RMB1,660,284,000 was included in other income and gains (note 5).

During the year ended 31 December 2022, the Company acquired additional 60.2% equity interest in China VAST and China VAST became a 90.1% owned subsidiary of the Group. On December 6, 2022, China VAST completed the privatization transaction and withdrew its shares listed on the Stock Exchange.

23. INVESTMENTS IN ASSOCIATES (Continued)

At 31 December 2022, the Group's investment in an associate with an aggregate net carrying amount of approximately RMB165,605,000 (2021: Nil) was pledged to secure bank and other loans granted to the Group (note 35).

The associates of the Group are considered not individually material and the following table illustrates the aggregate financial information of the associates:

	2022 RMB'000	2021 RMB'000
Share of the associates' profit for the year	**423,965**	580,388
Share of the associates' total comprehensive income for the year	**423,965**	580,388
Aggregate carrying amount of the Group's investments in the associates	**22,770,194**	20,335,619

24. INVENTORIES

	2022 RMB'000	2021 RMB'000
Raw materials	**381,366**	217,517
Consumables and tools	**146**	202
Hotel merchandise	**10,355**	13,697
Trading stock	**3,677**	2,689
	395,544	234,105

25. TRADE AND BILLS RECEIVABLES

	2022 RMB'000	2021 RMB'000
-At amortised cost		
Trade and bills receivables	**2,248,997**	2,109,601
Impairment	**(35,749)**	(27,631)
	2,213,248	2,081,970
-At fair value through profit or loss		
Trade receivables	**2,429,970**	–
Carrying amount at 31 December	**4,643,218**	2,081,970
Current portion	**2,213,248**	2,081,970
Non-Current portion	**2,429,970**	–

Consideration in respect of properties sold is receivable in accordance with the terms of the related sale and purchase agreements, whilst the Group's trading terms with its customers in re lation to the provision of hotel, decoration and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for major customers. Each customer has a maximum credit limit.

25. TRADE AND BILLS RECEIVABLES (Continued)

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing.

At 31 December 2022, certain of the Group's trade and bills receivables with a net carrying amount of approximately RMB688,679,000 (2021: RMB11,512,000) were pledged to secure bank and other loans granted to the Group (note 35).

An ageing analysis of the trade and bills receivables at amortised cost as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 month	**586,135**	1,197,902
1 to 3 months	**316,206**	145,350
3 to 6 months	**258,412**	148,740
6 months to 1 year	**576,996**	494,784
Over 1 year	**475,499**	95,194
	2,213,248	2,081,970

The movements in the loss allowance for impairment of trade and bills receivables at amortised cost are as follows:

	2022 RMB'000	2021 RMB'000
At 1 January	**27,631**	21,615
Impairment losses, net (note 6)	**8,118**	6,016
At 31 December	**35,749**	27,631

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than one year and are not subject to enforcement activity.

25. TRADE AND BILLS RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables at amortised cost using a provision matrix:

As at 31 December 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	**0.09%**	**2.98%**	**2.95%**	**21.31%**	**1.59%**
Gross carrying amount (RMB'000)	**2,078,067**	**13,436**	**889**	**156,605**	**2,248,997**
Expected credit losses (RMB'000)	**1,949**	**401**	**26**	**33,373**	**35,749**

As at 31 December 2021

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.04%	3.21%	8.16%	27.32%	1.31%
Gross carrying amount (RMB'000)	2,003,067	4,859	5,979	95,696	2,109,601
Expected credit losses (RMB'000)	846	156	488	26,141	27,631

Trade receivables – at fair value through profit or loss

Trade receivables – fair value through profit or loss represents the income arising from land development for which the transaction price are determined on a cost-plus basis. The Group entered into service agreements with the relevant local government authorities, according to which the Group provides construction services and is entitled to service consideration on a cost-plus basis. According to the agreements, the relevant local government authorities has the right to defer payment under certain circumstances and the cash flows of the receivables could not pass the solely payments of principal and interest testing, thus, these were classified as fair value through profit or loss.

Included in the trade receivables – at fair value through profit or loss from land development was an amount of RMB1,748,390,000 (2021: Nil) which was bearing interest ranging from 6.37% to 10% (2021: Nil).

Details of fair value information of trade receivables – at fair value through profit or loss are set out in note 50.

26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 RMB'000	2021 RMB'000
Prepayments	**7,777,805**	12,939,701
Deposits	**925,790**	4,123,248
Other receivables	**4,633,987**	7,261,024
Due from non-controlling shareholders	**14,459,906**	13,217,806
Others	**1,015,560**	631,333
Carrying amount at 31 December	**28,813,048**	38,173,112
Current portion	**28,498,777**	37,726,274
Non-current portion	**314,271**	446,838

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2022 and 2021, the loss allowance was assessed to be minimal.

The current balances of amounts due from non-controlling shareholders are unsecured, interest-free and repayable within one year, except for the amounts of RMB9,966,813,000, in aggregate, which bear interest at rates from 1.83% to 6.00% per annum (2021: RMB11,289,488,000, in aggregate, which bear interest at rates from 1.93% to 4.75% per annum).

Management expects the contracts costs, primarily sale commission and stamp duty paid/payable, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts as contract costs and amortised when the related revenue are recognised.

As at 31 December 2022, the non-current balance included a pledged deposit of RMB0 (2021: RMB246,000,000) made to a local government for performance guarantee, which is not repayable within one year.

27. CONTRACT ASSETS

	31 December 2022 RMB'000	31 December 2021 RMB'000	1 January 2021 RMB'000
Contract assets arising from design, construction and decoration services	**476,017**	1,400,898	789,328

Contract assets are initially recognised for other revenue earned from the design, construction and decoration services as the receipt of consideration is conditional on successful completion of services, respectively. Included in contract assets for design, construction and decoration services are retention receivables. Upon completion of services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2022 and 2021 was the result of the increase in the ongoing provision of design, construction and decoration services at the end of each of the years.

The expected timing of recovery or settlement for contract assets as at 31 December 2022 is within one year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade and bills receivables as the contract assets and the trade and bills receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade and bills receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2022	2021
Expected credit loss rate	**0%**	0%
Gross carrying amount (RMB'000)	**476,017**	1,400,898
Expected credit losses (RMB'000)	**–**	–

28. BALANCES WITH RELATED PARTIES

An analysis of the amounts due from related parties is as follows:

	Notes	2022 RMB'000	2021 RMB'000
Current:			
Due from related parties:			
The ultimate holding company		**280**	645
An intermediate holding company		**4,158**	259
The immediate holding company		**1,269**	1,162
An associate of the Group's ultimate holding company		**47**	95
Fellow subsidiaries		**440,730**	144,870
Associates*	(i)	**8,183,077**	9,688,608
Joint ventures*	(ii)	**16,597,594**	19,816,601
The substantial shareholder	(iii)	**1,958,129**	1,912,913
Impairment allowance		**(2,897,092)**	(1,311,180)
		24,288,192	30,253,973
Non-current:			
Due from related parties:			
Associates*	(iv)	**2,141,740**	1,067,678
Joint ventures*	(v)	**3,202,442**	10,789,364
The substantial shareholder	(vi)	**785,348**	–
		6,129,530	11,857,042
		30,417,722	42,111,015

* The trade and bills receivable relating to provision of property management, green buildings technology, design and decoration services are included in due from related parties as at 31 December 2022 with an amount of approximately RMB1,186,432,000 (2021: RMB1,045,288,000), which arose from ordinary and usual course of the Group on normal commercial terms.

28. BALANCES WITH RELATED PARTIES (Continued)

At each reporting date, an impairment analysis is performed using the general approach to recognise the ECLs on the amounts due from the related parties. For those associates and joint ventures undertaking property development projects, if applicable, the loss allowance is measured at an amount equal to the lifetime ECL which would be calculated by taking into account the impairment losses of the properties under development and properties held for sale held by the associates and joint ventures. The ECLs reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2022, the loss allowance was assessed and recognised at an amount of RMB2,897,092,000 (2021: RMB1,311,180,000).

The amounts due from related parties are unsecured, interest-free and are repayable on demand, except for the following:

(i) The current balances of amounts due from associates as at 31 December 2022 of RMB2,638,034,000 in aggregate, which bear interest at rates ranging from 5.35% to 10.00% per annum (2021: RMB4,019,333,000 in aggregate, which bore interest at rates ranging from 2.42% to 9.00% per annum).

(ii) The current balances of amounts due from joint ventures as at 31 December 2022 of RMB9,276,712,000 in aggregate, which bear interest at rates ranging from 1.93% to 13.88% per annum (2021: RMB10,684,273,000 in aggregate, which bore interest at rates ranging from 4.35% to 10.00% per annum).

(iii) The current balances of amounts due from the substantial shareholder as at 31 December 2022 of RMB995,712,000 in aggregate, which bear interest at a rate of 2.18% per annum (2021: RMB1,747,993,000 in aggregate, which bore interest at a rate of 2.18% to 2.75% per annum).

(iv) The non-current balances of amounts due from associates as at 31 December 2022 of RMB1,092,275,000 in aggregate, which bear interest at rates ranging from 6.00% to 8.00% per annum (2021: RMB987,798,000 in aggregate, which bore interest at rates ranging from 5.22% to 8.00% per annum).

(v) The non-current balances of amounts due from joint ventures as at 31 December 2022 of RMB2,395,763,000 in aggregate which bear interest at rates ranging from 5.23% to 10.00% per annum (2021: RMB9,637,243,000 in aggregate, which bore interest at rates ranging from 1.93% to 13.88% per annum).

(vi) The non-current balances of amounts due from the substantial shareholder as at 31 December 2022 include an amount of RMB752,202,000, which bear interest at a rate of 2.75% per annum (2021: Nil).

28. BALANCES WITH RELATED PARTIES (Continued)

An analysis of the amounts due to related parties is as follows:

	Notes	2022 RMB'000	2021 RMB'000
Current:			
Due to related parties:			
The ultimate holding company		**2,186**	2,170
An intermediate holding company		**32,037**	32,321
The immediate holding company		**10,229,643**	9,378,955
Fellow subsidiaries		**4,936,210**	4,527,859
Associates	(i)	**14,631,779**	10,672,565
Joint ventures		**12,353,053**	11,759,046
Associates of the Group's ultimate holding company		**15,443**	15,951
The substantial shareholder		**3,283,975**	2,577,371
		45,484,326	38,966,238
Non-current:			
Due to related parties:			
An intermediate holding company	(ii)	**11,121,904**	11,556,775
Associates	(iii)	**296,440**	1,748,901
Joint ventures	(iv)	**801,925**	–
		12,220,269	13,305,676
		57,704,595	52,271,914

The amounts due to related parties are unsecured, interest-free and are repayable on demand, except for the following:

(i) The current balances of amounts due to associates as at 31 December 2022 of RMB1,735,470,000 in aggregate, which bear interest at rates ranging from 2.18% to 4.75% per annum (2021: RMB1,313,370,000 in aggregate, which bore interest at rates ranging from 2.18% to 3.85% per annum).

(ii) The non-current balances of amounts due to an intermediate holding company as at 31 December 2022 of RMB10,700,000,000, which bears interest from 4.20% to 4.35% per annum (2021: RMB10,700,000,000, which bore interest from 4.20% to 4.35% per annum).

(iii) The non-current balances of amounts due to associates as at 31 December 2021 of RMB777,000,000 in aggregate, which bear interest at rates ranging from 4.28% to 4.75% per annum (2022: Nil).

(iv) The non-current balances of amounts due to a joint venture as at 31 December 2022 of RMB205,710,000, which bear interest at a rate of 5.80% per annum (2021: Nil).

29. OTHER FINANCIAL ASSETS

	2022 RMB'000	2021 RMB'000
Non-current balances		
Unlisted equity investments, at fair value	**105,000**	105,000
A convertible bond, at fair value	**–**	806,403
Investments in a land development project, at fair value	**5,669,905**	–
Other unlisted investments, at fair value	**276,132**	637,933
	6,051,037	1,549,336
Current balances		
Other unlisted investments, at fair value	**41**	42
	6,051,078	1,549,378

The above equity investments were classified as financial assets at fair value through profit or loss.

Convertible bond as at 31 December 2021 was issued by China VAST in a principal amount of US$123,276,000 (equivalent to RMB797,657,000). The convertible bond has a term of 3 years with interest rate of 6% per annum payable semi-annually in arrears. The convertible price is HK$3.05 per share and a total of 313,735,125 shares of China VAST will be issued upon full conversion of the convertible bonds.

Investments in a land development project as at 31 December 2022, was investments in Phase II of Changsha Meixi Lake Primary Development Project.

The above other unlisted investments were wealth management products issued by financial institutions in Mainland China.

30. CASH AND CASH EQUIVALENTS, RESTRICTED BANK BALANCES AND DEPOSITS

	2022 RMB'000	2021 RMB'000
Cash and bank balances	**37,087,009**	30,984,729
Time deposits	**7,616,482**	8,759,700
	44,703,491	39,744,429
Less:		
Restricted bank balances	**(7,614,247)**	(8,693,792)
Cash and cash equivalents	**37,089,244**	31,050,637

At 31 December 2022, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB32,759,090,000 (2021: RMB30,406,235,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Included in the Group's cash and cash equivalents are deposits of RMB9,944,226,000 (2021: RMB9,972,529,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance"), a financial institution approved by the People's Bank of China. The interest rates on these deposits ranged from 0.35% to 1.90% per annum (2021: 0.35% to 1.90%). Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 48(a) to the financial statements.

As at 31 December 2022, restricted bank balances included the regulated pre-sales proceeds of properties of RMB6,640,412,000 (31 December 2021: RMB6,980,418,000).

31. DUE FROM NON-CONTROLLING SHAREHOLDERS

The non-current balances of amounts due from non-controlling shareholders are unsecured, bear interest at rates ranging from 2.18% to 4.55% (2021: 2.18% to 4.75%) per annum and are not repayable within one year.

32. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year or on demand	**25,517,380**	26,475,543
Over 1 year	**5,315,676**	2,476,019
	30,833,056	28,951,562

The trade and bills payables are non-interest-bearing and are normally settled on 60-day terms.

33. OTHER PAYABLES AND ACCRUALS

	Notes	2022 RMB'000	2021 RMB'000
Other payables	(a)	**18,116,971**	18,392,754
Receipts in advance		**768,191**	2,551,602
Contract liabilities	(b)	**60,147,539**	78,213,782
Accruals		**538,003**	218,956
Due to non-controlling shareholders	(c)	**1,000,883**	4,390,261
Dividend payable to non-controlling shareholders		**83,227**	33,627
Deferred revenue		**1,307,590**	781,743
Carrying amount at 31 December		**81,962,404**	104,582,725
Current portion		**79,981,676**	103,811,166
Non-current portion		**1,980,728**	771,559

Notes:

(a) Other payables are non-interest-bearing with an average term of not more than one year. The value added taxes ("VAT") relating to pre-sale of properties are included in other payables as at 31 December 2022 with an amount of approximately RMB5,237,899,000 (2021: RMB6,861,506,000). VAT payable is recognised when or as the control of the properties is transferred to customers and revenue is recognised.

(b) Details of contract liabilities are as follows:

	31 December 2022 RMB'000	31 December 2021 RMB'000	1 January 2021 RMB'000
Short-term advances received from customers:			
Sale of properties	**59,171,384**	77,681,366	81,113,070
Land development	**–**	–	23,586
Hotel operations	**54,715**	82,240	80,425
Others	**921,440**	450,176	276,680
Total contract liabilities	**60,147,539**	78,213,782	81,493,761

Contract liabilities include short-term advances received to deliver completed properties and land development assets, render hotel operations, design and decoration services and management services. The decrease in contract liabilities in 2022 was mainly due to the recognition of revenue arising from contract liabilities in relation to short-term advances received from customers.

(c) The amounts due to non-controlling shareholders as at 31 December 2022 are unsecured and interest-free, except for the amounts of RMB363,429,000 in aggregate, which bear interest at rates ranging from 4.75% to 8.00% per annum (2021: RMB1,433,441,000 in aggregate, which bore interest at rates ranging from 4.35% to 12.00% per annum).

34. DERIVATIVE FINANCIAL INSTRUMENTS

	2022 Assets RMB'000	2021 Liabilities RMB'000
Interest rate swaps	**6,312**	39,108
Cross currency interest rate swaps	**–**	2,587
Carrying amount at 31 December	**6,312**	41,695
Current portion	**(6,312)**	(13,623)
Non-current portion	**–**	28,072

Derivative financial instruments of the Group were conducted with creditworthy banks.

Cash flow hedge – Interest rate risk and foreign currency risk
At 31 December 2022, the Group had interest rate swap agreements in place with an aggregate notional amount of HK$960,000,000, whereby they pay interest at fixed rates ranging from of 4.19% to 4.45% and receive interest at variable rates equal to the Hong Kong Interbank Offered Rate ("HIBOR") plus 1.65% on the notional amount. The swaps are being used to hedge the interest rate exposure of floating rate unsecured bank loans with an aggregate face value of HK$960,000,000.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the swaps and the floating rate interest payment (i.e., notional amount, maturity and payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the swaps and the floating rate interest payment are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the forecasted payments and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

35. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022			2021		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans, secured	4.35-7.40	2023	465,000	–	–	–
Bank loans, unsecured	0.96-9.78	2023	10,897,549	1.00-4.73	2022	8,969,339
Other loans, unsecured	4.75	2023	1,020,000	3.80-4.75	2022	1,162,000
Notes, unsecured	–	–	–	3.92	2022	800,000
Current portion of long term bank loans, secured	3.10-8.50	2023	3,263,275	3.85-5.39	2022	2,027,883
Current portion of long term bank loans, unsecured	1.42-5.40	2023	3,889,042	1.60-4.90	2022	6,910,121
Current portion of long term other loans, unsecured	3.10-5.80	2023	1,987,700	4.37-4.75	2022	24,200
Current portion of long term other loans, secured	2.65-6.05	2023	24,728	4.60-6.05	2022	724,272
Current portion of long term notes, unsecured	–	–	–	3.60-6.40	2022	4,463,371
Domestic corporate bonds, unsecured	3.10-3.28	2023	5,000,000	–	–	–
			26,547,294			25,081,186
Non-current						
Bank loans, secured	3.10-10.65	2024-2041	20,664,532	4.23-5.39	2023-2033	10,573,543
Bank loans, unsecured	1.42-8.50	2024-2033	23,313,297	1.42-5.50	2023-2032	15,000,522
Other loans, unsecured	3.10-6.90	2024-2028	11,627,061	4.37-6.90	2023-2027	20,876,713
Other loans, secured	2.65-6.05	2024-2039	12,412,480	2.65-6.05	2023-2037	12,701,172
Notes, unsecured	3.20-6.40	2024-2029	13,800,426	3.20-4.00	2023-2024	8,994,953
Domestic corporate bonds, unsecured	3.10-3.74	2024-2027	14,300,000	3.10-3.74	2023-2024	13,800,000
			96,117,796			81,946,903
			122,665,090			107,028,089

35. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2022 RMB'000	2021 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	**18,514,866**	17,907,343
In the second year	**26,424,338**	2,429,820
In the third to fifth years, inclusive	**16,126,774**	22,621,737
Beyond five years	**1,426,717**	522,508
	62,492,695	43,481,408
Other borrowings repayable:		
Within one year	**8,032,428**	7,173,843
In the second year	**13,663,388**	16,349,124
In the third to fifth years, inclusive	**22,768,702**	18,755,141
Beyond five years	**15,707,877**	21,268,573
	60,172,395	63,546,681
	122,665,090	107,028,089

Notes:

(a) As at 31 December 2022, the Group had loan facilities amounting to RMB189,785,436,000 (2021: RMB191,275,284,000), of which RMB89,564,664,000 (2021: RMB79,769,764,000) had been utilised.

(b) Certain of the Group's bank and other loans are secured by:

(i) mortgages over certain of the Group's property, plant and equipment, which had an aggregate net carrying value at the end of the reporting period of RMB5,168,032,000 (2021: RMB3,213,792,000);

(ii) mortgages over certain of the Group's properties under development, which had an aggregate carrying amount at the end of the reporting period of approximately RMB70,679,210,000 (2021: RMB90,341,912,000);

(iii) mortgages over certain of the Group's properties held for sale, which had an aggregate carrying amount at the end of the reporting period of RMB488,501,000 (2021: RMB132,501,000);

(iv) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately RMB13,319,860,000 (2021: RMB11,881,000,000);

(v) mortgages over certain of the Group's trade and bills receivables, which had an aggregate net carrying value at the end of the reporting period of RMB688,679,000 (2021: RMB11,512,000);

(vi) mortgages over certain of the Group's right-of-use assets, which had an aggregate net carrying value at the end of the reporting period of RMB666,323,000.00 (2021: RMB618,864,000).

（vii） a mortgage over the Group's investment in an associate, which had an aggregate net carrying value at the end of the reporting period of RMB165,605,000 (2021: Nil).

（viii） mortgages over certain of the Group's restricted bank desposits, which had an aggregate net carrying value at the end of the reporting period of RMB100,000,000 (2021: Nil).

(c) Except for the bank and other borrowings amounting to approximately RMB19,400,214,000 (2021: RMB22,138,025,000) and RMB25,452,585,000 (2021: RMB18,590,342,000) which are denominated in United States dollars and Hong Kong dollars, respectively, all bank and other borrowings are denominated in RMB.

36. PROVISION FOR LAND APPRECIATION TAX

PRC land appreciation tax

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

Effective from 1995, the local tax bureau requires the prepayment of LAT on the pre-sales and sales proceeds of property development. According to the relevant tax notices issued by local tax authorities, the Group is required to pay LAT in advance at 1.0% to 5.0% on the pre-sales and sales proceeds of the Group's properties.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set out in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects. The tax authorities might disagree with the basis on which the provision for LAT is calculated.

37. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Withholding taxes RMB'000	Accrued interest income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	4,038,259	725,898	1,143,392	142,197	62,296	728,692	6,840,734
Acquisition of subsidiaries (note 43)	–	–	354,980	–	–	–	354,980
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	78,566	61,993	(428,679)	–	(23,401)	88,657	(222,864)
Deferred tax charged to asset revaluation reserve during the year	2,795	–	–	–	–	–	2,795
Gross deferred tax liabilities at 31 December 2021 and 1 January 2022	**4,119,620**	**787,891**	**1,069,693**	**142,197**	**38,895**	**817,349**	**6,975,645**
Acquisition of subsidiaries (note 43)	**–**	**–**	**2,408,033**	**–**	**–**	**–**	**2,408,033**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	**425,938**	**91,876**	**(613,628)**	**–**	**26,804**	**132,809**	**63,799**
Gross deferred tax liabilities at 31 December 2022	**4,545,558**	**879,767**	**2,864,098**	**142,197**	**65,699**	**950,158**	**9,447,477**

37. DEFERRED TAX (Continued)

Deferred tax assets

	Provision for LAT RMB'000	Losses available for offsetting against future taxable profits RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	440,422	682,961	1,193,930	748,360	3,065,673
Acquisition of subsidiaries (note 43)	–	58,428	–	–	58,428
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 11)	(26,597)	431,660	(5,761)	(237,127)	162,175
Disposal of subsidiaries (note 44)	–	(24,910)	–	–	(24,910)
Gross deferred tax assets at 31 December 2021 and 1 January 2022	**413,825**	**1,148,139**	**1,188,169**	**511,233**	**3,261,366**
Acquisition of subsidiaries (note 43)	**–**	**308,350**	**–**	**65,737**	**374,087**
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 11)	**(199,357)**	**50,049**	**(128,221)**	**357,115**	**79,586**
Disposal of subsidiaries (note 44)	**–**	**(13,491)**	**–**	**–**	**(13,491)**
Gross deferred tax assets at 31 December 2022	**214,468**	**1,493,047**	**1,059,948**	**934,085**	**3,701,548**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2022 RMB'000	2021 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**3,734,707**	3,248,538
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(9,480,636)**	(6,962,817)
	(5,745,929)	(3,714,279)

37. DEFERRED TAX (Continued)

Deferred tax assets (Continued)

The Group also has tax losses arising in Mainland China of RMB7,876,988,000 (2021: RMB6,233,364,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2022, the Group recognised deferred tax liabilities of approximately RMB142,197,000 (2021 RMB142,197,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining unremitted earnings of the Group's subsidiaries, associates, joint ventures and joint operations will be distributed in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, associates, joint ventures and joint operations in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB28,640,222,000 at 31 December 2022 (2021: RMB39,195,296,000).

There is no income tax consequence attaching to the payment of dividends by the Company to its shareholders.

38. PERPETUAL CAPITAL INSTRUMENTS

(a) 2017 Subordinate Guaranteed Perpetual Capital Securities

On 17 January 2017, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an amount of US$497,615,000 (equivalent to approximately RMB3,433,145,000), at 99.523% of the principal amount of US$500,000,000. The direct transaction costs attributable to the issuance amounted to US$3,862,000 (equivalent to approximately RMB26,645,000).

The securities confer a right to receive distributions at the applicable distribution rate of 5.75% per annum from and including 17 January 2017, payable semi-annually on January 17 and July 17 of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

On 6 November 2017, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB1,987,410,000). The direct transaction costs attributable to the issuance amounted to US$196,000 (equivalent to approximately RMB1,296,000).

The securities confer a right to receive distributions at the applicable distribution rate of 4.875% per annum from and including 6 May 2018, payable semi-annually on May 6 and November 6 of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

During the year ended 31 December 2022, the Group redeemed all of these 2017 Subordinate Guaranteed Perpetual Capital Securities with a principal amount of US$500,000,000.

(b) 2017 Senior Guaranteed Perpetual Capital Securities

On 3 July 2017, Franshion Brilliant Limited issued the senior guaranteed perpetual capital securities in an aggregate principal amount of US$300,000,000 (equivalent to RMB2,033,160,000). On 1 September 2017, Franshion Brilliant Limited completed another issue of the senior guaranteed perpetual capital securities with an amount of US$200,182,000 (equivalent to RMB1,319,380,000), at 100.091% of the principal amount of US$200,000,000 and an accrued distribution of US$1,289,000 (equivalent to RMB8,495,000) compensated from the bankers.

The securities confer a right to receive distribution at 4.00% per annum payable semi-annually in arrears beginning on 3 January 2018 with no stated maturity date. The transaction costs related to the issuance were approximately US$1,735,000 (equivalent to RMB11,566,000).

38. PERPETUAL CAPITAL INSTRUMENTS (Continued)

(c) 2019 Subordinate Guaranteed Perpetual Capital Securities

On 6 December 2019, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,815,320,000). The direct transaction costs attributable to the issuance amounted to US$759,000 (equivalent to approximately RMB5,340,000).

The securities confer a right to receive distributions at the applicable distribution rate of 7.125% per annum from and including 6 June 2020, payable semi-annually on 6 June and 6 December of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

(d) 2020 Sinochem Corporation Perpetual Debts

On 14 December 2020, Jinmao Investment Management (Tianjin) Co., Ltd. entered into a perpetual debt agreement, in an aggregate principal amount of RMB5,000,000,000 with its intermediate holding company, Sinochem Corporation. The debts confer a right to receive distribution at 4.95% per annum payable annually in arrears beginning on 14 December 2021. Jinmao Investment Management (Tianjin) Co., Ltd., may at its sole discretion, elect to defer a distribution pursuant to the terms of the debts.

(e) 2021 Subordinate Guaranteed Perpetual Capital Securities

On 8 February 2021, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$500,000,000 (equivalent to approximately RMB3,233,900,000). The direct transaction costs attributable to the issuance amounted to US$1,695,000 (equivalent to approximately RMB10,964,000).

The securities confer a right to receive distributions at the applicable distribution rate of 6.00% per annum from and including 8 August 2021, payable semi-annually on 8 February and 8 August of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

(f) 2021 Yangguang Guaranteed Perpetual Debts

On 29 June 2021, Suzhou Yongmao Properties Limited, a wholly-owned subsidiary of the Company, entered into a perpetual debt agreement, in an aggregate principal amount of RMB1,000,000,000 with Yangguang Asset Management Co., Ltd. The debts are guaranteed by Shanghai Jinmao Investment Management Group Co., Ltd. The debts confer a right to receive distribution at 5.40% per annum from and including 20 September 2021, payable quarterly on 20 March, 20 June, 20 September and 20 December of each year. The Group may at its sole discretion, elect to defer a distribution pursuant to the terms of the debts.

In the opinion of the directors, the Group is able to control the delivery of cash or other financial assets to the holders of the perpetual capital instruments in (a) to (f) above due to redemption other than an unforeseen liquidation of the Company or the issuers. Accordingly, these instruments are classified as equity instruments.

39. SHARE CAPITAL

A summary of movements in the Company's share capital is as follows:

	Number of shares issued and fully paid	Share capital RMB'000
At 1 January 2021	**12,736,243,290**	26,132,248
Share options exercised (note a)	**3,700,800**	8,217
Shares repurchased (note b)	**(51,602,000)**	–
At 31 December 2021 and 1 January 2022	**12,688,342,090**	26,140,465
Share options exercised (note c)	**1,484,000**	3,224
Scrip dividend scheme (note 12)	**625,166,822**	594,337
31 December 2022	**13,314,992,912**	26,738,026

Notes:

(a) 3,700,800 share options were exercised at the subscription price of HK$2.196 per share (note 40), resulting in the issue of 3,700,800 shares for a total cash consideration, before expenses, of RMB6,768,000. An amount of RMB1,449,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

(b) The Company purchased 51,602,000 ordinary shares of the company on the Hong Kong Stock Exchange in 2021 at a total consideration of RMB134,804,000 which was paid wholly out of retained profits. The purchased shares were cancelled during the year.

(c) 1,484,000 share options were exercised at the subscription price of HK$2.196 per share (note 40), resulting in the issue of 1,484,000 shares for a total cash consideration, before expenses, of RMB2,656,000. An amount of RMB568,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 40 to the financial statements.

40. SHARE OPTION SCHEME

2007 Scheme

The Company operated a share option scheme (the "2007 Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. Eligible participants of the 2007 Scheme included the Company's executive and non-executive directors and the Group's senior management, key technical and professional personnel, managers and employees, but did not include the Company's independent non-executive directors. The 2007 Scheme became effective on 22 November 2007 and expired on 22 November 2017, after 10 years from the effective date. However, the options granted under the 2007 Scheme continued to be valid and exercisable in accordance with the terms of issue.

The maximum number of unexercised share options currently permitted to be granted under the 2007 Scheme was an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2007 Scheme within any 12-month period was limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit was subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, were subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, were subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options might be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise and exercisability of the share options was related to the performance of individuals and of the Company. The board of directors would determine performance targets concerned and set out in the grant notice. The share options granted would become exercisable after two years from the grant date or a later date as set out in the relevant grant notice, and in any event shall end not later than seven years from the grant date but subject to the provisions for early termination of employment.

The exercise price of share options was determinable by the directors, but might not be less than the highest of (i) the Hong Kong Stock Exchange closing price of the Company's shares on the grant date of the share options; (ii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the grant date; and (iii) the par value of the Company's share.

Share options did not confer rights on the holders to dividends or to vote at shareholders' meetings.

40. SHARE OPTION SCHEME (Continued)

2007 Scheme (Continued)

The following share options were outstanding under the 2007 Scheme during the year:

	2022		2021	
	Weighted average exercise price HK$ per share	Number of options	Weighted average exercise price HK$ per share	Number of options
At 1 January	**2.196**	**69,468,400**	2.196	73,169,200
Forfeited during the year	**2.196**	**(1,302,000)**	2.196	–
Exercised during the year	**2.196**	**(1,484,000)**	2.196	(3,700,800)
At 31 December	**2.196**	**66,682,400**	2.196	69,468,400

The weighted average share price at the date of exercise for share options exercised during the year was HK$2.196 per share (2021: HK$2.196 per share).

The exercise prices and exercise periods of the share options outstanding under the 2007 Scheme as at the end of the reporting period are as follows:

2022

Number of options	Exercise price* HK$ per share	Exercise period
5,104,800	**2.196**	**17 October 2018 to 16 October 2023**
23,566,800	**2.196**	**17 October 2019 to 16 October 2023**
38,010,800	**2.196**	**17 October 2020 to 16 October 2023**
66,682,400		

2021

Number of options	Exercise price* HK$ per share	Exercise period
5,188,800	2.196	17 October 2018 to 16 October 2023
24,342,800	2.196	17 October 2019 to 16 October 2023
39,936,800	2.196	17 October 2020 to 16 October 2023
69,468,400		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

40. SHARE OPTION SCHEME (Continued)

2007 Scheme (Continued)

The fair value of the share options granted during the year ended 31 December 2016 was HK$80,332,000 (HK$0.47 each), which was fully recognised in prior years.

The 1,484,000 share options exercised during the year resulted in the issue of 1,484,000 ordinary shares of the Company and new share capital of HK$3,956,000 (equivalent to RMB3,224,000) (before issue expenses), as further detailed in note 39 to the financial statements.

New Scheme

On 29 January 2019, a new share option scheme (the "New Scheme") was adopted by the Company to enhance the Company's continuous commitment to eligible participants and enhance them to pursue the objectives of the Company. On 8 February 2019, an aggregate of 265,950,000 share options were granted under the New Scheme to eligible participants of the Group. These share options have an exercise price of HK$3.99 per share. One-third of the share options granted will be vested in two years from 8 February 2019, one-third of the share options granted will be vested in three years from 8 February 2019 and one-third of the options granted will be vested in four years from 8 February 2019. Once the share options are vested, they are exercisable until 7 February 2026.

On 9 September 2019, an aggregate of 9,000,000 share options were granted under the New Scheme to eligible participants of the Group. These share options have an exercise price of HK$4.58 per share. One-third of the share options granted will be vested in two years from 9 September 2019, one-third of the share options granted will be vested in three years from 9 September and one-third of the options granted will be vested in four years from 9 September. Once the share options are vested, they are exercisable until 8 September 2026.

According to the terms of the New Scheme, the board of directors shall at its absolute discretion grant to any participant a certain number of options at any time within 10 years after the adoption date of the New Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive directors of the Company.

The number of shares to be issued at any time upon exercise of all options granted under the New Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the then issued share capital of the Company.

40. SHARE OPTION SCHEME (Continued)

New Scheme (Continued)

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the share options (including exercised, cancelled and outstanding options) granted under the New Scheme and any other share option schemes of the Company to a participant in any 12-month period in aggregate exceeds 1% of the issued share capital of the Company at any time, no further options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of the Company, pay a consideration of HK$1 or the equivalent (to be determined on the date when the offer of the grant is accepted) to the Company for acceptance of the offer of the grant of the share option.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. The following share options were outstanding under the New Scheme during the year:

	2022		2021	
	Weighted average exercise price HK$ per share	Number of options	Weighted average exercise price HK$ per share	Number of options
At 1 January	**4.01**	**241,000,000**	4.01	262,350,000
Forfeited during the year	**3.99**	**(89,094,000)**	3.99	(21,350,000)
At 31 December	**4.01**	**151,906,000**	4.01	241,000,000

The exercise prices and exercise periods of the share options outstanding under the New Scheme as at the end of the reporting period are as follows:

2022

Number of options	Exercise price* HK$ per share	Exercise period
72,844,000	**3.99**	**8 February 2021 to 7 February 2026**
73,062,000	**3.99**	**8 February 2023 to 7 February 2026**
3,000,000	**4.58**	**9 September 2021 to 8 September 2026**
3,000,000	**4.58**	**9 September 2023 to 8 September 2026**
151,906,000		

40. SHARE OPTION SCHEME (Continued)

New Scheme (Continued)

2021

Number of options	Exercise price* HK$ per share	Exercise period
76,394,000	3.99	8 February 2021 to 7 February 2026
77,794,000	3.99	8 February 2022 to 7 February 2026
77,812,000	3.99	8 February 2023 to 7 February 2026
3,000,000	4.58	9 September 2021 to 8 September 2026
3,000,000	4.58	9 September 2022 to 8 September 2026
3,000,000	4.58	9 September 2023 to 8 September 2026
241,000,000		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year ended 31 December 2019 was HK$257,594,000 of which the Group reversed an equity-settled share option expense of HK$56,205,000 (equivalent to RMB48,308,000) during year ended 31 December 2022 as a result of the service or non-market performance conditions related to these shares options not being fulfilled (2021: recognised an equity-settled share option expense of RMB46,127,000).

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 66,682,400 share options outstanding under the 2007 Scheme and 151,906,000 share options outstanding under the New Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 218,588,400 additional ordinary shares of the Company and additional share capital of HK$756,079,000 (equivalent to RMB649,832,000) (before issue expenses).

41. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Capital reserve

The capital reserve represents additional contribution made by the shareholders of the Company's subsidiaries and, in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary, the difference between the cost of acquisition and the non-controlling interests acquired.

PRC statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in Mainland China and were approved by the board of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of their registered capital.

Asset revaluation reserve

The asset revaluation reserve arose from the change in use from owner-occupied properties to investment properties carried at fair value.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share capital account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

Hedging reserve

The hedging reserve represents reserves related to net investment hedges and cash flow hedges.

42. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	Changshu Yumao RMB'000	Suzhou Anmao RMB'000
2022		
Percentage of equity interest held by non-controlling interests	**90.00%**	**73.50%**
Profit for the year allocated to non-controlling interests	**7,250**	**12,443**
Dividends declared to non-controlling interests	**–**	**58,800**
Accumulated balances of non-controlling interests at the reporting date	**3,573,709**	**3,638,509**

	Nanjing Runmao RMB'000	Suzhou Anmao RMB'000
2021		
Percentage of equity interest held by non-controlling interests	72.50%	73.50%
(Loss)/profit for the year allocated to non-controlling interests	(275,801)	259,809
Dividends declared to non-controlling interests	–	110,250
Accumulated balances of non-controlling interests at the reporting date	1,818,231	3,684,866

42. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Changshu Yumao RMB'000	Suzhou Anmao RMB'000
2022		
Revenue	**970,162**	**629,777**
Total expenses	**(962,106)**	**(612,848)**
Profit for the year	**8,056**	**16,929**
Total comprehensive income for the year	**8,056**	**16,929**
Current assets	**7,474,024**	**5,759,140**
Non-current assets	**10,661**	**50**
Current liabilities	**(2,122,079)**	**(806,373)**
Non-current liabilities	**(1,391,818)**	**(2,465)**
Net cash flows from operating activities	**380,984**	**320,905**
Net cash flows used in investing activities	**(1,220,000)**	**–**
Net cash flows from/(used in) financing activities	**1,018,280**	**(80,000)**
Net increase in cash and cash equivalents	**179,264**	**240,905**

	Nanjing Runmao RMB'000	Suzhou Anmao RMB'000
2021		
Revenue	4,977,972	3,443,538
Total expenses	(5,358,387)	(3,090,056)
(Loss)/profit for the year	(380,415)	353,482
Total comprehensive (loss)/income for the year	(380,415)	353,482
Current assets	4,555,745	6,091,812
Non-current assets	1,342,346	144
Current liabilities	(2,962,130)	(1,076,219)
Non-current liabilities	(428,056)	(2,314)
Net cash flows (used in)/from operating activities	(354,503)	1,351,368
Net cash flows used in investing activities	(88)	(950,000)
Net cash flows used in financing activities	(93,610)	(754,913)
Net decrease in cash and cash equivalents	(448,201)	(353,545)

43. BUSINESS COMBINATION

Acquisition of China VAST

During the year ended 31 December 2022, the Group acquired 60.2% equity interest in China VAST from independent third parties at a cash consideration of RMB1,995,031,000. China VAST is engaged in the business of (i) planning, development and operation of large-scale industrial towns, (ii) property development, and (iii) property leasing, in the PRC. The acquisition was made in line with the strategic development of the Group's real estate business. Before the acquisition, the Group held 29.9% equity interest in China VAST and accounted for China VAST as an associate of the Group.

The Group remeasured the fair value of the equity interest previously held as an associate at the date of acquisition, and fair value gains of RMB264,677,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 31 December 2022 (note 5).

The Group has elected to measure the non-controlling interest in China VAST at the non-controlling interest's proportionate share of the China VAST's identifiable net assets.

The fair values of the identifiable assets and liabilities of China VAST (which is provisional) as at the date of acquisition were as follows:

	Notes	RMB'000
Property, plant and equipment	14	919,107
Right-of-use assets	19(a)	174,264
Intangible assets	21	2,168
Properties under development		1,075,229
Properties held for sale		726,175
Land under development		11,989,323
Investment properties	18	1,067,600
Deferred tax assets	37	237,946
Investments in joint ventures		107,299
Investments in associates		232,223
Trade and bill receivables		2,639,782
Prepayments, other receivables and other assets		503,345
Prepaid tax		67,316
Other financial assets		103,199
Restricted bank balance		179,474
Cash and cash equivalents		232,501
Trade and bills payables		(692,896)
Other payables and accruals		(1,633,706)
Interest-bearing bank and other borrowings		(5,462,900)
Derivative financial instruments		(32,552)
Tax payable		(467,347)
Lease liabilities	19(b), 45	(7,140)
Deferred tax liabilities	37	(2,018,404)
Provision for land appreciation tax		(188,930)
Total identifiable net assets at fair value		9,753,076

43. BUSINESS COMBINATION (Continued)

Acquisition of China VAST (Continued)

	Note	RMB'000
Non-controlling interests		(963,591)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5	(3,877,632)
		4,911,853
Satisfied by:		
Cash*		1,995,031
Fair value of equity interest previously held as an investment in an associate		2,916,822
Total purchase consideration		4,911,853

* Cash consideration of RMB921,182,000 was paid during the year. As at 31 December 2022, the consideration of RMB1,073,849,000 remained outstanding.

The fair values of its trade and bills receivables and other receivables as at the date of acquisition amounted to RMB2,639,782,000 and RMB503,345,000, which are equal to its gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

The Group incurred transaction costs of RMB1,355,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group recognised a gain on bargain purchase of approximately RMB3,877,632,000 in the consolidated statement of profit or loss for the year ended 31 December 2022, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with the independent third party, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration	(921,182)
Cash and bank balances acquired	232,501
Net outflow of cash and cash equivalents included in cash flows from investing activities	(688,681)
Transaction costs of the acquisition included in cash flows used in operating activities	(1,355)
	(690,036)

Since the acquisition, China VAST contributed RMB0 to the Group's revenue and RMB428,000 to the consolidated profit for the year ended 31 December 2022 in aggregate.

Had the combination taken place at the beginning of the year ended 31 December 2022, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2022 would have been RMB83,960,929,000 and RMB3,399,567,000 respectively.

43. BUSINESS COMBINATION (Continued)

Other than China VAST, the Group's business combination during the year ended 31 December 2022 mainly included the acquisitions of a number of property development companies, property services companies, and acquisition of additional interests in joint ventures and associates (collectively referred to as the "2022 Acquirees"). The directors of the Company consider that none of the 2022 Acquirees acquired during the year was significant to the Group and thus the individual financial information of the 2022 Acquirees on the acquisition date was not disclosed.

The Group remeasured the fair value of the equity interest previously held as joint ventures or associates at the date of acquisition, and fair value gains of RMB569,252,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 31 December 2022 (note 5).

The Group has elected to measure the non-controlling interest in the 2022 Acquirees at the non-controlling interest's proportionate share of the 2022 Acquirees' identifiable net assets.

The fair values of the identifiable assets and liabilities of the 2022 Acquirees as at the date of acquisition were as follows:

	Notes	RMB'000
Property, plant and equipment	14	5,256
Right-of-use assets	19(a)	1,777
Intangible assets	21	260,092
Properties under development		24,004,819
Properties held for sale		231,139
Deferred tax assets	37	136,141
Investments in joint ventures		146,371
Trade and bill receivables		54,821
Prepayments, other receivables and other assets		5,568,009
Prepaid tax		819,453
Restricted bank balances		1,108,549
Cash and cash equivalents		1,342,962
Trade and bills payables		(2,058,706)
Other payables and accruals		(16,800,159)
Interest-bearing bank and other borrowings		(2,440,204)
Tax payable		(87,325)
Lease liabilities	19(b), 45	(1,484)
Deferred tax liabilities	37	(389,629)
Total identifiable net assets at fair value		11,901,882

43. BUSINESS COMBINATION (Continued)

	Notes	RMB'000
Non-controlling interests		(2,145,134)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5	(48,736)
Goodwill on acquisition	20	249,122
		9,957,134
Satisfied by:		
Cash*		7,273,349
Fair value of equity interest previously held as investments in joint ventures and associates		2,683,785
Total purchase consideration		9,957,134

* Cash consideration of RMB4,669,000 had been pre-paid by the Group as at 31 December 2021 and the consideration of RMB6,592,622,000 was paid during the year. As at 31 December 2022, the consideration of RMB676,058,000 remained outstanding.

The fair values of its trade and bills receivables and other receivables as at the date of acquisition amounted to RMB54,821,000 and RMB5,568,009,000, which are equal to its gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

The Group incurred transaction costs of RMB1,049,000 for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group recognised a gain on bargain purchase of approximately RMB48,736,000 in the consolidated statement of profit or loss for the year ended 31 December 2022, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with the independent third parties, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

43. BUSINESS COMBINATION (Continued)

An analysis of the cash flows in respect of the acquisition of the subsidiaries is as follows:

	RMB'000
Cash consideration	(6,592,622)
Cash and bank balances acquired	1,342,962
Net outflow of cash and cash equivalents included in cash flows from investing activities	(5,249,660)
Transaction costs of the acquisition included in cash flows used in operating activities	(1,049)
	(5,250,709)

Since the acquisition, the 2022 Acquirees contributed RMB3,927,300,000 to the Group's revenue and RMB534,683,000 to the consolidated profit for the year ended 31 December 2022 in aggregate.

Had the combination taken place at the beginning of the year ended 31 December 2022, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2022 would have been RMB84,582,048,000 and RMB6,248,717,000 respectively.

43. BUSINESS COMBINATION (Continued)

Business combination during the year ended 31 December 2021 mainly included the acquisitions of a number of property development companies and the acquisition of additional interests in joint ventures and associates (collectively referred to as the "2021 Acquirees"). The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

The Group remeasured the fair value of the equity interest previously held as joint ventures or associates at the date of acquisition, and fair value gains of RMB266,183,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 31 December 2021 (note 5).

The Group has elected to measure the non-controlling interest in the 2021 Acquirees at the non-controlling interest's proportionate share of the 2021 Acquirees' identifiable net assets.

The fair values of the identifiable assets and liabilities of the 2021 Acquirees as at the date of acquisition were as follows:

	Notes	RMB'000
Property, plant and equipment	14	151,944
Right-of-use assets	19(a)	18,313
Intangible assets	21	76
Properties under development		10,342,813
Properties held for sale		1,883,798
Deferred tax assets	37	58,428
Prepayments, other receivables and other assets		1,975,883
Prepaid tax		607,037
Restricted bank balances		724,050
Cash and cash equivalents		2,491,362
Trade and bills payables		(380,692)
Other payables and accruals		(14,181,831)
Interest-bearing bank and other borrowings	45	(1,191,629)
Tax payable		(582)
Lease liabilities	19(b), 45	(1,044)
Deferred tax liabilities	37	(354,980)
Total identifiable net assets at fair value		2,142,946
Non-controlling interests		(504,183)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5	(93,763)
		1,545,000
Satisfied by:		
Cash*		958,704
Fair value of equity interest previously held as investments in joint ventures and associates		586,296
Total purchase consideration		1,545,000

* Cash consideration of RMB160,833,000 had been pre-paid by the Group as at 31 December 2020 and the consideration of RMB768,681,000 was paid during the year. As at 31 December 2021, the consideration of RMB29,190,000 remained outstanding.

43. BUSINESS COMBINATION (Continued)

The fair values of its other receivables as at the date of acquisition amounted to RMB1,975,883,000, which are equal to its gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

The Group incurred transaction costs of RMB550,000 for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group recognised a gain on bargain purchase of approximately RMB93,763,000 in the consolidated statement of profit or loss for the year ended 31 December 2021, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with the independent third parties, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

An analysis of the cash flows in respect of the acquisition of the subsidiaries is as follows:

	RMB'000
Cash consideration	(768,681)
Cash and bank balances acquired	2,491,362
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,722,681
Transaction costs of the acquisition included in cash flows used in operating activities	(550)
	1,722,131

Since the acquisition, the 2021 Acquirees contributed RMB3,710,000,000 to the Group's revenue and incurred a loss of RMB209,000,000 to the consolidated profit for the year ended 31 December 2021 in aggregate.

Had the combination taken place at the beginning of the year ended 31 December 2021, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2021 would have been RMB90,059,934,000 and RMB7,700,938,000 respectively.

44. DISPOSAL OF SUBSIDIARIES

During the years ended 31 December 2022 and 31 December 2021, the Group lost control over certain subsidiaries.

	Notes	2022 RMB'000	2021 RMB'000
Net assets disposed of:			
Property, plant and equipment	14	**1,306**	1,821
Investment properties	18	**1,468,000**	–
Deferred tax assets	37	**13,491**	24,910
Cash and cash equivalents		**425,193**	885,123
Properties under development		**12,241,106**	10,586,908
Prepayments, other receivables and other assets		**1,719,182**	1,498,058
Prepaid tax		**134,870**	363,987
Trade and bills payables		**(695,655)**	(552,713)
Other payables and accruals		**(11,092,872)**	(9,244,323)
Interest-bearing bank and other borrowings		**(1,770,000)**	(1,296,400)
		2,444,621	2,267,371
Non-controlling interests		**(1,820,471)**	–
		624,150	2,267,371
Gain on disposal of subsidiaries	5	**584,294**	1,068,824
		1,208,444	3,336,195
Satisfied by:			
Cash		**160,000**	2,722,592
Fair value of interests retained by the Group		**1,048,444**	613,603
		1,208,444	3,336,195

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2022 RMB'000	2021 RMB'000
Cash consideration	**160,000**	2,687,515
Cash and cash equivalents disposed of	**(425,193)**	(885,123)
Net (outflow)/inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**(265,193)**	1,802,392

45. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB111,420,000, including those classified under investment properties of RMB66,472,000 (2021: RMB90,565,000) and RMB111,420,000 (2021: RMB90,565,000), respectively.

(b) Changes in liabilities arising from financing activities:

2022

	Bank and other loans RMB'000	Payable to non-controlling shareholders and others RMB'000	Lease liabilities RMB'000
At 1 January 2022	107,028,089	12,107,014	1,065,976
Changes from financing cash flows	5,457,022	(452,686)	(108,096)
Foreign exchange movement	3,831,276	–	–
New leases	–	–	111,420
Interest expense	215,599	–	49,644
Dividends to non-controlling shareholders	–	896,436	–
Increase arising from acquisition of subsidiaries (note 43)	7,903,104	–	8,624
Decrease arising from disposal of subsidiaries (note 44)	(1,770,000)	–	–
Revision of a lease term arsing from a change in the non-cancellable period of a lease	–	–	(1,466)
At 31 December 2022	122,665,090	12,550,764	1,126,102

45. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities: (Continued)

2021

	Bank and other loans RMB'000	Payable to non-controlling shareholders and others RMB'000	Amount due to immediate holding company RMB'000	Lease liabilities RMB'000
At 1 January 2021	97,578,278	15,280,239	–	1,099,575
Changes from financing cash flows	10,463,493	(4,391,469)	(960,958)	(174,893)
Foreign exchange movement	(946,142)	–	–	–
New leases	–	–	–	90,565
Interest expense	37,231	–	–	49,685
2020 final dividend	–	–	514,241	–
2021 interim dividend	–	–	446,717	–
Dividends to non-controlling shareholders	–	1,218,244	–	–
Increase arising from acquisition of subsidiaries (note 43)	1,191,629	–	–	1,044
Decrease arising from disposal of subsidiaries (note 44)	(1,296,400)	–	–	–
At 31 December 2021	107,028,089	12,107,014	–	1,065,976

(c) Total cash outflow for leases:

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022 RMB'000	2021 RMB'000
Within operating activities	**10,871**	12,631
Within financing activities	**108,096**	174,893
	118,967	187,524

46. FINANCIAL GUARANTEES

At the end of the reporting period, the Group has provided guarantees amounting to approximately RMB19,656,769,000 (2021: RMB38,661,226,000) in respect of mortgage facilities for certain purchasers of the Group's properties.

Besides, as at 31 December 2022, the Group provided guarantees of RMB2,352,283,000 (2021: Nil) and RMB836,645,000 (2021: RMB125,818,000) to certain joint ventures and associates of the Group related to their borrowings, respectively.

The Group assessed that the fair value at initial recognition of the financial guarantees and the ECL allowance during the year were not significant.

47. COMMITMENTS

(a) The Group had the following commitments at the end of the reporting period:

	2022 RMB'000	2021 RMB'000
Contracted, but not provided for:		
Properties under development	**64,027,930**	78,578,100
Land under development	**5,931,464**	6,531,622
Property, plant and equipment	**34,085**	28,407
Capital contributions to joint ventures and associates	**11,118,208**	8,943,937
	81,111,687	94,082,066

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2022. The future lease payments for these non-cancellable lease contracts are RMB42,135,000 due within one year.

Notes to Financial Statements

31 December 2022

48. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2022 RMB'000	2021 RMB'000
Fellow subsidiaries:			
Rental income*	(i)	**235,764**	211,295
Property management fee income*	(i)	**39,416**	37,126
Interest expense*	(ii)	**89,116**	144,696
Interest income*	(iii)	**136,512**	37,684
Building decoration service income	(i)	**385**	220
Consulting fee income	(i)	**2,567**	–
The immediate holding company:			
Rental expense	(i)	**4,599**	4,398
Interest expense	(ii)	**291,436**	149,780
An intermediate holding company:			
Rental income*	(i)	**107,661**	107,711
Property management fee income*	(i)	**9,259**	9,021
Interest expense	(ii)	**469,177**	492,583
Building decoration service income	(i)	**3,554**	6,294
The ultimate holding company:			
Rental income*	(i)	**7,910**	7,910
Property management fee income*	(i)	**701**	727
Other service income	(i)	**62**	–
Joint ventures:			
Interest income	(iii)	**714,102**	1,673,349
Interest expense	(ii)	**206,900**	356,394
Rental income	(i)	**7,976**	2,355
Property management fee income	(i)	**126,183**	111,564
Building decoration service income	(i)	**691,379**	652,861
Consulting fee income	(i)	**35,857**	54,849
Other service income	(i)	**24,970**	565
Associates:			
Interest income	(iii)	**128,608**	7,222
Interest expense	(ii)	**93,664**	202,494
Property management fee income	(i)	**79,787**	79,538
Building decoration service income	(i)	**347,273**	329,181
Consulting fee income	(i)	**75,329**	41,165
Rental income	(i)	**3,106**	3,007
Other service income	(i)	**11,766**	829
Associates of the Group's ultimate holding company:			
Rental income*	(i)	**38,806**	39,232
Property management fee income*	(i)	**5,478**	5,675
The substantial shareholder:			
Interest income*	(iii)	**52,541**	116,193
Interest expense*	(ii)	**64,977**	7,234

48. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest expense was charged at rates ranging from 2.18% to 5.80% (2021: 2.18% to 9.37%) per annum.

(iii) The interest income was determined at rates ranging from 1.93% to 13.88% (2021: 1.93% to 13.88%) per annum.

* A certain portion of these related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel of the Group

	2022 RMB'000	2021 RMB'000
Short term employee benefits	19,071	48,328
Post-employment benefits	1,569	2,772
Equity-settled share option expense	2,487	4,648
Total compensation paid to key management personnel	23,127	55,748

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

(c) Transactions and balances with other state-owned entities

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Group had transactions with other SOEs including, but not limited to, borrowings, deposits, the sale of properties developed, the provision of property lease and management services and the provision of sub-contracting services. The directors of the Company consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for its products and services and such pricing policies do not depend on whether or not the customers are SOEs.

(d) Provision of guarantees to certain joint ventures and associates related to their borrowings

As at 31 December 2022, the Group provided guarantees of RMB2,352,283,000 (2021: Nil) and RMB836,645,000 (2021: RMB125,818,000) to certain joint ventures and associates of the Group related to their borrowings, respectively.

The Group assessed that the fair value at initial recognition of the financial guarantees and the ECL allowance during the year were not significant.

49. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2022			2021		
	Financial assets at fair value through profit or loss			Financial assets at fair value through profit or loss		
	Designated as such upon initial recognition RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000	Designated as such upon initial recognition RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets						
Trade and bills receivables	2,429,970	2,213,248	4,643,218	–	2,081,970	2,081,970
Financial assets included in prepayments, other receivables and other assets	–	21,035,243	21,035,243	–	25,479,411	25,479,411
Due from related parties	–	30,417,722	30,417,722	–	42,111,015	42,111,015
Due from non-controlling shareholders	–	4,492,278	4,492,278	–	4,533,781	4,533,781
Other financial assets	6,051,078	–	6,051,078	1,549,378	–	1,549,378
Derivative financial instruments	6,312	–	6,312	–	–	–
Restricted bank balances	–	7,614,247	7,614,247	–	8,693,792	8,693,792
Cash and cash equivalents	–	37,089,244	37,089,244	–	31,050,637	31,050,637
	8,487,360	102,861,982	111,349,342	1,549,378	113,950,606	115,499,984

49. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	2022			2021		
	Financial liabilities at fair value through profit or loss-held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000	Financial liabilities at fair value through profit or loss – held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Financial liabilities						
Trade and bills payables	–	30,833,056	30,833,056	–	28,951,562	28,951,562
Financial liabilities included in other payables and accruals	–	19,835,988	19,835,988	–	25,255,928	25,255,928
Derivative financial instruments	–	–	–	41,695	–	41,695
Due to related parties	–	57,704,595	57,704,595	–	52,271,914	52,271,914
Interest-bearing bank and other borrowings	–	122,665,090	122,665,090	–	107,028,089	107,028,089
Lease liabilities	–	1,126,102	1,126,102	–	1,065,976	1,065,976
	–	232,164,831	232,164,831	41,695	214,573,469	214,615,164

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Financial assets				
Other financial assets	6,051,078	1,549,378	6,051,078	1,549,378
Derivative financial instruments	6,312	–	6,312	–
Trade receivables, non-current portion	2,429,970	–	2,429,970	–
Financial liabilities				
Derivative financial instruments	–	41,695	–	41,695
Interest-bearing bank and other borrowings	122,665,090	107,028,089	113,246,659	107,403,497

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade and bills receivables-current portion, financial assets included in prepayments, other receivables and other assets, other financial assets, trade and bills payables, financial liabilities included in other payables and accruals, amounts due from/to related parties, and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of non-current portion of trade receivables, interest-bearing bank and other borrowings except for notes and domestic corporate bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of notes and domestic corporate bonds are based on quoted market prices. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2022 were assessed to be insignificant.

The fair value of a convertible bond is estimated using the binominal option pricing model. The binominal option pricing model incorporates various inputs including risk-free interest rate and expected volatility.

The fair values of unlisted equity investments designated at fair value through profit or loss included in other financial assets, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with counterparties, principally financial institutions with good credit ratings. Derivative financial instruments are measured using present value calculations or similar calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2022

	Fair value measurement using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Other financial assets	**381,173**	**5,669,905**	**6,051,078**
Derivative financial instruments	**6,312**	**–**	**6,312**
Trade receivables, non-current portion	**–**	**2,429,970**	**2,429,970**

As at 31 December 2021

	Fair value measurement using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Other financial assets	742,975	806,403	1,549,378

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

The Group's assets were not categorised in Level 1 as at 31 December 2022 (2021: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	2022 RMB'000	2021 RMB'000
At 1 January	806,403	–
Purchases	–	797,657
Transfer from land under development (note 16)	5,612,580	–
Derecognition	(962,675)	–
Acquisition of subsidiaries	2,386,992	–
Revenue recognised in the statement of profit or loss	42,978	–
Total gains recognised in the statement of profit or loss included in other income	105,869	20,598
Total gain/(losses) recognised in other comprehensive income	107,728	(11,852)
At 31 December	8,099,875	806,403

Liabilities measured at fair value:

Fair value measurement using significant observable inputs (Level 2)

As at 31 December 2022

	2022 RMB'000	2021 RMB'000
Derivative financial instruments	–	41,695

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2021: Nil).

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets for which fair values are disclosed:

The carrying amounts of the Group's financial assets were either measured at fair value in the statement of financial positions or approximate to fair values as at 31 December 2022 and 2021.

Liabilities for which fair values are disclosed:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	**32,367,144**	**80,879,515**	**–**	**113,246,659**

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	28,433,732	78,969,765	–	107,403,497

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative financial instruments, including forward currency contracts and interest rate swaps. The purpose is to manage foreign currency risk arising from the Group's net investment in foreign operations, and to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
31 December 2022		
RMB	**25**	**(29,360)**
US$	**25**	**(11,139)**
HK$	**25**	**(50,264)**
RMB	**(25)**	**29,360**
US$	**(25)**	**11,139**
HK$	**(25)**	**50,264**
31 December 2021		
RMB	25	(30,429)
US$	25	(21,981)
HK$	25	(37,905)
RMB	(25)	30,429
US$	(25)	21,981
HK$	(25)	37,905

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and has applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currencies out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the approval from the appropriate PRC Governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends to the Company, without the prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require the approval from the State Administration of Foreign Exchange, this could affect the ability of the Group's subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Group's financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits and interest-bearing borrowings denominated in United States dollars and Hong Kong dollars. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group have used derivative financial instruments to reduce the exposure to foreign currency borrowings.

The Group entered into derivative financial instruments in respect of the cash flow hedges to minimise the foreign currency exposures as detailed in note 34 to the financial statements. It's the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. The Group will constantly review the economic situation and its foreign currency risk profile, and will consider other appropriate hedging measures in future as may be necessary.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between HK$ and US$ of the Group's profits for the years ended 31 December 2022 and 2021.

Increase/(decrease) in US$ rate	Increase/ (decrease) in profit for the year 2022 RMB'000	Increase/ (decrease) in profit for the year 2021 RMB'000
1%	**(152,445)**	(224,766)
(1%)	**152,445**	224,766

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US$ of the Group's profits for the years ended 31 December 2022 and 2021.

Increase/(decrease) in US$ rate	Increase/ (decrease) in profit for the year 2022 RMB'000	Increase/ (decrease) in profit for the year 2021 RMB'000
5%	**302**	274
(5%)	**(302)**	(274)

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	–	–	–	476,017	476,017
Trade and bills receivables at amortised cost*	–	–	–	2,248,997	2,248,997
Trade and bills receivables at fair value through profit or loss	–	–	–	2,429,970	2,429,970
Financial assets included in prepayments, other receivables and other assets – Normal**	21,035,243	–	–	–	21,035,243
Due from non-controlling shareholders	4,492,278	–	–	–	4,492,278
Due from related parties	25,368,169	7,946,645	–	–	33,314,814
Other financial assets	6,051,078	–	–	–	6,051,078
Derivative financial instruments	6,312	–	–	–	6,312
Restricted bank balances – Not yet past due	7,614,247	–	–	–	7,614,247
Cash and cash equivalents – Not yet past due	37,089,244	–	–	–	37,089,244
Guarantee given to banks for mortgage facilities	19,656,769	–	–	–	19,656,769
Guarantees given to banks in connection with borrowings granted to joint ventures and associates	3,188,928	–	–	–	3,188,928
	124,502,268	7,946,645	–	5,154,984	137,603,897

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	–	–	–	1,400,898	1,400,898
Trade and bills receivables at amortised cost*	–	–	–	2,109,601	2,109,601
Financial assets included in prepayments, other receivables and other assets – Normal**	25,479,411	–	–	–	25,479,411
Due from non-controlling shareholders	4,533,781	–	–	–	4,533,781
Due from related parties	38,302,420	5,119,775	–	–	43,422,195
Other financial assets	1,549,378	–	–	–	1,549,378
Restricted bank balances – Not yet past due	8,693,792	–	–	–	8,693,792
Cash and cash equivalents – Not yet past due	31,050,637	–	–	–	31,050,637
Guarantee given to banks for mortgage facilities	38,661,226	–	–	–	38,661,226
Guarantee given in respect notes issued by an associate	125,818	–	–	–	125,818
	148,396,463	5,119,775	–	3,510,499	157,026,737

* For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 25 and 27 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables and contract assets are disclosed in notes 25 and 27 to the financial statements.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit facilities to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans. In the opinion of the directors, most of the borrowings that mature within one year are able to be renewed and the Group is expected to have adequate source of funding to finance and manage its liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2022				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	29,370,199	42,213,949	41,881,024	19,964,524	133,429,696
Lease liabilities	183,946	151,966	343,758	852,652	1,532,322
Trade and bills payables	30,833,056	–	–	–	30,833,056
Other payables	17,855,260	–	1,980,728	–	19,835,988
Due to related parties	45,484,326	–	12,220,269	–	57,704,595
Guarantee given to banks for mortgage facilities	19,656,769	–	–	–	19,656,769
Guarantees given to banks in connection with borrowings granted to joint ventures and associates	3,188,928	–	–	–	3,188,928
	146,572,484	42,365,915	56,425,779	20,817,176	266,181,354

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

	2021				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	34,402,923	21,751,398	44,937,719	22,280,475	123,372,515
Lease liabilities	180,863	181,949	359,864	886,637	1,609,313
Trade and bills payables	28,951,562	–	–	–	28,951,562
Other payables	22,045,083	–	771,559	–	22,816,642
Derivative financial instruments	13,623	–	28,072	–	41,695
Due to related parties	38,966,238	13,305,676	–	–	52,271,914
Guarantee given to banks for mortgage facilities	38,661,226	–	–	–	38,661,226
Guarantee given in respect notes issued by an associate	125,818	–	–	–	125,818
	163,347,336	35,239,023	46,097,214	23,167,112	267,850,685

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors capital on the basis of the net debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the statement of financial position) less cash and cash equivalents, restricted bank balances and certain financial assets at fair value through profit or loss. Adjusted capital comprises all components of equity (including non-controlling interests) and the Company's amounts due to the immediate holding company. The Group aims to maintain the net debt-to-adjusted-capital ratio at a reasonable level. The net debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	Note	2022 RMB'000	2021 RMB'000
Interest-bearing bank and other borrowings	35	**122,665,090**	107,028,089
Less: Cash and cash equivalents, restricted bank balances and certain other financial assets		**(44,703,532)**	(39,744,471)
Net debt		**77,961,558**	67,283,618
Total equity		**112,686,740**	106,793,628
Add: the Company's amounts due to the immediate holding company		**9,738,328**	8,929,278
Adjusted capital		**122,425,068**	115,722,906
Net debt-to-adjusted-capital ratio		**63.7%**	58.1%

52. EVENTS AFTER THE REPORTING PERIOD

(a) On 20 February 2023, Shanghai Jinmao Investment Management Group Co., Ltd., a wholly-owned subsidiary of the Company, has completed the issue of the domestic corporate bonds with an aggregate principal amount of RMB1,700,000,000. The corporate bonds have a term of 5 years with a fixed rate of 3.8% per annum.

53. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**66**	75
Right-of-use assets	**9,748**	4,974
Investments in subsidiaries	**33,410,585**	36,444,226
Total non-current assets	**33,420,399**	36,449,275
CURRENT ASSETS		
Due from subsidiaries	**48,011,937**	44,981,355
Prepayments, other receivables and other assets	**589,415**	593,037
Due from related parties	**207,114**	1,202
Other financial assets	**6,312**	806,403
Cash and cash equivalents	**4,272,062**	553,142
Total current assets	**53,086,840**	46,935,139
CURRENT LIABILITIES		
Other payables and accruals	**193,571**	206,585
Due to related parties	**10,812,240**	8,929,278
Interest-bearing bank and other borrowings	**11,038,590**	9,269,227
Lease liabilities	**3,512**	5,071
Total current liabilities	**22,047,913**	18,410,161
NET CURRENT ASSETS	**31,038,927**	28,524,978
TOTAL ASSETS LESS CURRENT LIABILITIES	**64,459,326**	64,974,253
NON-CURRENT LIABILITIES		
Due to subsidiaries	**21,678,471**	26,479,941
Interest-bearing bank and other borrowings	**15,090,195**	13,813,805
Lease liabilities	**4,968**	–
Derivative financial instruments	**–**	28,072
Total non-current liabilities	**36,773,634**	40,321,818
Net assets	**27,685,692**	24,652,435
EQUITY		
Share capital	**26,738,026**	26,140,465
Reserves (note)	**947,666**	(1,488,030)
Total equity	**27,685,692**	24,652,435

Li Congrui
Director

Jiang Nan
Director

53. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021	(1,283,212)	(64,319)	186,967	2,254,173	1,093,609
Repurchase of shares	–	–	–	(134,804)	(134,804)
Final 2020 dividend declared	–	–	–	(1,462,990)	(1,462,990)
2021 interim dividend declared	–	–	–	(1,266,204)	(1,266,204)
Total comprehensive income for the year	(761,991)	36,247	–	963,425	237,681
Equity-settled share option arrangements	–	–	46,127	–	46,127
Exercise of share options	–	–	(1,449)	–	(1,449)
Transfer of share option reserve upon the forfeiture of share options	–	–	(24,922)	24,922	–
At 31 December 2021 and 1 January 2022	**(2,045,203)**	**(28,072)**	**206,723**	**378,522**	**(1,488,030)**
Issue of shares as a result of scrip dividend	**–**	**–**	**–**	**(594,337)**	**(594,337)**
2022 interim dividends paid by cash	**–**	**–**	**–**	**(405,444)**	**(405,444)**
Distribution in specie	**–**	**–**	**–**	**(1,259,142)**	**(1,259,142)**
Total comprehensive income for the year	**2,345,363**	**–**	**–**	**2,398,132**	**4,743,495**
Equity-settled share option arrangements	**–**	**–**	**(48,308)**	**–**	**(48,308)**
Exercise of share options	**–**	**–**	**(568)**	**–**	**(568)**
At 31 December 2022	**300,160**	**(28,072)**	**157,847**	**517,731**	**947,666**

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

54. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2023.

Five-Year Financial Information

31 December 2022

I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

	2018 RMB'000 (Restated)	2019 RMB'000 (Restated)	2020 RMB'000	2021 RMB'000	2022 RMB'000
RESULTS					
Revenue	38,732,667	43,355,941	60,053,878	90,059,934	**82,991,372**
Cost of sales	(24,194,452)	(30,591,198)	(47,939,514)	(73,302,309)	**(69,845,752)**
Gross profit	14,538,215	12,764,743	12,114,364	16,757,625	**13,145,620**
Other income and gains	2,878,286	6,135,704	8,698,685	7,028,274	**11,690,608**
Selling and marketing expenses	(1,083,018)	(1,302,401)	(1,600,582)	(2,378,428)	**(2,616,703)**
Administrative expenses	(2,418,344)	(3,056,412)	(3,529,395)	(4,675,358)	**(4,294,548)**
Other expenses and losses, net	(36,146)	(6,916)	(4,381,312)	(2,806,638)	**(5,954,108)**
Finance costs	(2,420,573)	(2,270,766)	(2,726,978)	(2,787,670)	**(2,711,121)**
Share of profits and losses of:					
Joint ventures	363,035	722,390	371,098	996,077	**73,467**
Associates	10,749	(132,653)	698,297	580,388	**423,965**
PROFIT BEFORE TAX	11,832,204	12,853,689	9,644,177	12,714,270	**9,757,180**
Income tax expense	(4,387,483)	(4,195,030)	(3,449,056)	(5,009,439)	**(4,536,286)**
PROFIT FOR THE YEAR	7,444,721	8,658,659	6,195,121	7,704,831	**5,220,894**
Attributable to:					
Owners of the parent	5,278,885	6,481,751	3,880,986	4,689,944	**1,984,083**
Non-controlling interests	2,165,836	2,176,908	2,314,135	3,014,887	**3,236,811**
	7,444,721	8,658,659	6,195,121	7,704,831	**5,220,894**

II. MAJOR INFORMATION OF FINANCIAL POSITION

	2018 RMB'000 (Restated)	2019 RMB'000 (Restated)	2020 RMB'000	2021 RMB'000	2022 RMB'000
Total non-current assets	126,785,854	158,941,891	162,530,406	206,091,016	**230,423,143**
Total current assets	152,031,998	175,939,517	225,225,768	205,911,288	**191,472,496**
Total assets	278,817,852	334,881,408	387,756,174	412,002,304	**421,895,639**
Total current liabilities	122,576,765	166,730,932	197,079,975	201,244,879	**188,458,816**
Total non-current liabilities	71,369,917	75,716,122	88,849,117	103,963,797	**120,750,083**
Total liabilities	193,946,682	242,447,054	285,929,092	305,208,676	**309,208,899**
Equity attributable to:					
Owners of the parent	42,402,139	45,948,360	46,762,064	49,961,349	**47,445,427**
Non-controlling interests	42,469,031	46,485,994	55,065,018	56,832,279	**65,241,313**
Total equity	84,871,170	92,434,354	101,827,082	106,793,628	**112,686,740**

PROTECT ENVIRONMENT, CREATE FUTURE TOGETHER

For the reason of good corporate citizenship, we print our 2022 Annual Report with paper from responsible source to fulfill our corporate responsibility and create a bright future for our next generation.

JINMAO

中国金茂

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