GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

2022
ANNUAL REPORT

Contents

ABOUT R&F

Guangzhou R&F Properties Co., Ltd. ("R&F" or the "Company", together with its subsidiaries, collectively the "Group"), one of China's largest and most well-known property developers, was founded in 1994 and headquartered in Guangzhou. After over twenty years of rapid development, the Company has become a conglomerate primarily engaged in property development, as well as diversified businesses including hotel development, commercial operation and architectural and engineering design. As of the end of 2022, the Group has total assets of approximately RMB370 billion and a land bank of saleable area of approximately 47 million sq.m. and 92 deluxe hotels in operation managed by well-known hotel management groups. Additionally, the Group has a total GFA of approximately 1.9 million sq.m. of investment properties under operation. The Group's businesses cover over 145 cities and regions. For more than 20 years, the Group has adhered to a development strategy of "creating a quality living with the heartbeat of the city", and strives to become a world leader in building quality of life.

	2022	2021	% Changes
OPERATING RESULTS (RMB'000)			
Revenue	**35,192,599**	76,230,335	-54%
Gross profit/(loss)	**3,826,936**	(2,167,205)	277%
Losses attributable to owners of the Company	**(15,736,650)**	(16,469,189)	4%
Basic losses per share (RMB)	**(4.1938)**	(4.3890)	4%
Dividends per share (RMB)	**–**	0.10	-100%
FINANCIAL POSITION (RMB'000)			
Cash	**12,301,227**	21,103,818	-42%
Total assets	**368,920,936**	398,542,334	-7%
Total liabilities	**301,979,915**	315,683,693	-4%
FINANCIAL RATIOS			
Net assets per share (RMB)	**14.5**	18.7	-22%
Net debt to total equity ratio (%)	**170.8**	130.0	31%

During the financial year 2022, it continued to be a challenging environment for the global economy and China's property sector. Globally, developed countries struggled to strike a balance between inflationary pressures after COVID-19 pandemic ("Covid") and relaxing monetary policies so as to avoid recession. Even though there is no feeling of the impact of inflation in 2022 yet, it became apparent that global supply shortages were insufficient to meet recovery demand post-Covid, fueling rising inflation in a long term and was not beneficial to the long term development. Compounding inflationary pressures, a slowdown in economic productivity and market uncertainty led to slower growth in wages and personal wealth. As inflation exceeded revenue growth rate, the emergence of a recession for many countries became a real possibility. This recurring theme of a recession and market uncertainty due to raising interest rates periodically led many central banks to adopt fiscal monetary policy tools to avoid a hard landing in later years.

Despite the global backdrop, China managed to avoid many of the issues faced by other countries. Notably, inflation was not an immediate issue China had to deal with due to its large economic infrastructure, enabling it to introduce appropriate policies to address domestic inflation accordingly such as utilising existing production capacity to meet recovery demand. However, China's prudent approach to Covid meant borders were still closed and major cities within China continued to see lockdown disruptions that hindered travel, domestic consumption, and individual personal wealth, all of which had a significant and direct impact on China's property sector. As the financial year transpired, more and more property companies went into financial distress leading to credit defaults. As more property companies faced credit issues, it led to a significant slowdown in pre-sales and cash liquidity, creating a vicious cycle that eventually affected all companies regardless of their credit profile or market size.

As a result of China's economic challenges, in 2022, China's property sector faced multiple challenges that are still being addressed. Companies have had to undertake significant debt management exercises and adjust their operational strategy in the near term. In 2022, the Group undertook proactive steps to address the financial stress faced by the sector to provide relief. The Group successfully completed a major debt restructuring exercise of USD senior notes and completed the restructuring of Renminbi denominated public and private bonds in China. After the completion of the restructuring exercise, the Group continues to work with lending banks to extend pending maturities to a more sustainable maturity profile.

THE ABILITY TO COMPLETE PROJECT DEVELOPMENT LOANS WAS A BEACON OF LIGHT AMONGST A STORM OF MARKET DEFAULTS AND ABSENCE OF FINANCING

In 2022, financing was scarce as bank loan quotas were reduced and project financing risk increased to unacceptable levels. Earlier in the year, many of the Group's projects were unable to secure new development loans, hindering completion and construction progress. Much of the liquidity to finance project development relied on cash generated from sales of existing inventory from completed projects. However, the Group still maintains a portfolio of high-quality projects with significant value and attraction to investors and lenders. One such project was a development project in London's Zone 1 district, entitled One Nine Elms.

London ONE is a mixed-use skyscraper scheme consisting of residential, hospitality, and commercial properties located in the core district of Zone 1 in London, at 1 Nine Elms Lane, Vauxhall. It overlooks the River Thames and is adjacent to Nine Elms tube station and Vauxhall tube and mainline station. The project has been under development for many years, and the Group has predominantly relied on internal funds for development, but with internal liquidity under stress, the project saw periods of delays until 2022, where completion financing was secured.

In the first half of 2022, the Group secured a project development loan of a total gross amount up to GBP770 million for One Nine Elms, ensuring the project would have the required funds for completion of the entire development, including associated interest costs, general and administration expenses, to be dispersed according to the development progress. The completion of the loan enabled the project to be completed and deliver a high-class residential in Zone 1 London. The completion of the project also enable the Group to realise the value potential from the investment.

COMPLETION OF ASSET DISPOSALS IN CURRENT MARKET CONDITIONS A TESTAMENT TO THE GROUP'S ASSET QUALITY

Under a difficult economic environment and financial turmoil, the Group had to explore alternative means of sourcing liquidity. Over the past 18-months, the Group had been disposing assets in China and overseas as a means of generating cash flow. However, discussions of terms were increasingly difficult and availability of buyers were limited. Despite unfavourable conditions, the Group managed to complete several asset disposals, including land plots, completed developments held for disposal, and ownership stakes in projects under development. In 2022, total proceeds from asset sales were over RMB4.9 billion equivalent. Proceeds from asset sales provided a much-needed boost to liquidity to manage the debt maturities faced by the Group. The Group still retains a sizable portfolio of high-quality assets available at its discretion and will continue to engage in discussions with potential buyers and investors.

SUCCESSFUL DEBT MANAGEMENT AND REDUCTION OF MATURITY WALL

Debt management was a key focus of the Group heading into 2022. Under normal market conditions, the management approach would be to seek appropriate refinancing windows to repay amounts due partially or fully. However, with unprecedented negative sentiment in recent years, various forms of refinancing were impractical. Hence, the Group began assessing alternative options and engaged creditors early to seek a workable solution.

In July, the Group successfully completed the restructuring of 10 tranches of US-dollar denominated notes, totaling approximately US$4.9 billion, which essentially encompassed the entire portfolio of outstanding USD senior notes at the time. The restructuring proposal required each individual tranche to obtain no less than 75% approval in favor (in terms of notional amounts) of the extension of maturity and an option to receive interest as paid-in-kind instead of cash. If any tranche of notes failed to obtain the necessary approval threshold, the restructuring proposal would not have been completed, and the risk of an event of default would have been very high. The Group spent a considerable amount of time and effort communicating with investors, gathering feedback, and explaining the rationale of the restructuring plan in the context of adverse market conditions at the time. After the completion of the restructuring, the notes were effectively extended from imminent maturity to maturity periods ranging between 3-6 years, lowering cash coupon interest to 6.5% p.a. (7.5% p.a. paid-in-kind), and an option to elect non-cash interest payments for the next 18-months. The successful completion of the restructuring significantly improved the Group's cash flow and debt profile, allowing the Group time till market conditions normalise.

After extensive engagement with investors from the USD senior notes restructuring, it became apparent that other creditors and banks were increasingly receptive to similar solutions. In September, the Group undertook a similar bond restructuring exercise of its Renminbi domestic bonds of approximately RMB13.5 billion, originally maturing within 1-month to 8-months across 8 tranches of bonds. After proactively reaching out to bond investors and listening to their feedback, the Group received the necessary acceptance level on all Renminbi bonds to extend the weighted average maturity date to over 3 years. This form of multi-tranche restructuring across various public and privately traded China bonds set a new precedent.

With the successful completion of restructuring for both USD senior notes and Renminbi bonds, a total of approximately RMB46.7 billion in debt maturity was restructured and deferred, leaving the Group with a much more manageable maturity profile. Other lenders, such as commercial banks, have since become more constructive in working together to seek available solutions.

THE GROUP HAS BEEN COMMITTED TO REDUCING OVERALL DEBT OVER THE PAST FEW YEARS, AND DEBT REDUCTION IN 2022 HAS CONTINUED TO MAKE PROGRESS

Debt restructuring and extension of maturities are not enough to ensure long-term cash flow stability. Equally important is the reduction of total debt, as rising interest rates and borrowing costs can make it difficult to maintain serviceability. The Group has prioritized total debt reduction since 2020, with total debt in 2020, 2021, and 2022 of RMB159.7 billion, RMB128.8 billion, and RMB126.7 billion, respectively. Total debt peaked in 2019 at RMB197.1 billion and has fallen to RMB126.7 billion as of the end of 2022, the lowest debt level during the last ten financial periods. The Group considered the level of debt to be too high and unsustainable in the current market environment and took drastic steps to quickly bring down the debt balance, including accelerating asset sales and utilising existing cash resources instead of acquiring further land banks or investing in long-term assets. Management will continue to explore available options to further reduce the amount of debt to acceptable levels.

REENGAGEMENT AND RETURN TO STABILITY FOR PROJECT DEVELOPMENT AFTER COVID DISRUPTIONS AND MARKET VOLATILITY

The Group is gradually returning to normal operations and construction of developing properties to increase the availability of GFA for pre-sale and delivery. As the year progressed and the Group's credit concerns subsided, the Group resumed development projects with the highest potential to generate near-term liquidity in terms of development cycle and sale ability under current market conditions. The Group retains a sizable land bank of 47.08 million sq.m., or approximately RMB640 billion in gross development value, with over 55% in tier-1 or tier-2 cities where end-user demand remains strong. The Group has approximately 104 projects under development with an expected pre-sales value of over RMB125 billion in 2023. As markets return to normal and the Chinese Government introduce new policies to stimulate economic development and stabilize financial markets, we expect demand for residential properties to be positive. The property sector has also seen gradual policy relaxation city-by-city, leading to a more targeted approach to achieve long-term sustainability, increasing consumer confidence, and enabling commercial banks to increase lending quotas.

ASSET SALES HAVE BEEN A VALUABLE SOURCE OF LIQUIDITY FOR THE GROUP, WITH HOTEL ASSETS GENERATING KEEN INTEREST AMONG LONG-TERM PROPERTY INVESTORS

Historically, the Group prides itself on developing high-quality investment assets and has retained a sizable portfolio of investment properties with recurring cash flow income. In addition, the Group acquired 73 high-standard hotels (including one office building) back in 2017 that has retained substantial book and market value. In 2022, the Group increased the pace of monetising these assets, completing sales of several hotel asset and overseas development projects.

Earlier in the year, the Group sold a 50% ownership stake in a UK development project to a development partner for HK$2.66 billion consideration. The sale allowed the Group to redeploy revenue invested in the project in the early stages. The Group still retains some upside from future sales in the project above a certain sales threshold. In Australia, the Group sold its remaining units in a completed development in Brisbane due to positive market response, and disposed of a project selling land plots for personalised property development for AUD90 million.

In China, there has been increasing interest in the Group's portfolio of high-quality hotel assets. In 2022, the Group completed sales of 3 hotels in Beijing, Fuzhou, Zhenjiang with total proceeds in excess of RMB1,245 million. As the Group's hotel assets are of high quality and attractive value, there continues to be constant interest in the remaining 92 with an estimated market valuation in excess of RMB47 billion. The sale of these assets has been a source of liquidity for the Group, with interest in hotel assets a keen investment type for long-term property investors.

BUSINESS HIGHLIGHTS OF 2022

In 2022, management can look back positively on what was achieved experiencing the financial turmoil, a negative Chinese property sector outlook, and numerous corporate defaults. The Group now turns its attention to returning to normalised operations. Total gross contracted sales were RMB38.43 billion, comprising 2.85 million sq.m. of GFA at an average selling price of RMB13,480 per sq.m.. Total revenue achieved was RMB35.2 billion due to 3.26 million sq.m. of GFA recognized at ASPs or approximately RMB8,900 per sq.m., which declined versus the prior financial year due to product mix, which comprised a higher proportion of completed inventory. While sales of completed inventory had a lower ASP, the quicker completion rate and available liquidity generated outweighed the benefit of presales that had completion risks and timing considerations.

In terms of profitability, resulting from challenging operating conditions in the property sector and economic slowdown due to Covid and financial conditions that has affected market sentiment towards China property, recognised sales decrease and the Group recorded a net loss in 2022.

Whilst profitability continued to affected by unfavourable market conditions, the Group's liability profile saw improvements as total gross debt decreased to RMB126.7 billion from a high of RMB197.1 billion in 2019 with only about a third of debt due within 1-year versus over 48% at the end of 2021.

With 2022 over and further introduction of policies by the Central Government to support a recovery, management will be committed to improving revenue and financial earnings in the future.

THE OUTLOOK FOR 2023

STEADYING THE SHIP AND SOLIDIFYING A PATH FOR LONG-TERM RECOVERY

Looking ahead to 2023, we expect further improvement in operating conditions and a return to economic stability after conclusion of the ‘two sessions’ meeting held by the Chinese Central Government. It became clear that the government has now shifted its attention to economic recovery, targeting around 5% p.a. growth in GDP to support a population of over 1.4 billion people. Fiscal policy will also be a key to stabilising the banking sector and stimulate capital flows to vertical industry chains in a rational manner to mitigate financial risks that surfaced in 2022. The property sector has historically been an important pillar of GDP growth in China and this renewed attention on economic growth and stability should benefit China’s fragile property sector. Management will continue to engage banks and lenders to encourage further flows of capital that have been on hold.

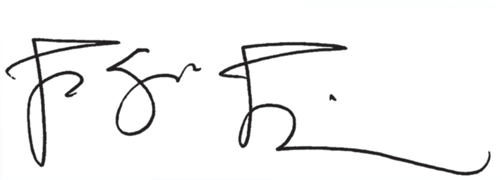
It has been a steady start for the Group in 2023 as presales have improved month-on-month after the Chinese New Year holiday period, with a notable pick-up in transaction volumes. The Group will launch new products and increase saleable resources as the market continues to recover. With construction progressively increasing, saleable resources will primarily comprise completed inventory with immediate cash flow contributions and new saleable resources will provide liquidity in the future. Management expects property buyers will be more active and will continue to drive end user residential demand.

ACKNOWLEDGEMENTS

We would like to take this opportunity to express our sincerest gratitude to the management team and all employees for their hard work and dedication throughout the year. Despite the challenging operating environment brought about by Covid and the financial liquidity issues faced, the team has demonstrated resilience, agility, and a steadfast commitment to driving the business forward.

We would also like to thank our shareholders and investors for their continued confidence in our senior management team. We appreciate your ongoing support and are committed to delivering sustainable growth and improved profitability for the Group.

Looking ahead, we remain focused on managing liquidity and ensuring the long-term success of the business. We will continue to navigate the changing market conditions and pursue opportunities that create value for our stakeholders. Once again, we extend our sincere appreciation to all stakeholders for their continued support and trust in the Group.



Li Sze Lim
Chairman

Zhang Li
Co-chairman and Chief Executive Officer

Contracted Sales

The Group's total contracted sales in 2022 were approximately RMB38.43 billion with 2,851,000 sq.m. sold. The average selling price was approximately RMB13,480 per sq.m.. The contracted sales were generated from 210 projects in 111 cities across China and overseas. In terms of regions, contracted sales of Guangdong, Beijing, Tianjin, Zhejiang, Shanghai, Hainan, Shanxi, Shandong, Shaanxi and Jiangsu were the highest top 10, which contributed approximately RMB28.11 billion, accounting for approximately 73% of total contracted sales of the Group. In terms of city, contracted sales of tier-1 and tier-2 cities accounted for 74% of total contracted sales. Tier-3 and below cities contributed 22% of total contracted sales and overseas contributed 4%. By property type, 61% of contracted sales were generated from residential properties, 5% from villa and 34% from commercial properties and others, including office, apartment and retail, etc..

Details of the Group's top 10 regions with the highest total contracted sales in 2022 are set out below:

Area	**Approximate total value** *(RMB million)*	**Approximate total saleable area sold** *(Thousand sq.m.)*
Guangdong	7,570.2	333.8
Beijing	4,280.1	154.3
Tianjin	2,932.6	255.7
Zhejiang	2,756.9	118.4
Shanghai	2,405.3	57.5
Hainan	2,392.4	150.8
Shanxi	2,152.8	264.1
Shandong	1,260.5	140.1
Shaanxi	1,213.1	110.3
Jiangsu	1,144.3	69.1
	28,108.2	**1,654.1**

Details of the Group's 2022 total contracted sales by geographical distribution are set out below:

Region	**Approximate total value** *(RMB million)*	**Approximate total saleable area sold** *(Thousand sq.m.)*
Northern China	10,816.7	831.9
Northwestern China	4,555.4	551.4
Southern China	8,184.2	425.6
Eastern China	6,986.7	330.2
Southwestern China	1,790.4	229.1
Hainan	2,392.4	150.8
Central Southern China	2,266.6	254.1
Overseas	1,440.5	77.9
Total	**38,432.9**	**2,851.0**

Properties Under Development

By the end of 2022, the Group's total GFA under development is approximately 19,864,000 sq.m. and the total saleable area is approximately 14,136,000 sq.m..

The following is the position as at 31 December 2022:

Area	**Approximately total GFA** *(sq.m.)*	**Approximately total saleable area** *(sq.m.)*
Northern China	2,878,000	2,138,000
Eastern China	2,566,000	1,686,000
Northwestern China	5,022,000	3,758,000
Southern China	4,632,000	3,208,000
Central Southern China	1,958,000	1,365,000
Southwestern China	1,614,000	1,158,000
Hainan	285,000	219,000
Overseas	529,000	269,000
Sub-total	**19,484,000**	**13,801,000**
Investment Properties	380,000	335,000
Total	**19,864,000**	**14,136,000**

Land Bank

During the year, the Group acquired a plot of land in Guangzhou with total saleable area of approximately 133,000 sq.m., which is one of the urban redevelopment projects that the Group has followed up for many years. The Group's total land bank at 2022 year end was total GFA of approximately 60,977,000 sq.m. and total saleable area of approximately 47,082,000 sq.m., distributed across 91 cities and regions in China and overseas cities. Details are given below:

Location	Approximately total GFA *(sq.m.)*	Approximately total saleable area *(sq.m.)*
Development Properties		
Northern China	14,342,000	11,158,000
Eastern China	4,952,000	3,739,000
Northwestern China	12,559,000	9,491,000
Southern China	7,077,000	5,797,000
Central Southern China	6,415,000	5,310,000
Southwestern China	4,958,000	3,858,000
Hainan	2,621,000	2,282,000
Overseas	5,833,000	3,572,000
Sub-total	**58,757,000**	**45,207,000**
Investment Properties	2,220,000	1,875,000
Total	**60,977,000**	**47,082,000**

Property Investment

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties, theme park and etc.. The Group's investment properties portfolio as at 31 December 2022 is approximately 3,552,300 sq.m. in total GFA, among which total GFA of investment properties under operation is approximately 1,882,300 sq.m., and total GFA under development or planning is approximately 1,670,000 sq.m..

Hotel Operation

As of 31 December 2022, the Group has 92 hotels under operation, with total GFA of 4,091,960 sq.m. and 28,455 hotel rooms. The 92 hotels are managed by well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups. The Group has a total of 130 hotels, with 38 hotels under development and planning and 92 hotels under operation. During the period, the Group opened 2 hotels: Hyatt Centric Lakeside Ningbo and Hyatt Regency Hainan Ocean Paradise Resort. Hyatt Centric Lakeside Ningbo is located in Zhenhai Talent Park Tongxin Lake in the central business district of Ningbo Zhenhai District, with total GFA of 20,300 sq.m. and 174 hotel rooms. Hyatt Regency Hainan Ocean Paradise Resort is located in the Li'an Port in southern Lingshui County, Hainan. The hotel design elements from the nearby theme park Hainan R&F Ocean Paradise, derived from the concept of bionics, together to create a marine theme integrated resort project, with total GFA of 104,060 sq.m. and 1,000 hotel rooms.

INVESTOR RELATIONS

To allow investors to make an informed assessment of the Group, attain a high level of corporate governance, maximize the Company's interest as a whole and protect investors' legal right, the Group places great importance on opinions from the capital markets, therefore we continue to maintain an effective dialogue with our industry analysts and institutional investors through regular information disclosure and active communication.

In 2022, the Group's investor relations is committed to maintain a long-term relationship with existing shareholders and bond investment institutions through an active and open dialogue. We also constantly contact and reach out to potential investment institutions. Through close contact with the investment community, we regularly provide updates on our operations and financial position clearly.

In regard to communication and interaction with investors, the Group values every opportunity to engage in open conversation with the investment community. Affected by COVID-19 in 2022, regular investor site visits and face-to-face meetings were restrained, but the Group has actively held video and conference calls, and maintain email communications to make ourselves available for every opportunity to interact with investors. We also had one-to-one communications with institutional investors of Hong Kong, Singapore, London and New York, in order to provide updates on industry developments, upcoming trends, the overall macro environment and understand how the Group will tackle the current and future challenges.

During the year, the Group announced the 2021 annual results and the 2022 interim results. In addition, the Group also released updates and delivered timely operating information actively through announcements, press releases and news on the Company's website.

In 2022, the Group continued to primarily focusing on liquidity and reducing financial leverage. During the period, the Group completed all onshore and offshore bond restructure and extension with total amount of approximately RMB46.7 billion. Meanwhile, asset sales also provided liquidity. Total amount of over RMB4.9 billion generated from asset sales are conducive to the Group's reduction of financial risk, total debt and overall financial leverage.

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

Revenue

The revenue of the Group mainly derived from property development, rental of investment properties and hotel operation. During the year, the Group's revenue from property development decreased by 58% to RMB29.030 billion, from RMB69.001 billion in the previous year. The revenue for the year was based on the delivery of 3,261,000 sq.m., which was 61% lower than the delivery of 8,305,000 sq.m. in the previous year. Overall average selling price was approximately RMB8,900 per sq.m. (2021: RMB8,300 per sq.m.).

Rental income from property investment decreased by 21% to RMB846 million, from RMB1.067 billion. Revenue from hotel operations decreased to RMB4.140 billion from RMB5.070 billion in the previous year. The decrease in hotel revenue was mainly due to the continuous impact of Covid during 2022.

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

City/Country	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Hainan	5,772	347,300	16,600
Beijing	3,345	109,000	30,700
Chongqing	2,060	285,300	7,200
Ganzhou	1,193	109,200	10,900
Shanghai	1,035	32,900	31,500
Jinhua	930	39,800	23,400
Dalian	813	101,500	8,000
Xian	717	99,500	7,200
Yancheng	700	73,800	9,500
Guangzhou	694	25,100	27,700
Australia	653	17,700	36,900
Cangzhou	541	50,900	10,600
Tianjin	494	102,600	4,800
Wuxi	393	93,800	4,200
Lu'an	390	64,800	6,000
Harbin	361	83,900	4,300
Huaibei	349	38,800	9,000
Anshan	349	91,000	3,800
Heze	343	71,900	4,800
Huzhou	342	37,300	9,200
Suzhou	338	37,100	9,100
Kaifeng	334	57,100	5,900
Chengdu	327	40,100	8,200
Luzhou	278	69,800	4,000
Leshan	275	45,600	6,000
Zhuhai	245	24,700	9,900
Shangrao	230	48,100	4,800
Lijiang	221	25,400	8,700
Shijiazhuang	218	43,000	5,100
Zhongshan	217	22,700	9,500
Ningbo	206	24,900	8,300
Huainan	203	48,500	4,200
Shenyang	200	46,800	4,300
Cambodia	198	22,300	8,900
Changzhi	189	42,900	4,400

City/Country	Amount of turnover (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Shaoguan	171	31,000	5,500
Meixian	169	42,200	4,000
Zhenjiang	165	11,000	15,000
Guilin	159	40,800	3,900
Datong	152	28,500	5,300
Baotou	144	44,800	3,200
Puyang	142	35,400	4,000
Huizhou	142	16,900	8,400
Hangzhou	140	8,900	15,800
Chuzhou	135	22,500	6,000
Zouping	134	29,600	4,500
Tangshan	134	32,400	4,100
Qinhuangdao	123	19,600	6,300
Yueqing	117	10,700	10,900
Tianmen	106	24,800	4,300
Putian	105	21,900	4,800
Weinan	100	76,500	1,300
Other	1,539	288,400	5,300
Total	**29,030**	**3,261,000**	**8,900**

Cost of Sales

Cost of sales of the Group primarily represents the costs incurred directly for the Group's property development activities. The component of cost of sales includes land and construction costs, capitalised finance costs and levy taxes. In 2022, cost of sales of the Group was RMB31.366 billion, representing an decrease of 60% when compared with RMB78.398 billion in the previous year.

During the year, land and construction costs made up 86% of the total costs of property development. In terms of costs per sq.m., land and construction costs slightly decreased to RMB6,400 from RMB6,431. Capitalised interest included in the cost of sales amounted to RMB3.168 billion (2021: RMB5.414 billion), 10.9% as a percentage of revenue from sale of properties. The cost of sales also included RMB221 million (2021: RMB555 million) as levy taxes.

Gross Profit Margin

During the year, the Group's gross profit amounted to RMB3.827 billion, compared to a gross loss of RMB2.167 billion in the previous year. The significant improvement was mainly due to the provision of approximately RMB12.986 billion for inventory impairment in 2021. The gross profit margin for property development, excluding the inventory impairment provision, was 16.5% for the year, compared to 13.9% in 2021.

Other Income and Other (Losses)/Gains – net

Other income and other (losses)/gains – net mainly consist of the interest income, revaluation gain and fair value gains on investment properties, as well as gains or losses on disposals of subsidiaries and certain equity interests in a joint venture. During the year, other income and other (losses)/gains – net decreased to a loss of RMB3.068 billion from a gain of RMB1.729 billion in 2021. The decrease was mainly due to losses on the disposal of subsidiaries and certain equity interests in a joint venture, as well as fair value losses on investments properties.

Selling and Marketing Costs and Administrative Expenses

During the year, selling and marketing costs of the Group decreased by 63% to RMB1.367 billion from RMB3.650 billion in 2021, while administrative expenses decreased to RMB4.365 billion from RMB6.002 billion in 2021. The decrease was mainly due to the stringent cost control by the Group. The main component of administrative expenses was personnel costs.

Finance Costs – net

Finance costs – net being interest expenses incurred in the year after deduction of amounts capitalised to development costs, increased by 134% to RMB9.727 billion (2021: RMB4.165 billion).The increase was due to lower amounts capitalised to development costs for the year, as well as foreign exchange losses of RMB3.894 billion mainly caused by the depreciation of Renminbi against US Dollars, compared to a foreign exchange gain of RMB133 million in 2021. Total interest expenses incurred in the year decreased from RMB12.969 billion in the previous year to RMB11.750 billion, which was in line with the decrease of average borrowings outstanding. Together with RMB3.168 billion charged to the cost of sales related to capitalised interest, the total finance costs incurred during the year amounted RMB12.895 billion (2021: RMB9.579 billion).

Income Tax Expenses

Land appreciation tax (LAT) of RMB1.163 billion (2021: RMB1.056 billion) and enterprise income tax of RMB916 million (2021: RMB3.585 billion) brought the Group's total income tax expenses for the year to RMB1.644 billion. As a percentage of turnover of property development, LAT kept at 0.9% in 2022.

Profitability

The Group recorded a net loss of RMB15.779 billion for the year ended 31 December 2022 as compared to a net loss of RMB16.353 billion for the year ended 31 December 2021. The net loss for the year was mainly attributable to the decrease in recognised sales resulting from challenging operating conditions in the property sector and economic slowdown due to Covid and financial conditions that has affected market sentiment towards China property, the foreign exchange loss caused by the depreciation of Renminbi against US Dollars as well as the fair value loss on investment properties.

Cash Flow

	Note	**2022 (RMB'000)**	2021 (RMB'000)
Net cash (used in) / generated from operating activities	1	**(1,256,435)**	13,235,082
Net cash generated / (used in) from investing activities	2	**629,259**	(3,445,235)
Net cash used in financing activities	3	**(3,514,077)**	(29,144,758)
Net decrease in cash		**(4,141,253)**	(19,354,911)
Exchange gains / (losses) on cash		**59,680**	(59,318)
Cash at 1 January		**6,258,593**	25,672,822
Cash at 31 December		**2,177,020**	6,258,593

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

2 The increase is mainly due to a decrease in cash advances to related parties.

3 It is mainly due to decrease in repayments of borrowings.

Financial Resources, Liquidity and Liabilities

As at 31 December 2022, the Group's total cash including amounts restricted for specified usage was RMB12.30 billion (31 December 2021: RMB21.10 billion), of which 97% was denominated in Renminbi and 3% was denominated in other currencies (mainly in US dollar, HK dollar, Australian dollar, Malaysian Ringgit and British pound).

As at 31 December 2022, the Group's total borrowing was RMB126.66 billion (31 December 2021: RMB128.84 billion). The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes, 3) domestic bonds, and 4) trust loans and others, each accounted for 44%, 28%, 11%, 17% respectively (31 December 2021: 46%, 25%, 11% and 18% respectively). The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB116.34 billion (2021: RMB112.36 billion) was unutilised.

The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year, between 1 and 5 years and beyond 5 years accounted for 34%, 54%, 12% of total debts respectively. Bank loans repaid in the year amounted to RMB5.64 billion while new bank loans of RMB1.12 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2022 was 5.69% (2021: 5.86%).

The gearing ratio is measured by the net borrowings (total borrowing less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2022, the gearing ratio was 170.8% (31 December 2021: 130.0%).

The Group conducts its business primarily in Renminbi and non-Renminbi borrowings accounted for approximately 37% of total borrowings. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2022, the Group has not entered into any foreign exchange hedging transactions.

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

Debt Profile

	Due within				
	1 year	1-2 years	2-5 years (RMB million)	over 5 years	Total
Bank borrowings	26,313	8,988	10,986	9,906	56,193
Domestic Bonds	16,369	539	4,213	559	21,680
Senior Notes	1,066	1,474	10,787	–	13,327
Other borrowings	–	2,250	28,829	4,380	35,459
	43,748	13,251	54,815	14,845	126,659

Charge on assets

As at 31 December 2022, assets with total carrying values of RMB107.73 billion and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounting to RMB70.78 billion (31 December 2021: RMB75.46 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's jointly controlled entities and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31 December 2022, such guarantees totaled RMB92.13 billion, which was comparable with last year (31 December 2021: RMB102.94 billion).

Employee and Emolument Policies

As of 31 December 2022, the Group had approximately 27,162 employees (31 December 2021: 35,207). The total staff costs incurred were approximately RMB2.212 billion during the financial year ended 31 December 2022. The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also linked with business performance and profitability of the Company and the market conditions. Directors and senior management would not be involved in deciding their own remuneration.

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The corporate governance practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency and full accountability to shareholders. Throughout the year ended 31 December 2022, the Company complied with all relevant laws and the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

THE BOARD

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

The Board is well-diversified in terms of gender, industry experience, professional expertise and education background. As at 31 December 2022, the Board consisted of nine directors, including four executive directors: Dr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and chief executive officer, Mr. Zhang Hui and Mr. Xiang Lijun; two non-executive directors: Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors: Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong. Biographical details of the directors and their relationships, if any, are set out on pages 34 to 35 of this annual report.

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

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

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

Chairman and Chief Executive Officer

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

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

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

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

Independent Non-executive Directors

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

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

An Independent Board

The Company has in place the below mechanisms to ensure that independent views and input are available to the Board. During the year, the Board has reviewed such mechanisms and considered that such mechanisms remain effective in maintaining a strong independent element on the Board.

- The Board has three independent non-executive directors and at least one-third of its members are being independent non-executive directors.
- The Nomination Committee will assess the independence of the independent non-executive directors on an annual basis by reference to the independence criteria set out in the Listing Rules to ensure that they continue to exercise independent judgement.
- Directors may seek independent professional advice on issues relating to the Group's business at the Company's expense.
- The Chairman of the Board from time to time holds meetings with the independent non-executive directors without the presence of other directors.
- A director who has a material interest in a contract, transaction or arrangement will abstain from voting on any Board resolutions approving the same.

BOARD MEETINGS

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

Directors	Meetings attended/Total
Executive Directors	
Li Sze Lim	4/4
Zhang Li	4/4
Zhang Hui	4/4
Xiang Lijun	4/4
Non-executive Directors	
Zhang Lin	4/4
Li Helen	4/4
Independent Non-executive Directors	
Zheng Ercheng	4/4
Ng Yau Wah, Daniel	4/4
Wong Chun Bong	3/4

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

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

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

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparation of the financial statements for the financial year ended 31 December 2022 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

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

BOARD COMMITTEES

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

Audit Committee

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

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

The audit committee held four meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the reappointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2021 and the interim results for the six months ended 30 June 2022 of the Company and discussed with the management and/or the Company's auditor the accounting policies and practices adopted by the Group, internal control, risk management and financial reporting matters of the year.

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

Committee members	Meetings attended/Total
Wong Chun Bong	3/4
Li Helen	4/4
Zheng Ercheng	4/4

Remuneration Committee

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

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

During the year, the remuneration committee held one meeting, in which it reviewed the Company's remuneration policies. It has also passed a resolution to amend its terms of reference in view of the new requirement of the Listing Rules.

For the year ended 31 December 2022, the remuneration (before taxation) of the senior management by band is set out below:

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

Further particulars regarding the directors' emoluments as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in Note 42 to the financial statements.

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

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

Nomination Committee

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

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implementing the policy approved by the Board. The nomination policy sets out the procedures and criteria for selecting and recommending candidates for directorship. Specific responsibilities of the nomination committee include, among others, review the structure, size and composition of the Board according to the Board diversity policy (the "Board Diversity Policy"), identify and nominate candidates to fill casual vacancies of directors and make recommendations to the Board in respect of succession planning.

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

Committee members	Meetings attended/Total
Li Sze Lim	1/1
Zheng Ercheng	1/1
Wong Chun Bong	0/1

During the year under review, the nomination committee had reviewed the structure, size and composition of the Board and considered the retirement and re-appointment of the directors in the Company's general meeting. It has also reviewed the Board Diversity Policy to ensure its effectiveness.

BOARD DIVERSITY POLICY

The Company has adopted the Board Diversity Policy since November 2015 which sets out the approach by the Company to achieve diversity on the Board. Under the Board Diversity Policy, selection of candidates for appointment to the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, length of service or professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

During the year under review, the Board comprised seven male directors and two female directors. The Board members involve different age groups, gender, professional experience, skills and length of service. At workforce level, the male to female ratio is 70%: 30% in 2022.

For the year ended 31 December 2022, the Nomination Committee and the Board (on the recommendation of the Nomination Committee) considers that gender diversity in respect of the Board is satisfactory and that the Board composition is balanced and diverse. Therefore, the Nomination Committee did not set any measurable objectives for implementing the Board Diversity Policy during the year under review. The Nomination Committee and the Board (on the recommendation of the Nomination Committee) will review the Board Diversity Policy on a regular basis to ensure its effectiveness.

DIVIDEND POLICY

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

CORPORATE GOVERNANCE FUNCTIONS

In the year, the Board had:

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

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

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

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

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

DIRECTORS' TRAINING

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

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

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

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

SUPERVISORY COMMITTEE

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

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

Committee members	Meetings attended/Total
Chen Liangnuan	3/3
Zhao Xianglin	3/3
Zhang Yucong	3/3

RE-ELECTION OF DIRECTORS AND SUPERVISOR

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

The term of office of (i) Mr. Zhang Hui and Mr. Xiang Lijun, executive directors of the Company; (ii) Ms. Li Helen, a non-executive director of the Company; (iii) Mr. Zheng Ercheng and Mr. Wong Chun Bong, independent non-executive directors of the Company; and (iv) Mr. Zhao Xianglin, a supervisor of the Company are about to expire, all of them, being eligible, have offered themselves for re-election at the forthcoming 2022 annual general meeting ("AGM").

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2022.

AUDITOR'S REMUNERATION

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

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of BDO as the external auditor of the Group until the date of the next AGM, pending approval by shareholders at the forthcoming 2022 AGM. During the year, the remuneration paid to BDO in respect of audit services was RMB6.3 million whilst no non-audit services was performed. Audit services include the review of financial information.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

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

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

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

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

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

The Board oversees the internal control and risk management systems on an ongoing basis and has conducted an interim and annual review of the effectiveness of the internal control and risk management systems of the Group for the six months ended 30 June 2022 and for the year ended 31 December 2022. It believes that the existing internal control and risk management systems are effective and adequate, and the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate.

COMPANY SECRETARY

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

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

SHAREHOLDERS' COMMUNICATION POLICY

The Company has adopted a shareholders' communication policy (the "Policy") with the objective of ensuring the shareholders and the investment community are provided with ready, equal and timely access to information about the Company, and allowing them to engage actively with the Company. In addition to publishing interim and annual reports, the Company occasionally meets with analysts and holds press conferences. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff. In addition, the corporate website is another channel through which the Company provides up-to-date information.

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

During the year, the Board has reviewed the Policy and considered that the Policy and its implementation are effective as the Policy has provided effective channels for shareholders and investors to communicate their views with the Company.

GENERAL MEETINGS

In 2022, the Company held two general meetings including the 2021 AGM and one extraordinary general meeting held on 10 June 2022 (the "EGM").

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

Name of Directors	2021 AGM	The EGM
Executive Directors		
Li Sze Lim	√	√
Zhang Li	√	√
Zhang Hui	√	√
Xiang Lijun	√	√
Non-executive Directors		
Zhang Lin	√	√
Li Helen	√	√
Independent Non-executive Directors		
Zheng Ercheng	√	√
Ng Yau Wah, Daniel	√	√
Wong Chun Bong	√	√

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

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

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

CONSTITUTIONAL DOCUMENTS

During the year, there is no change on the Articles of Association.

The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2022. The audited financial statements were approved by the directors on 31 March 2023.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

The profit of the Group for the year ended 31 December 2022 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 44 to 148 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 150 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the management discussion and analysis during the year are set out on pages 9 to 16 of this report and the paragraphs below.

Policy Risk

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

It is important for the Company to proactively adapt itself to changes in policies, and improve its risk control, business management standards on an ongoing basis and formulate reasonable business strategies. In 2022, there were numerous positive stimulus measures introduced to stimulate the economy such as reduction in China's PBOC five-year loan prime rate as well as specific property sector targeted policies including reduction in required down payment deposits for property purchasers. It is clear that the government has now shifted its attention to economic recovery. We expect the operation conditions to further improve.

Business Risk

The Group has sizeable land bank in China's tier-1 and tier-2 cities. With ample land bank available for development in the medium-term, land acquisitions will remain prudent. During the year, the Group acquired a plot of land in Guangzhou which is one of the urban redevelopment projects that the Group has followed up for many years.

Market Risk

The Company implements a steady business development strategy by actively developing a diversified market in cities in China. Factors such as economic uncertainty, job security and mortgage risk impacted overall pre-sale levels as consumers adopted a wait-and-see attitude.

Financial Risk

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

In 2022, facing with uncertainty over available liquidity, the Group underwent an asset sales plan that involved sales of offshore and onshore projects. These sales allowed the Group to offset maturing liabilities and realise some additional liquidity for working capital purposes.

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

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Hong Kong Companies Ordinance can be found throughout this report, particularly in the sections headed "Financial Highlights", "Letter to Shareholders", "Business Review" and "Financial Review" of this report. These discussions form part of this Report of the Directors.

The Environmental, Social and Governance Report of the Company for the year ended 31 December 2022 is published on the website of the Company (www.rfchina.com) and the Stock Exchange (www.hkexnews.hk).

QUALIFIED OPINION ISSUED BY THE INDEPENDENT AUDITOR

As a result of the possible effects of the matter described in the section headed "Basis for qualified opinion – Deferred income tax assets" in the "Independent Auditor's Report" on pages 39 to 40 of this annual report, the Company's independent auditor, BDO Limited (the "Auditor"), expressed a qualified opinion on the Group's consolidated financial statements for the year ended 31 December 2022 (the "Qualified Opinion").

As at 31 December 2022, the Group recognised deferred income tax assets arising from unused tax losses and deductible temporary differences of certain group entities under different operating segments of the Group of RMB2.247 billion (the "Relevant Deferred Income Tax Assets") and during the year ended 31 December 2022, the Group recognised deferred income tax credit of RMB490 million (the "Relevant Deferred Income Tax Credit") in respect of these unused tax losses and deductible temporary differences in the consolidated income statement. These amounts were included in deferred income tax assets and income tax expenses of RMB12.974 billion and RMB1.644 billion respectively as disclosed in the consolidated balance sheet and consolidated income statement.

The Group's management (the "Management") has explained to the Auditor their plans to support the utilisation of the unused tax losses and deductible temporary differences of these group entities and believed that it is probable that sufficient taxable profit will be available against which these unused tax losses and deductible temporary differences can be utilised by these group entities in future. However, taking into account the recent volatility of the property industry in the PRC, the Management could not timely formulate the detailed steps and execution timetable for the above utilization plan in order to enable the Auditor to form a view that such plan could comply with the requirements of the relevant accounting standard to support the recognition of the Relevant Deferred Income Tax Assets. As a result, the Auditor took the view that the Management had not provided them with sufficient audit evidence to determine whether the Relevant Deferred Income Tax Assets of RMB2.247 billion as at 31 December 2022 and the Relevant Deferred Income Tax Credit of RMB490 million credited to the consolidated income statement for the year were appropriate.

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

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

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

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

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

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

As set out in note 2.1(c) to the consolidated financial statements as contained in this annual report, the Group recorded a loss attributable to the owners of the Company of RMB15.737 billion for the year ended 31 December 2022. As at 31 December 2022, the Group's total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB135.110 billion, out of which RMB51.334 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB12.301 billion. Moreover, as at 31 December 2022, the Group was unable to repay certain bank and other borrowings of RMB15.590 billion according to their scheduled repayment dates, and subsequent to 31 December 2022, the Group was unable to repay certain bank and other borrowings of RMB1.963 billion that are due for repayment from January 2023 and up to the date of approval of the consolidated financial statements. As a result, certain bank and other borrowings with an aggregate principal amount of RMB28.987 billion became default or cross-default. Furthermore, the Group is being sued by various parties for various reasons. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern (the "Going Concern Issue").

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

In view of such circumstances, the Management has given careful consideration to the future liquidity and performance of the Group and its available sources of financing within the next 18 months from 31 December 2022 in assessing whether the Group will have sufficient financial sources to continue as a going concern and the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements. The Management has formulated plans and measures to mitigate the liquidity pressure and to improve the financial position of the Group, details of which are set out in note 2.1(c) to the consolidated financial statements as contained in this annual report (the "Plans"). Subject to, among others, successful implementation of the Plans, including but not limited to discussions with the relevant lenders to renew or extend the outstanding borrowings, acceleration of pre-sales and sales of properties and collection of outstanding sales proceeds, control of administrative costs and unnecessary capital expenditures, and settlement of outstanding litigations, the Management takes the view that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next 18 months from 31 December 2022. The Board has discussed the Going Concern Issue with the Management and is satisfied that on the basis of successful implementation of the Plans, it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

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

The 2022 AGM of the Company will be held on Wednesday, 31 May 2023 and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Wednesday, 31 May 2023, the register of members of the Company will be closed from Wednesday, 24 May 2023 to Wednesday, 31 May 2023, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all the share transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 23 May 2023.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

On 15 December 2021, the Company announced that a tender was being made to repurchase the US$265,000,000 5.75% senior notes due 2022 and US$460,000,000 5.75% senior notes due 2022 (consolidated and formed a single series) issued by Easy Tactic Limited ("Easy Tactic", an indirect wholly-owned subsidiary of the Company). The tender offer was completed on 12 January 2022. The notes repurchased pursuant to the tender offer have been cancelled.

In June 2022, the Group announced a consent solicitation by Easy Tactic as issuer in respect of all its series of senior notes due 2022, 2023 and 2024 for the purposes of, among others, extending the respective maturity dates to 2025, 2027 and 2028. The consent solicitation was passed and completed in July 2022, whereby the Group successfully restructured all series of senior notes of an aggregate amount of approximately US$4.944 billion into three series of notes maturing in 2025, 2027 and 2028 (the "2025 Notes", "2027 Notes" and "2028 Notes"). As at 31 December 2022, the outstanding principal amount of the 2025 Notes, 2027 Notes and 2028 Notes are US$1,292,392,467, US$2,203,665,299 and US$1,605,828,646 respectively.

The Company has also redeemed a total principal amount of RMB325,036,575 domestic bonds in 2022. As at 31 December 2022, the outstanding aggregate principal amount of domestic bonds of the Company was RMB14,340,447,425.

Save as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

MAJOR SUPPLIERS AND CUSTOMERS

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

DONATIONS

During the year, the total amount of charitable donations made by the Group was approximately RMB1.18 million (2021: RMB86.73 million).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

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

PROPERTIES UNDER DEVELOPMENT

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

COMPLETED PROPERTIES HELD FOR SALE

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

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2022 are set out in Note 25 to the financial statements.

PERMITTED INDEMNITY PROVISIONS

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

CAPITALISED BORROWING COSTS

Borrowing costs capitalised by the Group during the year amounted to approximately RMB5.917 billion (2021: approximately RMB8.680 billion).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2022 are set out on pages 151 to 166 of this annual report.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company during the year up to 31 December 2022 are set out in Note 23 to the financial statements.

DISTRIBUTABLE RESERVES

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises ("CAS") or as determined under the Hong Kong Financial Reporting Standards ("HKFRS"). As at 31 December 2022, the Company's distributable reserves were approximately RMB2.506 billion, being the smaller of the distributable reserves as determined under CAS and HKFRS.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year up to 31 December 2022 are set out in the statement of changes in equity on pages 48 to 49 of this annual report.

DIRECTORS AND SUPERVISORS

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

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

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

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

Supervisors
Mr. Chen Liangnuan
Mr. Zhao Xianglin
Mr. Zhang Yucong

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

In accordance with Articles 106 and 130 of the Company's Articles of Association, the term of office of all directors and supervisors shall be three years, subject to re-election and re-appointment.

The term of office of (i) Mr. Zhang Hui and Mr. Xiang Lijun, executive directors of the Company; (ii) Ms. Li Helen, a non-executive director of the Company; (iii) Mr. Zheng Ercheng and Mr. Wong Chun Bong, independent non-executive directors of the Company; and (iv) Mr. Zhao Xianglin, a supervisor of the Company are about to expire, all of them, being eligible, have offered themselves for re-election at the forthcoming 2022 AGM.

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

Biographical details of the directors and supervisors of the Company and the senior management of the Group are set out on pages 34 to 38 of the annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

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

There were no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or joint ventures was a party, and in which a director or a supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

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

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

As at 31 December 2022, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2022 were as follows:

		Number of shares				
Director/ Supervisor	**Class of shares**	**Personal**	**Spouse or child under 18**	**Corporate interest**	**Total number of shares held at the end of the period**	**Approximate percentage of interests in the total share capital Note**
Li Sze Lim	H share	1,066,092,672	5,000,000	16,000,000	1,087,092,672	28.97%
Zhang Li	H share	1,022,146,272	20,000,000		1,042,146,272	27.77%
Zhang Hui	H share	1,894,800			1,894,800	0.05%
Xiang Lijun	H share	1,800,000			1,800,000	0.05%
Li Helen	H share	3,600		1,000,000	1,003,600	0.03%
Ng Yau Wah, Daniel	H share		588,000		588,000	0.02%
Chen Liangnuan	H share	20,000,000			20,000,000	0.53%

Note:

The Company's total number of issued shares as at 31 December 2022 was 3,752,367,344 H shares.

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

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

Notes:

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

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

3. Dr. Li Sze Lim (a) has an interest in US$5,555,642 of the US$1,292,392,467 senior notes due 2025 issued by Easy Tactic (the "2025 Notes"); and (b) through his spouse, has an interest in (i) US$5,091,094 of the 2025 Notes; (ii) US$10,302,430 of the US$2,203,665,299 senior notes due 2027 issued by Easy Tactic (the "2027 Notes"); and (iii) US$117,469,771 of the US$1,605,828,646 senior notes due 2028 issued by Easy Tactic (the "2028 Notes").

4. Mr. Zhang Li has an interest in US$10,713,163 of the 2025 Notes.

5. Ms. Li Helen, through Pleasant View Limited which is 100% owned by her, has an interest in US$509,110 of the 2025 Notes, US$1,577,844 of the 2027 Notes and US$2,066,906 of the 2028 Notes.

Save as disclosed above, as at 31 December 2022, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2022, so far as the directors are aware, there are no persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

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

PRE-EMPTIVE RIGHTS

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

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

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

CONNECTED TRANSACTIONS

During the year ended 31 December 2022, the Group entered into transactions with related parties as disclosed in Note 40 "Significant related-party transactions" to the consolidated financial statements. These related-party transactions included the following transactions which constituted connected transactions under the Listing Rules but exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules:

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

2. Amounts due to major shareholders.

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The financial statements of the Group for the year ended 31 December 2022 have been audited by BDO and it has indicated its willingness to be continuously in office. A resolution will be proposed by the Board at the AGM to re-appoint the firm as the auditor of the Company until the close of the next AGM.

By order of the Board
Li Sze Lim
Chairman

Guangzhou, China
31 March 2023

Dear Shareholders,

During 2022, the Supervisory Committee (the "Committee") carried out its supervisory duties conscientiously and diligently in accordance with PRC Company Law and the Company's Articles of Association to protect the interests of shareholders.

The Committee now consists of three members: Mr. Chen Liangnuan, who was elected amongst the Company's employees; and Mr. Zhao Xianglin and Mr. Zhang Yucong, both independent supervisors representing shareholders' interests. A member of the Committee attended the Board meeting at which the Company's 2022 final results were approved, and will also attend the upcoming 2022 AGM.

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

The Committee has reviewed the financial statements for the year ended 31 December 2022, which were prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company's auditor, BDO Limited. The Committee has also reviewed the report of the directors to be presented by the Board at the forthcoming 2022 AGM. The Committee considers that the financial statements reflect a true and fair view of the Company's financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance and achievement of the Company in 2022, and has great confidence in its future.

By order of the Supervisory Committee
Chen Liangnuan
Convenor

Guangzhou, China
31 March 2023

EXECUTIVE DIRECTORS

Li Sze Lim（李思廉）, SBS, JP, HonDBus (Macq), aged 66, is the Chairman of the Company

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

Zhang Li（張力）aged 70, is the Co-chairman and Chief Executive Officer of the Company

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

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

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

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

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

NON-EXECUTIVE DIRECTORS

Zhang Lin (張琳) aged 74

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

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

Li Helen (李海倫) aged 72

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zheng Ercheng (鄭爾城) aged 65

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

Ng Yau Wah, Daniel (吳又華) aged 67

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

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

Wong Chun Bong (王振邦) aged 64

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

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

SUPERVISORS

Chen Liangnuan（陳量暖）aged 73

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

Zhao Xianglin（趙祥林）aged 81

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

Zhang Yucong（張宇聰）aged 65

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

SENIOR MANAGEMENT

Zhu Ling（朱玲）aged 56, is the Chief Financial Officer of the Company

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

Wang Heng（王珩）aged 53, is a vice president of the Company

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

Liu Zhen（劉臻）aged 57, is a vice president of the Company

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

Zhao Feng（趙渢）aged 53, is a vice president of the Company and chairman of Hainan R&F Properties Development Group Co., Ltd.

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

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

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

Yang Ye（楊曄）aged 43, is a vice president of the Company, chairman of Southern China region and chairman of the Group's Urban Renewal Group of the Greater Bay Area

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

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

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

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

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

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

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TO THE SHAREHOLDERS OF GUANGZHOU R&F PROPERTIES CO., LTD.
(incorporated in the People's Republic of China with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Guangzhou R&F Properties Co., Ltd. ("the Company") and its subsidiaries (together the "Group") set out on pages 44 to 148, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR QUALIFIED OPINION

Deferred income tax assets

As at 31 December 2022, the Group recognised deferred income tax assets arising from unused tax losses and deductible temporary differences of certain group entities under different operating segments of the Group of RMB2.247 billion and during the year ended 31 December 2022, the Group recognised deferred income tax credit of RMB490 million in respect of these unused tax losses and deductible temporary differences in the consolidated income statement. These amounts were included in the deferred income tax assets and income tax expenses of RMB12.974 billion and RMB1.644 billion respectively as stated in the consolidated balance sheet and consolidated income statement respectively.

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

Accordingly, we were unable to obtain sufficient audit evidence we considered necessary to determine whether the deferred income tax assets of RMB2.247 billion as at 31 December 2022 and the corresponding amount of RMB490 million credited to the consolidated income statement for the year ended 31 December 2022 were appropriate. Any adjustments to the carrying amount of these deferred income tax assets and the corresponding deferred income tax credit found necessary may have a significant effect on the Group's financial position as at 31 December 2022 and its financial performance for the year then ended, and the related disclosures thereof in these consolidated financial statements.

We issued a qualified opinion on the Group's consolidated financial statements for the year ended 31 December 2021 due to limitations on scope of our work on the recognition of deferred income tax assets and the related deferred income tax credit arising from unused tax losses and deductible temporary differences of certain group entities under different operating segments of the Group and such limitations remain unresolved during the course of the audit for the year ended 31 December 2022. We were unable to obtain sufficient audit evidence we considered necessary to determine whether the deferred income tax assets of RMB2.887 billion as at 31 December 2021 and the corresponding amount of RMB161 million credited to the consolidated income statements for the year ended 31 December 2021 were appropriate. Any adjustments to the amount of deferred income tax assets recognised in the consolidated balance sheet and the corresponding deferred income tax credited to the consolidated income statement for the year ended 31 December 2021 would have a consequential impact on the financial position as at 31 December 2021 and 2022, the financial performance for the years ended 31 December 2021 and 2022 and related disclosures in these consolidated financial statements.

The balances as at 31 December 2021 and the amounts for the year then ended are presented as corresponding figures in the consolidated financial statements for the year ended 31 December 2022. Our opinion on the Company's consolidated financial statements for year ended 31 December 2022 is also qualified because of the possible effect of the qualified opinion on the consolidated financial statements for the year ended 31 December 2021 on the comparability of 2022 figures and 2021 figures in these consolidated financial statements.

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.1 (c) to the consolidated financial statements which indicates that for the year ended 31 December 2022, the Group recorded a loss attributable to the owners of the Company of RMB15.737 billion. As at 31 December 2022, the Group's total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB135.110 billion, out of which RMB51.334 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB12.301 billion. Moreover, as at 31 December 2022, the Group was unable to repay certain bank and other borrowings of RMB15.590 billion according to their scheduled repayment dates, and subsequent to 31 December 2022, the Group was unable to repay certain bank and other borrowings of RMB1.963 billion that are due for repayment from January and up to the date of approval of the consolidated financial statements. As a result, certain bank and other borrowings with an aggregate principal amount of RMB28.987 billion became default or cross-default. Furthermore, the Group is being sued by various parties for various reasons. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information in the Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the "Basis for Qualified Opinion" section above, we were unable to obtain sufficient appropriate evidence about deferred income tax assets and the related deferred income tax credit arising from unused tax losses and deductible temporary differences of certain group entities under different operating segments of the Group. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the "Basis for Qualified Opinion" section and the "Material Uncertainty Related to Groing Concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report.

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

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

The carrying amount of PUD and PHS was RMB149.427 billion and RMB41.230 billion respectively as at 31 December 2022 and the aggregate amount of RMB190.657 billion accounted for 51.68% of the Group's total assets as at that date. PUD and PHS are primarily residential projects located mainly in Mainland China and are stated at the lower of cost and net realisable value. The Group has made provision for losses on net realisable value for PUD and PHS of RMB12 million and RMB1.401 billion respectively in the consolidated income statement for the year ended 31 December 2022.

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

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

Other response:

Our key audit procedures included:

- Obtaining an understanding of the process and procedures in relation to the preparation and monitoring of management budgets of property development projects;
- Evaluating the management's methodology in assessing net realisable value and comparing the key estimates and assumptions adopted in the assessment with available market data and the budget plans maintained by the Group;
- Checking the calculations made by the management in arriving at the year end assessments of the net realisable value.

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BDO Limited
Certified Public Accountants
Li Yin Fan
Practising Certificate number P03113
Hong Kong, 31 March 2023

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	As at 31 December 2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	7	**45,695,522**	47,079,461
Right-of-use assets	8	**9,853,365**	10,764,837
Investment properties	9	**33,749,600**	34,943,304
Intangible assets	10	**1,055,675**	1,125,285
Interests in joint ventures	12	**8,905,960**	11,085,159
Interests in associates	13	**3,517,585**	3,323,709
Deferred income tax assets	27	**12,974,345**	13,365,510
Financial assets at fair value through other comprehensive income	14	**554,318**	632,762
Other financial assets	18	**608,519**	1,026,645
		116,914,889	123,346,672
Current assets			
Properties under development	16	**149,427,062**	150,791,203
Completed properties held for sale	17	**41,229,767**	50,172,331
Inventories		**1,130,902**	1,306,448
Trade and other receivables and prepayments	19	**41,022,377**	45,889,192
Contract assets	5	**2,035,644**	1,229,970
Tax prepayments		**4,859,068**	4,702,700
Restricted cash	20	**10,124,207**	14,845,225
Cash and cash equivalents	21	**2,177,020**	6,258,593
		252,006,047	275,195,662
Total assets		**368,920,936**	398,542,334
EQUITY			
Equity attributable to owners of the Company			
Share capital	22	**3,752,367**	3,752,367
Other reserves	23	**12,224,336**	12,246,683
Retained earnings		**38,452,363**	54,189,013
		54,429,066	70,188,063
Non-controlling interests		**12,511,955**	12,670,578
Total equity		**66,941,021**	82,858,641

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	As at 31 December 2022	2021
LIABILITIES			
Non-current liabilities			
Long-term borrowings	25	**82,910,900**	66,635,262
Lease liabilities	8	**395,693**	392,542
Deferred income tax liabilities	27	**10,589,811**	10,959,434
Other payables	24	**864,787**	534,987
		94,761,191	78,522,225
Current liabilities			
Accruals and other payables	24	**96,051,670**	104,386,369
Contract liabilities	5	**46,210,007**	50,130,339
Current income tax liabilities	28	**20,758,206**	19,977,725
Short-term borrowings	25	**4,321,224**	8,323,963
Current portion of long-term borrowings	25	**39,426,640**	53,880,163
Lease liabilities	8	**66,996**	78,928
Dividend payable		**369,981**	369,981
Derivative financial instruments	26	**14,000**	14,000
		207,218,724	237,161,468
Total liabilities		**301,979,915**	315,683,693
Total equity and liabilities		**368,920,936**	398,542,334

The notes on pages 51 to 148 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 44 to 148 were approved by the Board of Directors on 31 March 2023 and were signed on its behalf.

Li Sze Lim
Director

Zhang Li
Director

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

		Year ended 31 December	
	Notes	**2022**	2021
Revenue	5	**35,192,599**	76,230,335
Cost of sales	31	**(31,365,663)**	(78,397,540)
Gross profit/(loss)		**3,826,936**	(2,167,205)
Other income	29	**371,854**	1,461,511
Other (losses)/gains – net	30	**(3,439,395)**	267,773
Selling and marketing costs	31	**(1,366,829)**	(3,650,053)
Administrative expenses	31	**(4,364,864)**	(6,002,200)
Net impairment losses on financial and contract assets		**(54,644)**	(147,223)
Gains on bargain purchase	6	**760**	508,209
Operating loss		**(5,026,182)**	(9,729,188)
Finance costs – net	33	**(9,727,154)**	(4,164,605)
Share of results of joint ventures		**481,633**	505,529
Share of results of associates		**136,874**	26,723
Loss before income tax		**(14,134,829)**	(13,361,541)
Income tax expenses	34	**(1,644,444)**	(2,991,741)
Loss for the year		**(15,779,273)**	(16,353,282)
Loss attributable to:			
– Owners of the Company		**(15,736,650)**	(16,469,189)
– Non-controlling interests		**(42,623)**	115,907
		(15,779,273)	(16,353,282)
Basic and diluted losses per share for loss attributable to owners of the Company (expressed in RMB Yuan per share)	35	**(4.1938)**	(4.3890)

The notes on pages 51 to 148 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December 2022	2021
Loss for the year		**(15,779,273)**	(16,353,282)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
– Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	23	**(64,442)**	(23,913)
Items that may be reclassified to profit or loss			
– Share of other comprehensive income released upon disposal of a joint venture and an associate	23	**53,755**	–
– Share of other comprehensive income of joint ventures and associates accounted for using the equity method	23	**(65,389)**	(72,469)
– Currency translation differences	23	**76,550**	(42,859)
Other comprehensive income for the year, net of tax		**474**	(139,241)
Total comprehensive income for the year		**(15,778,799)**	(16,492,523)
Total comprehensive income attributable to:			
– Owners of the Company		**(15,736,176)**	(16,608,430)
– Non-controlling interests		**(42,623)**	115,907
		(15,778,799)	(16,492,523)

The notes on pages 51 to 148 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

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

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2022	3,752,367	12,246,683	54,189,013	70,188,063	12,670,578	82,858,641
Comprehensive income						
Loss for the year	–	–	(15,736,650)	(15,736,650)	(42,623)	(15,779,273)
Other comprehensive income						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	(64,442)	–	(64,442)	–	(64,442)
Share of other comprehensive income released upon disposal of a joint venture and an associate	–	53,755	–	53,755	–	53,755
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	–	(65,389)	–	(65,389)	–	(65,389)
Currency translation differences	–	76,550	–	76,550	–	76,550
Total other comprehensive income, net of tax	–	474	–	474	–	474
Total comprehensive income for the year	–	474	(15,736,650)	(15,736,176)	(42,623)	(15,778,799)
Transactions with owners						
Changes in ownership interests in subsidiaries without change of control	–	(22,821)	–	(22,821)	(116,000)	(138,821)
Total transactions with owners	–	(22,821)	–	(22,821)	(116,000)	(138,821)
Balance at 31 December 2022	3,752,367	12,224,336	38,452,363	54,429,066	12,511,955	66,941,021

The notes on pages 51 to 148 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

	Notes	Year ended 31 December 2022	2021
Cash flows from operating activities			
Cash generated from operations	37(a)	**5,559,889**	31,181,201
Interest paid		**(5,976,293)**	(12,477,100)
Enterprise income tax and land appreciation tax paid		**(840,031)**	(5,469,019)
Net cash (used in)/generated from operating activities		**(1,256,435)**	13,235,082
Cash flows from investing activities			
Purchases of property, plant and equipment		**(900,983)**	(1,804,603)
Purchases of intangible assets		**(5,398)**	(40,873)
Additions of right-of-use assets		**(609)**	–
Additions of investment properties		**(1,524)**	(145,551)
Proceeds from disposals of investment properties		**28,082**	15,409
Proceeds from disposals of property, plant and equipment		**62,801**	31,080
Proceeds from disposals of joint ventures		**1,000**	–
Proceeds from disposals of an associate		**–**	1,000,000
Investments in financial assets at fair value through other comprehensive income, joint ventures and associates		**–**	(5,328,423)
Investments in joint ventures		**(200)**	–
Acquisitions of subsidiaries, net of cash acquired		**(44,354)**	412,923
Disposals of subsidiaries, net of cash		**1,204,187**	1,954,806
Cash receipts from the repayment of advances to related parties		**214,418**	3,827,855
Cash advances to related parties		**(68,126)**	(4,520,500)
Proceeds from disposals of financial assets at fair value through other comprehensive income		**–**	72,412
Dividends and interest received on financial assets at fair value through other comprehensive income and other financial assets		**5,751**	60,702
Interest received		**134,214**	1,019,528
Net cash generated/(used in) from investing activities		**629,259**	(3,445,235)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		**6,514,965**	31,018,245
Repayments of borrowings		**(11,646,232)**	(61,559,283)
Repayment to a shareholder of a joint venture		**(137,858)**	(815,483)
Repayments of principal of lease liabilities		**(88,627)**	(98,362)
Decrease/(increase) in guarantee deposits for borrowings		**324,386**	(355,863)
Cash advances from related parties		**2,276,308**	6,772,604
Repayments to related parties		**(757,019)**	(8,210,795)
Capital contributions from non-controlling interests		**–**	6,439,165
Dividends paid to owners of the Company and non-controlling interests		**–**	(2,334,986)
Net cash used in financing activities		**(3,514,077)**	(29,144,758)
Net decrease in cash and cash equivalents		**(4,141,253)**	(19,354,911)
Exchange gains/(losses)		**59,680**	(59,318)
Cash and cash equivalents at beginning of year		**6,258,593**	25,672,822
Cash and cash equivalents at end of year	21	**2,177,020**	6,258,593

The notes on pages 51 to 148 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

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

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

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

These consolidated financial statements are presented in RMB Yuan (RMB), unless otherwise stated. These consolidated financial statements were approved by the Board of Directors for issue on 31 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

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

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of hotel buildings and financial assets at fair value through other comprehensive income, other financial assets and investment properties which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

(c) Going concern basis

For the year ended 31 December 2022, the Group recorded a loss attributable to the owners of the Company of RMB15.737 billion. As at 31 December 2022, the Group's total bank borrowings, domestic bonds, senior notes and other borrowings (including those in accruals and other payable) amounted to RMB135.110 billion, out of which RMB51.334 billion will be due for repayment within the next twelve months while the Group has total cash including restricted cash of RMB12.301 billion. Moreover, as at 31 December 2022, the Group was unable to repay certain bank and other borrowings of RMB15.590 billion according to their scheduled repayment dates, and subsequent to 31 December 2022, the Group was unable to repay certain bank and other borrowings of RMB1.963 billion that are due for repayment from January and up to the date of approval of these consolidated financial statements. As a result, certain bank and other borrowings with an aggregate principal amount of RMB28.987 billion became default or cross-default. Furthermore, the Group is being sued by various parties for various reasons. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company ("Directors") have given careful consideration to the future liquidity and performance of the Group as well as the cash flow forecast and its available sources of financing within the next 18 months from 31 December 2022 in assessing whether the Group will have sufficient financial sources to continue as a going concern and the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

(ii) In September 2022, the Company, as the issuer, convened a meeting of bondholders regarding the extension of all eight domestic corporate bonds (with a total principal amount of approximately RMB13.5 billion) to review the adjustment of the domestic corporate bond redemption plan and a proposal to increase credit enhancement safeguards. As of 22 September 2022, the eight domestic corporate bond extension proposals have been voted and approved at the bondholders' meeting, and the weighted average maturity period of the eight corporate bonds has been successfully extended from approximately four months to three years or above. The Group believes that the overall extension of domestic corporate bonds can effectively relieve the Group's liquidity pressure, help improve the company's overall financial situation, and promote the Company's long-term stable and sustainable development;

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

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

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

(c) Going concern basis (continued)

The directors are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next 18 months from 31 December 2022. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2022 on a going concern basis.

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

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

(d) New standards, interpretations and amendments adopted from 1 January 2022

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

Standards	Subject
Annual Improvements to HKFRS Standards 2018-2020	Annual Improvements to HKFRS Standards 2018-2020 affecting HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

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

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

Standards	Subject	Effective for annual periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants ("2022 Amendments")	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These new and amended standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 2.2(d) below), after initially being recognised at cost.

(c) Joint arrangements

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

Interests in joint ventures are accounted for using the equity method (see Note 2.2(d) below), after initially being recognised at cost in the consolidated balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting (continued)

(d) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

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

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.7 Property, plant and equipment

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (continued)

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

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

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

2.8 Investment properties

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets

(a) Goodwill

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

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

(b) Construction licence

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

(c) Customer contracts

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

(d) Software and others

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life – for example, goodwill or construction license – are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

2.11 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.12 Investments and other financial assets

(a) Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (continued)

(b) Recognition and derecognition

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

(c) Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classified its debt instruments into the following measurement category.

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

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

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

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Investments and other financial assets (continued)

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

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

2.13 Financial liabilities and equity instruments

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

Derecognition or modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, and any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent. For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial guarantee contracts

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

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

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

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

2.16 Properties under development

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Completed properties held for sale

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

2.18 Inventories

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

2.19 Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 19 for further information about the Group's accounting for trade and other receivables and Note 3.1(b) for a description of the Group's impairment policies.

2.20 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

2.21 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payable are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.23 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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

2.24 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and consider whether it is probable that a transaction tax authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

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

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

2.26 Employee benefits

(a) Short-term obligations

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

(b) Employee leave entitlements

Employee entitlements to accumulating annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave that are non-cumulative are not recognised until the time of leave.

(c) Bonus entitlements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Employee benefits (continued)

(d) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all eligible employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK$1,500. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds.

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

(e) Termination benefits

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

2.27 Provisions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Revenue recognition

(a) Property development

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

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

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

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

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

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

(b) Rental income

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

(c) Hotel operations

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

(d) Others

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Losses per share

(a) Basic losses per share

Basic losses per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted losses per share

Diluted losses per share adjusts the figures used in the determination of basic losses per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.30 Dividend income

Dividends are received from financial assets measured at fair value through other comprehensive income. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

2.31 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Leases (continued)

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

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

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

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

2.32 Dividend distribution

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

2.33 Interest income

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

The table below summarises the impact of changes in foreign exchange rates at 31 December 2022 with all other variables held constant on the Group's post-tax loss for the year:

	RMB against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax loss for the year	
Denominated in HKD		
Cash and cash equivalents	263	(263)
Trade and other receivables	16,986	(16,986)
Other payables and accruals	(124,230)	124,230
Denominated in USD		
Cash and cash equivalents	3,533	(3,533)
Restricted cash	387	(387)
Trade and other receivables	5,285	(5,285)
Borrowings	(2,099,030)	2,099,030
Accruals and other payables	(54,432)	54,432
Contract assets	838	(838)

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the year ended 31 December 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in RMB, USD, GBP, MYR, HKD and AUD.

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

The table below summarises the impact of changes in interest rate at 31 December 2022 with all other variables held at constant on the Group's post-tax loss for the year.

	Increase/(decrease) in post-tax (loss)/profit for the year	
	2022	2021
Interest rate of long-term borrowings at variable rates – increase 0.25% (2021:0.25%)	**(106,473)**	(123,441)
Interest rate of long-term borrowings at variable rates – decrease 0.25% (2021:0.25%)	**106,473**	123,441

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets and other financial assets at FVOCI.

To manage its price risk arising from investments in equity securities and bonds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

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

The table below summarises the impact of increases or decreases of price of the stocks and bonds, which the Group purchased, on the Group's equity as at 31 December 2022. The analysis is based on the assumption that the stock and bond price increased by 5% or decreased by 5% with all other variables held constant, and that all the Group's equity instruments moved in line with the price of each stock.

	Increase/(decrease) in other comprehensive income, net of tax	
	2022	2021
Price of each stock – increase 5%	**50,085**	28,388
Price of each stock – decrease 5%	**(50,085)**	(28,388)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk

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

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

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

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

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

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

(i) Trade receivables and contract assets

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

The expected loss rate of trade receivables from related parties is not material. No loss allowance provision was recognized during the year.

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

On that basis, the loss allowance for both trade receivables (excluding amounts due from related parties) and contract assets as at 31 December 2022 and 2021 was determined as follows.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

At 31 December 2022	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	2.27%	3.75%	3.64%	19.07%	
Gross carrying amount – trade receivables (excluding amounts due from related parties)	2,136,819	450,863	379,567	607,508	3,574,757
Gross carrying amount – contract assets	2,076,976	–	–	–	2,076,976
Loss allowance	95,797	16,899	13,807	115,842	242,345

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

The closing loss allowance for trade receivables (excluding amounts due from related parties) and contract assets as at 31 December 2022 was reconciled to the opening loss allowance as follows:

	Trade receivables		Contract assets	
	2022	2021	**2022**	2021
Opening loss allowance as at 1 January	219,548	290,997	22,673	16,377
(Reversal of)/provision for loss allowance recognised in profit or loss during the year	(18,535)	(71,449)	18,659	6,296
Closing loss allowance as at 31 December	201,013	219,548	41,332	22,673

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Other receivables

As at 31 December 2022, parties of other receivables from related parties have a low risk of default and a strong capacity to meet contractual cash flows. The Group has assessed that the expected credit losses for the 12 months expected losses method. RMB7,539,000 loss allowance provision was recognised during the year (2021: nil).

The closing loss allowance for other receivables (excluding amounts due from related parties) as at 31 December 2022 was reconciled to the opening loss allowance as follows:

	2022	2021
Opening loss allowance as at 1 January	**385,431**	277,144
Provision for loss allowance recognised in profit or loss during the year	**79,905**	108,287
Closing loss allowance as at 31 December	**465,336**	385,431

For the year ended 31 December 2022, the provision for loss allowances were recognised in profit or loss in "net impairment losses on financial and contract assets" in relation to the impaired other receivables.

(c) Liquidity risk

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

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include controlling investments in land banks, adjusting project development timetable to adapt to changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, and disposing of certain investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
At 31 December 2022					
Borrowings (Note (i))	**51,184,735**	**18,973,158**	**64,382,973**	**17,156,240**	**151,697,106**
Lease liabilities	**87,844**	**80,781**	**215,318**	**163,608**	**547,551**
Financial liabilities as included in trade and other payables and accruals (excluding accruals for staff costs and allowance and other taxes payable)	**46,526,638**	**1,432,974**	**1,592,042**	**410,307**	**49,961,961**
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	**77,864,071**	**–**	**–**	**–**	**77,864,071**
Guarantees in respect of borrowings of joint ventures and associates	**2,896,262**	**1,951,037**	**8,216,478**	**1,201,646**	**14,265,423**
Derivative financial instruments	**14,000**	**–**	**–**	**–**	**14,000**

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

Note:

(i) Interest on borrowings is calculated on borrowings held as at 31 December 2022 and 2021 respectively. Floating-rate interest is estimated using the current interest rate as at 31 December 2022 and 2021 respectively.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

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

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

The gearing ratios at 31 December 2022 and 2021 are as follows:

	2022	2021
Total borrowings	**126,658,764**	128,839,388
Less: cash and cash equivalents	**(2,177,020)**	(6,258,593)
restricted cash	**(10,124,207)**	(14,845,225)
Net debt	**114,357,537**	107,735,570
Total equity	**66,941,021**	82,858,641
Gearing ratio	**171%**	130%

3.3 Fair value estimation

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

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2022 and 2021 by level of the inputs to valuation techniques used to measure fair value.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (continued)

	2022	2021
Financial assets at FVOCI		
Level 1	**545,318**	567,753
Level 3 (Note (a))	**9,000**	65,009
	554,318	632,762
Other financial assets		
Level 1	**608,519**	1,026,645
	1,162,837	1,659,407

(a) Financial instruments in level 3

The fair value of the Group's investment in unlisted private funds recognised as financial assets at FVOCI was revalued as at 31 December 2022 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The financial assets at FVOCI were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value change on the equity investments was included in "other comprehensive income".

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Enterprise income taxes and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for enterprise income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) PRC land appreciation taxes

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

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

(c) Fair value of investment properties

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

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

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development and completed properties held for sale are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of carrying amounts of properties under development and completed properties held for sale is assessed according to their recoverable amounts, taking into account for costs to completion based on past experience and net sales values based on prevailing market conditions. The assessment requires the use of judgement and estimates.

As at 31 December 2022, approximately RMB6,629,493,000 and RMB6,377,258,000 (2021: RMB6,913,519,000 and RMB6,072,174,000) of impairment was provided for properties under development and completed properties held for sale, respectively.

(e) Revenue recognition for property development activities

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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

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

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

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

(g) Going concern assumptions

As stated in Note 2.1(c), the directors have prepared the consolidated financial statements for the year ended 31 December 2022 based on a going concern basis. The assessment of the going concern assumptions involves making judgement by the directors, about the future outcome of events or conditions which are uncertain. The Group's management formulated plans and measures to mitigate the liquidity pressure and improve the financial position of the Group and concluded that, taking into account these plans and measures, there will be sufficient funds to finance its future operations to maintain the Group as a going concern. Accordingly, the directors consider that the Group has the capability to continue as a going concern.

5. SEGMENT INFORMATION

(a) Description of segments and principal activities

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2022 and the segment assets and liabilities at 31 December 2022 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	29,030,050	976,196	4,234,601	2,249,462	36,490,309
Recognised at a point in time	23,368,672	–	–	–	23,368,672
Recognised over time	5,661,378	–	4,234,601	2,249,462	12,145,441
Revenue from other sources – rental income	–	976,196	–	–	976,196
Inter-segment revenue	–	(130,561)	(94,326)	(1,072,823)	(1,297,710)
Revenue from external customers	29,030,050	845,635	4,140,275	1,176,639	35,192,599
Loss for the year	(11,275,448)	(1,071,661)	(2,373,165)	(1,058,999)	(15,779,273)
Finance costs – net	(8,391,253)	(200,353)	(960,303)	(175,245)	(9,727,154)
Share of results of joint ventures	484,255	–	–	(2,622)	481,633
Share of results of associates	112,389	–	–	24,485	136,874
Income tax (expenses)/credits	(1,623,770)	383,078	(293,735)	(110,017)	(1,644,444)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(339,560)	–	(1,448,556)	(335,539)	(2,123,655)
Gains on bargain purchase	–	–	–	760	760
Amortisation of incremental costs for obtaining contracts with customers	(182,118)	–	–	–	(182,118)
Fair value change on other financial assets	–	–	–	(417,694)	(417,694)
Allowance for impairment losses of financial and contract assets	(44,625)	(1,330)	(1,673)	(7,016)	(54,644)
Fair value losses on investment properties – net of tax	–	(1,467,538)	–	–	(1,467,538)
Segment assets	270,477,013	34,156,608	47,241,441	2,908,692	354,783,754
Segment assets include:					
Interests in joint ventures	8,904,640	–	–	1,320	8,905,960
Interests in associates	3,436,396	–	–	81,189	3,517,585
Addition to non-current assets (other than financial instruments and deferred income tax assets)	1,121,093	138,127	107,098	324,970	1,691,288
Segment liabilities	139,421,957	342,992	1,891,503	2,316,682	143,973,134

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance (continued)

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance (continued)

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

	2022	2021
PRC	**34,224,800**	74,338,001
Other countries	**967,799**	1,892,334
Total	**35,192,599**	76,230,335

Revenues from the individual countries included in "other countries" are not material. There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2022 (2021: nil).

(c) Segment assets

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

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

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

	2022	2021
Segment assets for reportable segments	**354,783,754**	383,517,417
Deferred income tax assets	**12,974,345**	13,365,510
Other financial assets	**608,519**	1,026,645
Financial assets at FVOCI	**554,318**	632,762
Total assets per consolidated balance sheet	**368,920,936**	398,542,334

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

	2022	2021
PRC	**91,687,692**	103,104,176
Other countries	**11,090,015**	5,217,579
Total	**102,777,707**	108,321,755

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

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(d) Segment liabilities

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

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

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

	2022	2021
Segment liabilities for reportable segments	**143,973,134**	155,907,146
Deferred income tax liabilities	**10,589,811**	10,959,434
Current income tax liabilities	**20,758,206**	19,977,725
Short-term borrowings and current portion of long-term borrowings	**43,747,864**	62,204,126
Long-term borrowings	**82,910,900**	66,635,262
Total liabilities per consolidated balance sheet	**301,979,915**	315,683,693

(e) Assets and liabilities related to contracts with customers

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

	2022	2021
Contract assets	**2,076,976**	1,252,643
Loss allowance (Note 3.1(b))	**(41,332)**	(22,673)
Total contract assets	**2,035,644**	1,229,970
Capitalised costs to obtain contracts	**1,879,444**	1,729,869
Contract liabilities – property development and sales contracts	**45,525,242**	49,432,778
Contract liabilities – hotel operations and other contracts with customers	**684,765**	697,561
Total contract liabilities	**46,210,007**	50,130,339

(i) Significant changes in contract assets and liabilities

Contract assets have increased as the progress towards complete satisfaction of the performance obligation continued to increase for certain projects. The loss allowance for contract assets increased by RMB18,659,000 to RMB41,332,000 (2021: Increased by RMB6,296,000 to RMB22,673,000) during the current reporting period.

Contract liabilities from property development and sales contracts have decreased by RMB3,908,000 as pre-sales were slowdown near year end of 2022.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

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

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property development and sales contracts	**13,922,458**	20,735,360
Hotel operations and other contracts	**697,561**	408,259

(iii) Unsatisfied performance obligation

For sales of properties, the Group recognises revenue when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the day contracted with the customer exceeds one year, the transaction price allocated to these unsatisfied contracts is not disclosed as permitted by HKFRS15.

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

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

(iv) Assets recognised from costs to obtain a contract

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

	2022	2021
Capitalised costs to obtain contracts at 31 December	**1,879,444**	1,729,869
Amortisation recognised as cost of sales during the year	**(182,118)**	(332,244)

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION

(a) For the year ended 31 December 2022

Summary of acquisition

In November 2022, the Group completed the acquisition of the remaining 40% equity interest in a joint venture, 海南富力海洋文旅產業發展有限公司 ("富力海洋"), which was engaging in developing tourism project in the PRC, from an independent third party at a cash consideration of approximately RMB593,000. Upon completion of the acquisition, the Group held 100% equity interest of the 富力海洋 which then became a subsidiary of the Group.

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

	富力海洋
Purchase consideration	
Cash paid	593
Previously held equity interest	2,028
	2,621

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

	富力海洋 Fair value
Cash and cash equivalents	103
Property, plant and equipment	1,191
Intangible assets	3,051
Trade and other receivables and prepayments	121
Trade and other payables and accruals	(1,085)
Total identifiable net assets acquired	3,381
Gains on bargain purchase	(760)

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(a) For the year ended 31 December 2022 (continued)

Summary of acquisition (continued)

(i) Acquired receivables

	富力海洋 Fair value
Trade receivables and other receivables and prepayments	121

(ii) Revenue and profit contribution

	富力海洋
Acquired business contributed to the Group for the period from the acquisition date to 31 December 2022:	
– Revenue	–
– Net loss	–

(iii) Purchases consideration – net cash flows

	富力海洋
Outflow of cash to acquire subsidiaries, net of cash acquired	
Cash considerations paid	593
Plus: cash in the subsidiary acquired	(103)
Net outflow of cash – investing activities	490

(b) For the year ended 31 December 2021

Summary of acquisition

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(b) For the year ended 31 December 2021 (continued)

Summary of acquisition (continued)

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

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

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(b) For the year ended 31 December 2021 (continued)

Summary of acquisition (continued)

(i) Acquired receivables

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

(ii) Revenue and profit contribution

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

(iii) Purchases consideration – net cash flows

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

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings						
	Office and others	Hotel	Furniture, fixtures and equipment	Transportation equipment	Machinery	Assets under construction	Total
At 1 January 2021							
Cost	2,314,990	34,880,753	2,079,278	1,015,094	1,056,238	5,399,168	46,745,521
Accumulated depreciation	(472,386)	(1,114,566)	(1,655,700)	(921,876)	(467,258)	–	(4,631,786)
Net book amount	1,842,604	33,766,187	423,578	93,218	588,980	5,399,168	42,113,735
Year ended 31 December 2021							
Opening net book amount as originally presented	1,842,604	33,766,187	423,578	93,218	588,980	5,399,168	42,113,735
Additions	495,553	–	114,038	655,439	72,055	2,108,106	3,445,191
Acquisitions of subsidiaries	–	–	–	–	–	1,386,375	1,386,375
Transfer from properties held for sale	29,935	–	–	–	–	–	29,935
Transfer from properties under development	1,024	–	–	–	–	1,673,995	1,675,019
Transfer to properties under development	–	–	–	–	–	(57,676)	(57,676)
Assets under construction transferred to buildings	2,038,782	907,269	18,688	–	1,148,694	(4,113,433)	–
Disposals	(7,715)	–	(4,184)	(827)	(17,409)	–	(30,135)
Depreciation	(73,573)	(1,086,212)	(156,006)	(116,421)	(71,490)	–	(1,503,702)
Exchange differences	(13,580)	–	(4,970)	169	(5)	39,105	20,719
Closing net book amount	4,313,030	33,587,244	391,144	631,578	1,720,825	6,435,640	47,079,461
At 31 December 2021							
Cost	4,813,404	42,847,726	2,126,332	1,641,253	2,182,236	6,435,640	60,046,591
Accumulated depreciation	(500,374)	(9,260,482)	(1,735,188)	(1,009,675)	(461,411)	–	(12,967,130)
Net book amount	4,313,030	33,587,244	391,144	631,578	1,720,825	6,435,640	47,079,461
Year ended 31 December 2022							
Opening net book amount as originally presented	4,313,030	33,587,244	391,144	631,578	1,720,825	6,435,640	47,079,461
Additions	46,169	–	275,213	29,025	8,548	1,007,320	1,366,275
Acquisitions of subsidiaries	–	–	1,191	–	–	–	1,191
Disposals of subsidiaries	–	(838,308)	(3,178)	(406)	(165)	–	(842,057)
Transfer from properties under development	66,910	–	–	–	–	–	66,910
Assets under construction transferred to buildings	66,491	978,352	32,640	–	31,080	(1,108,563)	–
Disposals	(94,641)	(2,196)	(7,329)	(156,699)	(1,521)	–	(262,386)
Depreciation	(196,394)	(1,124,444)	(94,698)	(75,161)	(155,391)	–	(1,646,088)
Exchange differences	6,685	–	611	188	2	(75,270)	(67,784)
Closing net book amount	4,208,250	32,600,648	595,594	428,525	1,603,378	6,259,127	45,695,522
At 31 December 2022							
Cost	4,893,133	42,503,418	2,391,908	1,207,929	2,213,967	6,259,127	59,469,482
Accumulated depreciation	(684,883)	(9,902,770)	(1,796,314)	(779,404)	(610,589)	–	(13,773,960)
Net book amount	4,208,250	32,600,648	595,594	428,525	1,603,378	6,259,127	45,695,522

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	2022	2021
Selling and administrative expenses	206,958	737,801
Cost of sales	1,439,130	765,901
	1,646,088	1,503,702

Assets under construction mainly represent construction and other costs incurred for hotel buildings and an amusement park. For the year ended 31 December 2022, borrowing costs capitalised in assets under construction amounted to RMB217,470,000 (2021: RMB440,306,000). Borrowing costs were capitalised at the weighted average rate of 7.51% for the year ended 31 December 2022 (2021: 6.60%).

Borrowings are secured by office buildings, hotel buildings and assets under construction with a carrying amount of RMB29,372,979,000 (2021: RMB30,466,085,000).

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

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

	2022	2021
Cost	35,459,473	35,725,675
Accumulated depreciation	(9,176,903)	(8,771,086)
Net book amount	26,282,570	26,954,589

(c) Fair value hierarchy

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

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

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

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Valuation processes of the Group

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

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

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

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

As at 31 December 2021 and 2022, management did not revaluate the hotel buildings considering that the carrying amount does not differ materially from that which would be determined using fair value.

(e) Valuation techniques

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

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

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

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(f) Valuation inputs and relationships to fair value

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

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

8. LEASES

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

(a) Amounts recognised in the consolidated balance sheet

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

	2022	2021
Right-of-use assets		
Land use rights	**9,378,481**	10,257,354
Office and transportation equipment	**345,712**	372,268
Buildings	**129,172**	135,215
	9,853,365	10,764,837
Lease liabilities		
Current	**66,996**	78,928
Non-current	**395,693**	392,542
	462,689	471,470

There is addition to the right-of-use assets were RMB92,890,000 during the year ended 31 December 2022 financial year (2021: RMB34,810,000).

(All amounts in RMB Yuan thousands unless otherwise stated)

8. LEASES (Continued)

(b) Amounts recognised in the consolidated income statement

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

	2022	2021
Depreciation charge of right-of-use assets		
Land use rights	**319,753**	174,820
Buildings	**56,442**	76,406
Transportation equipment	**26,557**	97,754
	402,752	348,980
Less: capitalised in assets under construction	**(47,552)**	(60,772)
	355,200	288,208
Interest expense (included in finance costs – net)	**23,868**	25,516
Expense relating to short-term leases and leases of low-value assets (included in administrative expenses)	**23,246**	29,979

The total cash outflow for leases in 2022 was RMB127,236,000 (2021: RMB164,040,000).

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

The Group leases various land use rights, offices, warehouses, office and transportation equipment. Rental contracts are typically made for fixed periods of 2 to 60 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes except for the airplanes and those with land use rights certificate.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction	Total
Year ended 31 December 2021			
Opening balance at 1 January	33,161,386	796,579	33,957,965
Additions	–	145,551	145,551
Disposals	(42,826)	–	(42,826)
Transfer from completed properties held for sale	195,975	–	195,975
Revaluation gains on investment properties transferred from completed properties held for sale	194,497	–	194,497
Currency translation differences	(196,350)	–	(196,350)
Fair value gains – net	671,231	17,261	688,492
Closing balance at 31 December	33,983,913	959,391	34,943,304
Year ended 31 December 2022			
Opening balance at 1 January	**33,983,913**	**959,391**	**34,943,304**
Additions	**–**	**138,127**	**138,127**
Disposals	**(69,877)**	**–**	**(69,877)**
Transfer from properties under development to investment properties under construction	**–**	**617,027**	**617,027**
Transfer from completed properties held for sale	**22,686**	**–**	**22,686**
Revaluation losses on investment properties transferred from properties under development	**–**	**(8,127)**	**(8,127)**
Currency translation differences	**56,128**	**–**	**56,128**
Fair value loss – net	**(1,893,452)**	**(56,216)**	**(1,949,668)**
Closing balance at 31 December	**32,099,398**	**1,650,202**	**33,749,600**

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

	2022	2021
Rental income	**845,635**	1,067,263
Direct operating expenses from investment properties	**(132,054)**	(154,546)
Revaluation (losses)/gains and fair value (losses)/gains recognised in "other gains – net"	**(1,957,795)**	882,989

9. INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by independent and professionally qualified valuers to determine the fair value of the investment properties as at 31 December 2022 and 2021. The fair value gains or losses are included in "other gains – net" in the income statement.

As at 31 December 2022 and 2021, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs.

(c) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2022 and 2021 by independent and professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer ("CFO") and the audit committee. Discussions of valuation processes and results are held between the CFO, the valuation team and valuers at least once every reporting date, in line with the Group's interim and annual reporting dates.

At each reporting date the finance department:

- Verifies all major inputs to the independent valuation reports;
- Assesses property valuations movements when compared to the prior year valuation reports; and
- Holds discussion with the independent valuers.

Changes in level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(d) Valuation techniques

For completed office and retail buildings (2021: completed office and retail buildings), the valuations are based on the term and reversionary method, which largely used unobservable inputs and took into account the significant adjustment in term yield to account for the risk upon reversionary and the estimation in market price after expiry of current lease.

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

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

(e) Valuation inputs and relationships to fair value

Description		Fair value at 31 December 2022	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	10,880,580	Term and reversionary method	Term yields	5.5%	The higher the term yields, the lower the fair value
				Reversionary yields	5.5%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	6,050-56,500	The higher the market price, the higher the fair value
	Retail	20,662,720	Term and reversionary method	Term yields	5.5%	The higher the term yields, the lower the fair value
				Reversionary yields	5.5%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	5,640-96,000	The higher the market price, the higher the fair value
	Carpark	556,100	Direct comparison method	Market price (RMB/square metre)	700-7,700	The higher the market price, the higher the fair value
Investment properties under construction	Retail	1,650,200	Residual method	Market price (RMB/square metre)	4,453-24,692	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	4,806-5,894	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (RMB/square metre)	1,708-1,865	The higher the developer's profit, the lower the fair value

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

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

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

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. If the remaining lease term increases, the yield may decrease.

(f) Investment properties pledged as security

Borrowings are secured on investment properties for the value of RMB19,293,700,000 in 2022 (2021: RMB19,546,774,000).

(g) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly or quarterly. There are no variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

For minimum lease payments receivable on leases of investment properties, refer to Note 39.

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS

	Goodwill	Construction licence	Customer contracts	Software and others	Total
At 1 January 2021					
Cost	502,065	282,000	322,000	1,042,465	2,148,530
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(640,163)	(965,146)
Net book amount	499,082	282,000	–	402,302	1,183,384
Year ended 31 December 2021					
Opening net book amount	499,082	282,000	–	402,302	1,183,384
Additions	10,349	10,000	–	58,797	79,146
Amortisation charge	–	–	–	(125,485)	(125,485)
Disposals	–	–	–	(11,760)	(11,760)
Closing net book amount	509,431	292,000	–	323,854	1,125,285
At 31 December 2021					
Cost	512,414	292,000	322,000	922,188	2,048,602
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(598,334)	(923,317)
Net book amount	509,431	292,000	–	323,854	1,125,285
Year ended 31 December 2022					
Opening net book amount	**509,431**	**292,000**	**–**	**323,854**	**1,125,285**
Additions	**–**	**–**	**–**	**117,227**	**117,227**
Acquisitions of subsidiaries	**–**	**–**	**–**	**3,051**	**3,051**
Amortisation charge	**–**	**–**	**–**	**(122,367)**	**(122,367)**
Disposals	**–**	**–**	**–**	**(67,521)**	**(67,521)**
Closing net book amount	**509,431**	**292,000**	**–**	**254,244**	**1,055,675**
At 31 December 2022					
Cost	**512,414**	**292,000**	**–**	**628,855**	**1,433,269**
Accumulated amortisation and impairment	**(2,983)**	**–**	**–**	**(374,611)**	**(377,594)**
Net book amount	**509,431**	**292,000**	**–**	**254,244**	**1,055,675**

Intangible assets are amortised in the following categories:

	2022	2021
Selling and administrative expenses	**51,834**	42,896
Cost of sales	**70,533**	82,589
	122,367	125,485

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS (Continued)

(a) Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash-generating unit (CGU) identified as the construction services unit within the property development segment. The recoverable amount of the CGU as at 31 December 2022 was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations in 2022 and 2021 are as follows:

	2022	2021
Gross margin	**14%-17%**	12%
Growth rate for the five-year period	**2%-5%**	2%-10%
Terminal growth rate	**2%**	2%
Pre-tax discount rate	**9.74%**	11.44%

Management determined budgeted gross margin and growth rates based on past performance and its expectations of the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(b) Impairment test for construction licence

The recoverable amount of construction licence based on value-in-use calculations as at 31 December 2022 was determined by estimating the value of royalty (that is, licence fee) from which the Group is exempted by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the Group and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations in 2022 and 2021 are as follows:

	2022	2021
Royalty rate	**1%**	1%
Growth rate for the five-year period	**2%-5%**	2%-10%
Terminal growth rate	**2%**	2%
Pre-tax discount rate	**9.87%**	11.68%

Management determined royalty rate and weighted average growth rates based on past performance and industry factor. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES

The following is a list of principal subsidiaries as at 31 December 2022:

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
Subsidiaries – incorporated in the PRC:							
廣州市金鼎房地產開發有限公司	31 August 1994	Limited liability company	RMB8,000,000	90%	10%	–	Property development in the PRC
廣州富力興盛置業發展有限公司	09 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	75%	25%	–	Development and investment of office buildings in the PRC
廣州富力億盛置業發展有限公司	31 August 2005	Limited liability company	RMB100,000,000	90%	10%	–	Property development in the PRC
廣州富力創盛置業發展有限公司	04 November 2005	Limited liability company	RMB360,000,000	86.11%	13.89%	–	Property development in the PRC
廣州市貴麗實業發展有限公司	30 June 2000	Limited liability company	RMB20,500,000	–	100%	–	Property development in the PRC
廣東新天鴻物業發展有限公司	21 May 2008	Limited liability company	RMB592,380,000	–	75%	25%	Property development in the PRC
重慶嘉富房地產開發有限公司	12 January 2018	Limited liability company	RMB300,000,000	–	100%	–	Property development in the PRC
上海眾弘置業發展有限公司	24 September 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
梅州富力房地產開發有限公司	01 July 2013	Limited liability company	RMB550,000,000	99%	1%	–	Property development in the PRC
福州市台江富力置業有限公司	11 September 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
寧波品富房地產開發有限公司	20 October 2016	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
南昌富力盈盛置業有限公司	22 December 2016	Sino-foreign joint venture with limited liability	USD124,780,000	–	100%	–	Property development in the PRC
南昌富力超盛置業有限公司	29 June 2017	Sino-foreign joint venture with limited liability	USD10,000,000	–	100%	–	Property development in the PRC
贛州市富輝房地產開發有限責任公司	31 August 2018	Sino-foreign joint venture with limited liability	RMB894,135,300	95.49%	4.51%	–	Property development in the PRC
重慶富力房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	–	Property development in the PRC
廣州富力地產(重慶)有限公司	26 January 2007	Limited liability company	RMB854,500,761	94.82%	5.18%	–	Property development in the PRC
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	86.64%	–	13.36%	Property development in the PRC
上海啟富房地產開發有限公司	21 December 2017	Limited liability company	RMB200,000,000	100%	–	–	Property development in the PRC
杭州富力房地產開發有限公司	19 December 2012	Wholly foreign-owned enterprise with limited liability	USD10,000,000	–	100%	–	Property development in the PRC
杭州聯富房地產開發有限公司	19 December 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
溫州極富房地產開發有限公司	08 June 2017	Limited liability company	RMB100,100,000	–	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
富力南京地產開發有限公司	08 September 2010	Limited liability company	RMB500,000,000	–	100%	–	Property development in the PRC
海安極富房地產開發有限公司	08 June 2017	Limited liability company	RMB50,000,000	–	100%	–	Property development in the PRC
浙江富力房地產開發有限公司	08 January 2018	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
無錫極富房地產開發有限公司	16 December 2013	Wholly foreign-owned enterprise with limited liability	USD50,000,000	–	100%	–	Property development in the PRC
南通富力房地產開發有限公司	18 November 2016	Wholly foreign-owned enterprise with limited liability	USD40,000,000	–	100%	–	Property development in the PRC
無錫富力通達房地產開發有限公司	06 December 2016	Limited liability company	RMB200,000,000	100%	–	–	Property development in the PRC
北京富力城房地產開發有限公司	24 April 2002	Limited liability company	RMB1,394,781,578	96%	4%	–	Property development in the PRC
北京富力通達房地產開發有限公司	20 November 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
富力(北京)地產開發有限公司	27 June 2002	Limited liability company	RMB100,000,000	81%	19%	–	Property development in the PRC
淄博萬達廣場置業有限公司	27 September 2017	Limited liability company	RMB60,000,000	–	100%	–	Property development in the PRC
貴陽圜成置業有限公司	12 January 2010	Limited liability company	RMB20,000,000	100%	–	–	Property development in the PRC
天津耀華投資發展有限公司	27 September 2002	Limited liability company	RMB535,475,234	40.24%	59.76%	–	Property development in the PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	–	Property development in the PRC
天津百合灣建設有限公司	30 January 2012	Limited liability company	RMB160,000,000	–	100%	–	Property development in the PRC
包頭市富力房地產開發有限公司	18 October 2013	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB350,000,000	–	100%	–	Property development in the PRC
太原富潤房地產開發有限公司	06 September 2016	Limited liability company	RMB1,000,000,000	–	100%	–	Property development in the PRC
呼和浩特富力通達房地產開發有限公司	18 May 2017	Limited liability company	RMB30,000,000	–	100%	–	Property development in the PRC
哈爾濱富力城房地產開發有限公司	15 May 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
海南富力海洋文旅產業發展有限公司	18 November 2019	Limited liability company	RMB10,000,000	–	100%	–	Tourism project development in the PRC
廣州兆晞投資有限公司	05 September 2017	Wholly foreign-owned enterprise with limited liability	RMB3,980,000,000	–	100%	–	Investment holding in the PRC
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB300,000,000	90%	10%	–	Construction company in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
廣東恒力建設工程有限公司	12 June 2001	Limited liability company	RMB15,000,000	–	100%	–	Construction company in the PRC
Subsidiaries – incorporated in Hong Kong:							
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD1,000,000	100%	–	–	Investment holding in Hong Kong
Subsidiaries – incorporated in British Virgin Islands (BVI):							
R&F Properties (BVI) Co., Ltd.	31 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Palace View Investments Limited	21 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Maxview Investments Limited	03 April 2006	Limited liability company	USD50,000	–	100%	–	Investment holding in BVI
General Light Investments Limited	05 July 2011	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Value Success Investments Limited	01 September 2006	Limited liability company	USD10,000	–	100%	–	Investment holding in BVI
Big Will Investments Limited	02 November 2007	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Caifu Holdings Limited	02 January 2013	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Trillion Chance Limited	31 October 2013	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Easy Tactic Limited	16 October 2013	Limited liability company	USD2	–	100%	–	Investment holding in BVI
Elegant Bloom Limited	22 May 2019	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Idea Shine Limited	30 October 2019	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Victory Path Group Limited	26 November 2021	Limited liability company	USD1,000	–	51%	49%	Investment holding in BVI
Subsidiaries – incorporated in UK:							
R&F Properties (UK) Company Limited	24 August 2016	Limited liability company	GBP1	–	100%	–	Investment holding in UK
R&F Properties QS (UK) Co., Ltd.	06 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F Properties QS (UK) Development Co., Ltd.	06 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F One (UK) Limited	26 September 2013	Limited liability company	GBP100,000	–	100%	–	Property development in UK
R&F One Nine Elms (UK) Limited	26 September 2013	Limited liability company	GBP10,000	–	100%	–	Property development in UK

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in Korea:							
R&F Korea Co., Ltd.	21 November 2016	Limited liability company	Korea Won ("KRW") 1,000,000,000	–	100%	–	Property development in Korea
Tian Li Korea Construction Co., Ltd.	24 May 2017	Limited liability company	KRW2,800,000,000	–	100%	–	Construction company in Korea
Tian Li Korea Interior Co., Ltd.	10 April 2019	Limited liability company	KRW1,000,000,000	–	100%	–	Construction company in Korea
Subsidiaries – incorporated in Malaysia:							
R&F Development SDN BHD	07 November 2013	Limited liability company	MYR500,000	–	100%	–	Property development in Malaysia
R&F Mega Realty SDN BHD	27 January 2014	Limited liability company	MYR2	–	100%	–	Property development in Malaysia
Tian Li Property Management SDN BHD	27 July 2014	Limited liability company	MYR1,000,000	–	100%	–	Property management in Malaysia
Tian Li Property Construction SDN BHD	27 July 2014	Limited liability company	MYR1,000,000	–	100%	–	Construction company in Malaysia
Subsidiaries – incorporated in Australia:							
R&F Property Pty Ltd	05 June 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Estate Pty Ltd	07 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Property Pty Ltd	14 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Realty Pty Ltd	14 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Estate Pty Ltd	23 September 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Development Holdings Pty Ltd	30 May 2014	Limited liability company	AUD1	–	100%	–	Investment holding in Australia
Etone Australia Holdings Pty Ltd	08 November 2016	Limited liability company	AUD100	–	100%	–	Investment holding in Australia
Etone Australia Developments Pty Ltd	09 November 2016	Limited liability company	AUD100	–	100%	–	Property development in Australia
Etone Australia Project Management Pty Ltd	09 November 2016	Limited liability company	AUD100	–	100%	–	Property management in Australia
R&F Realty Pty Ltd	20 June 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Property Australia Pty Ltd	30 October 2014	Limited liability company	AUD100	–	100%	–	Property management in Australia
R&F Golden Property Pty Ltd	14 July 2014	Limited liability company	AUD90	–	100%	–	Property development in Australia
R&F Golden Realty Pty Ltd	26 August 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
Subsidiaries – incorporated in Singapore:							
R&F Development Pte. Ltd.	16 April 2014	Limited liability company	Singapore Dollar ("SGD") 1	–	100%	–	Marketing development in Singapore
Subsidiaries – incorporated in Cambodia:							
R & F Properties (Cambodia) Co., Ltd.	21 June 2017	Limited liability company	Cambodia Riel ("KHR") 400,000,000	–	100%	–	Property development in Cambodia
R & F Properties MNV (Cambodia) Co., Ltd.	06 July 2017	Limited liability company	KHR2,000,000,000	–	100%	–	Property development in Cambodia
R & F Properties HS (Cambodia) Co., Ltd.	06 July 2017	Limited liability company	KHR2,000,000,000	–	100%	–	Property development in Cambodia
Glory City Consulting Management Co., Ltd.	09 August 2018	Limited liability company	KHR20,000,000	–	100%	–	Property management in Cambodia

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the revenue and total assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The accumulated non-controlling interests as at 31 December 2022 were RMB12,511,955,000 (2021: RMB12,670,578,000). The non-controlling interests in respect of each subsidiary are not individually material to the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

12. INTERESTS IN JOINT VENTURES

	2022	2021
At 1 January	**11,085,159**	11,617,336
Additions	**145,200**	83,116
Acquisition of the remaining equity interest in a joint venture (Note (d))	**(2,029)**	(950,344)
Disposal (Note (e) and (f))	**(2,420,748)**	–
Share of results	**481,633**	505,529
Share of other comprehensive income	**(66,179)**	(86,312)
Elimination of unrealised profits	**(317,076)**	(84,166)
At 31 December	**8,905,960**	11,085,159

(a) As at 31 December 2022, the Group's interests in joint ventures, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of profit from continuing operations for the year ended 31 December 2022 was RMB481,633,000 (2021: RMB505,529,000), of which no share of loss was recognised against receivables due from certain joint ventures (2021: nil).

(b) Pursuant to the relevant joint venture agreements, these entities are jointly controlled by the Group and other parties. None of the participating parties has unilateral control over the entities with more than one half of the voting rights.

(c) There are no contingent liabilities relating to the Group's interests in the joint ventures.

(d) In November 2022, the Group completed the acquisition of the remaining 40% equity interest in a joint venture, 海南富力海洋文旅產業發展有限公司 ("富力海洋"), which was engaging in developing tourism project in PRC, from an independent third party at a cash consideration of approximately RMB593,000. Upon completion of the acquisition, the Group held 100% equity interest of the 富力海洋 and became a subsidiary of the Group. A gain on bargain purchase of approximately RMB760,000 was recognised in profit and loss during the year.

(e) In June 2022, the Group completed the disposal of the 50% equity interest in Instant Glory International Limited at a total consideration of approximately RMB897,031,000. During year ended 31 December 2022, a loss on disposal of RMB1,576,357,000 was recorded in "Other gains – net" in the consolidated income statement (Note 30).

Details (including the facts and circumstances, the expected manner and timing of the disposal as well as the terms of the sale and purchase agreement and the reasons for the disposal) are set out in the Company's announcements dated 28 April 2022.

(f) In October 2022, the Group completed the disposal of the 51% equity interest in 東莞市富力華越城市更新有限公司 at a total consideration of RMB1,000,000. During year ended 31 December 2022, a gain on disposal of RMB1,032,000 was recorded in "Other gains – net" in the consolidated income statement (Note 30).

(All amounts in RMB Yuan thousands unless otherwise stated)

13. INTERESTS IN ASSOCIATES

	2022	2021
At 1 January	3,323,709	1,440,026
Additions	–	3,214,786
Share of results	136,874	26,723
Disposals (Note (c))	(72,266)	(1,243,894)
Share of other comprehensive income	790	1,617
Elimination of unrealised losses/(profits)	128,478	(115,549)
At 31 December	3,517,585	3,323,709

(a) As at 31 December 2022, the Group's interests in associates, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of profit from continuing operations for the year ended 31 December 2022 was RMB136,874,000 (2021: profit of RMB26,723,000).

(b) There are no contingent liabilities relating to the Group's interest in the associates.

(c) On 31 December 2022, an associate of the Group repurchased part of the equity held by the Group at a total consideration of RMB 92,320,000. The Group held 7.5% equity interest in that associate since then.

The Group disposed its 30% equity interests in an associate at a consideration of RMB1,263,260,000 during the year ended 31 December 2021.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
At 1 January	632,762	639,850
Additions	–	34,922
Disposals	–	(16,080)
Fair value losses recognised in other comprehensive income	(78,444)	(25,930)
At 31 December	554,318	632,762

(a) Financial assets at fair value through other comprehensive income

Financial assets at FVOCI of the Group comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

	2022	2021
Listed securities:		
– Bank of Jiujiang	545,318	567,753
Unlisted securities:		
– Shanghai Wuling Investment	9,000	65,009
	554,318	632,762

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

(b) Amounts recognised in consolidated profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in the consolidated profit or loss and other comprehensive income:

	2022	2021
Losses recognised in other comprehensive income	(78,444)	(25,930)
Dividends from equity investments held at FVOCI recognised in profit or loss in other income	5,751	32,861

(c) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Financial assets at FVOCI as at 31 December 2022 and 2021 are denominated in RMB. For an analysis of the sensitivity of the assets to price risk refer to Note 3.1.

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2022	2021
Financial assets at amortised cost		
Trade and other receivables excluding prepayments and capitalised costs to obtain contracts	34,041,892	36,285,977
Restricted cash	10,124,207	14,845,225
Cash and cash equivalents	2,177,020	6,258,593
	46,343,119	57,389,795
Financial assets at fair value		
Financial assets at FVOCI	554,318	632,762
Other financial assets	608,519	1,026,645
	1,162,837	1,659,407
	47,505,956	59,049,202

	2022	2021
Financial liabilities at amortised cost		
Borrowings	126,658,764	128,839,388
Accruals and other payables excluding non-financial liabilities	43,067,475	52,681,107
Lease liabilities	462,689	471,470
	170,188,928	181,991,965
Financial liability at fair value		
Derivative financial instruments	14,000	14,000
	170,202,928	182,005,965

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(All amounts in RMB Yuan thousands unless otherwise stated)

16. PROPERTIES UNDER DEVELOPMENT

	2022	2021
Amount comprises:		
Lands and land use rights	**75,934,443**	81,498,440
Construction costs and capitalised expenditures	**58,479,330**	57,655,251
Finance costs capitalised	**21,642,782**	18,551,031
	156,056,555	157,704,722
Less: provision for impairment of properties under development	**(6,629,493)**	(6,913,519)
	149,427,062	150,791,203

All properties under development are expected to be completed within the normal operating cycle.

The capitalisation rate used to determine the amount of finance costs eligible for capitalisation is 8.02% for 2022 (2021: 7.80%).

As at 31 December 2022, properties under development of RMB47,948,866,000 (2021: RMB49,788,485,000) were pledged as collaterals for the Group's borrowings.

17. COMPLETED PROPERTIES HELD FOR SALE

	2022	2021
Completed properties held for sale	**47,607,025**	56,244,505
Less: provision for impairment of properties under development	**(6,377,258)**	(6,072,174)
Completed properties held for sale – net	**41,229,767**	50,172,331

As at 31 December 2022, completed properties held for sale of RMB6,132,449,000 (2021: RMB7,813,198,000) were pledged as collateral for the Group's borrowings.

18. OTHER FINANCIAL ASSETS

As at 31 December 2022, the balance represented the Group's investments in certain PRC debt securities, which were measured at fair value. As at 31 December 2022, the fair value of such PRC debt securities, which was determined by reference to "China Bond Financial Valuation Center Co., Ltd", was approximately RMB609 million.

	2022	2021
At 1 January	**1,026,645**	–
Additions	**–**	3,063,185
Disposals	**(432)**	–
Fair value loss recognised in profit or loss	**(417,694)**	(2,036,540)
At 31 December	**608,519**	1,026,645

(All amounts in RMB Yuan thousands unless otherwise stated)

18. OTHER FINANCIAL ASSETS (Continued)

(a) Other financial assets include the following:

	2022	2021
Listed securities:		
– Bonds	608,519	1,026,645

(b) Amounts recognised in consolidated profit or loss and other comprehensive income

During the year, the following loss were recognised in the consolidated profit or loss and other comprehensive income:

	2022	2021
Listed securities:		
Loss recognised in profit or loss	(417,694)	(2,036,540)

(c) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Other financial assets as at 31 December 2022 and 2021 are denominated in RMB. For an analysis of the sensitivity of the assets to price risk refer to Note 3.1.

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2022	2021
Trade receivables – net (Note (a))	3,719,349	5,442,939
Other receivables – net (Note (b))	24,350,689	23,061,364
Prepayments (Note (d))	5,101,041	7,873,346
Capitalised costs to obtain contracts	1,879,444	1,729,869
Due from joint ventures (Note 40(h))	4,067,717	5,145,475
Due from associates (Note 40(h))	1,904,137	2,636,199
Total	41,022,377	45,889,192
Less: non-current portion	–	–
Current portion	41,022,377	45,889,192

The carrying amounts of trade and other receivables approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables

	2022	2021
Trade receivables – current portion		
Due from third parties	**3,574,757**	5,282,950
Due from joint ventures (Note 40(h))	**335,268**	368,646
Due from an associate (Note 40(h))	**10,337**	10,891
Total	**3,920,362**	5,662,487
Less: loss allowance	**(201,013)**	(219,548)
	3,719,349	5,442,939

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of residential properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	2022	2021
Up to 1 year	**2,482,424**	3,863,671
1 year to 2 years	**450,863**	896,145
2 years to 3 years	**379,567**	459,734
Over 3 years	**607,508**	442,937
	3,920,362	5,662,487

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The loss allowance decreased by RMB18,535,000 to RMB201,013,000 (2021: Decreased by RMB71,449,000 to RMB219,548,000) for trade receivables during the current reporting period. Note 3.1(b) provides for details about the calculation of the allowance.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

(All amounts in RMB Yuan thousands unless otherwise stated)

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables

Other receivables are analysed as below:

	2022	2021
Fully performing under normal business	24,350,689	23,061,364
Non-performing and impaired	465,336	385,431
Other receivables	24,816,025	23,446,795
Less: loss allowance	(465,336)	(385,431)
Other receivables – net	24,350,689	23,061,364

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

(d) Prepayments are mainly for acquisitions of land use rights, purchases of construction materials and other taxes excluding income taxes.

(e) The carrying amounts of the Group's trade and other receivables excluding prepayments and capitalised costs to obtain contracts and including amounts due from joint ventures, associates and entities jointly controlled by major shareholders of the Company, are denominated in the following currencies:

	2022	2021
– RMB	33,061,070	32,980,954
– HKD	339,721	567,854
– AUD	258,759	261,503
– MYR	196,810	401,743
– USD	134,517	329,838
– GBP	34,790	1,742,116
– KRW	16,215	1,809
– SGD	10	160
	34,041,892	36,285,977

(All amounts in RMB Yuan thousands unless otherwise stated)

20. RESTRICTED CASH

	2022	2021
Guarantee deposits for construction of pre-sold properties (Note (a))	**6,377,704**	8,463,238
Guarantee deposits for borrowings (Note (b))	**2,798,159**	3,122,399
Guarantee deposits for interest of senior notes (Note (c))	**1,156**	2,150,065
Others	**947,188**	1,109,523
	10,124,207	14,845,225

(a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can only be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.

(b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

(c) According to the relevant contracts, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

During the year, the Group has restructured all series of senior notes, the corresponding guarantee deposits for payment of interest of senior notes were released after restructuring.

(d) Restricted cash is denominated in the following currencies:

	2022	2021
– RMB	**10,042,527**	12,657,922
– GBP	**60,553**	19
– MYR	**11,200**	25,057
– USD	**9,927**	2,162,227
	10,124,207	14,845,225

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.

(All amounts in RMB Yuan thousands unless otherwise stated)

21. CASH AND CASH EQUIVALENTS

	2022	2021
Cash at bank and on hand	2,166,678	6,248,356
Short-term bank deposits	10,342	10,237
	2,177,020	6,258,593

	2022	2021
Denominated in:		
– RMB	1,934,822	5,331,046
– AUD	87,765	94,102
– USD	79,437	373,628
– MYR	35,137	18,462
– GBP	18,221	8,635
– KRW	13,966	21,346
– HKD	5,255	410,725
– SGD	2,415	647
– Macau Pataca ("MOP")	2	2
	2,177,020	6,258,593

The conversion of RMB, MYR, KRW and GBP denominated balances into foreign currencies and the remittance of these foreign currencies denominated bank balances and cash out of the PRC, Malaysia, South Korea and the United Kingdom are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC, Malaysian, South Korea and the United Kingdom governments.

The cash at bank balances are deposited with creditworthy banks with no recent history of default.

22. SHARE CAPITAL

	2022 Number of shares (thousands)	**2022 Share capital**	2021 Number of shares (thousands)	2021 Share capital
– domestic shares	**–**	**–**	–	–
– H shares	**3,752,367**	**3,752,367**	3,752,367	3,752,367
	3,752,367	**3,752,367**	3,752,367	3,752,367

Movement in ordinary shares:

	Number of domestic shares (thousands)	**Share capital of domestic shares**	**Number of H shares (thousands)**	**Share capital of H shares**
At 31 December 2020	–	–	3,752,367	938,092
Capital reserves transfer to registered capital	–	–	–	2,814,275
At 31 December 2021 and 31 December 2022	–	–	3,752,367	3,752,367

As at 31 December 2022, the registered, issued and fully paid capital of the Company was RMB3,752,367,000 (2021: RMB3,752,367,000) divided into 3,752,367,000 (2021: 3,752,367,000) shares, comprising 3,752,367,000 H shares (2021: 3,752,367,000 H shares).

H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited. The share premium related to H shares is shown in Note 23.

On 28 May 2021, the Company's share premium of RMB2,814,275,000 was transferred to share capital.

(All amounts in RMB Yuan thousands unless otherwise stated)

23. OTHER RESERVES

	Share premium (Note (a))	Financial assets at FVOCI reserve (Note (b))	Statutory reserve (Note (c))	Translation reserve (Note (d))	Revaluation surplus (Note (e))	Others	Total
At 1 January 2021	9,013,834	85,395	605,394	39,031	5,811,096	34,677	15,589,427
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	–	–	–	–	(469,558)	(469,558)
Changes in ownership interests in subsidiaries without change of control	–	–	–	–	–	(6)	(6)
Fair value change of financial assets at FVOCI, net of tax	–	(23,913)	–	–	–	–	(23,913)
Capital reserves transfer to registered capital	(2,814,275)	–	–	–	–	–	(2,814,275)
Transfer to statutory reserve	–	–	80,336	–	–	–	80,336
Share of other comprehensive income of joint ventures accounted for using the equity method	–	–	–	(72,469)	–	–	(72,469)
Currency translation differences	–	–	–	(42,859)	–	–	(42,859)
At 31 December 2021	6,199,559	61,482	685,730	(76,297)	5,811,096	(434,887)	12,246,683
At 1 January 2022	**6,199,559**	**61,482**	**685,730**	**(76,297)**	**5,811,096**	**(434,887)**	**12,246,683**
Changes in ownership interests in subsidiaries without change of control	**–**	**–**	**–**	**–**	**(58,580)**	**35,759**	**(22,821)**
Fair value change of financial assets at FVOCI, net of tax	**–**	**(64,442)**	**–**	**–**	**–**	**–**	**(64,442)**
Share of other comprehensive income released upon disposal of a joint venture and an associate	**–**	**–**	**–**	**53,755**	**–**	**–**	**53,755**
Share of other comprehensive income of joint ventures accounted for using the equity method	**–**	**–**	**–**	**(65,389)**	**–**	**–**	**(65,389)**
Currency translation differences	**–**	**–**	**–**	**76,550**	**–**	**–**	**76,550**
At 31 December 2022	**6,199,559**	**(2,960)**	**685,730**	**(11,381)**	**5,752,516**	**(399,128)**	**12,224,336**

(a) Share premium arising from the issue and placing of H shares can be utilised in increasing paid-in capital as approved by the directors.

(b) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(c) According to the rules and regulations applicable to the Group's subsidiaries incorporated in the PRC, when distributing net profits of each year, these subsidiaries are required to transfer an amount of their net profits as reported in their statutory accounts to statutory reserves until the accumulated balance of such reserves reaches 50% of their registered capital. Depending on the nature, the statutory reserves can be used to set off accumulated losses of the subsidiaries or distribute to the owners in form of bonus issue.

(All amounts in RMB Yuan thousands unless otherwise stated)

23. OTHER RESERVES (Continued)

(d) Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(e) Revaluation gains on hotel buildings and revaluation gains on investment properties transferred from property, plant and equipment and right-of-use assets are recognised in other comprehensive income.

24. ACCRUALS AND OTHER PAYABLES

	2022	2021
Amounts due to joint ventures (Note 40(h))	**9,475,292**	8,199,049
Amounts due to associates (Note 40(h))	**541,336**	281,368
Amounts due to entities jointly controlled by major shareholders of the Company (Note 40(h))	**2,205,663**	2,177,038
Amounts due to major shareholders (Note 40(h))	**176,576**	42,111
Amounts due to a shareholder of certain joint ventures	**5,305,830**	5,213,413
Construction payables (Note (a))	**38,705,207**	50,694,180
Other payables and accrued charges (Note (b))	**40,506,553**	38,314,197
Total	**96,916,457**	104,921,356
Less: non-current portion	**(864,787)**	(534,987)
Current portion	**96,051,670**	104,386,369

(a) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(b) The balance mainly represents interest payables, accruals, salary payables and other taxes payable.

(c) The carrying amounts of accruals and other payables approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS

	2022	2021
Non-current		
Long-term borrowings		
Bank borrowings (Notes (a) and (g))		
– Secured	50,096,535	53,592,620
– Unsecured	6,020,076	5,338,712
	56,116,611	58,931,332
Domestic bonds (Note (b))		
– Secured	12,769,598	–
– Unsecured	558,000	13,846,461
	13,327,598	13,846,461
Senior notes (Note (c))		
– Secured	35,459,059	32,022,591
Other borrowings (Notes (d) and (g))		
– Secured	16,459,372	14,740,141
– Unsecured	974,900	974,900
	17,434,272	15,715,041
Total long-term borrowings	122,337,540	120,515,425
Less: current portion of long-term borrowings	(39,426,640)	(53,880,163)
	82,910,900	66,635,262
Current		
Short-term borrowings		
Bank borrowings (Notes (a) and (g))		
– Secured	75,902	340,187
– Unsecured	–	1,099,991
	75,902	1,440,178
Other borrowings (Notes (d) and (g))		
– Secured	4,145,322	6,783,785
– Unsecured	100,000	100,000
	4,245,322	6,883,785
Total short-term borrowings	4,321,224	8,323,963
Current portion of long-term borrowings	39,426,640	53,880,163
Total borrowings	126,658,764	128,839,388

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(a) Bank borrowings

Interest rates on bank borrowings are repriced regularly, which gives rise to exposure of the Group's bank borrowings to interest rate changes. The contractual repricing dates are all within one year.

(i) Movements in bank borrowings are analysed as follows:

	2022	2021
At 1 January	**60,371,510**	80,755,393
Additions	**1,116,143**	9,018,385
Repayments	**(5,641,156)**	(29,242,990)
Foreign exchange losses/(gains)	**346,016**	(159,278)
At 31 December	**56,192,513**	60,371,510

(ii) The maturity of bank borrowings is as follows:

	2022	2021
Within one year	**26,312,817**	23,390,615
Between one and two years	**8,987,843**	9,421,230
Between two and five years	**10,985,541**	11,001,447
Over five years	**9,906,312**	16,558,218
Total bank borrowings	**56,192,513**	60,371,510

(iii) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2022	2021
– RMB	**53,615,472**	55,892,380
– USD	**2,577,041**	3,616,857
– HKD	**–**	518,849
– KRW	**–**	175,853
– MYR	**–**	87,237
– AUD	**–**	80,334
	56,192,513	60,371,510

(iv) The effective interest rate of bank borrowings is 5.69% (2021: 5.86%).

(v) The carrying amounts of bank borrowings approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(b) Domestic bonds

In September 2022, the Company, as the issuer, successfully extended the weighted average maturity period of eight corporate bonds with an aggregate principal amount of approximately RMB13.5 billion from approximately four months to over three years through bondholders' meetings. Of which, the "2019 Public Bonds I", which had a bond balance of nil after the completion of the small redemption on 31 October 2022, was delisted from the Shanghai Stock Exchange in accordance with the relevant regulations.

As at 31 December 2022, the aggregate carrying amount of the Company's domestic bonds (including corporate bonds on stock exchange and bonds on inter-bank bond market) amounted to RMB13,327,598,000 with annualized coupon rates ranging from 6.3% to 7.0%.

As at 31 December 2022, the fair values of the 2016 public bonds, the 2018 public bonds and the 2019 public bonds amounted to RMB4,428,397,000 (31 December 2021: RMB5,039,641,000) in total. The fair values were determined with reference to the quoted price on the last trading day of the year ended 31 December 2022. Such fair values are level 1 of the fair value hierarchy.

As at 31 December 2022, the fair values of the 2016 non-public bonds, the 2018 non-public bonds and the 2020 non-public bonds approximate their carrying amounts. The fair values were based on cash flows discounted at the borrowing rate of 6.88% and is level 2 of the fair value hierarchy.

The movements of domestic bonds are set out below:

	2022	2021
At 1 January	**13,846,461**	18,933,342
Additions	**–**	7,666,865
Redemption	**(453,477)**	(13,134,350)
Modification gain	**(478,919)**	–
Interest charged	**1,387,431**	1,441,931
Interest paid or included in other payables	**(973,898)**	(1,061,327)
At 31 December	**13,327,598**	13,846,461

(c) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers.

On 11 July 2022, a subsidiary of the Group, Easy Tactic Limited ("Easy Tactic") as issuer, successfully restructured all series of senior notes with an aggregate principal amount of US$4,943,631,000, equivalent to RMB33,102,553,000, into three new series of notes ("Senior Notes") with maturities in 2025, 2027 and 2028 respectively, through a consent solicitation. The Senior Notes are listed on the Singapore Exchange Securities Trading Limited. As at 31 December 2022, the principal amount, interest rates, and maturity dates of the Senior Notes are as follows:

25. BORROWINGS (Continued)

(c) Senior notes (continued)

Series	Principal (USD'000)	Interest rate	Maturity
Group A	1,292,392	6.5% Cash/7.5% PIK*	11 July 2025
Group B	2,203,665	6.5% Cash/7.5% PIK*	11 July 2027
Group C	1,605,829	6.5% Cash/7.5% PIK*	11 July 2028
	5,101,886		

* PIK - Payment-in-kind

As at 31 December 2022, the Senior Notes were guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.

The movements of senior notes are set out below:

	2022	2021
At 1 January	**32,022,591**	35,313,318
Issuance	**861,212**	6,368,585
Redemption	**(739,432)**	(9,062,381)
Early redemption premium charges	**–**	7,965
Early redemption premium paid	**–**	(7,965)
Modification loss	**203,042**	–
Interest charged	**2,960,197**	3,034,902
Interest paid or included in other payables	**(2,789,455)**	(2,864,935)
Foreign exchange losses/(gains)	**2,940,904**	(766,898)
At 31 December	**35,459,059**	32,022,591

The carrying amounts of the Group's senior notes are denominated in USD.

The fair value of the Senior Notes as at 31 December 2022 amounted to RMB7,466,914,000 (31 December 2021: RMB13,374,121,000). The fair value is determined by reference to the price quotations published by Bloomberg on the last trading date of the year ended 31 December 2022 and is within level 1 of the fair value hierarchy.

(d) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

(i) The movements of other borrowings are set out below:

	2022	2021
At 1 January	**22,598,826**	24,728,020
Additions	**5,398,722**	11,523,081
Repayments	**(6,949,717)**	(13,610,635)
Interest charged	**2,930,932**	2,672,988
Interest paid or included in other payables	**(2,802,521)**	(2,544,833)
Foreign exchange losses/(gains)	**503,352**	(169,795)
At 31 December	**21,679,594**	22,598,826

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(d) Other borrowings (continued)

(ii) The maturity of other borrowings is as follows:

	2022	2021
Within one year	16,368,595	21,203,671
Between one and two years	538,956	324,523
Between two and five years	4,213,043	271,632
Over five years	559,000	799,000
Total other borrowings	21,679,594	22,598,826

(iii) The carrying amounts of other borrowings are denominated in the following currencies:

	2022	2021
– RMB	13,368,377	14,868,057
– USD	3,870,952	4,277,049
– GBP	3,865,343	1,080,726
– AUD	413,429	328,994
– KRW	161,493	–
– HKD	–	2,044,000
	21,679,594	22,598,826

(iv) The effective interest rate of these funding arrangements ranged from 3.99% to 36% (2021: 3.99% to 20%).

(v) The carrying amounts of other borrowings approximate their fair values.

(e) As at 31 December 2022, bank and other borrowings totaling RMB70,777,131,000 (2021: RMB75,456,733,000) of the Group were secured by the following assets and the Group's shares of certain subsidiaries:

	2022	2021
Right-of-use assets	2,182,563	2,102,542
Property, plant and equipment	29,372,979	30,466,085
Investment properties	19,293,700	19,546,774
Properties under development	47,948,866	49,788,485
Completed properties held for sale	6,132,449	7,813,198
Restricted cash	2,798,159	3,122,399
	107,728,716	112,839,483

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(f) The majority of unsecured bank and other borrowings are guaranteed by the Company or certain subsidiaries of the Group. Details are as follows:

	2022	2021
Guarantors:		
The Company	**4,438,026**	1,842,849
Subsidiaries	**2,656,950**	5,670,754
	7,094,976	7,513,603

(g) Pursuant to some of the Group's borrowings' agreements, any default under the Group's borrowings will trigger the cross-default resulting in the relevant borrowings becoming repayable on demand. As at 31 December 2022, the Group was in default of certain bank and other borrowings (including those other borrowings recorded under accruals and other payables) with an aggregate amount of RMB15.590 billion (2021: RMB7.007 billion) which causing an aggregate principal amount of RMB14.565 billion (2021: RMB21.154 billion) have became cross-defaulted and repayable on demand. All cross-default borrowings are presented under current liabilities in the Group's consolidated balance sheet as at 31 December 2022.

As at the date of approval of these consolidated financial statements, certain bank and other borrowings (including those other borrowings recorded under accruals and other payables) with an aggregate principal amount of RMB12.323 billion (2021: RMB15.127 billion) had not been repaid on schedule or otherwise renewed or extended, which caused cross-default of certain bank and other borrowings with an aggregate principal amount of RMB16.663 billion.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2022		2021	
	Assets	**Liabilities**	Assets	Liabilities
Total derivatives				
Equity – put option	**–**	**14,000**	–	14,000
Total derivatives	**–**	**14,000**	–	14,000

The balance as at 31 December 2022 represented unlisted derivative financial instruments for the right to subscribe for put option of Guangzhou Fuhui Investment Consulting Co Ltd's share, at an exercise price of approximately RMB663 million. During the year ended 31 December 2022, no unrealised loss (2021: unrealised loss RMB14,000,000) in respect of derivative financial instruments.

As at 31 December 2022, the fair value of derivative financial instruments was calculated by using Black Scholes Model which is determined by the Independence professional valuer.

(All amounts in RMB Yuan thousands unless otherwise stated)

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

In the opinion of directors, the carrying amount of the derivative financial instruments as at 31 December 2022 was approximately to its fair value. The fair value of the derivative financial instruments as at 31 December 2022 had been determined by the directors with reference to the fair value of the derivative financial instruments as at 31 December 2021 which had been arrived at on the basis of valuation carried out on the respective dates by an independent professional valuer not connected with the Group. In the opinion of the directors, the fair value changes between the end of reporting period and 31 December 2021 was minimal.

In determining the fair value of the relevant derivative financial instruments, the board of directors are responsible for determining the appropriate valuation techniques and inputs for fair value measurements. The key inputs used in the valuation of the derivative financial instruments as at 31 December 2022 were as follow:

Expected volatility	22%
Risk-free interest rate	2.59%
Dividend yield	0%

A higher in the expected volatility would result in an increase in the fair value of derivative financial instruments, and vice versa. A higher in the risk-free interest rate would result in a decrease in the fair value of derivative financial instruments, and vice versa.

Description	**Fair value at 31 December 2022**	**Unobservable inputs**	**Range of unobservable inputs (probability)**
Derivative financial instruments	14,000	35% share price as at 31 December 2022	RMB1.13 billion
		Exercise price	RMB0.66 billion
		Expected volatility	22%
		Risk-free rate	2.59%
		Dividend yield	0%
		Option life	3.75 years

Description	**Fair value at 31 December 2021**	**Unobservable inputs**	**Range of unobservable inputs (probability)**
Derivative financial instruments	14,000	35% share price as at 31 December 2021	RMB1.13 billion
		Exercise price	RMB0.66 billion
		Expected volatility	22%
		Risk-free rate	2.59%
		Dividend yield	0%
		Option life	4.75 years

(All amounts in RMB Yuan thousands unless otherwise stated)

27. DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2022	2021
Deferred income tax assets:		
– To be recovered after 12 months	11,276,539	10,907,287
– To be recovered within 12 months	1,697,806	2,458,223
	12,974,345	13,365,510
Deferred income tax liabilities:		
– To be recovered after 12 months	(9,113,347)	(9,592,685)
– To be recovered within 12 months	(1,476,464)	(1,366,749)
	(10,589,811)	(10,959,434)
Deferred income tax assets – net	2,384,534	2,406,076

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax liabilities:

	Timing difference in sales recognition and related cost of sales	Fair values of investment properties over the tax bases	Revaluation surplus arising from business combinations and hotel buildings	Revaluation of financial assets at FVOCI	Interest capitalisation and others	Total
At 1 January 2021	1,600,571	5,593,317	3,114,229	10,505	2,553,560	12,872,182
(Credited)/charged to the income statement	(233,822)	247,107	355,927	–	857,280	1,226,492
Credited to other comprehensive income	–	–	–	(2,017)	–	(2,017)
Disposals of subsidiaries	–	–	–	–	(98,490)	(98,490)
At 31 December 2021	1,366,749	5,840,424	3,470,156	8,488	3,312,350	13,998,167
At 1 January 2022	1,366,749	5,840,424	3,470,156	8,488	3,312,350	13,998,167
(Credited)/charged to the income statement	109,715	(458,947)	(105,092)	–	475,403	21,079
Credited to other comprehensive income	–	–	–	(14,002)	–	(14,002)
Disposals of subsidiaries	–	–	–	–	(130,256)	(130,256)
At 31 December 2022	1,476,464	5,381,477	3,365,064	(5,514)	3,657,497	13,874,988

(All amounts in RMB Yuan thousands unless otherwise stated)

27. DEFERRED INCOME TAX (Continued)

Deferred income tax assets:

	Accruals and others	Tax losses	Unrealised profit on intra-group transactions	Revaluation of financial assets at FVOCI	Revaluation deficit arising from business combinations and hotel buildings	Total
At 1 January 2021	8,136,950	4,821,564	1,159,507	–	1,056,864	15,174,885
Credited to the income statement	296,346	183,788	429,140	–	320,084	1,229,358
At 31 December 2021	8,433,296	5,005,352	1,588,647	–	1,376,948	16,404,243
At 1 January 2022	**8,433,296**	**5,005,352**	**1,588,647**	**–**	**1,376,948**	**16,404,243**
Credited/(charged) to the income statement	**(166,317)**	**547,429**	**119,180**	**–**	**(45,541)**	**454,751**
Disposal of subsidiaries	**–**	**(599,472)**	**–**	**–**	**–**	**(599,472)**
At 31 December 2022	**8,266,979**	**4,953,309**	**1,707,827**	**–**	**1,331,407**	**16,259,522**

As at 31 December 2022, deferred income tax assets of RMB3,285,177,000 were offset against deferred income tax liabilities within the same tax jurisdictions (2021: RMB3,038,733,000).

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2022, the unrecognised tax losses for PRC companies are as follows:

	2022	2021
Expiry date in:		
2022	**–**	981,322
2023	**1,800,137**	1,078,345
2024	**2,251,211**	1,428,893
2025	**3,607,038**	2,542,828
2026	**4,874,284**	4,716,689
2027	**10,900,476**	–
	23,433,146	10,748,077

(All amounts in RMB Yuan thousands unless otherwise stated)

28. CURRENT INCOME TAX LIABILITIES

	2022	2021
Land appreciation tax liabilities	16,162,135	15,384,649
Income tax liabilities	4,596,071	4,593,076
	20,758,206	19,977,725

29. OTHER INCOME

	2022	2021
Interest income	134,214	1,019,528
Other operating income	186,187	183,607
Forfeited deposits from customers	19,778	118,531
Dividends income from financial assets at FVOCI	5,751	32,861
Others	25,924	106,984
	371,854	1,461,511

30. OTHER (LOSSES)/GAINS – NET

	2022	2021
Revaluation (losses)/gains on investment properties transferred from properties under development/completed properties held for sale	(8,127)	194,497
Fair value (losses)/gains on investment properties – net	(1,949,668)	688,492
(Losses)/gains on disposals of subsidiaries	(8,080)	802,294
(Losses)/gains on disposal of certain equity interests in associates and joint ventures	(1,551,869)	9,493
(Losses)/gains on disposals of property, plant and equipment	(30,209)	21,285
Losses on disposals of intangible assets	(5,539)	(15,057)
Unrealised loss on derivative financial instruments	–	(14,000)
Fair value loss on other financial assets	(417,694)	(2,036,540)
Modification gains on US senior notes and domestic bonds	275,877	–
Others	255,914	617,309
	(3,439,395)	267,773

(All amounts in RMB Yuan thousands unless otherwise stated)

31. EXPENSES BY NATURE

Expenses by nature comprising cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2022	2021
Cost of properties sold	**27,638,323**	63,581,409
Provision for impairment of properties under development and completed properties held for sale (Notes 16 and 17)	**1,413,729**	12,985,693
Employee benefit expenses	**2,211,934**	3,511,999
Depreciation of property, plant and equipment and right-of-use assets	**2,001,288**	1,791,910
Business taxes and other levies	**505,579**	950,848
Advertising costs	**219,141**	306,544
Office expenses	**222,411**	257,487
Amortisation of intangible assets	**122,367**	125,485
Short-term lease payments and low-value lease payments	**23,246**	29,979
Auditors' remuneration		
– Audit of the Company		
– Audit services	**6,300**	7,000
– Other auditors		
– Audit services	**2,650**	4,547
– Non-audit services	**–**	6,170
	8,950	17,717
Others	**2,730,388**	4,490,722
	37,097,356	88,049,793

32. EMPLOYEE BENEFIT EXPENSES

	2022	2021
Wages and salaries	**1,844,751**	2,871,401
Retirement scheme contributions	**214,791**	418,181
Other allowances and benefits	**152,392**	222,417
	2,211,934	3,511,999

(a) Pensions – defined contribution plans

For each of the financial years ended 31 December 2022 and 2021, there was no forfeited contribution under the MPF Scheme and the other defined contribution retirement benefit plans of the Group which may be used by the Group to reduce the contribution payable in the future years.

(All amounts in RMB Yuan thousands unless otherwise stated)

32. EMPLOYEE BENEFIT EXPENSES (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any director (2021: nil) whose emoluments are reflected in the analysis shown in Note 42. The emoluments payable to the five (2021: five) individuals during the year are as follows:

	2022	2021
Wages and salaries, housing allowances, other allowances and benefits in kind	**41,704**	115,164

The emoluments fell within the following bands:

	Number of individuals	
	2022	2021
Emolument bands		
HKD5,000,001 to HKD5,500,000	**1**	–
HKD8,000,001 to HKD8,500,000	**1**	–
HKD8,500,001 to HKD9,000,000	**1**	1
HKD9,000,001 to HKD9,500,000	**–**	1
HKD10,000,001 to HKD10,500,000	**–**	1
HKD10,500,001 to HKD11,000,000	**1**	–
HKD13,000,001 to HKD13,500,000	**1**	–
HKD18,500,001 to HKD19,000,000	**–**	1
HKD67,500,001 to HKD68,000,000	**–**	1

33. FINANCE COSTS – NET

	2022	2021
Interest expenses:		
– bank borrowings	**4,447,447**	5,793,539
– domestic bonds (Note 25(b))	**1,387,431**	1,441,931
– senior notes (Note 25(c))	**2,960,197**	3,034,902
– other borrowings (Note 25(d))	**2,930,932**	2,672,988
– lease liabilities (Note 8(b))	**23,868**	25,516
	11,749,875	12,968,876
Early redemption premium for senior notes	**–**	7,965
Net foreign exchange losses/(gains)	**3,894,395**	(132,660)
Less: finance costs capitalised	**(5,917,116)**	(8,679,576)
	9,727,154	4,164,605

(All amounts in RMB Yuan thousands unless otherwise stated)

34. INCOME TAX EXPENSES

	2022	2021
Current income tax		
– enterprise income tax (Note (b))	**915,514**	3,585,432
– PRC land appreciation tax (Note (c))	**1,162,602**	1,055,681
Deferred income tax	**(433,672)**	(1,649,372)
Total income tax expenses (Note (d))	**1,644,444**	2,991,741

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2021: nil).

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the year ended 31 December 2022, the companies in the PRC, Cambodia, Malaysia were primarily taxed at 25%, 20% and 24% (2021: 25%, 20% and 24%) on their taxable profits, respectively.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

(d) The tax on the Group's loss before tax differs from the theoretical amount that would have arisen using the enacted income tax rate applicable to losses of the consolidated companies due to the following:

	2022	2021
Loss before income tax	**(14,134,829)**	(13,361,541)
Less: land appreciation tax	**(1,162,602)**	(1,055,681)
	(15,297,431)	(14,417,222)
Calculated at tax rate of 25% (2021: 25%)	**(3,824,358)**	(3,604,305)
Effects of:		
– Different income tax rates of certain companies	**97,556**	76,416
– Share of results of joint ventures and associates	**(146,016)**	(39,903)
– Expenses and development costs not deductible for tax purposes	**482,943**	283,021
– Tax losses for which no deferred income tax asset was recognised	**3,922,568**	5,462,445
– Income not subject to tax	**(64,522)**	(119,844)
– Gains on bargain purchase	**(190)**	(127,052)
– Others	**13,861**	5,282
Enterprise income tax	**481,842**	1,936,060
Land appreciation tax	**1,162,602**	1,055,681
Tax charges	**1,644,444**	2,991,741

34. INCOME TAX EXPENSES (Continued)

(e) The tax charges relating to components of other comprehensive income are as follows:

	2022			2021		
	Before tax	**Tax credit**	**After tax**	Before tax	Tax credit	After tax
Fair value losses of financial assets at FVOCI	**(78,444)**	**14,002**	**(64,442)**	(25,930)	2,017	(23,913)

35. BASIC AND DILUTED LOSSES PER SHARE

Losses per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2022	2021
Loss attributable to owners of the Company	**(15,736,650)**	(16,469,189)
Weighted average number of ordinary shares in issue (thousands)	**3,752,367**	3,752,367
Losses per share (RMB per share)	**(4.1938)**	(4.3890)

There were no potential dilutive ordinary shares for the year ended 31 December 2022 and 2021, thus diluted losses per share were the same as basic losses per share.

36. DIVIDENDS

No dividends were declared in 2022 (2021: RMB2,701,705,000). The Board does not recommend the payment of any final dividends for the year ended 31 December 2022 (2021: nil).

	2022	2021
No interim dividend declared (2021: RMB0.10) per ordinary share	**–**	375,237
No final dividend proposed (2021: nil) per ordinary share	**–**	–
	–	375,237

(All amounts in RMB Yuan thousands unless otherwise stated)

37. CASH FLOW INFORMATION

(a) Cash generated from operations

	2022	2021
Loss before income tax	(14,134,829)	(13,361,541)
Adjustments for:		
– Capitalised finance costs included in costs of sales	3,168,979	5,413,917
– Interest income	(134,214)	(1,019,528)
– Finance costs – net	9,727,154	4,164,605
– Depreciation of property, plant and equipment and right-of-use assets	2,001,288	1,791,910
– Amortisation of intangible assets	122,367	125,485
– Losses/(gains) on disposals of property, plant and equipment	30,209	(21,285)
– Losses/(gains) on disposals of subsidiaries	8,080	(802,294)
– Revaluation losses/(gains) on investment properties transferred from properties under development/completed properties held for sale	8,127	(194,497)
– Losses on disposals of intangible assets	5,539	15,057
– Dividend income from FVOCI	(5,751)	(32,861)
– Interest income from other financial assets	(229,295)	(56,933)
– Modification gains on US senior notes and domestic bonds	(275,877)	–
– Losses/(gains) on disposal of certain equity interests in associate and joint ventures	1,551,869	(9,493)
– Provision for impairment of properties under development and completed properties held for sale	1,413,729	12,985,693
– Gains on bargain purchase	(760)	(508,209)
– Losses/(gains) on acquisition of additional equity interest in joint ventures and associates	40,275	(309,802)
– Share of results of joint ventures	(481,633)	(505,529)
– Share of results of associates	(136,874)	(26,723)
– Fair value loss on other financial assets	417,694	2,036,540
– Unrealised loss on derivative financial instruments	–	14,000
– Fair value losses/(gains) on investment properties	1,949,668	(688,492)
– Elimination of unrealised profits	188,598	199,715
Operating profit before changes in working capital	5,234,343	9,209,735
Changes in working capital:		
– Properties under development and completed properties held for sale	10,820,385	18,576,946
– Trade receivables	1,723,590	5,094,875
– Other receivables and prepayments	1,390,469	(3,483,250)
– Restricted cash	2,247,723	666,225
– Contract liabilities	(3,920,332)	2,127,835
– Accruals and other payables	(11,130,615)	(1,402,494)
– Contract assets	(805,674)	391,329
Cash generated from operations	5,559,889	31,181,201

(All amounts in RMB Yuan thousands unless otherwise stated)

37. CASH FLOW INFORMATION (Continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Net debt

	2022	2021
Cash and cash equivalents	**2,177,020**	6,258,593
Borrowings	**(126,658,764)**	(128,839,388)
Lease liabilities	**(462,689)**	(471,470)
Other payable	**(8,451,368)**	(8,331,159)
Net debt	**(133,395,801)**	(131,383,424)
Cash and cash equivalents	**2,177,020**	6,258,593
Gross debt – fixed interest rates	**(79,308,992)**	(81,320,812)
Gross debt – variable interest rates	**(56,263,829)**	(56,321,205)
Net debt	**(133,395,801)**	(131,383,424)

		Liabilities from financing activities			
	Cash and cash equivalents	Leases	Borrowings	Other payable	Total
As at 1 January 2021	25,672,822	(549,005)	(159,730,073)	(4,835,766)	(139,442,022)
Cash flow	(19,354,911)	98,362	30,541,038	(411,517)	10,872,972
Currency translation differences	(59,318)	–	1,095,971	–	1,036,653
Other non-cash movements	–	(20,827)	(746,324)	(3,083,876)	(3,851,027)
As at 31 December 2021	6,258,593	(471,470)	(128,839,388)	(8,331,159)	(131,383,424)
As at 1 January 2022	**6,258,593**	**(471,470)**	**(128,839,388)**	**(8,331,159)**	**(131,383,424)**
Cash flow	**(4,141,253)**	**88,627**	**5,131,267**	**171,108**	**1,249,749**
Currency translation differences	**59,680**	**–**	**(3,790,272)**	**–**	**(3,730,592)**
Other non-cash movements	**–**	**(79,846)**	**839,629**	**(291,317)**	**468,466**
As at 31 December 2022	**2,177,020**	**(462,689)**	**(126,658,764)**	**(8,451,368)**	**(133,395,801)**

(c) Significant non-cash transaction

During the year ended 31 December 2022, according to mutual agreement, there is no dividend receivable due from a joint venture of the Group offset against the Group's amount due to the same joint venture (2021: nil).

Thereof, the non-cash transaction amount involved in the proceeds from the sale of equity interests in a joint venture and an associated company was RMB989,351,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

38. FINANCIAL GUARANTEE CONTRACTS

	2022	2021
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties (Note (a))	**77,864,071**	89,415,721
Guarantees in respect of borrowings of joint ventures (Note (b))	**13,016,060**	13,519,411
Guarantee in respect of borrowing of an associate (Note (b))	**1,249,363**	–
Sutotal	**14,265,423**	13,519,411
Total	**92,129,494**	102,935,132

Notes:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the banks over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) the satisfaction of relevant mortgage loan by the purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantees provided for joint ventures and an associate for their borrowings.

39. COMMITMENTS

(a) Commitments for capital and property development activities

	2022	2021
Contracted but not provided for		
Property development activities (including land premium)	**19,289,360**	23,085,997
	19,289,360	23,085,997

(b) Lease commitments

The Group leases various land use rights, offices, warehouses, office equipment and transportation equipment under non-cancellable operating leases expiring within 2 to 60 years. The leases have varying terms, escalation clauses and renewal rights.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases.

(All amounts in RMB Yuan thousands unless otherwise stated)

39. COMMITMENTS (Continued)

(b) Lease commitments (continued)

Minimum lease payments under non-cancellable short-term and low-value leases not recognised in the financial statements are as follows:

	2022	2021
No later than one year	1,644	6,562
Later than one year and no later than five years	941	3,125
	2,585	9,687

(c) Operating lease rentals receivable

Minimum lease payments receivable on leases of investment properties are as follows:

	2022	2021
No later than one year	785,269	887,945
Later than one year and no later than five years	1,247,214	1,600,618
Later than five years	262,169	244,157
	2,294,652	2,732,720

40. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Dr. Li Sze Lim and Mr. Zhang Li, who own 28.97% and 27.77%, respectively as at 31 December 2022, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

(a) Key management compensation

	2022	2021
Salaries and welfare benefits	22,619	26,325

(All amounts in RMB Yuan thousands unless otherwise stated)

40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

(b) Provision of decoration, design and construction services

	2022	2021
Joint ventures	704,818	691,823
Associates	2,910	39,388
	707,728	731,211

(c) Purchase of property management and related service

	2022	2021
Entities jointly controlled by major shareholders of the Company	–	553,850

(d) Provision of guarantees for borrowings

The Group and other shareholders have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purposes. As at 31 December 2022, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(i) Bank borrowings

	2022	2021
Joint ventures	8,583,282	10,047,093
An associate	186,000	–
	8,769,282	10,047,093

(ii) Other borrowings

	2022	2021
Joint ventures	2,586,306	1,277,667
An associate	977,970	–
	3,564,276	1,277,667

(All amounts in RMB Yuan thousands unless otherwise stated)

40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

(e) Interest income on loans to related parties

	2022	2021
Joint ventures	**85,529**	624,634
An associate	**32,632**	227,053
	118,161	851,687

(f) Interest expense on borrowings from related parties

	2022	2021
A joint venture	**42,357**	42,376
Major shareholders	**83,509**	83,565
	125,866	125,941

(g) Purchase of senior notes issued by the Group

	2022	2021
A director of the Company	**–**	81,750

(All amounts in RMB Yuan thousands unless otherwise stated)

40. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

(h) Balances with related parties

As at 31 December 2022, the Group had the following significant balances with related parties:

	2022	2021
Due from:		
Joint ventures		
– Non-trade balances (Note (i))	**4,067,717**	5,145,475
– Trade balances	**335,268**	368,646
	4,402,985	5,514,121
Associates		
– Non-trade balances (Note (i))	**1,904,137**	2,636,199
– Trade balances	**10,337**	10,891
	1,914,474	2,647,090
	6,317,459	8,161,211
Due to:		
Joint ventures		
– Non-trade balances (Note (ii))	**9,475,292**	8,199,049
Associates		
– Non-trade balances (Note (ii))	**541,336**	281,368
– Trade balances	**443**	–
	541,779	281,368
Entities jointly controlled by major shareholders of the Company		
– Non-trade balances (Note (ii))	**2,205,663**	2,177,038
– Trade balances	**743**	593
	2,206,406	2,177,631
Major shareholders		
– Non-trade balances (Note (ii))	**176,576**	42,111
– Entrusted loans classified as borrowings (Note (iii))	**915,000**	915,000
	1,091,576	957,111
	13,315,053	11,615,159

(i) The non-trade balances due from related parties are interest free except for the balances with certain joint ventures and an associate amounting to RMB1,992,979,000 (2021: RMB3,032,044,000), which bear interest from 2.25% to 8.00% (2021: 2.25% to 8.00%) per annum.

The non-trade balances due from related parties are unsecured and have no fix repayment terms.

(ii) The non-trade balances due to related parties are interest free except for the balance with a joint venture amounting to RMB1,041,282,000 (2021: RMB902,400,000), which bears interest of 4.31% (2021: 4.66%) per annum.

The non-trade balances due to related parties are unsecured and have no fix repayment terms.

(iii) The entrusted loans provided by the major shareholders will mature in 2023 with interest rate of 9% per annum and unsecured.

(All amounts in RMB Yuan thousands unless otherwise stated)

41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at 31 December	
		2022	2021
ASSETS			
Non-current assets			
Right-of-use assets		**23,349**	26,645
Property, plant and equipment		**246,787**	261,570
Investment properties		**316,900**	338,493
Intangible assets		**179,571**	161,627
Investments in subsidiaries		**31,679,832**	30,305,246
Interests in joint ventures		**1,934,300**	3,441,020
Interests in associates		**167,028**	178,352
Deferred income tax assets		**1,861,234**	969,394
		36,409,001	35,682,347
Current assets			
Properties under development		**677,579**	855,282
Completed properties held for sale		**1,119,230**	1,144,453
Trade and other receivables and prepayments		**74,138,847**	77,758,106
Restricted cash		**1,829,770**	1,777,606
Cash and cash equivalents		**3,679**	227,991
		77,769,105	81,763,438
Total assets		**114,178,106**	117,445,785
EQUITY			
Equity attributable to owners of the Company			
Share capital		**3,752,367**	3,752,367
Other reserves	Note (a)	**7,013,096**	7,013,096
Retained earnings	Note (a)	**2,506,208**	2,403,199
Total equity		**13,271,671**	13,168,662
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**20,954,574**	13,678,491
Lease liabilities		**5,394**	8,215
		20,959,968	13,686,706
Current liabilities			
Accruals and other payables		**76,422,583**	79,143,338
Contract liabilities		**3,424**	3,424
Current income tax liabilities		**839,347**	807,148
Dividend payable		**369,981**	369,981
Lease liabilities		**2,820**	2,645
Derivative financial instruments		**14,000**	14,000
Current portion of long-term borrowings		**2,294,312**	10,249,881
		79,946,467	90,590,417
Total liabilities		**100,906,435**	104,277,123
Total equity and liabilities		**114,178,106**	117,445,785

The balance sheet of the Company was approved by the Board of Directors on 31 March 2023 and were signed on its behalf.

Li Sze Lim	**Zhang Li**
Director	*Director*

(All amounts in RMB Yuan thousands unless otherwise stated)

41. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Retained earnings	Other reserves
Balance as at 1 January 2021	4,281,636	9,747,035
Profit for the year	903,603	–
Transfer to share capital	–	(2,814,275)
Transfer to statutory reserves	(80,336)	80,336
Dividends for the year	(2,701,704)	–
Balance as at 31 December 2021	2,403,199	7,013,096
Balance as at 1 January 2022	**2,403,199**	**7,013,096**
Profit for the year	**103,009**	**–**
Balance as at 31 December 2022	**2,506,208**	**7,013,096**

(All amounts in RMB Yuan thousands unless otherwise stated)

42. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2022:

Name of Director	Fees	Salary	Employer's contribution to a retirement benefit scheme	Total
Executive Directors:				
Dr. Li Sze Lim	–	3,627	–	3,627
Mr. Zhang Li (Note (i))	–	3,627	–	3,627
Mr. Zhang Hui	–	1,300	–	1,300
Mr. Xiang Lijun	–	1,300	–	1,300
Non-executive Directors:				
Ms. Zhang Lin	421	–	–	421
Ms. Li Helen	421	–	–	421
Independent non-executive Directors:				
Mr. Ng Yau Wah Daniel	318	–	–	318
Mr. Wong Chun Bong	339	–	–	339
Mr. Zheng Ercheng	318	–	–	318

For the year ended 31 December 2021:

Name of Director	Fees	Salary	Employer's contribution to a retirement benefit scheme	Total
Executive Directors:				
Dr. Li Sze Lim	–	3,595	–	3,595
Mr. Zhang Li (Note (i))	–	3,595	–	3,595
Mr. Zhang Hui	–	1,300	–	1,300
Mr. Xiang Lijun	–	1,300	–	1,300
Non-executive Directors:				
Ms. Zhang Lin	408	–	–	408
Ms. Li Helen	408	–	–	408
Independent non-executive Directors:				
Mr. Ng Yau Wah Daniel	309	–	–	309
Mr. Wong Chun Bong	328	–	–	328
Mr. Zheng Ercheng	309	–	–	309

(All amounts in RMB Yuan thousands unless otherwise stated)

42. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(b) Supervisors' emoluments

The remuneration of every Supervisor for the year ended 31 December 2022 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Mr. Zhang Yucong	72
Mr. Zhao Xianglin	66

The remuneration of every Supervisor for the year ended 31 December 2021 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Mr. Zhang Yucong	72
Mr. Zhao Xianglin	66

Notes:

(i) Mr. Zhang Li is also the Chief Executive of the Company.

(ii) During the year 2022, no directors waived or has agreed to waive any emoluments (2021: nil).

(iii) During the year, no emolument was paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office (2021: nil).

(c) Directors' retirement benefits and termination benefits

Save for those disclosed in note (a) above, none of the directors received or will receive any other retirement benefits or termination benefits for the year ended 31 December 2022 (2021: same).

(d) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2022, the Group did not pay consideration to any third parties for making available directors' services (2021: same).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2022, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2021: nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: nil).

43. LITIGATIONS

As at the reporting date, the Group has the following significant litigations with its business partners which remain outstanding:

(a) 國興環球土地整理開發有限公司 (Guoxing Global Land Reclamation and Development Co., Ltd.*) ("Guoxing Global") as claimant filed a lawsuit against 富力(北京)地產開發有限公司 (R&F (Beijing) Property Development Co., Ltd.*) ("R&F Beijing"), a subsidiary of the Company, for adjudication by 河北省高級人民法院 (The High People's Court of Hebei Province) (the "Hebei High People's Court") in relation to a contractual dispute over a land development project, in respect of which Guoxing Global claimed against R&F Beijing for land consolidation costs and interest thereon for a total amount of approximately RMB388 million and for legal costs incurred, and counterclaims were made by R&F Beijing against Guoxing Global. Such lawsuit was adjudicated by the Hebei High People's Court and a first instance judgement was handed down in December 2018. Subsequently, R&F Beijing sought and obtained a ruling from 中華人民共和國最高人民法院 (The Supreme People's Court of the People's Republic of China) (the "SPC") to overturn the first instance judgement of the Hebei High People's Court and the lawsuit was reverted to the Hebei High People's Court for retrial. The Hebei High People's Court handed down its first instance retrial judgment, pursuant to which all claims and counterclaims by the parties were dismissed. Afterwards, R&F Beijing filed an appeal with the SPC in relation to, among other matters, its counterclaims against Guoxing Global and for recovery of its legal costs. As at the reporting date, the appeal with the SPC is still in progress.

(b) An investment group as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB404 million, and such lawsuit was adjudicated by 廣州市黃埔區人民法院 (People's Court of Huangpu District, Guangzhou). A first instance judgement was handed down in early 2023 and the Group was adjudicated to pay the loan amount, the interest thereon and the legal costs incurred by the claimant. The Group has filed an appeal in relation to the judgment. As at the reporting date, the lawsuit is still in progress.

(c) A trust company as claimant filed a lawsuit against the Group in relation to a contractual dispute over certain trust loan arrangement with a claimed amount of approximately RMB465 million. Such lawsuit has been accepted by 深圳市中級人民法院 (Shenzhen Intermediate People's Court) for adjudication. As at the reporting date, the lawsuit is still in progress.

(d) Two financial institutions as claimants filed a lawsuit against the Group in relation to a contractual dispute over certain loan arrangement with a claimed amount of approximately RMB1.204 billion, the interest thereon and the legal costs incurred. Such lawsuit has been accepted by 上海金融法院 (Shanghai Financial Court) for adjudication. As at the reporting date, the lawsuit is still in progress.

(e) A construction company as claimant filed a lawsuit against the Group in relation to a contractual dispute over a land development project with a claimed amount of approximately RMB413 million. Such lawsuit has been accepted by 上海市第一中級人民法院 (Shanghai No.1 Intermediate People's Court) for adjudication. As at the reporting date, the lawsuit is still in progress.

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2022 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Loss for the year ended 31 December		Total equity as at 31 December	
	2022	2021	**2022**	2021
As stated in accordance with CAS	**(15,568,060)**	(15,988,656)	**62,173,180**	77,854,322
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gains arising from business combinations	**(728)**	(1,950)	**34,692**	35,420
2. Deferred taxation	**182**	488	**(8,676)**	(8,858)
3. Revaluation losses on investment properties transferred from property, plant and equipment	**–**	(469,558)	**–**	–
4. Revaluation (losses)/gains on investment properties transferred from properties under development	**(33,316)**	289,918	**3,267**	3,267
5. Revaluation model of subsequent measurement for hotel buildings	**(177,351)**	(183,524)	**4,738,558**	4,974,490
As stated in accordance with HKFRS	**(15,779,273)**	(16,353,282)	**66,941,021**	82,858,641

Notes:

1. The Group adopted SSAP27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.

3. Fair value revaluation gains on transfer from property, plant and equipment to investment properties are recognised in other comprehensive income under both HKFRS and CAS. Upon disposal such investment properties, such previously recognised revaluation gains are transferred to retained earnings under HKFRS while released to income statement under CAS respectively.

4. The revaluation gains on investment properties transferred from properties under development was recognised in income statement under HKFRS, while in accordance with CAS was recognised in other comprehensive income.

5. The Group changed its accounting policies on hotel buildings to follow the revaluation model under HKAS 16 with effective from 1 January 2020.

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in RMB Yuan thousands)

CONSOLIDATED BALANCE SHEET (AS AT 31 DECEMBER)

	2022	2021	2020	2019	2018
Non-current assets	**116,914,889**	123,346,672	114,409,335	103,608,668	95,118,290
Current assets	**252,006,047**	275,195,662	327,775,880	323,717,650	271,075,640
Total assets	**368,920,936**	398,542,334	442,185,215	427,326,318	366,193,930
Non-current liabilities	**94,761,191**	78,522,225	107,952,433	143,224,090	118,614,185
Current liabilities	**207,218,724**	237,161,468	242,227,439	204,303,103	177,719,161
Total liabilities	**301,979,915**	315,683,693	350,179,872	347,527,193	296,333,346
Total equity	**66,941,021**	82,858,641	92,005,343	79,799,125	69,860,584

CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2022	2021	2020	2019	2018
Revenue	**35,192,599**	76,230,335	85,891,778	90,813,970	76,857,682
Cost of sales	**(31,365,663)**	(78,397,540)	(65,503,286)	(61,041,401)	(48,908,173)
Gross profit/(loss)	**3,826,936**	(2,167,205)	20,388,492	29,772,569	27,949,509
Other income and other gains – net	**(3,067,541)**	1,729,284	7,297,802	2,852,130	1,638,255
Selling and marketing costs	**(1,366,829)**	(3,650,053)	(3,258,776)	(3,292,140)	(2,556,510)
Administrative expenses	**(4,364,864)**	(6,002,200)	(6,226,248)	(6,215,897)	(5,634,288)
Net impairment losses on financial and contract assets	**(54,644)**	(147,223)	(172,383)	(67,270)	(27,201)
Gains on bargain purchase	**760**	508,209	66,909	–	397,226
Operating (loss)/profit	**(5,026,182)**	(9,729,188)	18,095,796	23,049,392	21,766,991
Finance costs – net	**(9,727,154)**	(4,164,605)	(2,408,771)	(5,599,527)	(5,212,327)
Share of results of joint ventures	**481,633**	505,529	292,178	611,191	288,505
Share of results of associates	**136,874**	26,723	(67,520)	165,208	94,177
(Loss)/profit before income tax	**(14,134,829)**	(13,361,541)	15,911,683	18,226,264	16,937,346
Income tax expenses	**(1,644,444)**	(2,991,741)	(6,765,368)	(8,133,054)	(8,208,961)
(Loss)/profit for the year	**(15,779,273)**	(16,353,282)	9,146,315	10,093,210	8,728,385
Attributable to:					
Owners of the Company	**(15,736,650)**	(16,469,189)	9,004,814	9,672,051	8,371,237
Holders of perpetual capital instruments	**–**	–	–	–	33,433
Non-controlling interests	**(42,623)**	115,907	141,501	421,159	323,715

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
China					
Guanghzou					
Guanghzou R&F Global Merchandise Center	100%	Office & Retail	198,668	616,200	616,200
Guangzhou Baogang Road Project	100%	Residential & Retail	4,031	43,400	43,400
Guangzhou R&F Sky Apartment (Tangdong Project)	100%	Apartment	72,174	68,600	68,600
Guangzhou R&F Sky Apartment Xueyuan Li (Yushatan Village Project)	100%	Apartment	21,132	64,500	64,500
Guangzhou Zhongshanliu Road Project	100%	Retail	4,627	24,200	24,200
Guangzhou R&F New City (Bicun Village Project)	65%	Residential	208,482	562,100	365,400
Guangzhou R&F Fuyi Prosperous Palace (certain land parcel in Maogang Village Project)	45%	Residential	215,992	654,300	294,500
Guangzhou R&F Peak Of Cloud（Chentian Project）	100%	Residential	34,805	140,500	140,500
Zhuhai					
Zhuhai R&F Xintiandi (Xiangzhou Hengxin Industry City Project)	68%	Residential, Apartment & Retail	16,813	284,700	192,200
Huizhou					
Huizhou R&F Hot Spring Valley (excluding Hilton Hotel)	100%	Residential & Retail	1,630,681	434,400	434,400
Huizhou R&F Bay Shore (excluding Hilton Hotel)	100%	Residential & Retail	1,318,673	1,009,800	1,009,800
Huizhou R&F Modern Plaza	100%	Residential & Retail	79,167	47,800	47,800
Huizhou R&F Huilin Hot Spring Village	100%	Residential	698,012	15,200	15,200
Huizhou R&F Shangyue Court (Jilong Town Project)	100%	Residential	110,505	134,400	134,400
Meizhou					
Meizhou R&F City	100%	Residential & Retail	832,689	392,600	392,600
Meizhou R&F Yanshan Lake	100%	Residential	218,046	371,500	371,500
Shaoguan					
Shaoguan R&F City (Wanziqianhong Project)	65%	Residential	131,419	255,800	166,300
Zhaoqing					
Zhaoqing R&F Shangyue Court (Dinghu New City 46 District Project)	100%	Residential, Apartment & Retail	46,407	68,300	68,300
Yangjiang					
Yangjiang R&F Bay Shore (Shapa Town Project)	100%	Residential	69,466	108,900	108,900
Yingde					
Yingde R&F Golden Jubilee Garden (Yinghong Town Project)	100%	Residential	69,872	150,900	150,900

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Lechang					
Lechang R&F Shangyue Court (Lecheng Street Project)	100%	Residential	101,593	348,900	348,900
Qingyuan					
Qingyuan China-Israel Science and Technology Town	100%	Residential & Industrial	195,572	273,300	273,300
Zhongshan					
Zhongshan R&F Center (Shiqi CBD Project)	100%	Retail	19,798	126,500	126,500
Heyuan					
Heyuan R&F Tianxi Garden (Linjiang Industry Park Project)	100%	Residential	125,684	302,100	302,100
Hainan					
Hainan R&F Bay Shore (excluding Marriot Hotel)	100%	Residential & Retail	1,702,993	219,900	219,900
Hainan R&F Mangrove Bay (excluding Hilton Hotel)	100%	Residential & Retail	4,352,042	1,469,600	1,469,600
Hainan R&F Moon Bay Shore (Wenchang Project)	100%	Residential & Retail	277,160	42,200	42,200
Hainan R&F Yuehai Bay Shore (Lingao Project)	100%	Residential & Retail	586,240	250,000	250,000
Hainan R&F The Top (Daying Mountain Project)	100%	Residential, Apartment, Retail & Office	93,948	264,700	264,700
Hainan Lingshui Ocean Tour and Information Creative Park	100%	Retail	129,445	374,700	374,700
Xiangtan					
Xiangtan Xiangjiang R&F City (Xiangjiang Jiuhua Project)	100%	Residential & Retail	1,325,817	3,050,600	3,050,600
Changsha					
Changsha Xirong Plaza	33%	Residential, Apartment & Office	148,265	58,400	19,300
Changsha Furong Xintiandi	100%	Residential	32,095	339,600	339,600
Hengyang					
Hengyang Chuanshan West Road Project	50%	Residential	59,178	177,500	88,800
Wuhan					
Wuhan Meiqiao R&F Plaza	50%	Office, Apartment & Retail	21,754	239,200	119,600
Wuhan R&F Xixi Yueju (Dongxihu District Project)	100%	Residential	66,940	231,300	231,300
Wuhan R&F Lvdu Central Park	60%	Residential & Retail	107,734	345,800	207,500
Wuhan Jiangxia Technology Innovation Center	100%	Apartment, Office, Retail & Hotel	54,025	189,100	189,100

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Tianmen					
Tianmen R&F Cambridge Court (Huiqiao Avenue Project)	100%	Residential	79,395	68,700	68,700
Ezhou					
Ezhou R&F Golden Jubilee Yue City (Wenchang Avenue Project)	100%	Residential	54,676	108,300	108,300
Fuzhou					
Fuzhou R&F Yueshanhu (Jinshui Lake Project)	100%	Residential, Hotel & Retail	147,631	332,100	332,100
Zhangzhou					
Zhangzhou R&F Jinxiutaoyuan	100%	Residential	179,666	142,200	142,200
Nanchang					
Nanchang R&F Prosperous Palace (Honggutan Project)	100%	Residential & Retail	36,351	79,800	79,800
Jiujiang					
Jiujiang R&F Wenlan Residence	33%	Residential	40,061	119,000	39,700
Jiujiang R&F Xunyang Mansion	60%	Residential	48,135	100,000	60,000
Fuzhou					
Fuzhou R&F Shangyue Court (Nanfeng County Project)	100%	Residential	50,103	34,400	34,400
Shangrao					
Shangrao R&F Xixi Residence (Guangfeng District Project)	100%	Residential	67,017	76,600	76,600
Ganzhou					
Ganzhou R&F Modern City (excluding IP portion)	100%	Residential, Apartment & Office	363,534	722,100	722,100
Chongqing					
Chongqing R&F City	100%	Residential & Retail	1,981,995	2,630,800	2,630,800
Chongqing R&F Nanshan Mansion	100%	Residential & Retail	79,583	31,000	31,000
Chongqing R&F Bay Shore (Yubei Project)	100%	Residential & Retail	173,630	341,800	341,800
Chongqing Bailuwan (Bishan District Project)	100%	Residential	267,082	91,000	91,000
Chongqing R&F Shangyue Court (Jiangjin Luohuang Project)	100%	Residential	69,633	148,100	148,100
Meishan					
Meishan R&F Cambridge Court (Mindong New District Project)	100%	Residential	176,841	186,500	186,500

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Luzhou					
Luzhou R&F Prosperous Palace (Naxi District Project)	100%	Residential	187,582	622,600	622,600
Guiyang					
Guiyang R&F Shangyue Court ("3535" Factory Project)	100%	Residential	76,178	494,700	494,700
Guiyang R&F Xintiandi (Jinyang Plaza Project)	100%	Apartment & Retail	64,379	82,600	82,600
Kaili					
Kaili R&F Dongnan Residence (Jiaruihe Project)	80%	Residential & Apartment	333,696	179,800	143,800
Guilin					
Guilin R&F City	100%	Residential	161,745	577,800	577,800
Zunyi					
Zunyi R&F Yuexi Garden (Gongqing Avenue Project)	100%	Residential	26,870	49,100	49,100
Kunming					
Kunming R&F Bay Shore (Yangzonghai Project)	100%	Residential	154,494	55,200	55,200
Lijiang					
Lijiang R&F Xintiandi (Old Town Tiandi Project)	100%	Residential & Retail	63,121	44,700	44,700
Shanghai					
Shanghai Fengxian District Nanqiao New Town Project (excluding Commercial Center)	100%	Retail & Office	51,879	230,200	230,200
Nanjing					
Nanjing R&F City	100%	Residential, Office & Hotel	571,864	150,800	150,800
Fuyang					
Fuyang Dahe Chengzhang (Yingdong Project) (excluding Hotel Portion)	50%	Residential	267,608	504,000	252,000
Huaibei					
Huaibei R&F Xiangcheng Residence (Donghu Project)	100%	Residential	94,562	9,000	9,000
Suzhou					
Suzhou R&F City	57%	Residential	86,461	45,500	25,800
Huainan					
Huainan R&F City	100%	Residential & Retail	263,884	634,500	634,500

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Hangzhou					
Hangzhou R&F Center (Future Science City Project)	100%	Residential, Retail & Hotel	107,516	491,000	491,000
Suzhou					
Suzhou Swan Harbor Park (Taihu New Town Project) (excluding IP Portion)	50%	Residential, Office, Apartment & Retail	85,284	209,100	104,600
Wuxi					
Wuxi R&F Yunhe No.10 (Mingliya Project) (excluding IP Portion)	100%	Residential, Retail & Hotel	123,392	123,600	123,600
Nantong					
Nantong R&F Cambridge Court (Tonglv River South Project)	100%	Residential & Retail	190,621	202,400	202,400
Zhenjiang					
Zhenjiang R&F Yangtse River Residence	100%	Residential	35,069	26,900	26,900
Yancheng					
Yancheng R&F Science and Technology Innovation City (excluding IP portion)	100%	Residential & Retail	832,177	1,958,500	1,958,500
Wenzhou					
Wenzhou R&F City (Kaifa District Binghai Garden Project)	100%	Residential & Retail	132,312	109,500	109,500
Jinhua					
Jinhua R&F Sanjiang Duhui (Duohu Project)	100%	Residential	74,870	256,800	256,800
Beijing and vicinity					
Beijing Tongzhou R&F Center (No.8-12 land) (excluding IP portion)	100%	Office & Apartment	69,796	88,400	88,400
Beijing R&F New Town	100%	Residential	932,994	393,900	393,900
Beijing Shokai R&F No.10 International (Shunyi District Gaoliying Project)	50%	Retail	170,200	153,500	76,800
Beijing R&F Shoukai Campus One (Gaoliying Residential Project)	50%	Residential	96,885	216,300	108,200
Beijing Shunyi Airport Project	100%	Industrial	54,502	43,600	43,600

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Tangshan					
Tangshan R&F No.10 (Gongjianfa Project)	100%	Residential & Retail	22,157	57,200	57,200
Tangshan Caofeidian R&F City	100%	Residential	285,745	344,800	344,800
Tangshan Lutai R&F City	100%	Residential	279,085	279,200	279,200
Tangshan Nanhu CBD Project	50%	Residential, Apartment & Retail	222,593	492,600	246,300
Shijiazhuang					
Shijiazhuang R&F Xibo Water Town (Pingshan Project)	100%	Residential	584,428	552,800	552,800
Shijiazhuang R&F City (Nandou Project)	100%	Residential	94,092	121,600	121,600
Shijiazhuang R&F Plaza (Xiumen Project)	100%	Office & Retail	9,805	198,200	198,200
Qinhuangdao					
Qinhuangdao R&F Gongyuan Mountain (Beidaihe Songshi Project)	100%	Residential	166,855	84,800	84,800
Xingtai					
Xingtai R&F City (International Ecology Village)	100%	Residential	134,403	345,200	345,200
Cangzhou					
Cangzhou R&F Shangyue Court (Yunhe District Project)	100%	Residential	74,155	126,900	126,900
Tianjin					
Tianjin R&F Guangdong Building (Tanggu Project)	100%	Office & Retail	23,070	291,400	291,400
Tianjin Jinnan New Town	25%	Residential, Retail, Office & Hotel	1,289,227	1,154,600	288,700
Tianjin R&F New Town (Tuanbo Lake Project)	100%	Residential & Retail	1,781,702	1,745,700	1,745,700
Tianjin CCCc R&F Tianxi（Jinxi Chentang Project）	50%	Residential & Retail	38,090	134,100	67,000
Dongying					
Dongying R&F Boyue Residence (14#)	100%	Residential	74,685	32,500	32,500
Dongying R&F Shangyue Court (Kaifa District Guangzhou Road Project)	50%	Residential	60,453	97,200	48,600
Heze					
Heze R&F City (Renminlu Project)	100%	Residential	191,062	298,000	298,000
Zouping					
Zouping R&F City	100%	Residential	93,524	73,200	73,200
Zouping R&F Shengyue Court (Liquan Project)	100%	Residential	41,187	76,200	76,200
Qingdao					
Qingdao Headquarters Base Project	70%	Retail, Office & Hotel	143,739	152,600	106,800

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Zibo					
Zibo R&F Wanda Plaza (excluding shopping mall)	100%	Residential & Retail	135,038	98,000	98,000
Dezhou					
Dezhou R&F City (Ningjin County Kangning Lake Project)	100%	Residential	160,367	307,800	307,800
Weihai					
Weihai R&F City	100%	Residential & Retail	183,759	218,500	218,500
Weihai R&F Star World (Wangdao Project)	80%	Residential & Retail	170,286	433,000	346,400
Xian					
Xian R&F Global Merchandise City (Xixian New District Project)	80%	Office & Hotel	94,490	159,200	127,400
Xian R&F Kaiyuan City (Tumen Resettlement Project)	100%	Residential	117,095	927,300	927,300
Taiyuan					
Taiyuan R&F City	100%	Residential & Retail	1,056,200	36,800	36,800
Taiyuan R&F Prosperous Palace	100%	Residential & Retail	237,601	397,100	397,100
Taiyuan R&F Hills (Mengshan Project)	100%	Residential & Retail	281,806	246,000	246,000
Taiyuan R&F City Garden No.8 (Dunhuafang Project)	100%	Residential & Retail	188,744	77,700	77,700
Taiyuan R&F Tianxi City (Daxiao Dongliu Project)	100%	Residential & Retail	512,772	1,331,000	1,331,000
Taiyuan R&F Bay Shore (Xizhai Village Project)	100%	Residential	89,628	113,200	113,200
Taiyuan R&F Golden Jubilee City (Longbao Project)	100%	Residential	197,927	492,300	492,300
Taiyuan R&F Yipin	100%	Residential & Retail	28,455	178,800	178,800
Taiyuan R&F Junyue Residence (Muchangtou Project)	100%	Residential	78,763	336,200	336,200
Taiyuan R&F Yuexi City (Pingban Glass Factory Project)	100%	Residential & Retail	198,352	677,600	677,600
Taiyuan R&F City Jiuyuan (Dunhuafang Renewal Project)	51%	Residential	113,125	618,300	315,400
Datong					
Datong R&F City	100%	Residential & Retail	708,112	1,177,900	1,177,900
Linfen					
Linfen R&F Shangyue Court	100%	Residential, Office & Retail	35,096	93,600	93,600
Changzhi					
Changzhi R&F Shangyue Court	100%	Residential	57,547	518,700	518,700
Weinan					
Weinan R&F City	100%	Residential	257,361	581,800	581,800
Baoji					
Baoji Taibai Mountain Project	51%	Residential & Retail	147,229	176,600	90,100

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Harbin					
Harbin R&F City	100%	Residential & Retail	399,198	194,300	194,300
Shenyang					
Shenyang R&F Royal Villa	100%	Residential	373,406	28,000	28,000
Shenyang R&F International Finance Center (Shenhe District Project)	100%	Residential, Office & Retail	29,250	372,300	372,300
Shenyang R&F Xingyue Bay Shore (Shenbei New District Project)	100%	Residential	373,092	177,300	177,300
Shenyang R&F Cambridge Court (Outlets Project)	100%	Residential	193,788	360,400	360,400
Shenyang R&F Shengyue Court	100%	Residential	199,198	446,300	446,300
Anshan					
Anshan R&F Kaixuanmen	100%	Residential	37,766	157,700	157,700
Anshan R&F City (Tiedong Yingzi City Project)	100%	Residential	509,692	804,100	804,100
Tieling					
Tieling New Town Center Project	100%	Retail	255,524	456,800	456,800
Tieling R&F Four Seasons Peninsula (Lianhua Lake Project)	100%	Residential	884,185	711,600	711,600
Dalian					
Dalian Dongdi Wanpan（Xiaoyaowan Project）	100%	Residential & Retail	389,308	654,400	654,400
Baotou					
Baotou R&F City	100%	Residential, Office, Apartment & Retail	426,911	427,900	427,900
Baotou R&F Cambridge Court (Donghe Project)	100%	Residential	288,669	187,200	187,200
Baotou R&F Hills (Shiguai District Project)	100%	Residential	193,460	182,200	182,200
Baotou R&F Xiyue Court (Qingshan District Project)	100%	Residential & Retail	41,924	139,900	139,900
Baotou R&F Shangyue Court (Binhe New District Project)	65%	Residential	176,449	380,700	247,500
Huhhot					
Huhhot R&F Shangyue Court (Xincheng District Haoqinying Project)	100%	Residential	48,086	27,900	27,900
Huhhot R&F Tianxi City (Donger Daohe Project)	100%	Residential	56,008	158,200	158,200
Tongliao					
Tongliao R&F City	100%	Residential	593,387	1,069,500	1,069,500
Ulanqab					
Ulanqab Jining R&F Bay Shore (Jining Project)	100%	Residential	163,744	113,200	113,200
Lanzhou					
Lanzhou Anning CBD Project (Anning Commercial Project)	100%	Residential & Retail	105,141	592,900	592,900

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Urumqi					
Urumqi R&F City (Shuimohe Project)	100%	Residential	440,895	1,139,100	1,139,100
Zhengzhou					
Zhengzhou Wulong New Town (Wulongkou Project)	35%	Residential	163,854	357,000	124,900
Zhengzhou R&F Jianye Shangyue Court (Huayuankou Project)	35%	Residential & Retail	106,788	493,000	172,500
Puyang					
Puyang R&F Shangyue Court (Puyang County Project)	100%	Residential	132,797	303,900	303,900
Kaifeng					
Kaifeng R&F Bay Shore (Bianxi Lake Project)	100%	Residential	101,385	212,600	212,600
Malaysia					
Johor Bahru					
Malaysia Johor R&F Princess Bay Shore	100%	Residential, Office & Retail	400,000	3,416,800	3,416,800
Australia					
Melbourne					
Melbourne R&F Kinnears Live City (Footscray Project)	100%	Residential & Retail	33,288	145,400	145,400
Brisbane					
Brisbane West End Project	100%	Residential & Retail	16,800	145,000	145,000
Brisbane Springfield Project	100%	Residential	467,304	1,164,500	1,164,500
Brisbane R&F Maison (Rochdale Project Land 1)	100%	Residential	91,530	49,600	49,600
United Kingdom					
London					
London R&F Queen Square (Croydon Project)	100%	Residential	22,300	113,700	113,700
London Vauxhall Project	100%	Residential, Retail, Office & Hotel	13,700	148,000	148,000
London One Project (including Hotel Portion)	100%	Residential, Retail, Office & Hotel	8,400	144,700	144,700
Cambodia					
Phnom Penh					
Phnom Penh R&F Prosperous Residence (Monivong Boulevard Project)	100%	Residential	15,192	212,400	212,400
Phnom Penh R&F City (Hongsen Avenue Project)	100%	Residential	77,243	237,500	237,500
Korea					
Incheon					
Incheon Yongzong Island Project Phase 2 (Residential Portion)	100%	Residential	50,807	203,200	203,200

Investment properties under operation	Location	Description	Approximate total GFA (sq.m.)	GFA held by the Group (sq.m.)
Guangzhou				
R&F Center	Pearl River New Town J1-4	Office building	164,200	164,200
R&F Haizhu City	R&F Tianyu Center	Shopping mall	54,900	54,900
International Grand City#	Pearl River New Town Liede Village	Shopping mall	89,300	29,800
Shiling Leather and Leather Products Center	Shiling Avenue, Shiling Town, Huadu District	Industry park	104,400	104,400
R&F Cambridge Terrace Shopping Mall	Dongguan Zhuang Road, Tianhe District	Retail	43,000	43,000
R&F King's Court (Commercial)	Xiaomei Street, Liwan District	Office building	9,000	9,000
R&F Children World	Zhongshan Eighth Road, Liwan District	Retail	19,600	19,600
R&F Modern Plaza Jiaxin Commercial Center	Gexin Road, Haizhu District	Retail	34,500	34,500
Foshan				
Foshan R&F International Finance Corporate	Guicheng Haiwu Road, Nanhai District	Office building	97,700	73,300
Hainan				
Hainan R&F Ocean Paradise	Li 'an Town, Lingshui Li Autonomous County	Theme park	181,700	181,700
Beijing				
R&F Center	Beijing R&F City	Office building	48,800	48,800
Viva Beijing R&F Plaza	Beijing R&F City	Shopping mall	100,300	100,300
Tianjin				
R&F Plaza	Tianjin R&F City	Shopping mall	42,000	42,000
Chongqing				
R&F Ocean Plaza (Retail)	R&F Ocean Plaza	Shopping mall	74,300	74,300
Chengdu				
R&F Plaza (Former R&F Tianhui Mall)	Panda City	Shopping mall	249,300	249,300
Dalian				
Dalian Wanda Commercial Center	No. 1 Gangpu Road, Zhongshan District	Office building	93,100	93,100
Zibo				
Zibo R&F Wanda Plaza	Zhongrun Road, Zhongdian District	Shopping mall	150,300	150,300
Taiyuan				
Taiyuan R&F Plaza	Taiyuan R&F City	Shopping mall	49,100	49,100
Johor Bahru, Malaysia				
R&F Mall Johor Bahru Malaysia	R&F Princess Cove, Johor Bahru	Shopping mall	80,900	80,900
R&F Xintiandi Johor Bahru Malaysia	R&F Princess Cove, Johor Bahru	Retail	33,200	33,200
Others			162,400	162,400
Total investment projects under operation			**1,882,000**	**1,798,100**

Joint Venture Project

Hotel under operation	Location	No. of Rooms	Approximate total GFA (sq.m.)
Guangzhou			
The Ritz-Carlton, Guangzhou	Pearl River New Town J2-7	351 rooms and 91 serviced apartments	95,400
Grand Hyatt Guangzhou	Pearl River New Town F1-2	368	70,800
Holiday Inn Guangzhou Airport Zone	R&F Jingang City	339	37,800
Park Hyatt Guangzhou	Pearl River New Town J1-1	208	29,600
Conrad Guangzhou*	Pearl River New Town Liede Village	309	53,400
Wanda Realm Guangzhou	Licheng Zengcheng Avenue, Zengcheng District	279	36,200
Beijing			
Renaissance Beijing Capital Hotel	Beijing R&F City	522	64,900
Holiday Inn Express Beijing Temple Of Heaven	R&F Xinran Plaza	320	16,000
Beijing Marriott Hotel Yanqing*	Xincheng Street, Yanqing District	325	44,100
Element Beijing Yanqing*	Xincheng Street, Yanqing District	252	25,500
Tianjin			
Wanda Vista Tianjin	Dazhigu Bahao Road, Hedong District	297	48,300
Huizhou			
Renaissance Huizhou Hotel	R&F Ligang Center	342	60,200
Hilton Huizhou Longmen Resort	R&F Nankunshan	366	56,400
InterContinental Huizhou Resort Hotel	R&F Huilin Hot Spring Village	220	66,900
R&F LN Garden Hot Spring Resort	R&F Hot Spring Valley	32	13,800
DoubleTree Resort by Hilton Huizhou	Huizhou R&F Bay Shore	308	48,700
Chongqing			
Hyatt Regency Chongqing	Jiangbei District	321	53,600
Holiday Inn Chongqing University Town	Chongqing R&F City	360	49,300
Le Meridien Chongqing	Jiangnan Avenue, Nan'an District	317	42,900
Doubletree By Hilton Chongqing WanZhou	Beibin Avenue 2nd Section, Wanzhou District	253	37,400
Chengdu			
The Ritz-Carlton, Chengdu	Panda City	353	45,600
Hainan			
DoubleTree Resort by Hilton Hainan – Chengmai	R&F Mangrove Bay	305	44,500
Xiangshui Bay Marriott Resort & Spa	R&F Bay Shore	448	66,400
Hyatt Regency Hainan Ocean Paradise Resort	Lingshui County	1,000	104,060

Hotel under operation	Location	No. of Rooms	Approximate total GFA (sq.m.)
Xi'an			
Hilton Xi'an	Dongxin Street, Xincheng District	311	43,400
Harbin			
Wanda Realm Harbin	Zhongxing Avenue, Nangang District	345	47,900
The Ritz-Carlton, Harbin	West Youyi Road, Daoli District	368	66,200
Taiyuan			
Pullman Taiyuan	Taiyuan R&F City	279	43,500
Wanda Vista Taiyuan	Jiefang Road	359	52,400
Nanning			
Wanda Realm Resort Nanning	Liangdi Road, Yongning District	224	45,200
Wanda Vista Nanning	Dongge Road	332	49,300
Shangrao			
Wanda Realm Shangrao	Guangxin Avenue, Xinzhou District	280	35,800
Yiwu			
Wanda Realm Yiwu	Xinke Road	288	37,900
Urumqi			
Wanda Vista Urumqi	Xuanwuhu Road, Economic and Technological Development District	291	47,500
Bozhou			
Wanda Realm Bozhou	Xiyi Avenue, Qiaocheng District	244	32,300
Xining			
Wanda Vista Xining	Xichuan South Road, Chengxi District	310	42,600
Siping			
Wanda Realm Siping	Ziqi Avenue, Tiedong District	246	31,700
Zhengzhou			
Wanda Vista Zhengzhou	Nongke Road, Jinshui District	292	47,600
Huhhot			
Wanda Vista Huhhot	Xinhua East Street, Saihan District	315	42,900
Liuzhou			
Wanda Realm Liuzhou	Donghuan Avenue, Chengzhong District	285	37,600

Hotel under operation	Location	No. of Rooms	Approximate total GFA (sq.m.)
Fuyang			
Wanda Realm Fuyang	Yingzhou South Road, Yingzhou District	286	36,400
Tai'an			
Wanda Realm Tai'an	Taishan Street	285	41,600
Dongying			
Wanda Realm Dongying	Beiyi Road, Dongying District	285	37,900
Anyang			
Wanda Realm Anyang	Zhonghua Road, Wenfeng District	289	33,800
Huangshi			
Wanda Realm Huangshi	Huahu Avenue, Huangshigang District	263	32,500
Neijiang			
Wanda Realm Neijiang	Qixia Road, Dongxing District	262	32,700
Guangyuan			
Wanda Realm Guangyuan	Wanyuan Road, Wanyuan New District, Lizhou District	286	34,300
Bengbu			
Wanda Realm Bengbu	Donghai Avenue, Bengshan District	286	34,400
Wuhu			
Wanda Realm Wuhu	Beijing Middle Road, Jinghu District	281	36,800
Jiangmen			
Wanda Realm Jiangmen	Fazhan Avenue, Pengjiang District	360	41,400
Longyan			
Wanda Realm Longyan	Shuanglong Road, Xinluo District	306	34,900
Kunming			
Wanda Vista Kunming	Qianxing Road, Xishan District	302	44,700
Lanzhou			
Wanda Vista Lanzhou	Tianshui North Road, Chengguan District	307	41,700
Jingzhou			
Wanda Realm Jingzhou	Beijing West Road, Jingzhou District	283	37,000

Hotel under operation	Location	No. of Rooms	Approximate total GFA (sq.m.)
Ma'anshan			
Wanda Realm Ma'anshan	Taibai Avenue, Yushan District	286	36,100
Dongguan			
Wanda Vista Dongguan	Dongzong Avenue, Dongcheng District	306	44,100
Changzhou			
Wanda Realm Changzhou	Huayuan Street, Wujin District	250	34,200
Sheraton Changzhou Xinbei Hotel	Tongjiang Middle Road, Xinbei District	250	37,800
Jinhua			
Wanda Realm Jinhua	Dongshi South Road, Jindong District	330	42,800
Jining			
Wanda Realm Jining	Taibai East Road	279	36,500
Chifeng			
Wanda Realm Chifeng	Xilamulun Street, Hongshan District	350	47,400
Ningbo			
Sofitel Ningbo	Siming Middle Road, Yinzhou District	291	40,700
Hyatt Centric Lakeside Ningbo	Tongyuan Road, Zhenhai District	174	20,300
Qingdao			
Le Meridien Qingdao	Yanji Road, Shibei District	349	51,100
Wuxi			
Sheraton Wuxi Binhu Hotel	Liangxi Road, Binhu District	350	46,700
Xiangyang			
Crowne Plaza Xiangyang	Changhong North Road	303	43,000
Yichang			
Crowne Plaza Yichang	Yanjiang Avenue, Wujiagang District	283	39,100
Hefei			
Westin Hefei Baohe	Ma'anshan Road, Baohe District	310	48,400
Wuhan			
The Westin Wuhan Wuchang	Linjiang Avenue, Wuchang District	305	50,400
Wanda Realm Wuhan	Donghu Road, Wuchang District	408	47,200

Hotel under operation	Location	No. of Rooms	Approximate total GFA (sq.m.)
Shijiazhuang			
InterContinental Shijiazhuang	Huai'an East Road, Yuhua District	293	43,800
Jinan			
Hyatt Regency Jinan	Jingsi Road, Shizhong District	344	52,700
Langfang			
Wanda Realm Langfang	Xinhua Road, Guangyang District	295	41,900
Daqing			
Sheraton Daqing Hotel	Dongfeng New Village,Sartu District	290	43,000
Taizhou			
Wanda Realm Taizhou	Jichuan East Road, Hailing District	253	38,700
Tangshan			
InterContinental Tangshan	Wenhua Road, Lunnan District	287	47,500
Dalian			
Conrad Dalian	Gangpu Road, Zhongshan District	210	57,300
Hilton Dalian	Gangpu Road, Zhongshan District	370	40,100
Ningde			
Wanda Realm Ningde	Tianhu East Road, Jiaocheng District	291	40,800
Quanzhou			
Wanda Vista Quanzhou	Baozhou Road, Fengze District	322	47,800
Changsha			
Wanda Vista Changsha	Xiangjiang Middle Road, Kaifu District	425	65,800
Huai'an			
Wanda Realm Huai'an	Xiangyu Middle Road, Qinghe District	230	44,600
Yixing			
Le Meridien Yixing	Yangxian East Road	280	42,100
Shenyang			
Wanda Vista Shenyang	Yingpan West Street, Dongling District	300	51,700
Fushun			
Wanda Realm Fushun	Hunhe South Road, Xinfu District	280	39,500

Hotel under operation	Location	No. of Rooms	Approximate total GFA (sq.m.)
Nanchang			
Wanda Realm Nanchang	Fenghuang Middle Avenue, Honggutan New District	300	41,500
Yinchuan			
Wanda Realm Yinchuan	Qinshui North Street, Jinfeng District	305	46,300
Dandong			
Wanda Realm Dandong	Jinshan Street, Zhenxing District	302	48,500
Nanjing			
Wanda Realm Nanjing	Zhushan Road, Jiangning District	303	43,100
Weifang			
Pullman Weifang	Fushou East Street	271	36,800
Qiqihar			
Wanda Realm Qiqihar	Xinjiang Road, Jianhua District	308	37,100
Changchun			
Wanda Vista Changchun	Hongqi Street	236	39,900
Total 92 hotels under operation		**28,455**	**4,091,960**

* Joint Venture Project

As of 31 December 2022, the Group currently has 92 hotels under operation and 38 hotels under development or planning, totally 130 hotels.

Executive Directors	Li Sze Lim Zhang Li Zhang Hui Xiang Lijun
Non-executive Directors	Zhang Lin Li Helen
Independent Non-executive Directors	Zheng Ercheng Ng Yau Wah Daniel Wong Chun Bong
Supervisors	Chen Liangnuan Zhao Xianglin Zhang Yucong
Authorized Representatives	Li Sze Lim Lee Michael
Company Secretary	Lee Michael
Registered Office in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in Hong Kong	Room 6303, The Center, No. 99 Queen's Road Central, Hong Kong
Auditor	BDO Limited Certified Public Accountants Registered Public Interest Entity Auditors 25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' CALENDAR

Interim results announcement	31 August 2022
Final results announcement	31 March 2023
Closure of register of members (for the entitlement of attending the annual general meeting)	24 May to 31 May 2023 (both days inclusive)
Annual general meeting	31 May 2023

LISTING INFORMATION

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

Stock Code

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

Board Lot Size	400 shares

廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

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* for identification purpose only