

美的置業控股有限公司

MIDEA REAL ESTATE HOLDING LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3990

2022

ANNUAL REPORT

COMPANY PROFILE

Midea Real Estate Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**” or “**Midea Real Estate**”) (Stock Code: 3990.HK) is a listed company of The Stock Exchange of Hong Kong Limited and one of the top 100 private enterprises in Guangdong Province, whose shares are included in the constituents of indexes such as Hang Seng Stock Connect Hong Kong Index. Founded in 2004, the Group upholds the development orientation of “Smart Healthy Life Service Provider”, and aims to create a better lifestyle by building “5M Smart Health Community” with intelligent, industrial, digital and quality construction and services backed by its profound manufacturing foundation and technological expertise.

Guided by the policy of “intensive development in focused areas and strategy upgrade”, Midea Real Estate has established 332 projects in five regions (data as at 31 December 2022), including the Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River Delta Economic Region, the Midstream of Yangtze River Economic Region, Beijing-Tianjin-Hebei Economic Region and Southwest Economic Region, with presence in national core cities such as Shanghai, Guangzhou, Tianjin, Chongqing, Chengdu, Zhengzhou and Wuhan, and in provincial capitals such as Hangzhou, Nanjing, Changsha, Hefei, Kunming, Fuzhou, Nanchang and Guiyang.

Midea Real Estate adheres to the coordinated development of four major business lines, namely residential property development, property management services, commercial operations and real estate technologies. Among them, residential

property development and services closely follow the trend of users’ demands for smart and healthy living in the technological era of AIoT (Artificial Intelligence of Things). We have created the unique “5M Smart Health Community” strategic product system to provide customers with a sophisticated and smart living experience from five dimensions, namely “M-Smart, M-Health, M-Quality, M-Service, and M-Life”. In terms of real estate technologies, the Group has vigorously built an industry chain for creating a smart and technology-based living environment, so as to cultivate it into a “second runway” for independent development. We have developed intelligent industries and building technologies, and iterated technologies based on users’ needs. Driven by the integrated smart home solutions, we have established core competitiveness around scenario innovation and the Internet of Things, boasting industry-leading solutions and full-chain service capabilities. From research and development, design, production and construction, to management, operation and maintenance, we have built a closed-loop system for the entire value chain and established the advantages of integrated products and services. We have received the recognition as the first “National Standard Creation Base for Smart Residential Area” and continuously provide third parties with smart and green prefabricated integrated solutions.

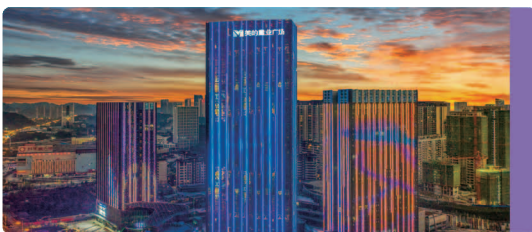
Looking forward, Midea Real Estate will continue to strengthen its foundation, innovate and reform, strengthen industrial empowerment, and lead industry development in a smart and healthy way, so as to provide the nation with premium residence and create better value for the society.



PROPERTY DEVELOPMENT



PROPERTY MANAGEMENT SERVICES



INVESTMENT AND OPERATION OF COMMERCIAL PROPERTIES



REAL ESTATE TECHNOLOGIES

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The total GFA of the Group's land reserves reached 38.74 million sq.m., comprising 332 property development projects. These land reserves are located in five major regions namely the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta Economic Region, the Midstream of Yangtze River Economic Region, Beijing-Tianjin-Hebei Economic Region and Southwest Economic Region.

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Inheriting Midea's technological and intelligent genes, we build a service ecosystem for urban spaces through our intelligent service capabilities. Our main business is property management services, and we also engage in three other types of business: community services, public building services, and urban service, providing professional services in a wide range of areas such as developer services, real estate brokerage, advertising and media, community retail, home decoration, home delivery services, construction management and management consulting, with a view to becoming a "better life and smart space service provider".

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Commercial properties which we have develop and operated cover urban complex, community commercial centre and long-term rental apartments. With forward-looking planning, strong investment attraction ability and innovative operating capabilities, we design vigorous and smart commercial properties for cities.

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Remac Smart and Remac Building Technology provide scenario solutions applicable to smart homes and communities and full-value chain business scenario services in relation to "integration of digital design + prefabricated industry", and are committed to facilitating a better life in the smart living and housing construction technology sectors, and aspire to become leading providers of space intelligence solutions and leading enterprises in green space technology.

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FINANCIAL OVERVIEW

Overview of Results

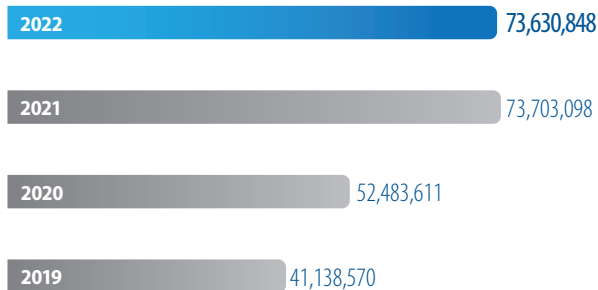
	For the Year Ended 31 December		
	2022	2021	Change
Revenue (RMB million)	73,630.8	73,703.1	-0.1%
Gross profit (RMB million)	11,306.4	13,495.5	-16.2%
Gross margin	15.4%	18.3%	-2.9%
Net profit (RMB million)	3,576.8	5,302.8	-32.5%
Net profit margin	4.9%	7.2%	-2.3%
Profit attributable to owners of the Company (RMB million)	1,726.4	3,743.6	-53.9%
Basic and diluted earnings per share (RMB)	1.34	3.04	-55.9%
Proposed final dividend per ordinary share to be distributed (HKD)	0.8	1.6	-50.0%

Overview of Balance Sheet

	As at 31 December		
	2022	2021	Change
Total assets (RMB million)	251,938.8	288,519.9	-12.7%
Total cash and bank deposits (RMB million)	26,390.9	34,196.5	-22.8%
Short-term borrowings (RMB million)	13,681.2	15,335.1	-10.8%
Long-term borrowings (RMB million)	34,773.4	40,988.5	-15.2%
Total equity (RMB million)	50,313.8	47,809.6	5.2%
Return on equity	6.9%	15.9%	-9.0%
Total liabilities/total assets	80.0%	83.4%	-3.4%
Net gearing ratio	43.9%	46.3%	-2.4%

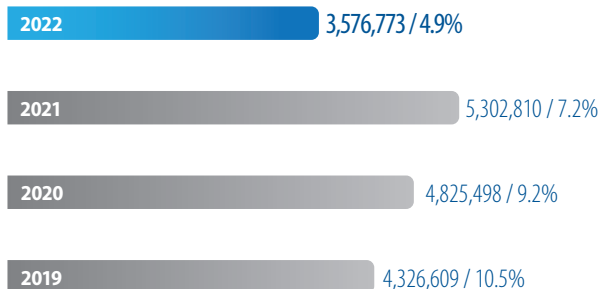
REVENUE

(RMB'000)



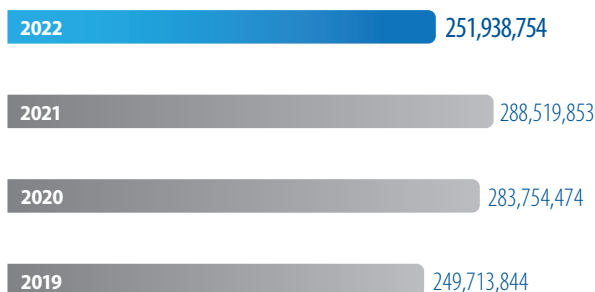
NET PROFIT AND NET MARGIN

(RMB'000/%)



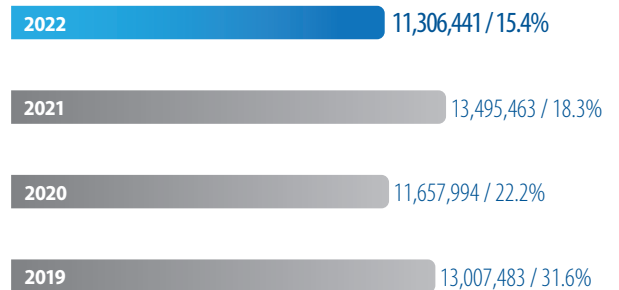
TOTAL ASSETS

(RMB'000)



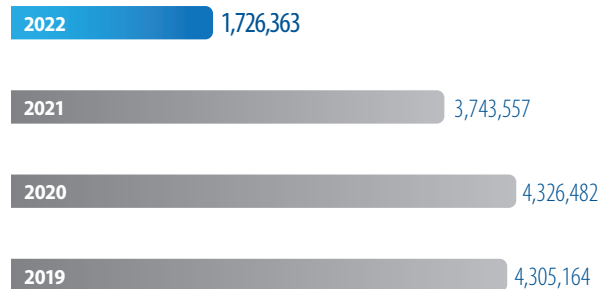
GROSS PROFIT AND GROSS MARGIN

(RMB'000/%)



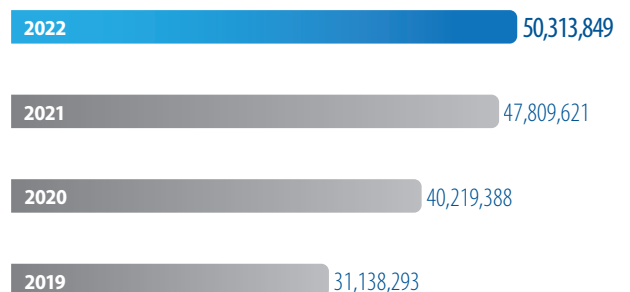
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RMB'000)



TOTAL EQUITY

(RMB'000)



MILESTONES

FEB

Midea Real Estate Group successfully issued the first tranche of medium-term notes (MTN) in 2022 in a principal amount of RMB1.5 billion, becoming the first domestic real estate company to obtain approval and successfully issue the MTN.

MAR

Midea Real Estate successively established strategic partnerships with China Merchants Bank, Bank of Communications, China Construction Bank and Agricultural Bank of China, obtaining a total exclusive financing amount of RMB39 billion for mergers and acquisitions and affordable rental housing loans, as well as RMB36 billion for individual mortgage loans.



APR

On 26 April, a new generation of M+ creative apartments of Midea Real Estate was launched to the market, which integrated three health elements, five intelligent devices, and numerous smart scenarios, solving the pain points of quality living for residents while redefining imaginations on traditional space and residential scenes in the new era.



MAY

On 13 May, Midea Real Estate granted 8,932,500 award shares at nil consideration to 423 selected participants according to the adopted restricted share award scheme, which shall be vested subject to the achievement of performance targets.

JUN

With high-quality products and excellent comprehensive capabilities, Midea Real Estate has been awarded the 2022 “Product Competitiveness Award” (產品力大獎) granted by CRIC. Three projects — Kunming Midea Beijing Road No. 9, Hefei Emerald Cloud Villas and Zhuhai Midea Powerlong City — have been shortlisted for the 2022 Top Ten High-end Works (十大高端作品), Top Ten Luxury Works (十大輕奢作品), and Top Ten Quality Works (十大品質作品) in China, respectively.



JUL

Midea Real Estate has won eight awards at the second Asia Habitat Landscape Award (AHLA), among which Kunming Midea Beijing Road No. 9 project won the Outstanding Aesthetic Experience Award (美學體驗傑出獎).



AUG

Remac Smart held a Space Intelligence Co-creation Conference (空間智能共創大會), leading the way in proposing the concept of space intelligence, which promoted the upgrading of single intelligent solution to comprehensive intelligent spatial scenarios, opening up a transformation that empowers life through intelligence in terms of space.



Remac Building Technology built the “Transforming Spaces” (睿變空間) with prefabricated green building materials for the interior and exterior, intelligent cabin and concrete MiC technology, making a stunning appearance at the Guangzhou Housing Expo.



SEP

Midea Real Estate Services launched the event “Midea Revitalisation Action” (美焕行動), delivering a concept of “providing services to the community and building a better living environment together”. By improving the quality of services and infrastructures in the communities, it aimed to maintain communities that are not only constantly new but also continuously iterated and upgraded.



OCT

Remac Smart and Shangpin Home Collection, a leading brand of full-set customization, have cooperated to establish Guangdong Ruishang Intelligent Space Technology Co., Ltd.* (廣東睿尚智能空間科技有限公司). This move will facilitate to achieve the implementation of an integrated smart home consumption scenario and explore new ways of smart living.



NOV

The brand "Chengyijia" (橙意家) of Midea Real Estate was fully upgraded, continuously delivering a visible quality life to customers across its three main sectors: product, engineering and services.



DEC

On 30 December, Guiyang Midea Wonderful Square of Midea Commercial celebrated its grand opening.



MAJOR HONOURS AND AWARDS

BUSINESS ACHIEVEMENTS

Ranked 127th among Top 500 Chinese Private Enterprises of 2022, and 39th among Top 100 Chinese Private Enterprises in Service Industry of 2022 (*All-China Federation of Industry and Commerce*)



Ranked 22nd among Chinese Real Estate Enterprises of 2022 by Comprehensive Strength, and 18th among Chinese Real Estate Enterprises of 2022 by Brand Value (*EH Consulting*)

Ranked 26th among Top 30 Real Estate Developers of 2022 by Comprehensive Strength, and 2nd among Top 10 Real Estate Developers of 2022 by Operational Efficiency

(*China Real Estate Association, Shanghai E-House Real Estate Research Institute*)



Ranked 19th among Listed Real Estate Companies of 2022 by Comprehensive Strength and awarded Top 8 Real Estate Listed Companies (H Shares) of 2022

(*Shanghai E-House Real Estate Research Institute*)

Ranked 14th among Top 50 Listed Real Estate Companies of 2022 by Comprehensive Strength (*Securities Market Weekly*)

PRODUCT STRENGTH

Kunming Midea Beijing Road No. 9 was successfully selected in 2022 Top Ten High-end Works in China (*E-House's CRIC*)

Wenzhou Midea Royal Orchid Fairview received Platinum Award for "Interior Design — Commercial" (*TITAN PROPERTY AWARDS SEASON 2*)

Changsha Midea Phoenix Mountain Project was included in "Top 10 Delivered Ordinary Residential Works in 2021"

(*E-House's CRIC*)

Projects such as Kunming Midea Beijing Road No. 9 and Foshan Midea-Shimao Riverside No. One won eight awards at the second Asia Habitat Landscape Award (AHLA)

Kunming Midea Beijing Road No. 9 Project was awarded the BREEAM 4-star certification

Remac Smart's products were shortlisted in the Excellence Award, and awarded the Smart Home Innovations in 2022

Remac Smart Selection was awarded the New Species of Smart Space of 2022

Remac Smart was included in the List of Top Smart Home System Brands



SERVICE STRENGTH

Midea Real Estate Services was awarded Top 23 Chinese Property Management Service Companies of 2022 by Comprehensive Strength

(China Property Management Research Institution and CRIC-PM)

Top 10 by Property Management Services Quality for Industrial Parks in 2022

(CRIC-PM and Shanghai E-House Real Estate Research Institute)

Ranked China Top 100 Property Management Services Enterprises by Brand Value in 2022

Chinese Property Management Services Enterprises with Featured Brand in 2022

(China Property Management Research Institution and CRIC-PM)

Midea Real Estate Services was included in the list of TOP 20 among Top 100 Property Service Companies in 2022

(CRIC-PM and Shanghai E-house Real Estate Research Institute)

The KUKA industrial automation plant in Kunshan under management of Midea Real Estate Services was awarded the Service Quality Benchmark Project in 2022

The East China Normal University Affiliated Shunde Midea School was awarded the China Property Management Excellent Benchmark Project in 2022

Royal Orchid Harmony Club was awarded the China Golden Key Excellent Service Team in 2022



CHAIRMAN'S STATEMENT

Dear shareholders:

I am pleased to present to you the annual report of Midea Real Estate Holding Limited and its subsidiaries (the "Group") for the year ended 31 December 2022.

Annual Results

I. Industry Overview

In the book "On China", Henry Kissinger wrote that the deepest challenge was less to survive the trials than to prepare for the future, when the immediate danger had been overcome. In 2022, turbulence and changes continue to be repeated in the wake of recurrent and unexpected factors, such as waves of COVID-19 pandemic in many places and suspension of construction and postponement of making loans for many projects, posing unprecedented challenges to the real estate industry.

Under the general tone of "houses are for living in, not for speculation", the era of high leverage is now over. As the experience in the past is not applicable, real estate enterprises are facing higher requirements under the challenging environment. At the time of "the one who persists wins", the industry has been rational, and people will view houses with a more calm and usual attitude. In the meanwhile, having gone through challenges and failures, enterprises also need to consider how to go further and better on the basis of "staying survived".

II. Business Review

In the face of the ever-changing industry and market trends, the Group always values our credit quality, emphasizes quality development, and seeks to strike a balance between quality improvement and reasonable growth. The Group focuses on product and brand building, and gives top priority to ensuring delivery, quality and excellent services. Leveraging on our advantages of over 50 years of experience in manufacturing industry, the Group actively fulfills our responsibilities as a model private property developer, and satisfies customers' desire for better living with high-quality development, high-quality delivery and high-standard services.

(I) Adhering to credit quality: Three red lines turned green and financing advantages frequently emerged

As the real estate market has entered an adjustment cycle, enterprises with solid financial performance have been well recognised over the past two years. With our excellent corporate qualification and high credit quality, the Group has gained trust from customers and investors under headwinds, and has won firm recognition and strong support from many mainstream institutions in terms of resource empowerment and credit quality.

As at the end of the Reporting Period, the Group's net gearing ratio was 43.9%, cash to short-term debt ratio was 1.60, and asset-liability ratio after deducting advances was 68.2%. "Three Red Lines" have turned green. At the same time, the leverage level gradually declined. Following the market cycle and operation pattern, the Group managed slow-moving inventory, solved problems left over from the past, and kept exploring the development path from de-leveraging to stabilizing leverage. As at the end of the Reporting Period, the Group has total interest-bearing liabilities amounted to RMB48.5 billion, with cash on hand of approximately RMB26.4 billion in total, and the unutilized bank credit facilities increased to RMB108.0 billion. The Group's financing costs were further reduced and the weighted average financing cost decreased to 4.62%, which was outstanding among the private peers.

As the industry clearing continues, the model enterprises that uphold the bottom line of financial security will become the backbone to support the healthy development of the industry. During the Reporting Period, the Group has received support from a number of mainstream financial institutions for several times, becoming the first domestic real estate company to obtain approval and successfully issue medium-term notes (MTN) in 2022, and the first batch of demonstration real estate companies to issue bonds supported by credit protection contracts. After the promulgation of the "Second Arrow" and 16-points financial measures, the Group successively signed strategic agreements with major state-owned banks and certain joint-stock commercial banks such as BoCom, ICBC, CCB, PSBC and BOC, and obtained credit support of over RMB150 billion in total. At the same time, as the first batch of real estate enterprises supported by the "Second Arrow", the registration of the Group's RMB15 billion medium-term notes were approved by the National Association of Financial Market Institutional Investors. As at 31 December 2022, the Group's bank borrowings and corporate bonds accounted for 58% and 28% of total interest-bearing liabilities respectively.

(II) Sticking to concentration strategy: Adjusting land reserves structure and optimising stock assets

Guided by the policy of "intensive development in focused areas and strategy upgrade", the Group continued to optimise our land reserves structure and enhance our ability to resist cyclical risks. During the Reporting Period, the Group maintained our focus on the first- and second-tier cities with high potential, heavily invested in the national strategic city clusters, mainly the Yangtze River Delta, the Greater Bay Area and other core economic zones, and focused on sizable cities under intensive development, and concentrated resources to upgrade and build strongholds in first- and second-tier cities. At the same time, the Group continued to maintain a prudent and disciplined approach, optimise investment strategies, stick to investment direction and maintain investment focus. As at 31 December 2022, the Group had participated in a total of 332 property development projects and owned land reserves with a total GFA of 38.74 million sq.m..

In 2022, the Group completed the acquisition of equity interests in 9 projects, adding attributable inventory value of RMB6.3 billion, mainly in second-tier cities. Meanwhile, the Group exited from some weak third- and fourth-tier cities, reducing attributable inventory value of RMB950 million. The Group's equity interest in the land reserves accounted for 70%, representing a rise of 3% as compared with last year. First- and second-tier cities accounted for 66% of the Group's land reserves, while the Yangtze River Delta and the Greater Bay Area together accounted for 52% of the Group's land reserves in terms of area. In general, the Group's land reserves structure has been tilted towards high-tier core cities and metropolitan areas, and the fundamentals of the cities covered by land reserves have been improving.

(III) Improving operation capability: Focusing on ensuring product delivery and quality improvement of sales performance

With the arrival of the in-depth adjustment period of the industry, "ensuring delivery" has become the first priority. In terms of product delivery, as a representative of high-quality private enterprises, the Group always puts products, delivery and services in the first place, striving not only to ensure milestones, but also to improve engineering quality, focus on community and user brand building, and achieve comprehensive improvement of delivery efficiency through refined operation of manufacturing and optimisation of delivery process system. During the Reporting Period, the Group completed 142 projects in 49 cities across the country, delivering a total of over 80 thousand units, with customer satisfaction rate among the top tier in the industry.

During the Reporting Period, the Group continued to promote the construction of customer research system and grasp customer demands. In 2022, Midea Real Estate newly upgraded our delivery brand "Chengyijia" (橙意家) to display the real appearance and quality construction process of homes in an all-round and normalised way, and upheld the core value of standing the test of time and beyond life cycle, and continued to convey the "visible" good life to customers.

In the current market environment, the differentiation of cities on the sales side is obvious. The Group focuses on first and second higher-tier cities, and concentrates resources to implement regional penetration and city upgrade strategies. In 2022, the Group's average selling price increased by 8% to RMB12,546 per sq.m. as compared with that in 2021, and the proportion of sales performance contributed by higher-tier cities continued to increase. The proportion of sales from second-tier and above cities reached as high as 82%. The Group heavily invested in the Yangtze River Delta, the Greater Bay Area and other national core economic zones, with contracted sales in the Yangtze River Delta and the Greater Bay Area accounting for 65%, further increasing our sales concentration level.

During the Reporting Period, the Group together with its joint ventures and associates achieved a contracted sales amount of approximately RMB79.24 billion and the corresponding GFA sold was approximately 6,316 thousand sq.m.. Meanwhile, the Group attached great importance to the progress of cash collection. During the Reporting Period, the collection ratio of sales proceeds was 83%, which was at a leading level among the private property developers in the industry particularly.

(IV) Promoting diversified ecology: Focusing on vertical fields and achieving balanced development of light and heavy assets

The Group focused on vertical diversification of real estate, provided property management services that cater for customer needs, and achieved efficient empowerment for the real estate development business. In parallel with commercial operation, the Group strived to hold and operate high-quality assets.

In terms of property management services, the Group adhered to deepening management efficiency, focused on strengthening diversified services and improved the light-asset model of the service industry, so as to build a sustainable development ecology with organic growth, and promote the simultaneous development of diversified services in communities, industrial parks, schools, infrastructures, commercial buildings and cities with quality growth. During the Reporting Period, the Group acquired 49 new diversified expansion projects, of which 17 are industrial parks and 10 are campus projects. In 2022, Meizhi Services won a number of agent construction projects, with a year-on-year increase of 67% in the area of agent construction.

Serving urban life is an extension of the Group's development strategy in the commercial sector. During the Reporting Period, the Group's existing commercial operations were solid, and the revenue from commercial segment was expected to increase after the potential areas for new launches were realized. The revenue from hotel operations and cultural tourism projects stabilized and recovered after the easing of the epidemic policies. As at 31 December 2022, the Group held a total area of over 700 thousand sq.m. for commercial operations and opened 9 commercial complexes in aggregate. The cumulative customer traffic increased by 19%, and the cumulative sales increased by 27% as compared with last year. The Group is committed to building "Wonderful" commercial benchmarks, among which Foshan Midea Wonderful Square project, as the representative of the Group's current commercial shopping centre, shows strong operational stability. Since its opening, despite the great impact of the pandemic, its revenue has maintained steady growth. During the Reporting Period, the Group newly launched Guiyang Midea Wonderful Square, which created a new city commercial flagship landmark based on the characteristics of multiple first stores of all types of business, and helped deepen the urban strategy of night economy.

(V) Leveraging technological gene: Stepping up smart living and improving industrial chain development

Technology is the most imaginative story in this era. Housing is not only a concrete building, but also carries people's desire and ideal for home. During the Reporting Period, with keen sense of spatial technology, the Group was committed to facilitating a better life in the smart living and housing construction technology sectors, and moved forward steadily.

Remac Building Technology focuses on the leading model of design-driven products, which targets the mid-to-high-end market, deeply develops in the Greater Bay Area, as well as Hong Kong and Macau, by providing integrated solutions of space ecological products, establishing full value chain scenario services for building industrialization, and gradually separating light and heavy assets, reducing burden to focus on clear objectives. During the Reporting Period, Remac Building Technology had signed 306 new design contracts, amounting to a total of 2,215 contracted projects. In 2022, the production capacity of fabricated buildings exceeded 200 thousand cubic metre, and external projects accounted for 89%. In addition, "Greater Bay Area Strategic Centers", two major production bases of Remac Industrialisation have passed the review of the Hong Kong Quality Assurance Agency and obtained the "Quality Scheme for the Production and Supply of Concrete" (QSPSC) certificate under the Hong Kong certification system, which marked that the prefabricated components and modular integrated construction (MiC) products of Remac Industrialisation have obtained the official qualification for supply to the Hong Kong market. During the Reporting Period, with outstanding product, service and innovation, Remac Building Technology successfully established its presence in the Hong Kong and Macau markets.

Adhering to its strategic goals, Remac Smart Technology is committed to becoming a leading smart space solution provider, building 5.0 scenario solutions for smart families and communities based on the actual needs of users. During the Reporting Period, the operating revenue increased by 33% as compared with last year, with delivered projects amounting to 230 for over 160 thousand households in aggregate, ranking top in the industry in terms of market shares. Remac Smart Technology also applied for 190 patents and 113 software copyrights. In August 2022, Remac Smart Technology released the Remac home os system, connecting 7 major user scenarios, and at the same time launched the flagship brand Remac Smart Selection, providing users with one-stop full-set smart home services from research and development, design, sales, delivery to after-sales, and entering the C-end market.

III. Outlook

We acknowledge that one of the people's aspirations for a better life is the improvement of the living environment. In the future, the industry resources will further concentrate on high-quality enterprises, and the real estate industry will undergo reshaping of concepts. The Group's operating entities will further return to common sense and achieve high-quality operations.

Credit is the bottom line that the Group has always emphasised and adhered to. The Group will always adhere to the concept of long-term development, increase the safety buffer, stabilise the fundamentals, strive to achieve high-quality and sustainable development, and predict and avoid risks in advance. We will return to the essence of operation and improve management efficiency. At the same time, we will select cities and projects and go through the industry cycle by deeply cultivating valuable cities. In addition, "ensuring delivery" has become the current core focus of the industry, and the delivery capability of enterprises has become increasingly important. Delivery capability will also become the core capability of enterprises to win the trust of property buyers, financial institutions, government and other parties in the future.

Good houses are the combination of good products and good services. The Group remains positive and optimistic about the trend of housing upgrade and iteration. In the future, the Group will continue to focus on city development, improve the ability to create mid-to-high-end improved products, enhance the internal quality, adhere to the bottom line of delivery as scheduled, and win the reputation from property owners for their whole-hearted trust. From construction system to new process and construction method to digital empowerment, we always grasp the industry-leading construction capabilities and build differentiated advantages. The Group attaches great importance to project quality and customer service, ensures delivery and maintains the bottom line, and is committed to providing quality projects that are "what you see is what you get".

Chairman's Statement (Continued)

In terms of diversified businesses, the Group will continue to focus on vertical sectors. While strengthening the basic capabilities for property management services, the Group will vigorously expand and promote cross-industry projects. For new commercial projects, we focus on business solicitation and constantly improve and produce innovative projects. For the real estate technologies sector, we will focus on core needs, deepen solutions, further strengthen marketisation awareness, and move towards a channel of relatively healthy growth in the future. To cultivate independence, the Group is committed to exploring our new profit growth point while improving the competitiveness of our main business products. In such extraordinary age of transformation in real estate industry, we are moving towards the new path of the industry.

After going through challenges, the bigger picture reveals itself. Those who endure under tribulation will keep striding forward. In a period when confidence is more important than gold, the Group will always adhere to brand confidence, product confidence, price confidence and delivery confidence, give full play to superior resources, find certainty amid uncertainties, and develop steadily in the new situation and pattern.

Appreciation

On behalf of the board of directors (the **"Board"** or **"Directors"**) of the Company, I would like to take this opportunity to express sincere gratitude to all sectors of society for your trust and support. The Group will continue to improve in 2023 to create more value for shareholders, investors, partners, customers and society.

Chairman, Executive Director and President

Hao Hengle

24 March 2023

Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

During the year, the Group recorded revenue of RMB73,630.85 million (2021: RMB73,703.10 million), representing a year-on-year decrease of 0.1%. Operating profit amounted to RMB6,831.10 million (2021: RMB8,021.88 million), representing a year-on-year decrease of 14.8%. Profit for the year amounted to RMB3,576.77 million (2021: RMB5,302.81 million), representing a year-on-year decrease of 32.5%. Core net profit for the year decreased by 29.1% to RMB3,870.19 million (2021: RMB5,457.54 million). Core net profit attributable to owners of the Company for the year decreased by 49.5% to RMB1,968.99 million (2021: RMB3,898.29 million).

Land Reserves

As at 31 December 2022, the total GFA of the Group's land reserves reached 38.74 million sq.m., comprising 332 property development projects. These land reserves are located in five major regions namely the Greater Bay Area, the Yangtze River Delta Economic Region, Midstream of Yangtze River Economic Region, Beijing-Tianjin-Hebei Economic Region and Southwest Economic Region.

Financial Review

Revenue

Property Development and Sales

During the year, the Group's recognised revenue from property development and sales remained flat at RMB72,192.12 million, as compared to that of RMB72,518.12 million in 2021, primarily due to the combined effects of the decrease in the GFA recognized and the increase in selling price.

Property Management Services

During the year, the Group's revenue derived from property management services increased by 25.7% to RMB1,142.11 million from RMB908.69 million in 2021, primarily due to an increase in the GFA under management.

Investment and Operation of Commercial Properties

During the year, the Group's revenue from investment and operation of commercial properties increased by 7.4% to RMB296.62 million from RMB276.29 million in 2021. The increase was mainly due to the gradual and steady recovery and further development of property rental business with the easing of pandemic control measures in China.

Cost of Sales

The Group's cost of sales primarily represents the costs incurred directly from the property development activities, the provision of property management services and other business activities. During the year, the Group's cost of sales increased by 3.5% to RMB62,324.41 million from RMB60,207.64 million in 2021. The increase was primarily due to the increase in unit costs of certain projects.

Gross Profit

During the year, the Group's gross profit decreased by 16.2% to RMB11,306.44 million from RMB13,495.46 million in 2021. The decrease in gross profit was mainly due to the higher unit costs of projects recognised during the year.

Other Income and Other (Losses)/Gains — Net

During the year, the Group's other income and other (losses)/gains — net decreased by 60.7% to RMB351.08 million from RMB894.12 million in 2021. The above other income and other (losses)/gains primarily consist of management and consultancy service income, compensation income, gains from disposal of joint ventures and associates, realised and unrealised gains on financial assets at fair value through profit or loss, gains or losses arising from changes in fair value of investment properties, etc. During the year, other income and other (losses)/gains decreased due to the combined effects of the decrease in the Group's management and consultancy service income as compared with that of 2021, and the losses arising from changes in fair value of investment properties during the year.

Management Discussion and Analysis (Continued)

Selling and Marketing Expenses

During the year, the Group's selling and marketing expenses decreased by 11.1% to RMB2,367.28 million from RMB2,662.87 million in 2021. The Group implemented strict controls over costs which resulted in the decrease in selling and marketing expenses.

Administrative Expenses

During the year, the Group's administrative expenses decreased by 36.4% to RMB2,150.28 million from RMB3,382.19 million in 2021. During the year, the Group implemented stringent cost control measures and boosted per capita efficiency, resulting in a decrease in administrative expenses.

Finance (Costs)/Income — Net

The Group's finance (costs)/income — net primarily consists of interest expenses for bank loans, other borrowings, domestic corporate bonds and lease liabilities net of capitalised interest relating to properties under development, interest income from bank deposits, as well as foreign exchange gains and losses arising from financing activities. The general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (assets that necessarily take a substantial period of time to get ready for their intended use or sale) are capitalised into the costs of those assets, until such assets are substantially ready for their intended use or sale.

During the year, the Group's finance (costs)/income — net recorded a net finance costs of RMB43.75 million, while the Group recorded a net income of RMB720.99 million in 2021, primarily attributable to the exchange loss on financing activities arising from the foreign currency borrowings of overseas wholly-owned subsidiaries of the Group.

Profit Attributable to Owners of the Company

Core net profit attributable to owners of the Company amounted to RMB1,968.99 million (2021: RMB3,898.29 million). Core net profit attributable to owners of the Company represents profit attributable to owners of the Company excluding the post-tax profit or loss arising from changes in fair value of investment properties and the post-tax expenses arising from equity-settled share-based payment transactions, before the excluding of foreign exchange gains and losses.

Liquidity and Capital Resources

Cash Position and Available Funds

The Group's total cash and bank deposits reached RMB26,390.87 million as at 31 December 2022 (31 December 2021: RMB34,196.54 million), including RMB21,810.60 million in cash and cash equivalents (31 December 2021: RMB26,288.55 million), RMB50.00 million in term deposits with initial terms of over three months (31 December 2021: nil) and RMB4,530.27 million in restricted cash (31 December 2021: RMB7,907.99 million). Several property development companies of the Group are required to deposit certain amounts of pre-sale proceeds at designated bank accounts as guarantee deposits for the construction of related properties. As at 31 December 2022, the Group's pre-sale proceeds under supervision amounted to RMB3,438.76 million. As at 31 December 2022, the Group's unused credit facilities from banks were approximately RMB108,027.45 million.

Borrowings and Net Gearing Ratio

As at 31 December 2022, the Group's total borrowings amounted to RMB48,454.55 million. Bank and other borrowings, and corporate bonds were RMB35,080.00 million and RMB13,374.55 million, respectively. As at 31 December 2022, the net gearing ratio was 43.9% (31 December 2021: 46.3%). The net gearing ratio is calculated based on net borrowings divided by total equity. Net borrowings were calculated as total amount of borrowings less cash and cash equivalents, term deposits with initial terms of over three months and restricted cash.

Borrowing Costs

During the year, the total borrowing costs of the Group amounted to RMB2,582.47 million, representing a decrease of RMB316.19 million from RMB2,898.66 million in 2021, mainly due to the lower level of total borrowings and the lower borrowing cost resulting from the increase in the proportion of low-cost financing during the year.

Contingent Liabilities and Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees were issued from the date of grant of the relevant mortgage loans, and released upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of the properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, we are responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and we are entitled to retain the legal title and take over the possession of the related properties. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As at 31 December 2022, the Group's guarantee in respect of mortgage facilities for certain purchasers amounted to RMB84,719.42 million (31 December 2021: RMB90,111.88 million).

In addition, the Group also provides guarantees for borrowings of several joint ventures and associates. As at 31 December 2022, the Group's guarantee for the loans of joint ventures and associates amounted to RMB10,104.99 million (31 December 2021: RMB12,434.24 million).

Commitments

As at 31 December 2022, the Group's capital expenditure commitments amounted to RMB10.77 million.

Interest Rate Risk

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

Credit risk

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

The carrying amounts of trade and other receivables, contract assets, restricted cash, term deposits with initial terms over three months and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

Liquidity risk

Management of the Group aims at maintaining sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

Currency Risk

The Group's businesses are mainly conducted in RMB and most of its assets are denominated in RMB. Non-RMB assets and liabilities are mainly bank deposits and borrowings denominated in Hong Kong dollars and US dollars. The Group is subject to certain foreign exchange risks arising from future commercial transactions and recognised assets and liabilities which are denominated in Hong Kong dollars and US dollars.

Legal Contingencies

The Group may be involved in litigations and other legal proceedings in its ordinary course of business from time to time. The Group believes that the liabilities arising from these legal proceedings will not have a material adverse effect on our business, financial condition or results of operations.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

Save as disclosed below, there were no other significant investments held, and no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorised by the Board for other material investments or additions of capital assets during the year.

On 11 March 2022, Nanjing Midea Property Development Company Limited (南京美的房地產發展有限公司) (the “**Acquisition Purchaser**”), an indirectly wholly-owned subsidiary of the Company, entered into an acquisition equity transfer agreement (the “**Acquisition Agreement**”) with Nanjing Baijun Property Development Company Limited (南京百俊房地產開發有限公司) (the “**Acquisition Vendor A**”), Jiangsu Jinke Tianchen Property Development Company Limited (江蘇金科天宸房地產有限公司) (the “**Acquisition Vendor B**”), Nanjing Kechen Property Development Company Limited (南京科宸房地產開發有限公司) (the “**Acquisition Target Company A**”) and Nanjing Shanhe Chenyuan Management Company Limited (南京山河宸園企業管理有限公司) (the “**Acquisition Target Company B**”) in relation to (1) the acquisition of 53.0% of the equity interests in Acquisition Target Company A (the “**Acquisition Target Company A Equity Interests**”) and 50.0% of the equity interests in Acquisition Target Company B (the “**Acquisition Target Company B Equity Interests**”) by the Acquisition Purchaser; (2) the novation of a loan in the principal amount of RMB497,362,000 advanced by Acquisition Target Company A to Acquisition Vendor A and acceptance of such novation by the Acquisition Purchaser; and (3) the assignment of a shareholder’s loan in the principal amount of RMB75,600,000 advanced by Acquisition Vendor B to Acquisition Target Company B (the “**Acquisition Assignment Loan**”) and acceptance of such assignment by the Acquisition Purchaser. The total consideration of the acquisition of Acquisition Target Company A Equity Interests and the Acquisition Target Company B Equity Interests and the Acquisition Assignment Loan was RMB907,210,000. Acquisition Target Company A is engaged in property development in Nanjing City, Jiangsu Province of the PRC. Upon completion of the acquisition, Acquisition Target Company A and Acquisition Target Company B became wholly-owned subsidiaries of the Acquisition Purchaser.

On 11 March 2022, Foshan Gaoming District Midea Property Development Company Limited (佛山市高明區美的房地產發展有限公司) (the “**Liuzhou Disposal Vendor**”), an indirectly wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the “**Liuzhou Disposal Agreement**”) with Liuzhou Jinzhuoliu Property Development Company Limited (柳州金卓柳房地產開發有限公司) (the “**Liuzhou Disposal Purchaser**”) and Liuzhou Tongxin Property Development Company Limited (柳州同鑫房地產開發有限公司) (the “**Liuzhou Disposal Target Company**”) in relation to (1) the disposal of 34% of the equity interests in Liuzhou Disposal Target Company (the “**Liuzhou Disposal Target Equity Interests**”) by the Liuzhou Disposal Vendor; and (2) the assignment of a shareholder’s loan in the principal amount of RMB76,707,720 advanced by the Liuzhou Disposal Vendor to the Liuzhou Disposal Target Company (the “**Liuzhou Disposal Assignment Loan**”) and acceptance of such assignment by the Liuzhou Disposal Purchaser. The total consideration of the acquisition of the Liuzhou Disposal Target Equity Interests and the Liuzhou Disposal Assignment Loan was RMB100,000,000. The Liuzhou Disposal Target Company is engaged in property development in Liuzhou City, Guangxi Zhuang Autonomous Region of the PRC. Upon completion of the disposal, the Group ceased to have any interest in the Liuzhou Disposal Target Company and the Liuzhou Disposal Target Company would no longer be accounted as a subsidiary of the Company.

On 11 March 2022, Changsha Midea Property Development Company Limited (長沙市美的房地產開發有限公司), (the “**Yueyang Disposal Vendor**”), an indirectly wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the “**Yueyang Disposal Agreement**”) with Jinke Property Group Hubei Company Limited (金科地產集團湖北有限公司) (the “**Yueyang Disposal Purchaser**”) and Yueyang County Dingyue Property Development Company Limited (岳陽縣鼎岳房地產開發有限公司), (the

“Yueyang Disposal Target Company” in relation to (1) the disposal of 50.1% of the equity interests in Yueyang Disposal Target Company (the **“Yueyang Disposal Target Equity Interests”**) by the Yueyang Disposal Vendor; and (2) the novation of a loan in the principal amount of RMB24,148,200 advanced by the Yueyang Disposal Target Company to the Yueyang Disposal Vendor and acceptance of such novation by the Yueyang Disposal Purchaser. The consideration of the disposal of the Yueyang Disposal Target Equity Interests was RMB84,148,200. The Yueyang Disposal Target Company is engaged in property development in Yueyang City, Hunan Province of the PRC. Upon completion of the disposal, the Group ceased to have any interest in the Yueyang Disposal Target Company and the Yueyang Disposal Target Company would no longer be accounted as a subsidiary of the Company.

Acquisition Vendor A, Acquisition Vendor B, Liuzhou Disposal Purchaser and Yueyang Disposal Purchaser are the members of Jinke Property Group Company Limited (金科地產集團股份有限公司), a company established in the PRC and listed on the Shenzhen Stock Exchange with stock code: 000656.SZ. For details of the Acquisition Agreement, the Liuzhou Disposal Agreement and the Yueyang Disposal Agreement, please refer to the Company’s announcement dated 11 March 2022.

Subsequent Events

There were no significant subsequent events of the Group since 31 December 2022 and up to the date of this report.

Human Resources

As at 31 December 2022, the Group had employed 11,159 full time employees, most of whom were based in the PRC. Employee’s remuneration includes salaries, bonuses and other cash subsidies. The remuneration and bonuses of the employees are determined based on the Group’s remuneration and welfare policies, the performance of the employees, the profitability of the Group and market level. The Group will also provide employees with comprehensive welfare plans and career development opportunities, including social insurances, housing provident funds, commercial insurance as well as internal and external training opportunities.

In addition, the Group had granted certain share options and award shares for the purpose of providing incentives to eligible participants of the Group. For details, please refer to the sections headed “Share Option Scheme” and “Restricted Share Award Scheme” below.

Principal Risks and Uncertainties

Principal risks and uncertainties of the Group include:

Uncertainty about China’s economic condition and the performance of China’s real estate market

The development of the real estate industry is closely linked to the cycle and operating conditions of the macro economy. Under the pressure of economic downturn, the wait-and-see sentiments of property buyers may strengthen, resulting in moderating real estate sales and lower investment expectation. Our business and prospects depend on the economic condition of China and the performance of the Chinese real estate market. Should the macro economy continue to fluctuate in the future and adversely affect the real estate market, our business, financial condition and operating results may be adversely affected.

Risks related to project development and operation

The real estate projects have long development cycles and large investment amounts, involve a wide range of related industries and cooperating companies, and are subject to the approval and supervision of a number of government departments such as planning, land resources, construction, housing management, fire and environmental protection departments. This imposes high demands on the Group’s ability to control the pace of land acquisition and development progress. Despite our strong project operation capabilities and rich project operation experience, should there be any defaults from buyers or strategic business partners, insufficient construction risk management, or other peripheral factors, our operations may be adversely affected to varying degrees.

PROPERTY PREVIEWS

Some of our Residential Projects Guangdong-Hong Kong-Macao Greater Bay Area

Zhuhai Midea • Powerlong City



Foshan Shunde Midea-Shimao
Riverside No. One



Guangzhou Midea Cloud Villas



Yangtze River Delta Economic Region

Wenzhou Midea Royal Orchid
Fairview



Nanjing Shanhe Chenyuan



Shanghai Garden City



Midstream of Yangtze River Economic Region

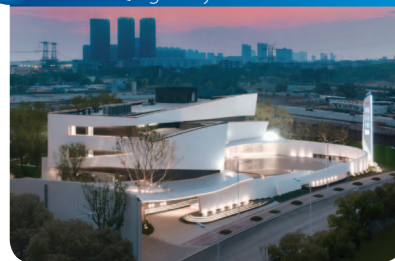
Wuhan Midea Royal Orchid Byland



Changsha Midea Yunyue



Nanchang Jiaotou Properties Sunac
Midea Qingshanyin



Beijing-Tianjin-Hebei Economic Region

Tianjin Midea-CIFI Grand Joy Mansion



Shenyang Midea Royal Orchid Landscape



Handan Eastern Midea City



Southwest Economic Region

Guiyang Midea Elegance of Jingyue



Chengdu Midea Dongyue Jiuyuan



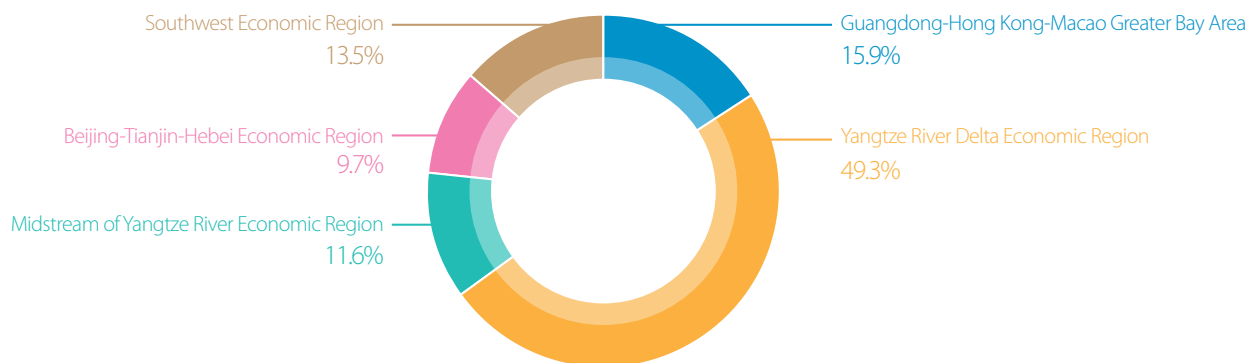
Chongqing Jinke-Midea Yuanshang



Contracted sales

In 2022, the Group, together with its joint ventures and associates, achieved a total contracted sales amount of about RMB79.24 billion, with contracted sales GFA of approximately 6,316 thousand square metres. Among them, the sales amount attributable to intensively developed economic zones accounted for as high as 65%. With the continuous advancement of intensive development in certain regions and urban upgrading strategies, the Group has demonstrated strong resilience in sales under the challenging environment, thanks to our high-quality products and services. The average selling price has increased by 8% year-on-year to RMB12,546 per square meter.

CONTRACTED SALES AMOUNT BY ECONOMIC REGION



Properties distribution map

As at 31 December 2022, the total GFA of the Group's land reserves reached 38.74 million sq.m., comprising 332 property development projects, 99 of which were participated through joint ventures and associates. These land reserves are located in five major regions namely the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta Economic Region, the Midstream of Yangtze River Economic Region, Beijing-Tianjin-Hebei Economic Region and Southwest Economic Region.

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ECONOMIC REGIONS

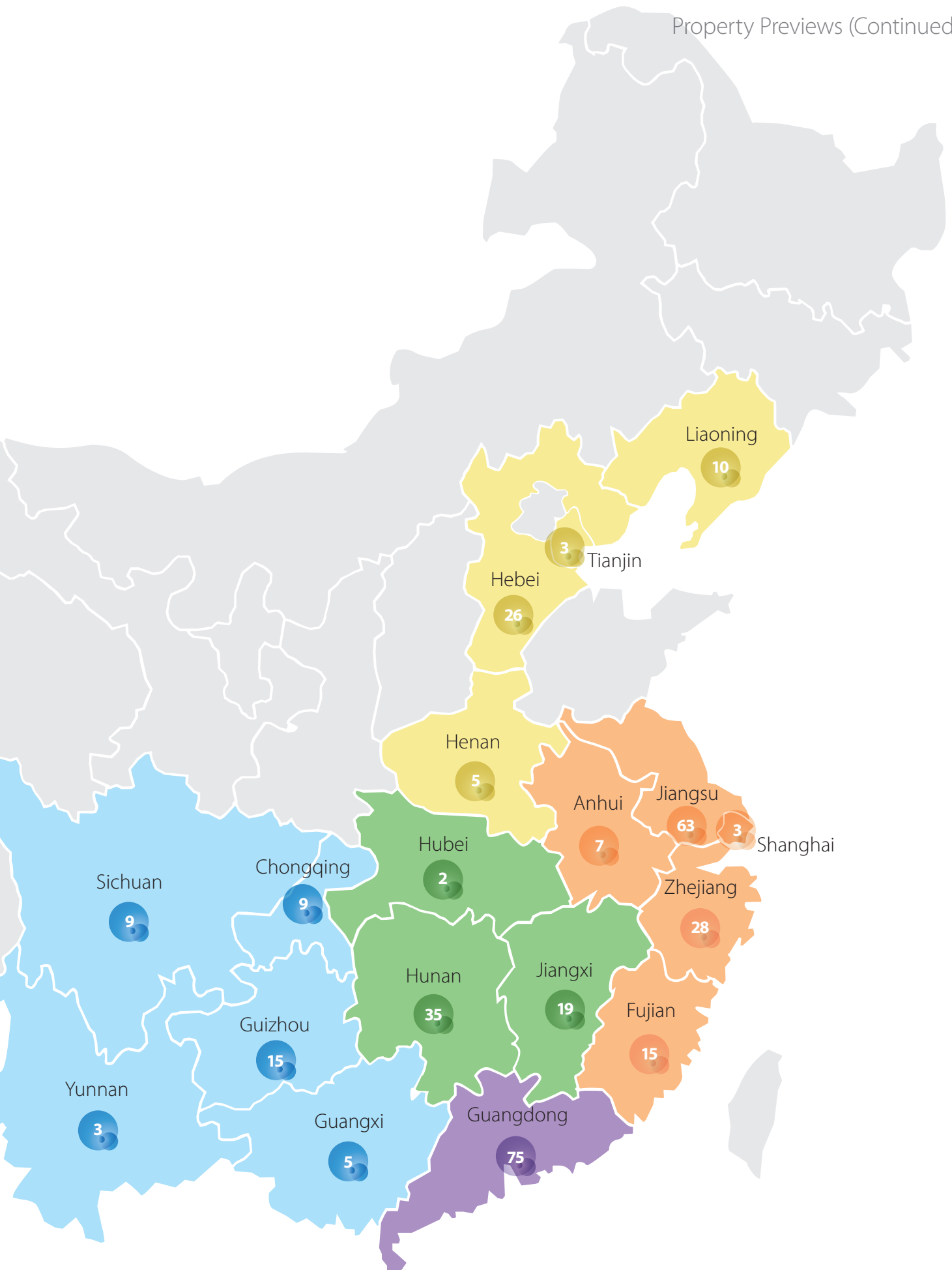
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PROVINCE-LEVEL
ADMINISTRATIVE UNITS

332

PROJECTS*

* Including 99 projects participated through joint ventures and associates.



PROPERTY DEVELOPMENT

Breakdown of property development projects (As at 31 December 2022)

Property development projects of our subsidiaries

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Foshan Midea Xinduhui Mall	Foshan	22,467	22,467			September 2016	100.0%
Foshan Midea Flowerbay City	Foshan	15,588	15,588			August 2018	100.0%
Foshan Shunde Beijiao Midea Real Estate Square	Foshan	254,732	254,732			December 2019	100.0%
Foshan Midea Lakeside Court	Foshan	22,961	22,961			March 2021	100.0%
Foshan Midea Peninsula Garden	Foshan	65,016	10,964	54,052		November 2023	75.8%
Foshan Midea West River Mansion	Foshan	160,840	160,840			December 2022	100.0%
Foshan Nanhai Midea Square	Foshan	140,083	33,360	106,723		April 2028	100.0%
Foshan Midea Jiufeng Square	Foshan	39,317	39,317			March 2022	90.0%
Foshan Shunde Midea Real Estate Wanda Plaza	Foshan	319,005	181,091	137,914		November 2023	56.0%
Foshan Chancheng Midea Times Phase II	Foshan	69,645	69,645			December 2022	100.0%
Foshan Shunde Midea Yunjing	Foshan	125,262	69,360	55,902		September 2023	100.0%
Foshan Midea Minghu	Foshan	11,319	11,319			June 2019	100.0%
Foshan Midea Egret Lake Forest Resort	Foshan	1,048,625	212,808	116,539	719,278	December 2029	90.0%
Foshan Midea City	Foshan	17,650	17,650			October 2020	100.0%
Foshan Gaoming Midea Egret Park	Foshan	110,866		110,866		June 2026	60.0%
Foshan Shunde Midea-Shimao Riverside No. One	Foshan	360,422		189,031	171,391	January 2027	75.0%
Foshan Chancheng Fengxiang Bay No. One	Foshan	307,056	63,897	181,214	61,945	July 2025	46.0%
Foshan Midea Yunyue Landscape	Foshan	514,974	58,120	267,325	189,529	January 2026	42.0%
Foshan Nanhai Midea Lakeside Mansion	Foshan	100,470		100,470		March 2025	100.0%
Yangjiang Midea Future Centre	Yangjiang	879,428	45,492	177,669	656,267	July 2029	60.0%
Yangjiang Midea Grand View Garden	Yangjiang	69,542	51,875	17,667		June 2023	80.0%
Maoming Midea Real Estate Square	Maoming	597,617	26,830	106,638	464,149	July 2029	100.0%
Heyuan Midea City	Heyuan	309,775	126,527	182,278	970	January 2024	60.0%
Heyuan Midea Cloud Villas	Heyuan	83,561	10,676	72,885		June 2023	80.0%
Zhaoqing Midea Grand Garden	Zhaoqing	80,555	80,555			November 2022	100.0%
Zhaoqing Midea-Country Garden SkyTeam	Zhaoqing	15,682	15,682			April 2022	50.0%
Zhaoqing Country Garden-KWG-Midea Riverside Mansion	Zhaoqing	79,538	30,643	48,895		January 2023	34.0%
Zhaoqing Midea Yueshan	Zhaoqing	23,859	23,859			March 2022	100.0%
Guangzhou Midea Cloud Villas	Guangzhou	20,244	20,244			August 2022	100.0%
Guangzhou Midea Jiangshang Yunqi	Guangzhou	116,873		116,873		August 2023	67.0%
Guangzhou Midea-Greentown Xiaofeng Yinyue	Guangzhou	53,825	16,840	36,985		September 2024	50.5%
Guangzhou Midea-Huafa Tianbo	Guangzhou	49,484	17,070	32,414		November 2023	50.0%
Huizhou Midea-CIFI Landscape Residence	Huizhou	38,176	38,176			September 2021	50.0%
Huizhou Midea-Redco-Kaisa Cloud Villa Garden	Huizhou	198,595	198,595			October 2022	34.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Jiangmen Midea Yueshan Mansion	Jiangmen	106,539	44,314	62,225		October 2023	100.0%
Dongguan Midea-China Merchants Dongyue Garden	Dongguan	65,748	65,748			October 2022	50.0%
Zhongshan Midea Joy Mansion	Zhongshan	11,628	11,628			January 2020	100.0%
Xuzhou Eastern Midea City	Xuzhou	190,029	2,814	187,215		May 2024	100.0%
Xuzhou Midea Joy City	Xuzhou	11,533	9,022	2,511		January 2023	77.5%
Xuzhou Midea Guantang	Xuzhou	16,910	16,910			December 2020	51.0%
Xuzhou CIFI-Midea Tianque	Xuzhou	104,381	307	104,074		November 2023	51.0%
Xuzhou Midea East Lake Sky City	Xuzhou	191,483	129,361	62,122		June 2023	100.0%
Xuzhou Midea-Redsun-Bright East Lake Joy Mansion	Xuzhou	121,754	5,296	116,458		March 2023	34.0%
Xuzhou Midea Skyfame	Xuzhou	814,768	13,844	714,768	86,156	March 2030	100.0%
Xuzhou Midea Cloud Villas	Xuzhou	136,836		136,836		July 2023	100.0%
Xuzhou Midea Royal Orchid Lake	Xuzhou	41,046		41,046		October 2023	100.0%
Xuzhou Midea Yunyuhu	Xuzhou	535,189		91,570	443,619	December 2030	100.0%
Yangzhou Midea-Vanke Jade Cloud Deck	Yangzhou	306,125	11,866	257,209	37,050	June 2029	50.0%
Yangzhou Midea-Yuzhou Great River	Yangzhou	412,859	22,978	154,000	235,881	June 2029	70.0%
Wuxi Midea-Love Cloud Villas	Wuxi	235,621		235,621		May 2023	55.0%
Wuxi Midea Yunyue	Wuxi	128,337		128,337		May 2023	100.0%
Zhenjiang Midea City	Zhenjiang	52,989	52,989			June 2021	100.0%
Zhenjiang Jinshan Masterpiece	Zhenjiang	68,163	18,911	49,252		June 2023	32.8%
Zhenjiang Midea Royal Orchid Joy	Zhenjiang	213,962	2,390	211,572		April 2029	100.0%
Suzhou Midea Ziyu Palace	Suzhou	23,279	23,279			May 2021	34.0%
Suzhou Midea Lanyue Villas	Suzhou	19,761	19,761			April 2022	100.0%
Suzhou Yunyue Paradise	Suzhou	54,781		54,781		August 2023	60.0%
Shanghai Ten Miles Riverside Phase I	Shanghai	37,981	37,981			June 2021	34.0%
Shanghai Ten Miles Riverside Phase II	Shanghai	52,319	52,319			November 2022	34.0%
Changzhou Midea-Grand Garden	Changzhou	14,314	14,314			June 2022	100.0%
Changzhou Midea-Shimao Cloud Villas	Changzhou	258,649	11,799	246,850		November 2023	51.0%
Nantong Midea Cloud Villas	Nantong	84,857		84,857		March 2023	100.0%
Nanjing Midea Greenfields Garden	Nanjing	17,610	17,610			November 2019	100.0%
Nanjing Shanyu Prosperous Mansion	Nanjing	29,321	29,321			August 2022	37.0%
Nanjing Shanhe Chenyuan	Nanjing	118,029	9,060	108,969		August 2023	100.0%
Fuyang Midea-Xinhua City	Fuyang	55,927		55,927		April 2023	50.0%
Hefei Lujiang Midea City	Hefei	12,525	12,525			June 2021	100.0%
Quanzhou Julong Midea Junyue Mansion	Quanzhou	165,000	11,817	153,183		June 2025	65.0%
Nan'an Midea Smart City	Quanzhou	537,882	30,622	174,278	332,982	October 2031	86.0%
Quanzhou Dehua Midea Yunxi Community	Quanzhou	167,154	165,638	1,516		July 2024	70.0%
Quanzhou Taishang Midea Yunxi Community	Quanzhou	273,385		273,385		November 2023	51.0%
Quanzhou Dehua Yunyin Landscape	Quanzhou	93,026		93,026		June 2023	79.0%
Quanzhou Dehua Midea Yunxi Community Phase II	Quanzhou	130,517		130,517		November 2023	100.0%
Quanzhou Taishang Midea Yunxi Community Phase II	Quanzhou	260,845		260,845		February 2024	100.0%
Ningbo Midea Butterfly Sea	Ningbo	33,921	33,921			January 2021	100.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Ningbo Midea Yinghaichao	Ningbo	26,201	26,201			June 2022	100.0%
Ningbo Midea Seaside Cloud City	Ningbo	272,867		272,867		March 2024	100.0%
Ningbo Cixi Midea Junyao Mansion	Ningbo	154,578		154,578		March 2024	100.0%
Jinhua Midea Golden Mansion	Jinhua	10,089	10,089			July 2019	100.0%
Jinhua Midea-Powerlong Inheritance Garden	Jinhua	59,787	59,787			March 2021	50.0%
Jinhua Midea Yunchao Mansion	Jinhua	265,298		265,298		August 2023	100.0%
Jinhua Midea Royal Orchid Fairview	Jinhua	174,996		174,996		December 2023	100.0%
Wenzhou Midea Royal Orchid Fairview	Wenzhou	444,882		444,882		November 2024	100.0%
Taizhou Huahong-Midea Meichen Garden	Taizhou	51,450	51,450			March 2022	50.0%
Hangzhou Midea Xijing Xiaofeng	Hangzhou	110,575	110,575			November 2022	90.0%
Hangzhou Midea Lakeside Green Mansion	Hangzhou	38,082		38,082		March 2023	100.0%
Zhuzhou Midea Blue Valley	Zhuzhou	52,660	4,228	48,432		April 2023	100.0%
Zhuzhou Midea Times Square	Zhuzhou	29,185	29,185			January 2017	100.0%
Zhuzhou Midea Tan Mansion	Zhuzhou	17,263	16,471	792		June 2025	80.0%
Zhuzhou Midea Parasol Garden	Zhuzhou	57,716	34,168	1,970	21,578	March 2027	80.0%
Zhuzhou Midea Purple Cloud Community	Zhuzhou	100,689	24,145	3,882	72,662	August 2028	100.0%
Zhuzhou Midea Bay	Zhuzhou	235,420	10,538	79,401	145,481	August 2027	100.0%
Zhuzhou Midea Platinum Joy Mansion	Zhuzhou	124,930	17,998	106,379	553	March 2024	100.0%
Zhuzhou Eastern Midea City • Gongyuanli Project	Zhuzhou	200,580	15,691	85,809	99,080	October 2026	100.0%
Xiangtan Midea VIP Mansion	Xiangtan	250,927	13,996	109,743	127,188	April 2027	68.5%
Xiangtan Midea Lotus Front Mansion	Xiangtan	602,490	43,896	112,374	446,220	January 2029	100.0%
Xiangtan Midea Lotus Front Mansion East Group	Xiangtan	180,838	5,141	71,384	104,313	April 2027	100.0%
Changsha Midea Parasol Garden	Changsha	38,132	8,748	29,384		January 2023	100.0%
Changsha Liuyang Midea Phoenix Mountain	Changsha	12,346	12,346			May 2022	51.0%
Changsha Midea Lu Mansion	Changsha	63,082	22,703	40,379		May 2023	72.5%
Changsha Midea Real Estate Square	Changsha	107,334	34,910	48,915	23,509	May 2024	70.0%
Changsha Midea Yunyue	Changsha	223,620		213,089	10,531	May 2025	100.0%
Ningxiang Midea City	Changsha	96,719	22,260	74,459		May 2023	100.0%
Ningxiang Midea VIP Mansion	Changsha	380,957	60,940	68,416	251,601	November 2026	88.2%
Wuhan Midea Royal Orchid Byland	Wuhan	468,140	79,414	244,263	144,463	June 2029	100.0%
Wuhan Midea Cloud Villas	Wuhan	388,988		298,094	90,894	April 2030	100.0%
Ganzhou Midea Royal Orchid Byland	Ganzhou	207,248		207,248		October 2023	60.0%
Ganzhou Midea Aikang Grand Garden	Ganzhou	336,075	139,781	196,294		August 2024	51.0%
Hengyang Midea-Jinke Tanyue	Hengyang	221,778	62,795	158,983		April 2025	50.1%
Hengyang Midea Yunxi Mansion	Hengyang	79,545	12,905	66,640		September 2023	100.0%
Hengyang Midea Egret Bay	Hengyang	213,857	43,156	40,225	130,476	October 2028	70.0%
Yueyang Midea Parasol Garden	Yueyang	177,277	43,811	133,466		December 2023	80.0%
Yueyang Midea Platinum Joy Mansion	Yueyang	96,472	29,250	36,363	30,859	September 2024	100.0%
Chenzhou Midea Yunxi Mansion	Chenzhou	215,485	72,078	143,407		November 2023	60.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Chenzhou Midea-Renda Platinum Joy Mansion	Chenzhou	172,206	64,390	107,816		October 2023	51.0%
Changde Jinke-Midea Willow Leaf Peace Garden	Changde	166,599	2,826	163,773		September 2024	50.1%
Changde Jinke-Midea Willow Leaf Peace Garden Tangyue	Changde	65,325		65,325		April 2023	50.1%
Nanchang Southern Midea City	Nanchang	31,394	31,394			November 2020	65.0%
Nanchang Midea Riverside Mansion	Nanchang	76,543	76,543			December 2022	65.0%
Nanchang Jiaotou Properties Sunac Midea Qingshanyin	Nanchang	142,514		114,426	28,088	October 2028	34.0%
Shangrao Midea-Yango Millan Mansion	Shangrao	21,931	21,931			November 2020	50.0%
Shangrao Midea-Newpower Emperor Bay	Shangrao	30,194	30,194			September 2021	34.0%
Shangrao Midea-Country Garden Tianyue	Shangrao	55,104	55,104			October 2022	33.0%
Jiujiang Midea VIP Mansion	Jiujiang	53,410	53,410			December 2021	65.0%
Jiujiang Midea Platinum Joy Mansion	Jiujiang	16,809	16,809			January 2021	100.0%
Handan Midea City	Handan	65,457	65,457			June 2020	100.0%
Handan Midea Times City	Handan	57,885	57,885			December 2019	100.0%
Handan Eastern Midea City	Handan	89,934	5,728	84,206		August 2023	51.0%
Handan Midea Parasol Whisper	Handan	99,626	38,362		61,264	April 2029	55.0%
Handan Western Midea City	Handan	127,240	6,595	120,645		October 2023	100.0%
Handan Midea Real Estate Square	Handan	83,583	83,583			April 2022	100.0%
Handan Midea Cambridge Commandery	Handan	771,277		748,263	23,014	September 2025	49.0%
Handan Midea Riverside Mansion	Handan	10,901	10,901			January 2022	100.0%
Handan Country Garden-Midea Donglin Mansion	Handan	147,597	27,799	119,798		September 2023	45.0%
Handan Midea Kangde Mansion	Handan	78,101		78,101		January 2023	65.0%
Handan Midea Jinguan City	Handan	499,917		499,917		September 2024	75.0%
Handan Millennium Western City	Handan	122,129		122,129		October 2023	60.0%
Handan Midea-Bringspring Roland Pinnacle View	Handan	134,297		134,297		October 2023	51.0%
Handan Midea-Tien Zon Smart City	Handan	321,690		321,690		May 2024	51.0%
Handan Midea Grand Garden	Handan	177,292		176,355	937	July 2024	100.0%
Shenyang Midea City	Shenyang	37,845	26,639	11,206		May 2024	100.0%
Shenyang Midea Grand Joy Mansion	Shenyang	10,772	10,772			May 2021	100.0%
Shenyang Midea Grand Court	Shenyang	15,466	13,290	2,176		November 2023	100.0%
Shenyang Midea Han Court	Shenyang	44,732	42,283	2,449		September 2024	60.0%
Shenyang Midea East Court	Shenyang	22,820	20,060	2,760		May 2024	74.0%
Shenyang Midea Rundong Mansion	Shenyang	142,404		142,404		July 2023	100.0%
Shenyang Meiyue Mansion	Shenyang	276,695		268,950	7,745	September 2024	51.0%
Shenyang Xuefu Midea City	Shenyang	330,689		160,932	169,757	May 2028	85.0%
Xingtai Midea VIP Mansion South Court	Xingtai	83,053	18,732	64,321		March 2024	60.0%
Xingtai Midea VIP Mansion	Xingtai	16,285	16,285			March 2022	45.0%
Xingtai Midea Grand Garden	Xingtai	197,573		197,573		April 2025	100.0%
Xingtai Midea Times City	Xingtai	15,273	15,273			August 2022	100.0%
Xingtai Midea-Country Garden Guanlan No. One	Xingtai	122,428	23,536	72,978	25,914	April 2025	45.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Zhengzhou Midea Grand Joy Mansion	Zhengzhou	213,571		213,571		June 2023	100.0%
Zhengzhou Midea-Sundrun Smart City	Zhengzhou	365,306		154,277	211,029	December 2030	100.0%
Luoyang Midea-Haode Yunxi Mansion	Luoyang	210,618		210,618		January 2024	40.0%
Luoyang Midea Royal Orchid Landscape	Luoyang	151,779		96,714	55,065	February 2029	100.0%
Kaifeng Midea VIP Mansion	Kaifeng	100,238	25,051	75,187		May 2023	100.0%
Tianjin Midea Cloud Villas	Tianjin	150,252		150,252		March 2029	100.0%
Guiyang Midea Lincheng Times	Guiyang	78,858	78,858			December 2018	100.0%
Guiyang Wonderful Street	Guiyang	60,757		60,757		May 2023	100.0%
Guiyang Midea Yunxi Mansion	Guiyang	16,932	16,932			August 2019	100.0%
Guiyang Midea VIP Mansion	Guiyang	666,669	333,762	235,700	97,207	September 2026	100.0%
Guiyang Midea VIP Mansion Phase II and Phase III	Guiyang	296,593	7,426		289,167	February 2026	100.0%
Guiyang Midea Square	Guiyang	242,703	202,109	40,594		June 2027	90.0%
Guiyang Midea Huaxi Yard	Guiyang	51,528	51,528			June 2021	100.0%
Guiyang Midea Elegance of Jingyue	Guiyang	934,684		530,909	403,775	October 2026	100.0%
Zunyi Midea City	Zunyi	78,900	78,900			November 2019	100.0%
Zunyi Midea Grand Garden	Zunyi	42,236	42,236			November 2020	100.0%
Zunyi Midea Yunxi Mansion	Zunyi	67,836	67,836			June 2021	100.0%
Zunyi Midea Wanlu Mansion	Zunyi	259,650	14,613	245,037		March 2026	51.0%
Zunyi Yunxi Mansion Phase II — Midea Jiangshanyue	Zunyi	71,017	68,509	2,508		December 2023	70.0%
Zunyi Midea Riverside Mansion	Zunyi	332,352	21,028	116,757	194,567	May 2028	90.0%
Zunyi Jinke Guantianxia	Zunyi	147,385	1,014	82,032	64,339	September 2025	100.0%
Kunming Midea Shuncheng Mansion	Kunming	81,594	81,594			August 2022	100.0%
Kunming Midea Yunjing	Kunming	370,832		370,832		October 2023	100.0%
Kunming Midea Beijing Road No. 9	Kunming	511,512	84,904	314,984	111,624	April 2030	100.0%
Wuzhou Midea Central Square	Wuzhou	838,012	581	179,437	657,994	November 2028	55.9%
Nanning Midea Wisdom City	Nanning	26,771	26,771			March 2021	100.0%
Nanning Midea Riverside Mansion	Nanning	69,561		69,561		December 2023	100.0%
Nanning Midea·Tianyue	Nanning	254,343		95,843	158,500	April 2026	100.0%
Chongqing Midea-Rongan Grand Garden	Chongqing	28,650	28,650			December 2020	50.0%
Chongqing Jinke-Seazen-Midea Daishan Road No. 8	Chongqing	164,280	50,174	114,106		May 2024	35.0%
Chongqing Midea Yunxi Commandery	Chongqing	94,513	94,513			August 2022	100.0%
Leshan Midea Junyu Mansion	Leshan	157,696	13,495	144,201		May 2023	100.0%
Chengdu Midea-Seazen Grand Garden	Chengdu	40,692	40,692			April 2022	70.0%
Chengdu Pengzhou Midea-Country Garden Guanlan Mansion	Chengdu	36,550	34,353	2,197		November 2023	78.0%
Chengdu Midea Dongyue Jiuyuan	Chengdu	253,648		194,492	59,156	October 2024	100.0%
Meishan Midea Cloudbay Commandery	Meishan	46,859	8,336	38,523		March 2023	100.0%
Meishan Midea Jinhui Commandery	Meishan	16,887	16,887			November 2022	50.0%
Other 43 projects	—	157,819	157,819			—	—

Properties held by joint ventures/associates*

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Foshan Country Garden-Midea Future City	Foshan	136,416	29,046	243,785		November 2027	50.0%
Foshan Sanshui Midea-CIFI-Agile Changle Mansion	Foshan	48,371	20,554	121,715		May 2023	34.0%
Foshan Poly Yue Mansion	Foshan	10,232	40,929			November 2021	25.0%
Foshan Midea Junhan Grand View	Foshan	21,523	39,133			October 2021	55.0%
Foshan Gaoming Midea-Helenbergh Cloud Bay	Foshan	55,817	42,913	71,000		November 2023	49.0%
Foshan Shunde Greentown-Midea Willow Commandery	Foshan	116,131	70,555	135,959	91,259	January 2026	39.0%
Foshan Gaoming Helenbergh-Midea Jiuyue Mansion	Foshan	87,181		143,924	33,996	November 2024	49.0%
Foshan Nanhai Dongyue Bay	Foshan	129,598		201,960	57,756	September 2024	49.9%
Foshan Midea-Excellence-Good Time	Foshan	161,207		136,275	104,333	March 2026	67.0%
Jiangmen Agile-Midea Royal Palace	Jiangmen	45,593	62,747	30,300		April 2023	49.0%
Jiangmen Midea-K.Wah Crape Myrtle Residence	Jiangmen	54,957	78,510			December 2022	70.0%
Jiangmen Midea-Sino-Ocean Yunzhu	Jiangmen	77,463	31,420	75,685	50,983	March 2025	49.0%
Jiangmen Midea Begonia Residence	Jiangmen	34,486	62,702			November 2022	55.0%
Maoming Jinke-Midea Jimei Mix	Maoming	136,760	100,965	67,939	104,615	July 2026	50.0%
Zhuhai North Station Powerlong City	Zhuhai	39,434		78,868		January 2024	50.0%
Zhuhai Midea Powerlong City	Zhuhai	78,990		94,701	63,279	December 2025	50.0%
Guangzhou Boyue Mingzhu ONE	Guangzhou	45,485		115,044	67,811	December 2025	24.9%
Dongguan Yuexiu-Midea Joy Bay Garden	Dongguan	96,671		145,059	52,229	July 2025	49.0%
Huizhou Midea-Logan Acescene Park	Huizhou	56,013		87,454	26,859	April 2028	49.0%
Xuzhou Midea-Poly-Country Garden-Zhenro Parasol Residence	Xuzhou	16,779		45,787	21,329	October 2024	25.0%
Xuzhou Midea-Gongrun Yunlan Paradise	Xuzhou	148,168		261,536	34,799	October 2028	50.0%
Xuzhou Midea-Agile-Dexin River Orchid Palace	Xuzhou	31,073		131,386		August 2023	23.7%
Xuzhou Hezhu Hushan	Xuzhou	65,170		197,486		April 2025	33.0%
Xuzhou Cuiping Fenghua	Xuzhou	35,851		108,639		August 2024	33.0%
Xuzhou Kunlun Yipin	Xuzhou	61,913		187,614		May 2024	33.0%
Wuxi Uptown No. One	Wuxi	136,309		272,618		November 2023	50.0%
Wuxi River West Cloud Realm	Wuxi	47,132	120,852			October 2022	39.0%
Wuxi Yunkai Dongfang Project	Wuxi	104,021		78,693	89,082	August 2025	62.0%
Wuxi Midea Yunjing	Wuxi	102,803		115,607	85,968	March 2029	51.0%
Wuxi Yunshang Siji	Wuxi	80,369		86,359	77,660	June 2029	49.0%
Wuxi Guiyu Yunjian Project	Wuxi	30,858		75,255		December 2023	41.0%
Wuxi Shanshui Shijian	Wuxi	29,234		97,447		November 2023	30.0%
Changzhou Roadking-Midea Forest No. One	Changzhou	70,898	55,056	89,633		May 2024	49.0%
Fuyang Midea Grand Garden	Fuyang	86,466	119,022	38,188		May 2025	55.0%
Fuyang Ganglong-Midea Cloud Villas	Fuyang	184,744		369,746	190,085	December 2028	33.0%
Hefei C&D-Midea Junhe Mansion	Hefei	92,567		231,417		March 2025	40.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Hefei Emerald Cloud Villas	Hefei	51,185		155,107		April 2024	33.0%
Nanjing Shanyu Jingfu	Nanjing	16,423	54,743			December 2021	30.0%
Nanjing Midea-Jinmao Greenfields	Nanjing	50,276	39,932	60,619		August 2023	50.0%
Nanjing Huafa-Midea Cloud Villas	Nanjing	48,946		99,889		July 2024	49.0%
Suzhou Yuehu Mountain Harmony Villa	Suzhou	32,207	97,598			December 2022	33.0%
Suzhou Uptown Times	Suzhou	120,833		241,666		March 2024	50.0%
Shanghai Garden City	Shanghai	72,023		261,902		April 2024	27.5%
Nantong Chongzhou Yunxi	Nantong	68,511		171,277		May 2025	40.0%
Zhenjiang Elegance of Seasons Phase I	Zhenjiang	10,505	19,730	11,167		May 2024	34.0%
Zhenjiang Elegance of Seasons Phase II	Zhenjiang	12,861		37,826		May 2024	34.0%
Yangzhou Cloud Villas	Yangzhou	43,496		131,805		November 2023	33.0%
Wenzhou Midea-CIFI City	Wenzhou	287,976	256,134	319,817		November 2023	50.0%
Wenzhou C&D-Midea-Redsun Royal Orchid Hezhu	Wenzhou	39,008		118,206		November 2023	33.0%
Shaoxing Shimao-Midea Cloud Villas	Shaoxing	152,131		310,472		August 2023	49.0%
Shaoxing Midea-Vanke Royal Orchid Fairview	Shaoxing	97,691		191,551		June 2025	51.0%
Fuzhou Greentown Midea Guiyu Yingyue	Fuzhou	83,484		166,967		May 2023	50.0%
Fuzhou Midea-Lanyuan Yunxi Community	Fuzhou	38,786		76,051		January 2028	51.0%
Fuzhou Midea-C&D Royal Orchid Heming	Fuzhou	56,117		110,033		October 2023	51.0%
Fuzhou Midea-Xiangyu Grand Garden	Fuzhou	26,437		51,837		October 2023	51.0%
Jinhua Midea-Longfor Royal Orchid Tianxi	Jinhua	177,843		103,020	151,042	September 2024	70.0%
Hangzhou New Hope-Midea Changlin Mansion	Hangzhou	18,038	36,076			November 2022	50.0%
Quanzhou Zhongnan-Midea Heyue	Quanzhou	81,080	202,701			November 2022	40.0%
Ningbo Midea-Poly Royal Orchid Fairview Garden	Ningbo	76,654		153,308		June 2023	50.0%
Nanchang Midea-Newpower Grand Garden	Nanchang	119,003	39,493	158,846		September 2025	60.0%
Nanchang Midea Flowerbay City	Nanchang	26,244	50,183	41,708		October 2028	28.6%
Nanchang Poly-Midea Cloud Villas	Nanchang	39,177	72,296	7,658		June 2023	49.0%
Nanchang Zhenro-Jinmao-Midea Cloud Realm	Nanchang	57,867	71,009	104,345		November 2023	33.0%
Nanchang Lianfa-Midea Yunxi Community	Nanchang	74,755	107,780	44,781		May 2023	49.0%
Nanchang Lianfa-Midea Yuexi Mansion	Nanchang	72,271			144,542	November 2028	50.0%
Nanchang Lianfa-Midea Yuexi Community	Nanchang	76,251		80,983	74,632	October 2026	49.0%

Property Development (Continued)

Project Name	City	Area of Land Reserve (Square metres)	Completed Saleable and Rentable GFA (Square metres)	GFA under Development (Square metres)	Planned GFA to be Developed in the Future (Square metres)	(Estimated) Date of Completion	Company's Attributable Interest
Ningxiang Country Garden-Midea Yard	Changsha	102,717	135,585	69,849		August 2024	50.0%
Ningxiang Midea Yard	Changsha	15,955	32,561			November 2022	49.0%
Changsha Greentown Midea Mingyue Jiangnan	Changsha	109,088		218,176		November 2023	50.0%
Changde Midea-Country Garden Willow Leaves Mansion	Changde	10,278	20,555			May 2021	50.0%
Changde Midea-Zhongliang Yuhu Byland	Changde	182,304		154,727	209,881	May 2027	50.0%
Ganzhou Midea High-way Royal Orchid Mansion	Ganzhou	133,930		136,918	125,690	November 2026	51.0%
Zhuzhou Midea Paramount Mansion	Zhuzhou	45,575	23,133	59,731		March 2024	55.0%
Handan Midea-Poly Millennium City	Handan	161,713	39,086	235,004		December 2023	59.0%
Handan Midea Roland Jade	Handan	164,344	28,183	224,654		October 2023	65.0%
Tianjin Midea-CIFI Grand Joy Mansion	Tianjin	125,536	46,158	210,038		June 2024	49.0%
Shenyang Midea Royal Orchid Landscape	Shenyang	107,962	65,407	61,891	68,996	June 2027	55.0%
Chongqing Liyue Landscape	Chongqing	11,252	39,751	16,508		January 2023	20.0%
Chongqing Midea Wanlu Mansion	Chongqing	62,101	17,209	60,417		March 2023	80.0%
Chongqing Jinke-Midea Yuanshang	Chongqing	73,159	10,847	135,470		October 2023	50.0%
Chongqing Midea-China SCE Yunjing	Chongqing	187,916	34,266	95,363	246,202	August 2026	50.0%
Chengdu Vanke Gaoxian Park	Chengdu	166,740		300,322	215,263	June 2026	32.3%
Chengdu Ganglong-Midea Weilaiying Garden	Chengdu	64,621		143,602		April 2023	45.0%
Nanning Midea-New Hope Lakeside Cloud Villas	Nanning	106,525		131,747	81,302	October 2025	50.0%
Other 15 projects	-	80,345	204,984	39,888		-	-

* The land reserves total GFA of the properties held by our joint ventures/associates has been discounted in proportion to ownership percentage.

PROPERTY MANAGEMENT SERVICES



In 2022, the property management service business developed at a steady and fast pace. As at 31 December 2022, Midea Real Estate Services has expanded our layouts to over 70 cities with more than 380 contracted projects, achieving a contracted GFA of 90.58 million sq.m.. Areas to be contracted in the future continued to increase, which will increase the certainty of business growth.

Continue to improve services and achieve quality growth

We are committed to improving our services and customer satisfaction. During the Reporting Period, underpinning our four service systems of “royalty, enjoyment, joy and pleasure” (尊享愉悦), Midea Real Estate Services focused on the diversified services for customers throughout the whole life cycle, and built a low-carbon, digital, humanistic, healthy and safe community. In 2022, Midea Real Estate Services launched a community quality improvement event with the IP of “Midea Revitalisation Action” (美焕行动) to renovate and intelligently transform the delivered communities, covering more than 130 communities under our management, benefiting more than 400,000 property owners, and achieving a good score of 92 in terms of property owners’ perceived satisfaction.

We have established an expert committee to build a capable, professional and efficient talent supply chain, delivering a service and product supply system integrating Midea Real Estate Services academies, customer research center and service expert committee, forming a full-business chain service think tank, and continuously improving the service system. At the same time, Midea Real Estate Services successfully passed the certification audits of ISO14001 environmental management system, ISO50001 energy management system, ISO/IEC27001 information security management system, ISO9001 quality management system, and the supervisory audits of ISO45001 occupational health and safety management system, with management and service capabilities reaching the top level among the industry peers.

We continuously improve our service quality and corporate management through the development and application of technology. During the Reporting Period, Midea Real Estate Services focused on the construction of digital systems for smart property management such as master data, financial sharing system, project operation dashboard and smart living ERP, and continued to enhance the level of digitalization of the entire business.

Cultivate professional development capabilities and accelerate layouts

Through continuous cultivation of professional development capabilities, Midea Real Estate Services has achieved satisfying results in non-residential property management areas such as industrial parks, campus and schools, offices and hospitals. During the Reporting Period, we had 17 new industrial park projects and 10 new campus projects. With our high-quality service capabilities and extensive management experience, Midea Real Estate Services was well-recognized by the industry and the market, and was awarded the “Top 10 by Property Management Services Quality for Industrial Parks in 2022” (2022園區物業服務力Top10). The KUKA industrial automation plant in Kunshan under management was awarded the “Service Quality Benchmark Project in 2022” (2022年度服務力標杆項目), the East China Normal University Affiliated Shunde Midea School was awarded the “China Property Management Excellent Benchmark Project in 2022” (2022中國物業管理卓越標杆項目), and Royal Orchid Harmony Club was awarded the “China Golden Key Excellent Service Team in 2022” (2022金鑰匙年度中國優秀服務團隊).

Midea Real Estate Services actively cooperated with leading enterprises in various industries to improve business management capabilities and gained footholds in key fields. In 2022, Midea Real Estate Services successively established strategic partnerships with Savills, Ming De Group, Kinglory Group, Shunrong Company, etc. In the future, we will gradually deepen our spatial operation capabilities and form a service ecosystem network.

Our smart property and quality services have been widely recognized. Midea Real Estate Services was awarded the “Top 23 Chinese Property Management Service Companies of 2022 by Comprehensive Strength” (2022中國物業服務企業綜合實力Top23), the “China Top 100 Property Management Services Enterprises by Brand Value in 2022” (2022中國物業服務企業品牌價值100強) and the “Chinese Property Management Services Enterprises with Featured Brand in 2022” (2022中國物業服務品牌特色企業) jointly by China Property Management Research Institution and CRIC-PM. Midea Real Estate Services was also included in the list of “Top 20 among Top 100 Property Service Companies in 2022” (2022物業服務力百強Top20) jointly selected by the CRIC-PM and Shanghai E-house Real Estate Research Institute.

INVESTMENT AND OPERATION OF COMMERCIAL PROPERTIES

As at 31 December 2022, the Group had a total of 17 commercial property projects, including 13 projects in operation, namely Foshan Midea Wonderful Square, Foshan Midea Wonderful Street, Guiyang Midea Wonderful Square, Guiyang Midea Wonderful Street, Foshan Nanhai Jiufeng Wonderful Apartment, Zhenjiang Midea Wonderful Square, Handan Midea Wonderful Square, Xuzhou Midea Square, Xuzhou Midea Wonderful Street, Zhuzhou Midea Times Square, Foshan Wonderful Apartment, Foshan Midea Real Estate Headquarters and Midea Egret Lake Forest Resort.

Currently, the three “Wonderful” commercial product lines of the Group have materialised. In the future, the Group will continue to deeply unlock diversified businesses such as apartments and hotels, and explore new ideas for high-quality development in multiple dimensions and channels. It is expected that Foshan Midea Wonderful Future City, Wuhan Midea Wonderful Square, Foshan Nanhai Midea Real Estate Square Wonderful Apartment and Changsha Wonderful Apartment will be opened successively from 2023 to 2024.

With forward-looking planning, strong investment attraction ability and innovative operating capabilities, we position ourselves as a designer and creator for urban development and design vigorous and smart commercial properties for cities to meet the commercial needs of various cities and customer groups. Guiyang Midea Wonderful Times won the “Highly Anticipated Experience Trend Project Award”; Guiyang Midea Wonderful Square was included in the “List of Excellent Planning and Design Cases” and received the title of “New Urban Commercial Landmark”; and Handan Midea Wonderful Square won the “Industry Potential Star Award”.

REAL ESTATE TECHNOLOGIES

Remac Smart Technology

In 2022, relying on its established smart home and smart community business, Guangdong Remac Smart Technology Co., Ltd. and its subsidiaries (“**Remac Smart**”) rapidly expanded its multiple businesses, and at the same time built a service platform to further improve the full-chain service capabilities from consulting, design, delivery to after-sales and operation and maintenance.

As at 31 December 2022, Remac Smart had over 500 employees, including two R & D centers in Shenzhen and Foshan and five regional companies. It has more than 100 after-sales installation outlets nationwide, and more than 3,200 professional service personnel. Its business covered 65 core cities across the country, serving more than 300 customers cumulatively, covering government agencies, TOP 30 real estate enterprises, leading enterprises in various industries, etc.

In 2022, Remac Smart delivered a total of 198 smart communities and 64,000 smart homes, bringing smart space experience to more than 160,000 households in over 500 community projects cumulatively.

In addition, Remac Smart has gained access to over 300 partner brands, covering more than 670,000 users and more than 1.2 million devices. In terms of R & D achievements, Remac Smart has applied for a total of 190 patents and 113 software copyrights, and successfully passed the intellectual property management system certification and CMMI Maturity Level 5 certification. It was rated as an intellectual property demonstration enterprise in Guangdong Province in 2022, and its products won the Excellence Award (鼎智獎), and were selected as the “Smart Home Innovations in 2022” (2022年度智能家居創新產品).

In terms of family, the intelligent interaction concept of Remac Smart integrates human, devices and space, and proposes the integrated solution of “five housekeeping devices + seven smart spaces”. The five housekeeping devices include security devices, air devices, water devices, network devices and low-carbon devices. Relying on the full-stack technology system such as the smart space operating system and Remac Cloud (睿住雲), it can steadily control the whole house system and help users realize whole-house intelligence.

Remac Smart successfully launched an intelligent full-set installment brand “Remac Smart Selection” (睿住智選), which was the integration of the real estate and manufacturing elements based on the real experience of 160,000 users, and was awarded as the “New Species of Smart Space of 2022” (2022年度智慧空間新物種). From the establishment of product library to the implementation of solutions, it will empower the quality of the spatial products of Remac Smart and bring brand-new life experience to users.

In terms of community, Remac Smart upheld the principle of sustainable development during the process of design, and applied new information technologies such as the Internet of Things, cloud computing and big data in combination with the intelligent interaction of space, devices and human as the fundamental services to empower the community life intelligently. Remac Smart arranged smart management (one ID pass on code, facial recognition and card), parking space management, low-carbon energy conservation and emission reduction, goods delivery with robots, efficiency improvement work order for communities, online operation and maintenance for EBA intelligent equipment, photovoltaic solar lamps, new energy supercharger services, security system, etc., so as to continuously bring new technology life to property owners and improve their living quality.

Real Estate Technologies (Continued)

Remac Building Technology

In 2022, in combination with the advantages of ecological industrial chain, and the industrialization upgrade of green and low-carbon buildings, Remac Building Technology established an industrial chain system for the coordinated development of Remac TY (design technology segment) and Remac Industrialisation (green assembly segment). From the front-end of design, the middle-end of manufacturing, to the back-end of service, it was generally connected to create an integrated service model of “digital design + prefabricated industry integration” and layout the business scenarios of the entire value chain of building technology.

Design Technology Industry

In 2022, Remac TY signed 306 contracts, with a business growth rate of 67% for third-party customers. It was awarded as a demonstration enterprise of carbon neutrality commitment, and has won nearly 100 honorary awards.

Remac TY innovated green and low-carbon technologies, carried out the integrated design of “prefabricated construction + BIM + intelligence”, and completed digital design business of over 61.50 million square meters, realizing the implementation of various business scenarios such as carbon emission reduction, zero-carbon smart city and future community. In addition, the digital design was also awarded the first prize in the technology transformation category of the Science and Technology Award of China Building Materials Circulation Association.

Remac TY expanded the digital design business of meta-space, and was selected into the industry application sector of the “meta-space innovation exploration array” (元宇宙創新探索方陣) and the “Market Map of the Metaverse in 2022” (2022元宇宙產業圖譜) and was awarded the excellent platform for the innovation and development of meta-space in China.

In the future, Remac TY will actively participate in the upgrading of industry standards, create a high-quality development model for building technology, contribute to achieving the “dual-carbon” goals, and promote the implementation of the “2030 sustainable development agenda”.

Green Assembly Industry

Remac Industrialisation continued to explore and upgrade the industrial model, deeply cultivate the market in the Greater Bay Area, deployed the production bases in Foshan, Huizhou and Jiangmen, and build the “Hengqin Center” as a gateway for the strategic business development in Hong Kong and Macau. In 2022, Remac Industrialisation adhered to value marketing, developed stable and sustainable high-quality customers, and achieved an overall contracted amount of RMB678 million for the year, and cash collection from projects of RMB467 million, representing a year-on-year increase of 82%

At the same time, Remac Industrialisation continued to actively research and develop low-carbon new materials and space products to promote product upgrading. Remac Industrialisation entered into strategic agreements with CIMC-MBS in the fields of modular integrated construction (MiC) products, and completed the production and delivery of the first batch of MiC samples. At present, Remac Industrialisation has completed the Hong Kong QSPSC certification and the ISO9001, 14001 and 45001 system certifications, officially obtained the qualification for supplying to the Hong Kong market, and successfully participated in the supply of prefabricated products for transitional housing projects in Hong Kong at the end of 2022.

In addition, Remac Industrialisation plans to build experimental production lines for prefabricated interior parts and components, and establish the core R&D and batch delivery capabilities of medium-to-high-end unit bathroom, integrated kitchen and prefabricated wall panels to provide stronger support for the expansion in the Greater Bay Area, Hong Kong, Macau and global markets.

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

Executive Directors

Mr. Hao Hengle (郝恒樂) (alias, He Hengle (赫恒樂)), aged 53, has been a Director since 29 November 2017. Mr. Hao was re-designated as the Chairman and an executive Director and appointed as president of the Company on 15 May 2018. He is also the chairman of the Nomination Committee and a member of the Remuneration Committee. Mr. Hao presides over the Board and is primarily responsible for the overall business direction and day-to-day business and management of the Group. Mr. Hao has extensive experience in the PRC real estate industry. Since joining the Group in May 2004, Mr. Hao has served as a director and also the president of Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, since January 2006. Mr. Hao has also assumed multiple directorships in other subsidiaries of the Company, including, among others, Guangdong Bomei Property Services Co., Ltd. (廣東鉅美物業服務股份有限公司), formerly known as Guangdong Midea Property Management Co., Ltd. (廣東美的物業管理股份有限公司), a company delisted from the National Equities Exchange and Quotations System since 11 January 2021, and Midea Construction (Hong Kong) Limited (美的建業(香港)有限公司).

Mr. Hao had also served various management positions from July 1998 to December 2005 in Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333), a connected person of the Company, the shares of which have been listed since 2013, including the chief legal officer and the chief supervisor of the legal management and audit department where he was primarily responsible for the management of legal affairs. Mr. Hao graduated from Shanghai University of Finance and Economics (上海財經大學) in the PRC with a bachelor's degree of Law in Economic Legal Studies. He also graduated from China Europe International Business School (中歐國際工商學院) in the PRC with an executive master's degree in Business Administration. He has been admitted to practice law in the PRC since April 1995.

Mr. Wang Quanhui (王全輝), aged 49, has been appointed as an executive Director and vice president of the Company since 4 June 2021. Mr. Wang is primarily responsible for the businesses of the product management, marketing and operations, and cost control, tendering and procurement of the Group. Since joining the Group in June 2001, Mr. Wang has served various positions in Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, including: (i) director; (ii) general manager of the city company; (iii) general manager of the North China regional company; and (iv) vice president and general manager of the Central regional company.

Mr. Wang graduated from Shijiazhuang School of Economics (石家莊經濟學院) (currently known as Hebei GEO University (河北地質大學)) in the PRC in July 1997 in accounting and obtained a master's degree in Business Administration from Northwest University (西北大學) in the PRC in June 2014. Mr. Wang has been an intermediate accountant accredited by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) since September 2003.

Directors and Senior Management (Continued)

Mr. Lin Ge (林戈), aged 50, has been an executive Director and chief financial officer of the Company since 15 May 2018, and was also appointed as a joint company secretary of the Company on 11 February 2022. Mr. Lin is primarily responsible for the overall management of the financial and treasury affairs, securities business and investor relations of the Group. Since joining the Group in November 2014, Mr. Lin has served various positions in Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, including: (i) deputy director in charge of finance matters; (ii) general manager of risk management centre; (iii) general manager of finance and capital centre; and (iv) since July 2018, chief financial officer. Mr. Lin has also assumed multiple directorships in other subsidiaries of the Company, including, among others, Guangdong Bomei Property Services Co., Ltd. (廣東鉅美物業服務股份有限公司), formerly known as Guangdong Midea Property Management Co., Ltd. (廣東美的物業管理股份有限公司), a company delisted from the National Equities Exchange and Quotations System since 11 January 2021, and Midea Construction (Hong Kong) Limited (美的建業(香港)有限公司).

Mr. Lin had also served various positions from January 2001 to February 2014 in Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333), a connected person of the Company, the shares of which have been listed since 2013, including as an accounting manager of the finance management centre, a senior manager of the tax affairs management centre, an assistant to the director of the tax affairs management centre, the deputy director of the finance management department and the director in charge of tax affairs of the finance management department. Mr. Lin graduated from Jinan University (暨南大學) in the PRC with a professional certificate in Accounting.

Mr. Zhang Ziliang (張子良), aged 41, has been appointed as an executive Director since 25 March 2022. Mr. Zhang is currently the general manager of the Zhejiang-Fujian regional company of the Group and is primarily responsible for the property development and operation in the Zhejiang-Fujian region. Since joining the Group in September 2009, Mr. Zhang has served various positions in Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, including: (i) general manager of human resources centre; (ii) general manager of audit and supervision centre; (iii) general manager of the Fujian regional company; and (iv) general manager of the Jiangxi and Fujian regional company. Mr. Zhang has also assumed multiple directorships in other subsidiaries of the Company, including, among others, Ningbo Meishan Midea Real Estate Development Co., Ltd. (寧波市梅山美的房地產發展有限公司), Hangzhou Midea Real Estate Development Co., Ltd. (杭州美的房地產發展有限公司) and Quanzhou Midea Real Estate Development Co., Ltd. (泉州市美的房地產開發有限公司).

From March 2006 to August 2009, Mr. Zhang worked at the human resources centre of a subsidiary of Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333), a connected person of the Company, the shares of which have been listed since 2013. Mr. Zhang graduated from South China Agricultural University (華南農業大學) in the PRC in 2004 with a bachelor's degree of Management. Mr. Zhang was a deputy to the Foshan Municipal People's Congress and a member of Jiusan Society for the Grassroots Committee of Shunde District, Foshan City (九三學社佛山市順德區基層委員會).

Non-executive Directors

Mr. He Jianfeng (何劍鋒), aged 55, has been appointed as a non-executive Director since 15 May 2018. He is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group.

Mr. He Jianfeng is the chairman and president of Infore Group Co., Ltd. (盈峰集團有限公司), formerly known as Infore Holding Group Co., Ltd. (盈峰控股集團有限公司), and has held multiple directorships and/or senior management position(s) in other companies which are connected persons of the Company, including Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333) and Midea Holding Co., Ltd. (美的控股有限公司). Mr. He Jianfeng graduated from South China University of Technology (華南理工大學) in the PRC with a degree in Industrial Management Engineering. He completed the president programme and the CEO business study programme at Tsinghua University (清華大學) in the PRC, and the CEO programme at Cheung Kong Graduate School of Business (長江商學院) in the PRC. He has also served as the chairman of He Foundation (廣東省的慈善基金會) and the curator of the He Art Museum (和美術館). Mr. He Jianfeng is the spouse of Ms. Lu Deyan and the son of Mr. He Xiangjian, the controlling shareholders of the Company.

Mr. Zhao Jun (趙軍), aged 47, has been a Director since 29 November 2017 and was re-designated as a non-executive Director on 15 May 2018. He is also a member of each of the Audit Committee and Remuneration Committee. Mr. Zhao is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group. Since joining the Group in November 2012, Mr. Zhao has been the vice chairman of Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, and also assumed multiple directorships in other subsidiaries of the Company, including Midea Construction (Hong Kong) Limited (美的建業(香港)有限公司).

Mr. Zhao is the executive president of Midea Holding Co., Ltd. (美的控股有限公司), a connected person of the Company. He has also served as the supervisor of Midea Group Co., Ltd. (美的集團股份有限公司) (Shenzhen Stock Exchange: 000333), a connected person of the Company, and a director of Guangzhou SiE Consulting Co., Ltd. (廣州賽意信息科技股份有限公司) (Shenzhen Stock Exchange: 300687). Mr. Zhao graduated from Northeastern University at Qinhuangdao (東北大學秦皇島分校) in the PRC with a bachelor's degree of Economics in Accounting Studies. He graduated from The Chinese University of Hong Kong with a master's degree in Accounting, and from China Europe International Business School (中歐國際工商學院) in the PRC with a master's degree in Business Administration. Mr. Zhao is a certified public accountant conferred by the Treasury Certified Public Accountants Examination Committee (財政部註冊會計師考試委員會).

Directors and Senior Management (Continued)

Independent Non-executive Directors

Mr. Tan Jinsong (譚勁松), aged 58, has been appointed as an independent non-executive Director on 15 May 2018 with effect from 11 October 2018. He is also the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee. He is primarily responsible for providing independent advice on the operations and management of the Group.

Mr. Tan has served as a professor of the School of Management of Sun Yat-sen University (中山大學) in the PRC, and has extensive experience serving in a number of listed companies, including an independent director of COSCO Shipping Specialised Carriers Co., Ltd. (中遠海運特種運輸股份有限公司) (Shanghai Stock Exchange: 600428) since December 2018 and an independent non-executive director of Guangzhou Rural Commercial Bank Co., Ltd. (廣州農村商業銀行股份有限公司) (Stock Exchange: 1551) since March 2021. Mr. Tan was an independent director of Guangzhou Hengyun Enterprises Holding Ltd. (廣州恆運企業集團股份有限公司) (Shenzhen Stock Exchange: 000531) from May 2014 to January 2021, an independent non-executive director of China Southern Airlines Company Limited (中國南方航空股份有限公司) (Stock Exchange: 1055) from December 2013 to April 2021, an independent director of Zhuhai Huafa Properties Co., Ltd. (珠海華發實業股份有限公司) (Shanghai Stock Exchange: 600325) from September 2015 to May 2021 and an independent director of Shanghai RAAS Blood Products Co., Ltd. (上海萊士血液製品股份有限公司) (Shenzhen Stock Exchange: 002252) from April 2016 to June 2022. Mr. Tan graduated from Hunan University of Finance and Economics (湖南財經學院) in the PRC with a bachelor's degree of Economics in Accounting Studies. He further obtained a master's degree of Economics and a doctoral degree of Management in Accounting Studies from Renmin University of China (中國人民大學) in the PRC. He is a non-practising senior member of the Chinese Institute of Certified Public Accountants.

Mr. O'Yang Wiley (歐陽偉立), aged 60, has been appointed as an independent non-executive Director on 15 May 2018 with effect from 11 October 2018. He is also the chairman of the Remuneration Committee and a member of the Audit Committee. He is primarily responsible for providing independent advice on the operation and management of the Group. He has extensive experience in the accounting, finance and legal fields.

Mr. O'Yang is a managing director of Shanggu Securities Limited, a licenced corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities. Prior to joining Shanggu Securities Limited, Mr. O'Yang worked for various investment banks, including CMBC International Holdings Limited, a wholly-owned subsidiary of China Minsheng Banking Corporation Limited, Kim Eng Securities (Hong Kong) Limited, a wholly-owned subsidiary of Malayan Banking Berhad, UBS AG, Hong Kong Branch, J.P. Morgan Securities (Asia Pacific) Limited and BNP Paribas Capital (Asia Pacific) Limited and held the positions of managing director and executive director. Prior to those, he was a partner of Richards Butler (currently known as Reed Smith Richards Butler), an international law firm. Mr. O'Yang also served as independent non-executive directors of Hong Kong Economic Times Holdings Limited (Stock Exchange: 423), D&G Technology Holding Company Limited (Stock Exchange: 1301), AB Builders Group Limited (Stock Exchange: 1615) and Edvantage Group Holdings Limited (Stock Exchange: 382), all companies are listed on The Stock Exchange of Hong Kong Limited, since October 2012, May 2019, June 2019 and February 2022 respectively. In addition, Mr. O'Yang was an independent non-executive director of Tianyun International Holdings Limited (Stock Exchange: 6836) from November 2019 to May 2022. Mr. O'Yang graduated from The Chinese University of Hong Kong with a bachelor's degree in Social Science and a master's degree in Business Administration. He is also a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Law Society of Hong Kong.

Mr. Lu Qi (陸琦), aged 66, has been appointed as an independent non-executive Director on 15 May 2018 with effect from 11 October 2018. He is also a member of each of the Remuneration Committee and Nomination Committee. He is primarily responsible for providing independent advice on the operations and management of the Group.

Mr. Lu has served as a professor and dean at the School of Architecture of Guangzhou City University of Technology (廣州城市理工學院) (formerly known as Guangzhou College of South China University of Technology (華南理工大學廣州學院)) in the PRC. Prior to that, he was a professor at the School of Architecture of South China University of Technology (華南理工大學) and worked at the Architectural Design and Research Institute of Guangdong Province (廣東省建築設計研究院) and served as the deputy chief architect. From April 2015 to January 2019, Mr. Lu served as an independent director in Huayuan Landscape Architecture Co., Ltd. (廣州華苑園林股份有限公司), a company that focuses on providing engineering and construction services, where he was primarily responsible for providing independent landscape advice on the operations and management of the company. Mr. Lu graduated from the School of Architectural and Engineering of Chongqing Jianzhu University (重慶建築工程學院) (currently known as the Faculty of Architecture and Urban Planning of Chongqing University (重慶大學建築城規學院)) in the PRC with a bachelor's degree of Engineering in Architectural Studies. He further obtained a doctoral degree of Engineering in Architectural History and Theories from South China University of Technology (華南理工大學) in the PRC. Mr. Lu is a Guangdong provincial senior architect (professor grade) conferred by Guangdong Province Personnel Department (廣東省人事廳). He has also served as a standing director of the National Architecture Institute of China (中國民族建築研究會) and a principal member of the Dwelling Construction Scholarship Committee (民居建築學術委員會) of the Architectural Society of China (中國建築學會).

Please refer to pages 68 to 69 of the Directors' Report for details of Directors' interest in the shares of the Company as disclosed under the section headed "Disclosure of Interests".

Senior Management

Mr. Zhou Bo (周波), aged 38, is currently the financial controller of the Group's financial management center and is mainly responsible for the financial management affairs of the Group. Since joining the Group in November 2007, Mr. Zhou has served various positions in Midea Real Estate Group Limited (美的置業集團有限公司), the principal subsidiary of the Company, including: (i) manager of financial management; (ii) senior manager of financial management; (iii) deputy director of finance; and (iv) assistant general manager and director of financial and treasury department in Pearl River Delta regional company. Mr. Zhou has also served as a supervisor in other subsidiaries of the Company, including, among others, Foshan Midea Real Estate Development Co., Ltd (佛山市美的房地產發展有限公司), Nanjing Midea Property Development Co., Ltd. (南京美的房地產發展有限公司) and Ningbo Meishan Midea Real Estate Development Co., Ltd. (寧波市梅山美的房地產發展有限公司).

Mr. Zhou graduated from Chongqing University (重慶大學) in the PRC with a bachelor's degree of Financial Management in June 2006, and further obtained a master's degree in Engineering Management in June 2018. In addition, Mr. Zhou has been an intermediate accountant accredited by the Department of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) since August 2011.

CORPORATE GOVERNANCE REPORT

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time (the “**Listing Rules**”) as its corporate governance policies and practices.

The Company is committed to achieving a high standard of corporate governance so as to enhance the transparency and accountability to the shareholders of the Company. The Board believes that good corporate governance will contribute to maximising the corporate value of the Company to its shareholders. The Board will continue to review and monitor the procedures in place with reference to Appendix 14 to the Listing Rules so as to maintain a high standard of corporate governance of the Company.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct of the Company for Directors’ securities transactions. Having made specific enquiry of the Directors, all the Directors confirmed that they had complied with the Model Code during the year ended 31 December 2022.

The Board

The Board is responsible for laying down the Group’s future development direction, overall strategies and policies, evaluation of the Group’s performance and approval of matters that are of material and substantial in nature. The day-to-day management, administration and operations of the Group are delegated by the Board to the senior management of the Company, who is responsible for implementing the strategies and policies as determined by the Board, and overseeing different businesses and functions of the Group in accordance with their particular areas of expertise. The Board has also delegated various responsibilities to the Board committees. Details of these Board committees are set out below in this report.

Board Composition

The Directors who held office during the year and up to the date of this annual report were:

Executive Directors

Mr. Hao Hengle (Chairman)
Mr. Wang Quanhui
Mr. Lin Ge
Mr. Zhang Ziliang (appointed on 25 March 2022)
Mr. Yao Wei (resigned on 25 March 2022)

Non-executive Directors

Mr. He Jianfeng
Mr. Zhao Jun

Independent non-executive Directors

Mr. Tan Jinsong
Mr. O’Yang Wiley
Mr. Lu Qi

During the year ended 31 December 2022, the Company had complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules regarding the appointment of at least three independent non-executive directors (representing at least one-third of the board) including at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

The biographies of each of the Directors are set out on pages 37 to 41 in this annual report. The Directors have no financial, business, family or other material or relevant relationships with each other.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties of the Company including:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of the Directors and senior management;
3. to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2022, the Board held regular meetings to review and assess the Company's compliance with the CG Code and the applicable statutory and regulatory requirements. For effective oversight and leadership, the Board also regularly reviews reports from the president and senior management on the progress of the approved strategies and plans, and receives advice from the Board committees. During the year ended 31 December 2022, the Company had complied with the provisions of the CG Code, except for a deviation as specified under the paragraph headed "Chairman and President" below.

Chairman and President

Our Chairman is responsible for formulating the overall strategies and policies of the Company and providing leadership for the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. Our Chairman, as chief executive of the Company, is also delegated the authority by the Board to lead the day-to-day operation and business management of the Group in accordance with the corporate objectives, directions and policies laid down by the Board.

According to code provision C.2.1 of the CG Code, the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2022, Mr. Hao Hengle performed his duties as the chairman and president of the Company. As such, the Company has deviated from code provision C.2.1 of the CG Code. Given Mr. Hao has considerable experience in the PRC real estate industry and the business operations of the Group, and is familiar with Midea's operations and management core values, the Board believes that vesting both roles of chairman and president in Mr. Hao facilitates the execution of the Group's long-term strategic aims and achieving its operations and business objectives, thereby maximising the effectiveness of the Group's operations.

Corporate Governance Report (Continued)

The Board believes that this structure is in the best interest of the Company, and that this situation will not impair the balance of power and authority between the Board and the management of the Company because the Board comprises nine experienced and high-calibre individuals with demonstrated integrity, of which three are independent non-executive Directors, and they will take the lead by providing constructive challenge and objective judgement to the Board, where potential conflicts of interests of other Directors arise.

Further, major decisions of the Board are collectively made by way of majority voting. Therefore, major decisions must be made in consultation with members of the Board and appropriate committees. The Group had engaged an external internal control consultant to perform evaluation on the top ten risks annually so as to identify, review and mitigate potential risks that may affect the Group's operation management. Senior management and/or external professional consultants are also invited to attend Board and committee meetings from time to time to provide adequate, accurate, clear, complete and reliable information to members of the Board for consideration in a timely manner.

The Board will nevertheless review the effectiveness of this structure and the Board composition from time to time.

Board Diversity Policy

The Board has adopted a board diversity policy with effect from 12 September 2018 which sets out the approach to achieve diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. For further details, please refer to the board diversity policy published on the Company's website.

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

No. of Directors	Gender	Designation	Age Group	Years of Service	Skills and Knowledge	
1.	Male	Executive Director	≥ 60	≥ 13	General Management and Strategy Development	
2.			50-59			7-12
3.						
4.		Non-executive Director	Independent non-executive Director	40-49	0-6	Accounting and Financial
5.						
6.						
7.		Architecture and Design				
8.						
9.						

The Company recognises the benefits of having a diverse Board, and views diversity at Board level would assist the Company in sustaining a competitive advantage. As such, the Nomination Committee had considered certain measurable objectives on the basis of merit and contribution, with due regard to the benefits of diversity on the Board for the nomination of potential candidate as an executive Director in 2022. It had considered a number of potential candidates and eventually nominated Mr. Zhang Ziliang to the Board due to his considerable experience in the property development and operation of the Group, and it being satisfied that he would provide professional advice to the Board to safeguard the interests of the Company and its shareholders.

To achieve gender diversity in the boardroom, the Company plans to appoint at least one female Director on or before 31 December 2024. The Nomination Committee will select suitable candidates through multiple channels and make recommendation to the Board based on the Company's board diversity policy and nomination policy. The Company is committed to providing career development opportunities for female staff and ensuring that there is gender diversity when recruiting staff at mid to senior levels so that the Company will have a pipeline of female senior management and potential successors to the Board in due time to ensure gender diversity of the Board. We emphasise on training senior female staff who have extensive and relevant experience in the Group's business. The Directors believe that this policy will provide the required manpower resources to better achieve gender diversity in our Board. As at 31 December 2022, the Group had employed 11,159 full time employees. Out of 11,159 employees, 4,433 were female representing approximately 40% of the Group; while the female in senior management held approximately 8.1%. For details of gender diversity at the workforce level, please refer to the paragraph headed "Protection of Employees' Rights and Interests" of the Company's Environmental, Social and Governance Report.

The Nomination Committee has reviewed the structure, size, composition and diversity of the Board at least annually, and confirmed that the Company has maintained a balanced composition with a strong independent element on the Board. In future, the Nomination Committee will continue to monitor the implementation of the board diversity policy with reference to the measurable objectives and ensure that the Board has the appropriate balance of skills, experience and diversity perspectives that are required to support the business strategy and maintain the effectiveness of the Board.

Independent Non-executive Directors

The independent non-executive Directors actively participate in Board meetings to bring an independent judgement on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. They will take the lead where potential conflicts of interests of other Directors arise. They serve as members of various Board committees and will scrutinise the performance of the Group in achieving agreed corporate goals and objectives and monitor performance reporting.

To ensure independent views and input are available to the Board, the following mechanisms are in place which remain effective:

1. All independent non-executive Directors share their views and opinions through regular quarterly meetings and all of them devote adequate time contribution to the Company;
2. Annual meeting between the Chairman and all independent non-executive Directors is held without presence of other Directors, providing an effective platform for the Chairman to listen to independent views on various issues concerning the Group; and
3. Independent professional advice would be provided to independent non-executive Directors upon reasonable request to assist them to perform their duties to the Company.

Each of the independent non-executive Directors has submitted to the Company the annual confirmation of independence for the year ended 31 December 2022. The Nomination Committee has reviewed such annual confirmation of independence and assessed the independence of each of the independent non-executive Directors based on the guidelines set out in Rule 3.13 of the Listing Rules and considered that all the independent non-executive Directors are independent. The Board adopted the view of the Nomination Committee and confirmed that all the independent non-executive Directors are independent.

None of the independent non-executive Directors holds seven or more listed company directorships.

Appointments, Re-election and Removal of Directors

The appointment of a new Director is made on the recommendation by the Nomination Committee or by shareholders in a general meeting. Shareholders may propose a person for election as Director in accordance with the articles of association of the Company (the "**Articles of Association**"). For details, please refer to the section headed "Shareholders' Rights" below.

Corporate Governance Report (Continued)

All Directors (including our non-executive Directors and independent non-executive Directors) are appointed for a specific term of three years under their service contracts or letters of appointment (as the case may be). Such term is subject to retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Articles of Association. The Articles of Association provide that any Director who is appointed by the Board to fill a casual vacancy or as an additional member of the Board shall hold office only until the next following annual general meeting and shall be eligible for re-election.

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least every three years and one-third (or if their number is not a multiple of three, the number nearest to but not less than one-third) of Directors shall retire from office every year at the Company's annual general meeting.

Pursuant to the CG Code, any further re-appointment of an independent non-executive Director, who has served the Board for more than nine years, will be subject to a separate resolution to be approved by shareholders.

Directors Continuous Training and Development Programme

To ensure that every newly appointed Director has a proper understanding of the operations and business of the Group and that he/she is fully aware of his/her responsibilities as a Director under all applicable laws and regulations, each Director will receive on appointment a comprehensive, formal and tailored induction and an orientation package containing the information with regard to the duties and responsibilities of Directors under the Listing Rules, relevant laws, regulatory requirements and policies of the Company.

Subsequently, continuous professional development training with relevant updated materials will be provided by the Company to all the Directors when necessary to keep them abreast of the latest changes and development in the legal, regulatory and commercial environment in which the Group operates to develop and refresh their knowledge and skills to facilitate the discharge of their responsibilities as a director of a listed company.

Pursuant to the requirements of the code provision set out in the CG Code, all Directors are required to provide to the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant.

The training record of each Director during the year is as follows:

Name of Directors	Types of training (Note 1)	Nature of training (Note 2)
Executive Directors		
Mr. Hao Hengle (Chairman)	1, 2	A, B, C, D
Mr. Wang Quanhui	1, 2	A, B, C, D
Mr. Lin Ge	1, 2	A, B, C, D
Mr. Zhang Ziliang	1, 2, 3	A, B, C, D
Non-executive Directors		
Mr. He Jianfeng	1, 2	A, B, C, D
Mr. Zhao Jun	1, 2	A, B, C, D
Independent non-executive Directors		
Mr. Tan Jinsong	1, 2	A, B, C, D
Mr. O'Yang Wiley	1, 2	A, B, C, D
Mr. Lu Qi	1, 2	A, B, C, D

Note 1:

1. Attending briefings, seminars, training courses and/or e-trainings organised by the professional bodies
2. Reading journals and other updates relating to the latest development of applicable rules and regulations, or businesses of the Company
3. Attending an induction briefing tailored to a newly appointed Director

Note 2:

- A. Businesses of the Company
- B. Applicable laws, rules and regulations, and accounting standards
- C. Regulatory update on the share schemes as specified in Chapter 17 of the Listing Rules provided by the legal adviser of the Company
- D. Briefing on the Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules provided by the external consultant

Supply of and Access to Information

During the year ended 31 December 2022, all Directors had been provided, on a monthly basis, with the updated management and financial information of the Group, giving them an opportunity to have a balanced and understandable assessment of the Group's latest performance, position and recent developments and facilitating them to discharge their duties under the relevant requirements of the Listing Rules.

Board Committees

The Board has established three Board committees with defined scope of duties in written form. These Board committees are the Audit Committee, the Remuneration Committee, and the Nomination Committee.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to obtain independent professional advice in appropriate circumstances at the expense of the Company if they consider necessary.

Audit Committee

The Audit Committee was established by the Board on 12 September 2018 with written terms of reference revised and adopted on 1 January 2019 in compliance with Rule 3.21 of the Listing Rules and the CG Code. As at 31 December 2022, the Audit Committee comprised three members including two independent non-executive Directors, Mr. Tan Jinsong (chairman of the Audit Committee) and Mr. O'Yang Wiley, and one non-executive Director, Mr. Zhao Jun. Mr. Tan Jinsong is the independent non-executive Director who possesses the appropriate professional qualifications and accounting and financial management expertise. None of the members of the Audit Committee is a former partner of the auditor of the Company.

The Audit Committee is responsible for, among other things, reviewing and monitoring the integrity of the consolidated financial statements of the Group, reviewing the effectiveness of the risk management and internal control systems of the Group, reviewing the findings from the works carried out by the internal audit department and monitoring the effectiveness of the Group's internal audit function. The Audit Committee is also responsible for making recommendation to the Board on the appointment of the external auditor and approving the remuneration and terms of engagement of the external auditor. Before commencement of annual audit, the Audit Committee will discuss with the external auditor the nature and scope of audit, the significant risk analysis and the impact of the change in accounting policies on the financial statements of the Group. The Audit Committee is required to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

Corporate Governance Report (Continued)

During the year ended 31 December 2022, the Audit Committee held three meetings with the Company's external auditor and, among others, reviewed the audited financial statements of the Company for the year ended 31 December 2021 and the unaudited interim financial statements of the Company for the six months ended 30 June 2022 with recommendations to the Board for approval, and discussed with the management and the Company's external auditor on the accounting policies and practices which may affect the Group and the financial reporting matters. Furthermore, the Audit Committee had also discussed with the Board, the management and the Company's external and internal auditors on the risk management and internal control systems and the effectiveness of the Company's internal audit function during the year ended 31 December 2022. For details, please refer to the paragraph headed "Review of the Risk Management and Internal Control Systems" below in this report. The attendance record of individual Directors at the Audit Committee meetings is set out on page 51 below in this report.

The Audit Committee has reviewed the Group's 2022 consolidated financial statements, including the accounting principles and policies adopted by the Group, in conjunction with the Company's external auditor and recommended to the Board for approval of the consolidated financial statements for the year ended 31 December 2022.

The Board agreed with the Audit Committee's proposal for the re-appointment of PricewaterhouseCoopers as the Company's external auditor for the year 2023. The recommendation will be put forward for shareholders' approval at the forthcoming annual general meeting of the Company.

Auditor's Remuneration

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

Service rendered	Amount (RMB)
Audit services:	
• Annual audit services	7,000,000
Non-audit services:	
• Others	280,000
Total	7,280,000

Remuneration Committee

The Remuneration Committee was established by the Board on 12 September 2018 with written terms of reference revised and adopted on 15 December 2022 in compliance with Rule 3.25 of the Listing Rules and the CG Code. As at 31 December 2022, the Remuneration Committee comprised five members including three independent non-executive Directors, Mr. O'Yang Wiley (chairman of the Remuneration Committee), Mr. Tan Jinsong and Mr. Lu Qi, one executive Director, Mr. Hao Hengle, and one non-executive Director, Mr. Zhao Jun.

The Company has adopted the model set out in code provision E.1.2(c)(i) of the CG Code as its Remuneration Committee model under which the Remuneration Committee shall determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

The primary duties of the Remuneration Committee include the following:

1. to make recommendations to the Board on the Company's policy and structure for all remuneration (including the share schemes under Chapter 17 of the Listing Rules) of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
2. to review and determine, with delegated responsibilities and authorisation by the Board, the remuneration packages of individual executive Directors and senior management with reference to the Board's corporate goals and objectives;
3. to make recommendations to the Board on the remuneration of independent non-executive Directors;
4. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules, including but not limited to any grants of share options or award shares to directors or senior management, and to make disclosure and give explanation on the appropriateness to such material matters (if any) being approved in the Corporate Governance Report in the annual report of the Company;
5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
6. to review and approve compensation payable to executive Directors and senior management for any loss of termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
7. to review and approve compensative arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
8. to ensure that no Directors or any of his/her associates is involved in deciding his/her own remuneration.

During the year ended 31 December 2022, the Remuneration Committee held three meetings to discharge the above duties and, among others, reviewed and approved the remuneration packages, including that for the Directors and senior management of the Company. It had performed a holistic review of the share scheme rules and its relevant documents to ensure that they reflect market best practices and support the compensation and incentive framework of the Group. Based on the review, it made recommendations to the Board for the grant of award shares on 13 May 2022 in order to provide additional incentives to the grantees to continue to contribute to the growth and development of the Group and align the interests of the grantees with that of the Company's shareholders. Mr. Hao Hengle had abstained from voting in respect of the relevant resolutions of the Remuneration Committee and the Board. For details, please refer to the paragraphs headed "Restricted Share Award Scheme" in the "Directors' Report" section of this annual report. The attendance of individual Directors at the Remuneration Committee meetings is set out on page 51 below in this report.

Corporate Governance Report (Continued)

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management (other than Directors) by band for the year ended 31 December 2022 is as follows:

Remuneration band	Number of individuals
RMB3,000,000 to RMB3,500,000	1

Details of the Directors' emoluments for the year ended 31 December 2022 are set out in note 41 to the consolidated financial statements.

Nomination Committee

The Nomination Committee was established by the Board on 12 September 2018 with written terms of reference revised and adopted on 1 January 2019 in compliance with the CG Code. As at 31 December 2022, the Nomination Committee comprised three members including one executive Director, Mr. Hao Hengle (chairman of the Nomination Committee) and two independent non-executive Directors, Mr. Tan Jinsong and Mr. Lu Qi.

The Nomination Committee is mainly responsible for reviewing the structure, size, composition of the Board at least annually, making recommendations to the Board on the appointment or re-appointment of Directors and assessing the independence of independent non-executive Directors.

The factors considered in assessing the suitability of a proposed candidate for appointment as Director or re-appointment of existing Director are as follows:

1. Contribution to the Board with due regard to the board diversity policy;
2. Accomplishment, experience and reputation in the real estate industry and other relevant sectors;
3. Commitment to devote sufficient time to discharge duties as a Board member;
4. Potential conflicts of interest with the Company; and
5. Compliance with the criteria of independence as prescribed under Rule 3.13 of the Listing Rules for the appointment of an independent non-executive Director.

The Nomination Committee held one meeting during the year ended 31 December 2022 and duly discharged the above duties and, among others, reviewed the board diversity and the implementation and effectiveness of the board diversity policy, and assessed the independence of the independent non-executive Directors. It also made recommendations to the Board for the appointment of Mr. Zhang Ziliang as an executive Director in 2022 and the re-election of the retiring Directors at the annual general meeting of the Company held on 26 May 2022. For details, please refer to the paragraph headed "Board Diversity Policy" above in this report. The attendance of individual Directors at the Nomination Committee meetings is set out on page 51 below in this report.

A single gender board is not considered to have achieved diversity. In 2023, the Nomination Committee will review the structure and composition of the Board, commence the recruitment process as soon as possible to identify suitable candidates and make recommendations to the Board on the appointment of a Director of a different gender on or before 31 December 2024.

Directors' Attendance Record at Meetings

The number of Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meeting and annual general meeting of the Company held for the year ended 31 December 2022 and the attendance record and tenure of office of each individual Director are set out in the following table:

Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meeting	Annual General Meeting
Number of Meeting(s) held	4	3	3	1	1
Executive Directors					
Mr. Hao Hengle (Chairman)	4/4	–	3/3	1/1	1/1
Mr. Wang Quanhui	4/4	–	–	–	1/1
Mr. Lin Ge	4/4	–	–	–	1/1
Mr. Zhang Ziliang (appointed on 25 March 2022)	4/4	–	–	–	1/1
Mr. Yao Wei (resigned on 25 March 2022)	1/1	–	–	–	–
Non-executive Directors					
Mr. He Jianfeng	4/4	–	–	–	1/1
Mr. Zhao Jun	4/4	3/3	3/3	–	1/1
Independent non-executive Directors					
Mr. Tan Jinsong	4/4	3/3	3/3	1/1	1/1
Mr. O'Yang Wiley	4/4	3/3	3/3	–	1/1
Mr. Lu Qi	4/4	–	3/3	1/1	1/1

During the year ended 31 December 2022, the Chairman held one meeting with the independent non-executive Directors without other Directors present.

Company Secretary

The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that the Board policies and procedures are duly followed. The Company Secretary reports to the Board through the Chairman on corporate governance matters while all Directors have access to the advice and services of the Company Secretary.

Mr. Zeng Chaoming ("**Mr. Zeng**") resigned as a joint company secretary of the Company on 11 February 2022. Following the resignation of Mr. Zeng, Mr. Lin Ge ("**Mr. Lin**"), an executive director and chief financial officer of the Company, has been appointed as a joint company secretary of the Company with effect from 11 February 2022. Ms. Chan Bo Shan ("**Ms. Chan**") continues to act as a joint company secretary of the Company and provide assistance to Mr. Lin in discharging his duties and responsibilities as a joint company secretary of the Company. Given Mr. Lin currently does not necessarily possess the qualifications required under Rule 3.28 of the Listing Rules, the Company has applied for, and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has granted, a waiver from strict compliance with the requirements as set out in Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the date of appointment of Mr. Lin as a joint company secretary of the Company. For details, please refer to the Company's announcement dated 11 February 2022.

Both Mr. Lin and Ms. Chan are full time employees of the Company and have day-to-day knowledge of the Company's affairs. They had also completed no less than 15 hours of relevant professional training covering regulatory updates and knowledge about company secretarial duties.

Dividend Policy

The Company has adopted a revised policy on the payment of dividends (the "**Dividend Policy**") on 24 March 2021.

According to the Dividend Policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the following factors:

- (a) the Company's operating results, actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the level of the Group's debt to equity ratio, return on equity and the relevant financial covenants;
- (d) any restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties;
- (e) the Group's expected working capital requirements, capital expenditure requirements, future expansion plans and any statutory fund reserve requirements;
- (f) the Group's liquidity position;
- (g) general economic conditions, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and
- (h) any other factor that the Board deems appropriate and relevant.

Taking the above factors into consideration, the Board may propose an ordinary dividend (including a final dividend and an interim dividend) and/or a special dividend from time to time. Any declaration and payment of dividends under the Dividend Policy will be subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole. In addition, the declaration and payment of dividends may be subject to legal restrictions or any applicable laws, rules and regulations and the Articles of Association of the Company.

For the Board's proposed payment of a final dividend for the year ended 31 December 2022, please refer to the paragraph headed "Final Dividend" in the "Directors' Report" section of this annual report.

Shareholders' Rights

The Company has only one class of shares, all holders of the ordinary shares in the issued share capital of the Company shall have the same rights.

1. Procedures for shareholders to send enquiries to the Company

Shareholders and other stakeholders may, at any time, send their enquiries or concerns to the Company in writing through the following contact details:

The Company's registered office in Hong Kong: Suites 3906–3910, 39/F, Tower 6
The Gateway, Harbour City
No. 9 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

Email of Investor Relations: investor@midea.com

2. Rights and procedures for shareholders to convene an extraordinary general meeting

Shareholder(s) holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board, in accordance with the requirements and procedures set out in Article 64 of the Articles of Association. The written requisition must state the general nature of the business to be dealt with at the meeting and must be signed by the shareholder(s) concerned and deposited at the Company's registered office in Hong Kong.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the shareholder(s) concerned may do so in the same manner, and all reasonable expenses incurred by the shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the shareholder(s) concerned by the Company.

3. Procedures for shareholders to propose a person for election as a Director

Pursuant to Article 113 of the Articles of Association, if a shareholder wishes to propose a person other than a person recommended by the Board for election as a director at the general meeting, such shareholder, who must be entitled to attend and vote at such general meeting, should lodge a notice in writing of his or her intention to propose such person for election together with the notice signed by the proposed person of his or her willingness to be elected to the Company's registered office in Hong Kong for the attention of the Company Secretary. The nominating shareholder should also provide to the Company biographical details of the person he or she proposes to be elected as a director required under Rule 13.51(2) of the Listing Rules.

The notices should be given within the period commencing on the day after the despatch of the notice of the general meeting appointed for such election of directors and ending no later than 7 days prior to the date of such general meeting and such period shall be at least 7 days.

Upon receipt of the above notices after the despatch of the notice of the general meeting, the Company shall publish an announcement or issue a supplementary circular disclosing the particulars of the proposed director pursuant to Rule 13.51(2) of the Listing Rules prior to the general meeting in accordance with Rule 13.70 of the Listing Rules.

Communication with Shareholders

A shareholders communication policy has been adopted by the Company to ensure balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile) are readily available to the shareholders. The shareholders communication policy sets out the framework the Company has put in place for ongoing open dialogue with Shareholders and investment community. Details of the policy is available on the Company's website.

The Board believes that general meeting is an open forum for communication between the Board and the shareholders. Shareholders are encouraged to attend general meetings of the Company and give valuable advice to the Company through this direct communication platform. The Company will convene an annual general meeting every year and convene any other general meetings as required. Sufficient notice for annual general meeting and other general meetings will be given to shareholders in compliance with the requirements of the Articles of Association, the Listing Rules and applicable laws and regulations. The Chairman of the Board will attend annual general meeting and invite the chairman of Audit Committee, Remuneration Committee, Nomination Committee and other Board Committees, in their absence, other members of these Board Committees, to attend annual general meeting. They will be available to answer questions raised by shareholders at annual general meeting. The chairman or other members of the independent board committee (if any) will be available to answer questions at any general meetings for the approval of connected transaction(s) or any other transaction(s) by independent shareholders. External auditor will be invited to attend the annual general meeting of the Company to answer questions about the conduct of the audit, the preparation and content of the auditor's report, accounting policies and auditor's independence.

To facilitate enforcement of shareholders' rights, substantially different issues are dealt with under separate resolutions at general meetings of the Company.

Annual and interim reports and any significant events of the Company fall to be disclosed in accordance with the disclosure requirements under the Listing Rules and other applicable regulatory requirements will be published in a timely manner through the Company's website so as to safeguard the shareholders' rights of information.

The Company's website provides timely and updated information on investor relations, corporate governance and other latest news of the Company to enable shareholders and investors to have timely access to information about the Group.

The designated investor relations staff are responsible for handling the communications with our investors. They organise road shows and one-on-one meetings on a regular basis to promote better understanding of the Company and keep continuous dialogues with investors. Results analyst briefings and press conferences are conducted at least twice a year following the release of interim and annual results announcements at which the executive Directors and management of the Company are available to answer questions and listen to feedbacks regarding the performance of the Group, and to ensure investors have a comprehensive and thorough understanding of the Group, with the establishment of timely and effective two-way communications.

During the year ended 31 December 2022, the Company has reviewed its prevailing shareholders communication policy, and believes it is appropriate and effective.

Constitutional Documents

There were no changes in the Company's Memorandum and Articles of Association during the year ended 31 December 2022.

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

The Directors acknowledged their responsibility for the preparation of the consolidated financial statements of the Company which give a true and fair view of the state of affairs of the Group on a going concern basis in accordance with Hong Kong Financial Reporting Standards and the Companies Ordinance (Chapter 622 of the laws of Hong Kong).

The statements of the Directors and the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 76 to 82 of this annual report.

Risk Management and Internal Control

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly. The Board acknowledges its responsibility for maintaining effective risk management and internal control systems of the Group and reviewing the effectiveness of these systems. The Company adopts risk management and internal control systems to enhance the accountability and communication of identified risks with management, measure the impact of the identified risks and facilitate implementation of mitigation measures proactively. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage, but not eliminate, risks of failure in achieving the Group's objective.

Risk Management and Internal Control Systems

The Group's risk management and internal control systems include a defined structure with specified limits of authority and responsibility. Each of the business departments acts as the primary unit of risk prevention and control, responsible for the implementation of daily risk management and internal controls, identification and collection of internal and external risk information and assisting the internal audit in performing regular risk assessments. The senior management is responsible for setting appropriate principles and values, performing risk assessments, owning the design, implementation and maintenance of internal controls, as well as giving confirmation to the Board on the effectiveness of the risk management and internal controls. The Board and the Audit Committee oversee the actions of the management and monitor the overall effectiveness of the control systems.

Particular features of our risk management system include the following:

- Our risk management process begins with identifying the major risks associated with our corporate strategies, goals and objectives. We have established a three-level matrix-structured risk management system. The operational department at each level of the Group, the regional level companies and the city-level companies are required to report the identified potential risks both to the higher levels and to responsible persons at the same level. Under the guidance and instruction from the higher levels, each operational department makes and executes the mitigation plan paired with each risk identified. For example, with respect to the risk of changes in macro policies and economic environment, the Group adheres to the development of "four major business lines" in a coordinated manner, forms a combination of competitive strengths, and carries out policy and market research in investments, products, sales and capital to enhance its risk resilience. In addition, the Group continues to lower the leverage level, optimise the financing structure, formulate a debt reduction plan and establish a cash flow control mechanism, to maintain sufficient cash on hand and credit line, and safeguard the bottom line of capital safety and the fundamentals of the Company.
- For particular operational and market risks, control measures are adopted at an operational level. For investment risks, we adopt a deep penetration strategy in cities with our investment structure optimised during the year, focus on high-value areas, and improve the pre-investment review and decision-making mechanism. In view of sales-related risks, we determine production by sales to deepen the concept of lean operations, strategically formulate construction plans and supply timing based on market dynamics, and develop digital marketing and operation system to further bolster sales.

Corporate Governance Report (Continued)

- We will enforce strict control and accountability policies and manuals at an individual employee level as well. Our policies and manuals will be updated consistently based on our operational needs. We will seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks.
- We will also carry out regular (at least once a year) internal assessments and training to ensure our employees are equipped with sufficient knowledge on such policies and guidelines.

Internal control is one of the key components of risk management. Our internal control system is based on the risks faced by the Group. The management of the Group's headquarters, the subsidiaries and each of the departments have implemented a range of policies and procedures in respect of financial, operational, compliance and ESG-related processes, and they should monitor the implementation and effectiveness of such policies and procedures.

During the year ended 31 December 2022, based on the changes of the Group's strategies, external market environment and internal business environment as well as the above risk management and internal control system, the Group had engaged an external internal control consultant to assist the management of the Company in risk management and internal control, including an annual review of the Group's risk management and internal control systems to identify and resolve potential internal control defects. The Group performed evaluation on top ten risks, updated the risk evaluation standards and risk databases, prioritised and ranked the identified risks in accordance with the risk occurrence and significance, and determined the significant risks which need to be addressed in top priority by integrating the risk tolerance with response measures and improvement plans developed, as well as reported to the Audit Committee the evaluation results and the implementation of control measures considering, among others, the changes in external market environment and internal operating environment and the business development progress. The Group had considered and adopted or will adopt recommended measures by the external consultant to ensure ongoing compliance and enhance its internal control measures where appropriate. The Group's internal audit had also conducted regular follow-up review to ensure that improvement plans were implemented in a timely manner and had reported the results of the follow-up review to the Audit Committee.

Internal Audit

The Company maintains its own internal audit function which is responsible for:

- providing the Board with an independent and objective review of the effectiveness of the Group's risk management and internal control systems;
- conducting audit processes and supporting the Board in improving the Group's risk management and internal control systems; and
- conducting independent investigations in respect of certain allegations of fraud and violations of the Group's code of conduct and other company policies.

The internal auditor has unrestricted access to all corporate operations, records, data files, computer programmes, property, personnel and is authorised to communicate directly with the Chairmen of the Board and the Audit Committee and other Board members as necessary.

During the year ended 31 December 2022, the internal auditor developed an audit plan that prioritises areas with significant risks or deemed to be strategic to the business of the Company. The audit plan was reviewed by the Audit Committee and may be modified to reflect changes to business plans if necessary. The internal auditor has also issued reports to cover significant control issues, monitored the status of implementation plans resulting from audit findings and reported progress to the Audit Committee.

Anti-corruption System

The Group has a corruption monitoring system in place to monitor the risk of corruption in its business through the implementation of a series of policies and procedures, and has established an anti-corruption system from five aspects: anti-corruption policies, supervision and management, whistle-blowing channels, an atmosphere of incorruption and assessment mechanism. For example, the Group has established anti-corruption regulations, such as the Measures for Accountability Management and the Anti-Corruption Practices, which define the “ten major red lines” relating to ethical business practices and anti-fraud of our employees. All employees are required to strictly comply with the relevant rules and regulations in respect of business dealings, financial misappropriation, transfer of benefits, equity participation and use of funding for personal purpose. In the meanwhile, the Group also sets up and releases channels such as a whistleblowing hotline, QQ, email and WeChat Official Account to raise concerns, in confidence and anonymity, with the Audit Committee and welcomes internal and external monitoring on such matters.

Risk Management Approach

Our approach to risk management is to identify current risk exposures and manage them so that they can be understood, controlled or mitigated. All business functions are required to identify material risks that may impact their strategy and business objectives. They also aim to identify, assess, evaluate and mitigate operational risks. Many aspects of risks are considered, including but not limited to business continuity, financial impact, reputational risk, safety and health, external regulations (including the Listing Rules) and ESG-related risks.

Senior management is responsible for coordinating the risks identified and ensuring that the key risks, as well as strengths and weaknesses of the overall risk management and internal control systems are reported to the Board and the Audit Committee, along with action plans to manage these risks and weaknesses.



During the year ended 31 December 2022, the Group was committed to continually improving the risk management framework and capabilities and shall continue on this path, with enhanced integration of risk management and internal control into our business processes. Details of some of the key risks can be found under “Principal Risks and Uncertainties” on page 19 of this annual report.

Inside Information

The Company is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules. During the year ended 31 December 2022, the Company has implemented procedures and internal controls for the handling and dissemination of inside information, including:

- having its own procedures in place to preserve the confidentiality of price-sensitive and/or inside information relating to the Group;
- communicating such procedures to all Directors, senior management and relevant employees who are likely to have access to price-sensitive and/or inside information, and reminding them from time to time that they are required to comply with such procedures; and
- conducting its affairs with close regard to the disclosure requirement under the Listing Rules as well as the “Guidelines on Disclosure of Inside Information” published by the Securities and Futures Commission in June 2012.

Review of the Risk Management and Internal Control Systems

The risk management and internal control systems of the Group are reviewed by the Board annually. During the year ended 31 December 2022, the Board has reviewed the effectiveness of the risk management and internal control systems of the Group. The review covers material control, including operational risk management and the adequacy of resources, qualification and experience of staff of the Group’s accounting, internal audit and financial reporting functions and their training and budget. The review was made by discussions with the management, the Audit Committee, and the Company’s external auditor, external internal control consultant and the Group’s internal audit team. The Board has also received a letter from the management confirming the effectiveness and adequacy of the Group’s risk management and internal control systems. Accordingly, the Board is satisfied that the Company has fully complied with the code provisions on risk management and internal control as set forth in the CG Code and considers that the risk management and internal control systems effective and adequate for the year ended 31 December 2022.

DIRECTORS' REPORT

The Directors have the pleasure in presenting their annual report together with the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2022.

Principal Activities, Performance and Business Review

The Company is an investment holding company. The Group is a large national property developer based in the PRC and operates the following major businesses: (i) property development and sales; (ii) property management services; (iii) investment and operation of commercial properties; and (iv) real estate technologies.

An analysis of the Group's performance for the year by principal business segments is set out in note 5 to the consolidated financial statements.

Further discussion and analysis of the activities, the key performance indicators of the Group, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the "Financial Overview", "Chairman's Statement" and "Management Discussion and Analysis" sections set out on pages 2 to 3 and pages 10 to 19 of this annual report. The environmental and social matters that have a significant impact on the Group are disclosed in the Environmental, Social and Governance Report to be issued separately under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules.

Results

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 83.

Final Dividend

The Board has recommended the payment of a final dividend of HK\$0.80 per share (2021: HK\$1.60 per share) for the year ended 31 December 2022 (the "**Final Dividend**"). Subject to the approval of the shareholders of the Company at the annual general meeting of the Company to be held on 22 May 2023 (the "**AGM**") and the compliance with the Companies Act of the Cayman Islands, the Final Dividend will be payable to the shareholders whose names appear on the register of members of the Company on 1 June 2023 (the "**Eligible Shareholders**"), with the Eligible Shareholders being given an option to elect to receive the Final Dividend all in new shares or partly in new shares and partly in cash or all in cash (the "**Scrip Dividend Scheme**").

The Scrip Dividend Scheme is subject to (1) the passing of the resolution relating to the payment of the Final Dividend at the AGM; and (2) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or about 7 July 2023. It is expected that the cheques for cash dividends or, if scrip shares are elected, the certificates for the scrip shares will be sent to the Eligible Shareholders on or about 8 August 2023.

Closure of Register of Members

For the purpose of ascertaining the shareholders' rights of attending and voting at the AGM, the register of members of the Company will be closed from 17 May 2023 to 22 May 2023, both days inclusive, during which period no transfer of shares shall be effected. In order to be entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 16 May 2023.

For the purpose of determining the identity of shareholders who are entitled to the proposed Final Dividend, the register of members of the Company will be closed from 30 May 2023 to 1 June 2023, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the proposed Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 29 May 2023.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

Pre-emptive Rights and Tax Relief

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

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

Reserves

Details of movements in reserves of the Company and the Group during the year are set out in notes 40 and 26 respectively to the consolidated financial statements.

As at 31 December 2022, the Company had distributable reserves amounting to RMB4,540,118,000 (2021: RMB4,631,093,000).

Property, Plant and Equipment

Details of movement in property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Intangible Assets

Details of movement in intangible assets of the Group during the year are set out in note 18 to the consolidated financial statements.

Investment Properties

During the year, the fair value losses of the Group's investment properties amounted to RMB281,754,000 and have been recognised directly in the consolidated financial statements.

Details of movement in investment properties of the Group during the year are set out in note 16 to the consolidated financial statements.

Issuance of Bonds

Details of the outstanding bonds of the Group are set out in note 29 to the consolidated financial statements.

Borrowings

Details of the Group's borrowings are set out in note 30 to the consolidated financial statements.

Interest Capitalised

Interest and other borrowing costs capitalised of the Group during the year are set out in note 9 to the consolidated financial statements.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 190. This summary does not form part of the audited consolidated financial statements.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

Directors

The Directors who held office during the year and up to the date of this annual report were:

Executive Directors

Mr. Hao Hengle (Chairman)

Mr. Wang Quanhui

Mr. Lin Ge

Mr. Zhang Ziliang (appointed on 25 March 2022 and re-elected by the shareholders at the annual general meeting of the Company held on 26 May 2022)

Mr. Yao Wei (resigned on 25 March 2022)

Non-executive Directors

Mr. He Jianfeng

Mr. Zhao Jun

Independent non-executive Directors

Mr. Tan Jinsong

Mr. O'Yang Wiley

Mr. Lu Qi

According to Article 108(a) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

At the AGM, Mr. Hao Hengle, Mr. He Jianfeng and Mr. Tan Jinsong will retire and eligible for re-election in accordance with Article 108(a) of the Articles of Association.

Biographical Details of Directors and Senior Management

Biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

Directors' Service Contracts

None of the Directors proposed for re-election at the AGM has a service contract or letter of appointment (as the case may be) with the Company or any of its subsidiaries which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

Nomination Policy

The nomination policy of the Company sets out the key selection criteria and principles of the Nomination Committee in making recommendations to the Board on the appointment of Directors, and succession planning for Directors, to ensure the Board has a balance of skills, experience and diversity of perspectives (including without limitation, gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service) appropriate to the requirements of the Company's business.

Remuneration Policy

The remuneration policy of the Company is set on the principles that the remuneration packages of employees should be determined based on the job duties, responsibilities, work performance, qualifications and competence of each individual employee, performance of the Group and the prevailing market and economic conditions in order to attract and retain high-calibre employees needed to run the Group successfully.

The remuneration packages of executive Directors and senior management of the Company are reviewed annually and determined by the Remuneration Committee based on the duties, responsibilities of each individual executive Director and senior management staff, performance of the Group and the remuneration packages paid by comparable companies in the same industry based on the prevailing market conditions. No Director or any of his/her associates will be involved in deciding his/her own remuneration. Remuneration of independent non-executive Directors will be reviewed annually and recommended by the Remuneration Committee to the Board for final approval.

Pension Schemes

Details of the pension schemes operated by the Group are set out in note 2.27 to the consolidated financial statements.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as otherwise disclosed under the section "Continuing Connected Transactions" of this annual report, there were no other transactions, arrangements or contracts of significance in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year.

Indemnity of Directors and Officers

Pursuant to the Company's Articles of Association, every Director and officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution or holding of his/her office or otherwise in relation thereto. Such provisions were in force during the course of the financial year ended 31 December 2022 and remained in force as at the date of this annual report.

Directors' and Officers' Liability Insurance

Directors' and officers' liability insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

Directors' Rights to Acquire Shares

Save for the Share Option Scheme (as defined below) and the Restricted Share Award Scheme (as defined below), and save as disclosed in the "Directors' Interests" as set out on pages 68 to 69 of this report, at no time during the year were rights to acquire benefits by means of the acquisition of shares in the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

Equity-Linked Agreements

Save as disclosed below and under "Share-Based Payment" in note 28 to the consolidated financial statements in this report, during the year ended 31 December 2022, the Company had not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31 December 2022.

Share Option Scheme

A share option scheme was approved and adopted by the shareholders of the Company at the Company's annual general meeting held on 29 May 2020 (the "**2020 AGM**"), which is valid and effective for a period of 10 years commencing on the date of the 2020 AGM and ending 28 May 2030 (the "**2020 Share Option Scheme**"). The following is a summary of the principal terms of the 2020 Share Option Scheme:

The purposes of the 2020 Share Option Scheme are to enable the Group to recognise and acknowledge the contributions that any director or proposed director of any member of the Group, and any management, key technician, officer, manager and employee of any member of the Group (the "**Eligible Participant(s)**") have made or may make to the Group (whether directly or indirectly), remunerate the best possible quality of the Eligible Participants, and attract, retain and motivate the Eligible Participants to continue to contribute to the growth and development of the Group; and provide Eligible Participants with direct economic benefits in order to maintain a long term relationship between the Group and the Eligible Participants.

The maximum number of shares in respect of which options may be granted under the 2020 Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 10% of the total number of shares in issue as at the date of the 2020 AGM (being 123,056,700 shares), unless the Company seeks approval by its shareholders in a general meeting for refreshing the 10% limit under the 2020 Share Option Scheme. The limit on the total number of shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2020 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time. No options may be granted if such a grant would result in such 30% limit or maximum permissible limit being exceeded.

The maximum entitlement of each Eligible Participant under the 2020 Share Option Scheme and any other share option schemes of the Company shall not, in any 12-month period up to and including the date of such grant, exceed 1% of the total number of shares of the Company in issue. Any further grant of share options in excess of such limit must be separately approved by its shareholders in a general meeting.

Directors' Report (Continued)

Share options granted under the 2020 Share Option Scheme to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the proposed grantee of such share options). In addition, any share options granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, in aggregate more than 0.1% of the total number of shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HKD5 million, within any 12-month period up to and including the date of such grant, must be subject to approval by its shareholders in a general meeting.

The exercise price shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share prevailing on the date of grant. Consideration for each grant of share options is HKD1.00 or RMB1.00 (or such other nominal sum in any currency as the Board may determine) and is required to be paid within 28 days from the date of grant of share options, with full payment for the exercise price to be made on exercise of the relevant options.

Subject to the Listing Rules and the terms and conditions of the 2020 Share Option Scheme, the Board may in its absolute discretion specify such conditions as it thinks fit when making such an offer to an Eligible Participant (including, without limitation, as to any performance targets which must be satisfied by the Eligible Participant and/or the Company, and any minimum period for which an option must be held, before an option may be exercised, if any). The exercise period shall not be more than 10 years from the date upon which any particular share options are granted in any event.

As the 2020 Share Option Scheme was approved and adopted by the shareholders of the Company at the 2020 AGM which is before the effective date of the new Chapter 17 of the Listing Rules, any share options to be granted under the 2020 Share Option Scheme going forward (if any) shall be subject to the transitional arrangements and requirements for existing share schemes under the new Chapter 17 of the Listing Rules.

The Board had granted 66,660,000 share options to 193 Eligible Participants on 22 April 2021 (the **"2021 Share Options Grant Date"**) under the 2020 Share Option Scheme, which shall be vested subject to the achievement of performance targets as determined by the Board. The fair value of such share options was approximately RMB170.47 million on the 2021 Share Options Grant Date, which was determined using the Binomial Model by an independent appraiser based on significant unobservable inputs.

Movements of the share options granted under the 2020 Share Option Scheme during the year ended 31 December 2022 were as follows:

Category and name of grantees	Date of grant (Note 1)	Exercisable period (Note 2)	Exercise price per share HKD	Number of share options					
				Outstanding as at 1 January 2022	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2022
Directors									
Mr. Hao Hengle	22/04/2021	22/04/2023– 21/04/2027	18.376	3,850,000	–	–	–	–	3,850,000
Mr. Wang Quanhui	22/04/2021	22/04/2023– 21/04/2027	18.376	770,000	–	–	–	–	770,000
Mr. Lin Ge	22/04/2021	22/04/2023– 21/04/2027	18.376	616,000	–	–	–	–	616,000
Mr. Zhang Ziliang (appointed on 25 March 2022)	22/04/2021	22/04/2023– 21/04/2027	18.376	616,000	–	–	–	–	616,000
Mr. Zhao Jun	22/04/2021	22/04/2023– 21/04/2027	18.376	770,000	–	–	–	–	770,000
Mr. Yao Wei (resigned on 25 March 2022)	22/04/2021	22/04/2023– 21/04/2027	18.376	616,000	–	–	–	–	616,000
Sub-total				7,238,000	–	–	–	–	7,238,000
Employees of the Group in aggregate	22/04/2021	22/04/2023– 21/04/2027	18.376	20,867,000	–	–	–	(385,000) (Note 3)	20,482,000
Sub-total				20,867,000	–	–	–	(385,000)	20,482,000
Total				28,105,000	–	–	–	(385,000)	27,720,000

Notes:

- The closing price immediately before the 2021 Share Options Grant Date (i.e. 21 April 2021) was HKD17.96 per share.
- Subject to satisfaction of the vesting conditions including the achievement of performance targets, the first tranche of 40% share options granted on the 2021 Share Options Grant Date shall be exercisable from 22 April 2023 to 21 April 2027, the second tranche of 40% share options shall be exercisable from 22 April 2024 to 21 April 2027 and the third tranche of 20% share options shall be exercisable from 22 April 2025 to 21 April 2027.
- Certain share options shall lapse by reason of cessation of employment during the year ended 31 December 2022.

During the year ended 31 December 2022, the Company had not granted any share options and 385,000 share options lapsed due to cessation of employment. The total number of share options available for grant under the 2021 Share Option Scheme as at 1 January 2022 and as at 31 December 2022 was 94,951,700 and 95,336,700, respectively.

As at 31 December 2022, a total number of 123,056,700 underlying shares (including the share options remained outstanding and yet to be exercised) (representing approximately 9.08% of the issued share capital of the Company as at 24 March 2023) were available for issue under the 2020 Share Option Scheme.

For details, please refer to note 28 to the consolidated financial statements in this report.

Restricted Share Award Scheme

A restricted share award scheme managed by the independent trustee(s) was approved and adopted by the Board on 22 April 2021 (the "**Adoption Date**"), which is valid and effective for a period of 10 years commencing on the Adoption Date and ending 21 April 2031 (the "**2021 Share Award Scheme**"). The following is a summary of the principal terms of the 2021 Share Award Scheme:

The purposes of the 2021 Share Award Scheme are to enable the Group to recognise and acknowledge the contributions that any director or proposed director of any member of the Group, and any management, key technician, officer, manager and employee of any member of the Group (the "**Selected Participant(s)**") have made or may make to the Group (whether directly or indirectly), remunerate the best possible quality of the Selected Participants, and attract, retain and motivate the Selected Participants to continue to contribute to the growth and development of the Group; and provide Selected Participants with direct economic benefits in order to maintain a long term relationship between the Group and the Selected Participants.

The maximum number of shares which may be awarded under the 2021 Share Award Scheme shall not, in aggregate, exceed 10% of the total number of shares in issue as at the Adoption Date (being 123,056,700 shares). And the maximum number of unvested shares which may be awarded to any one Selected Participant at any time shall not exceed 1% of the total number of shares in issue from time to time.

Subject to the Listing Rules and the terms and conditions of the 2021 Share Award Scheme, the Board may, from time to time, at its absolute discretion, select any Selected Participants to participate in the 2021 Share Award Scheme and set a minimum vesting period for the share awards granted. In determining the Selected Participants, the Board shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Selected Participants to the Group.

Subject to any additional consideration imposed from time to time by the Board, a nominal acceptance fee of HKD1.00 or RMB1.00 (or such other nominal sum in any currency as the Board may determine) is required to be paid within 28 days from the date of grant of the share award.

As the 2021 Share Award Scheme was approved and adopted by the Board on 22 April 2021 which is before the effective date of the new Chapter 17 of the Listing Rules, any share awards to be granted under the 2021 Share Award Scheme going forward (if any) shall be subject to the transitional arrangements and requirements for existing share schemes under the new Chapter 17 of the Listing Rules.

With a view to encouraging the Selected Participants to contribute to the long term growth and development of the Group, and subject to the nominal acceptance fee, the Board had granted 5,225,000 award shares at nil consideration to 31 Selected Participants on 22 April 2021 (the "**2021 Award Shares Grant Date**") and 8,932,500 award shares at nil consideration to 423 Selected Participants on 13 May 2022 (the "**2022 Award Shares Grant Date**") under the 2021 Share Award Scheme, which shall be vested subject to the achievement of performance targets as determined by the Board. The total number of award shares which is available for being further granted under the 2021 Share Award Scheme is 111,236,700 award shares (representing approximately 8.21% of the issued share capital of the Company as at 24 March 2023).

Movements of the award shares granted under the 2021 Share Award Scheme during the year ended 31 December 2022 were as follows:

Category and name of grantees	Date of grant (Note 1)	Vesting period (Note 2)	Number of award shares					
			Unvested as at 1 January 2022	Granted during the year	Vested during the year (Note 3)	Cancelled during the year	Lapsed during the year	Unvested as at 31 December 2022
Directors								
Mr. Hao Hengle	22/04/2021	07/04/2022	385,000	-	(385,000)	-	-	-
	13/05/2022	01/04/2023	-	625,000	-	-	-	625,000
Mr. Wang Quanhui	22/04/2021	07/04/2022	154,000	-	(154,000)	-	-	-
	13/05/2022	01/04/2023	-	250,000	-	-	-	250,000
Mr. Lin Ge	22/04/2021	07/04/2022	154,000	-	(154,000)	-	-	-
	13/05/2022	01/04/2023	-	250,000	-	-	-	250,000
Mr. Zhang Ziliang (appointed on 25 March 2022)	22/04/2021	07/04/2022	154,000	-	(154,000)	-	-	-
	13/05/2022	01/04/2023	-	250,000	-	-	-	250,000
Mr. Yao Wei (resigned on 25 March 2022)	22/04/2021	07/04/2022	154,000	-	(154,000)	-	-	-
	13/05/2022	01/04/2023	-	75,000	-	-	-	75,000
Sub-total			1,001,000	1,450,000	(1,001,000)	-	-	1,450,000
Employees of the Group in aggregate	22/04/2021	07/04/2022	1,886,500	-	(1,886,500)	-	-	-
	13/05/2022	01/04/2023	-	7,482,500	-	-	-	7,482,500
Sub-total			1,886,500	7,482,500	(1,886,500)	-	-	7,482,500
Total			2,887,500	8,932,500	(2,887,500)	-	-	8,932,500

Notes:

- Subject to the nominal acceptance fee, the award shares are granted at nil consideration. The closing price immediately before the 2021 Award Shares Grant Date (i.e. 21 April 2021) was HKD17.96 per share; and the closing price immediately before the 2022 Award Shares Grant Date (i.e. 12 May 2022) was HKD13.64 per share. The fair value of award shares as at the 2022 Award Shares Grant Date (i.e. 13 May 2022) was HKD13.94 per share, which was determined by taking the closing price of the Company's shares on that date, and the fair value of these award shares was charged to the consolidated financial statements for the year in accordance with HKFRS 2. For details, please refer to note 28 (Share-based payment) to the consolidated financial statements in this annual report.
- The award shares granted on the 2021 Award Shares Grant Date had been vested on 7 April 2022. Subject to satisfaction of the vesting conditions including the achievement of performance targets, the award shares granted on the 2022 Award Shares Grant Date shall be vested on 1 April 2023 (or such other date as determined by the Board).
- From an accounting perspective, the award shares granted on the 2021 Award Shares Grant Date under the 2021 Share Award Scheme are considered to have been vested in the Selected Participants as at 31 December 2021, being the date on which the vesting conditions were satisfied. For details, please refer to note 28 (Share-based payments) to the consolidated financial statements of the Company's 2021 annual report.

Directors' Report (Continued)

During the year ended 31 December 2022, the Company had granted a total of 8,932,500 award shares, among which, MRE D Limited, the trustee purchased 1,700,000 existing shares on the market out of cash contributed by the Group to be held on trust for the Directors until such award shares are vested with such Directors. In relation to the award shares granted to the employees of the Group, a total of 4,887,000 new shares were allotted and issued by the Board on 20 May 2022 to MRE T Limited, another trustee (which holds the same on behalf of the employees of the Group in anticipation of their vesting in the future) pursuant to the general mandate granted by the shareholders of the Company at the Company's annual general meeting held on 4 June 2021 and the remaining award shares shall be satisfied by the award shares which are not vested and/or are forfeited in accordance with the terms of the 2021 Share Award Scheme.

For details, please refer to the Company's announcements dated 13 May 2022 and 18 May 2022 and note 28 to the consolidated financial statements in this report.

The number of award shares granted under the 2021 Share Award Scheme during the year ended 31 December 2022 divided by the weighted average number of ordinary shares of the Company in issue for 2022 is 0.69%.

Disclosure of Interests

Directors' Interests

Save as disclosed below, as at 31 December 2022, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company:

Long Positions in the Shares and Underlying Shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held	Total	Approximate percentage of shareholding (Note 4)
Mr. Hao Hengle	Beneficial owner	5,385,000 (Note 1)	4,475,000 (Note 2)	9,860,000	0.73%
Mr. Wang Quanhui	Beneficial owner	1,154,000 (Note 1)	1,020,000 (Note 2)	2,174,000	0.16%
Mr. Lin Ge	Beneficial owner	954,000 (Note 1)	866,000 (Note 2)	1,820,000	0.13%
Mr. Zhang Ziliang	Beneficial owner	954,000 (Note 1)	866,000 (Note 2)	1,820,000	0.13%
Mr. He Jianfeng	Interest of spouse	1,085,959,905 (Note 3)	–	1,085,959,905	80.12%
Mr. Zhao Jun	Beneficial owner	1,000,000 (Note 1)	770,000 (Note 2)	1,770,000	0.13%

Notes:

1. These shares comprised of: (i) shares which were transferred by Ms. Lu Deyan, the controlling shareholder of the Company, without additional conditions on 16 June 2021, against payment of a consideration of HKD14.354 per share through participation in a trust scheme managed by an independent trustee; and/or (ii) award shares which were granted by the Company on the 2021 Award Shares Grant Date under the 2021 Share Award Scheme and had been vested on 7 April 2022. For details, please refer to the paragraph headed "Restricted Share Award Scheme" above.
2. These underlying shares comprised of: (i) share options which were granted by the Company on the 2021 Share Options Grant Date under the 2020 Share Option Scheme, entitling the grantee(s) to subscribe for shares of the Company at an exercise price of HKD18.376 per share in three tranches within a period of six years from the 2021 Share Options Grant Date; and/or (ii) award shares which were granted by the Company on the 2022 Award Shares Grant Date under the 2021 Share Award Scheme, entitling the grantee(s) to receive shares of the Company at nil consideration on 1 April 2023 (or such other date as determined by the Board). For details, please refer to the paragraphs headed "Share Option Scheme" and "Restricted Share Award Scheme" above.
3. Mr. He Jianfeng, a non-executive Director, is the spouse of Ms. Lu Deyan, a controlling shareholder of the Company. Therefore, Mr. He Jianfeng is deemed to be interested in Ms. Lu Deyan's interest in the Company by virtue of the SFO.
4. The percentage has been compiled on the basis of 1,355,411,993 shares of the Company in issue as at 31 December 2022.

Apart from the 2020 Share Option Scheme, the 2021 Share Award Scheme and save as disclosed above, during the year ended 31 December 2022, neither the Company nor any of its subsidiaries entered into any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests

Save as disclosed below, as at 31 December 2022, the Directors and chief executive of the Company were not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Position in the Shares of the Company

Name	Capacity	Number of shares held	Approximate percentage of shareholding (Note 4)
Midea Development Holding (BVI) Limited	Beneficial owner	1,022,259,057	75.42%
Ms. Lu Deyan (Note 1)	Interests of controlled corporations	1,085,959,905	80.12%
Mr. He Xiangjian (Note 2)	Interest held jointly with another person	1,085,959,905	80.12%
Mr. He Jianfeng (Note 3)	Interest of spouse	1,085,959,905	80.12%

Notes:

1. Ms. Lu Deyan ("**Ms. Lu**") holds the entire equity interest in each of Midea Development Holding (BVI) Limited ("**Midea Development (BVI)**"), Midea Ever Company Limited ("**Midea Ever**") and Midea Field Company Limited ("**Midea Field**"), and these companies in turn hold 1,022,259,057, 30,000,000 and 33,700,848 shares of the Company, respectively. Therefore, Ms. Lu is deemed to be interested in the shares of the Company held by Midea Development (BVI), Midea Ever and Midea Field by virtue of the SFO.
2. Mr. He Xiangjian ("**Mr. He**") and Ms. Lu are parties acting-in-concert. Therefore, Mr. He is deemed to be interested in Ms. Lu's interest in the Company by virtue of the SFO and is a controlling shareholder of the Company. However, as confirmed by Mr. He and Ms. Lu in the deed of acting-in-concert dated 14 May 2018 entered into between Mr. He and Ms. Lu, Mr. He does not hold any economic interest (including the right to dividend) in the Group.
3. Mr. He Jianfeng, a non-executive Director, is the spouse of Ms. Lu. Therefore, Mr. He Jianfeng is deemed to be interested in Ms. Lu's interest in the Company by virtue of the SFO and is a controlling shareholder of the Company.
4. The percentage has been compiled on the basis of 1,355,411,993 shares of the Company in issue as at 31 December 2022.

Non-Competition Deed

On 12 September 2018, our controlling shareholders, namely Midea Development (BVI), Ms. Lu and Mr. He, (collectively, the "**Controlling Shareholders**" and each, a "**Controlling Shareholder**") entered into a non-competition deed in favour of the Company (the "**Non-Competition Deed**"). Pursuant to the Non-Competition Deed, each of the Controlling Shareholders has, among other things, irrevocably and unconditionally undertaken not to compete with the business or investment activities of the Group in Mainland China and Hong Kong.

In compliance with the requirement of the Non-Competition Deed, each of the Controlling Shareholders has submitted to the Company an annual declaration confirming that the Controlling Shareholder and its/her/his close associates (other than members of the Group) (as defined in the Listing Rules) have complied with all the provisions of the Non-Competition Deed during the year (the "**Declaration**"). The independent non-executive Directors have reviewed the Declaration and are satisfied with the compliance by the Controlling Shareholders and its/her/his close associates with the provisions of the Non-Competition Deed and the enforcement of the Non-Competition Deed.

Specific Performance Obligations on the Controlling Shareholders

The following disclosure is made in compliance with the disclosure requirements under rule 13.21 of the Listing Rules.

On 3 August 2020, Midea Construction (Hong Kong) Limited, an indirectly wholly-owned subsidiary of the Company (as borrower), the Company (as listing guarantor) and certain of its subsidiaries incorporated outside the PRC (as original guarantors) entered into a facility agreement with certain financial institutions (as lenders) for a three-year dual tranche transferrable term loan facility denominated in HKD and USD in an initial amount of HKD1,050 million and USD60 million respectively (the "**2020 Loan**"). In addition to the said initial amount, the 2020 Loan was subsequently increased to HKD1,050 million and USD80 million respectively. As at 31 December 2022, HKD210 million and USD16 million out of the 2020 Loan have been repaid in aggregate.

On 28 June 2021, Midea Construction (Hong Kong) Limited (as borrower), the Company (as listing guarantor) and certain of its subsidiaries incorporated outside the PRC (as original guarantors) entered into a facility agreement with certain financial institutions (as lenders) for a three-year dual tranche transferrable term loan facility denominated in HKD and USD in an initial amount of HKD3,300 million and USD35 million respectively (the "**2021 Loan**").

Pursuant to the provisions of each of the facility agreements, if (i) Mr. He and/or Ms. Lu (taking into account their combined shareholdings) jointly do not or cease to, remain as the single largest shareholder of the Company or maintain (directly or indirectly) not less than 51% of all beneficial shareholding interests in the issued share capital and management control of the Company; and/or (ii) Mr. He, Ms. Lu and Midea Development (BVI) collectively cease to, maintain the power to the exercise of 30% or more of the voting rights at general meetings of the Company, or cease to be the controlling shareholders of the Company as such term is used under the Listing Rules, it will be a "Change of Control" upon which the financial institutions may, among other things, require repayment of all or part of the 2020 Loan and/or the 2021 Loan, together with accrued interest, and all other amounts accrued or outstanding.

Directors' Interest in Competing Businesses

During the year, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group ("**Competing Business**") as required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

The Group consists of the following major businesses:

- (i) property development and sales;
- (ii) property management services;
- (iii) investment and operation of commercial properties, including property leases, hotel operations and cultural-tourism project; and
- (iv) real estate technologies.

Name of Director	Name of Company	Nature of Interest	Competing Business
Mr. He Jianfeng	Midea Holding Co., Ltd.	President	Hotel
Mr. Zhao Jun	Midea Holding Co., Ltd. Foshan Shunde Junlan Holding Development Company Limited	Executive president Chairman and general manager	Hotel Hotel

Midea Holding Co., Ltd. ("**Midea Holding**") is directly wholly-owned by the controlling shareholders of the Company, Mr. He and Ms. Lu, which owns and operates high-end hotels through certain indirectly wholly-owned subsidiaries, of which one is Foshan Shunde Junlan Holding Development Company Limited.

Hotel investment and operations is not the main stream business of Midea Holding and the Group. Our focus is to develop high-quality residential properties with respect to property development and sales. In order to diversify our earnings, we also engage in the investment and operations of economy and cultural-tourism theme hotels. The target customers of these economy and theme hotels are designed for business travellers and tourists in the resort, respectively, which can be distinguished from that of the luxury hotels owned and operated by Midea Holding. Moreover, the Board is independent from the board of directors of Midea Holding, and Mr. He Jianfeng and Mr. Zhao Jun cannot personally control the Board. Further, they are fully aware of, and have been discharging, their fiduciary duty to the Company and have acted and will continue to act in the best interest of the Company and its shareholders as a whole.

In light of the above, we are of the view that the hotel investment and operations business of Midea Holding has limited competition, either directly or indirectly, with the Group's business and is disclosed for information only.

Save as disclosed above, none of the Directors was interested in any business apart from the businesses of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group for the year ended 31 December 2022.

Management Contracts

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

Controlling Shareholders' Interests in Contracts

Save as otherwise disclosed under the section "Continuing Connected Transactions" of this annual report, there was no other contract of significance entered into between the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries during the year.

Major Customers and Suppliers

The main customers of our residential and commercial properties are individual buyers and corporate entities. For the year ended 31 December 2022, revenue generated from the Group's five largest customers accounted for approximately 1.53% of the Group's revenue for the year, among which revenue generated from the largest customer amounted to approximately 0.70% of the Group's revenue for the year.

For the year ended 31 December 2022, purchases from the Group's five largest suppliers accounted for approximately 9.22% of the Group's total purchases excluding land purchase for the year, among which purchases from the largest supplier amounted to approximately 2.73% of the Group's total purchases excluding land purchase for the year. All of our five largest suppliers were construction companies or equipment suppliers engaged by us.

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

Sustainable Development

The Group believes that the sustainable development of a corporation not only depends on the sound management on the environment and natural resources, but also relies on the construction of a harmonious employment environment, the secured and healthy operation with its customers and suppliers and the active response to community needs.

To demonstrate its commitment to the environment and accountability to the interests of its stakeholders, which include employees, customers and suppliers, the Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 of the Listing Rules.

Continuing Connected Transactions

During the year, the Group had the following continuing connected transactions not exempted under Chapter 14A of the Listing Rules:

2021 Smart Home Technology Products Framework Purchase Agreement

On 28 December 2020, the Company entered into a framework purchase agreement (the "**2021 Smart Home Technology Products Framework Purchase Agreement**") for a term of commencing from 1 January 2021 to 31 December 2023 (both days inclusive) with Midea Group Co., Ltd. ("**Midea Group Company**") to govern the terms and conditions of the transactions between the Group and Midea Group Company and its subsidiaries ("**Midea Group**") in connection with the provision of the household appliances, including kitchen appliances, water heating machines, water purification equipment, washing machines and air conditioning machines, and smart home products, including smart household appliances (such as kitchen appliances and restroom appliances), security monitoring products and smart entertainment products, as well as other related ancillary products (collectively, the "**Smart Home Technology Products**") to the Group.

Pursuant to the 2021 Smart Home Technology Products Framework Purchase Agreement, Midea Group Company agreed to provide the Smart Home Technology Products to the Group according to the separate agreements in respect of each of the transactions to be entered into by the relevant members of the Group with the relevant members of Midea Group from time to time. For details, please refer to the Company's announcement dated 28 December 2020.

2022 Construction Framework Agreement

On 21 January 2022, the Company entered into a construction framework agreement (the "**2022 Construction Framework Agreement**") for a term of commencing from 1 January 2022 and ending on 31 December 2024 (both days inclusive) with Midea Holding to govern the terms and conditions of the transactions between the Group and Midea Holding, its subsidiaries and their respective associates ("**Midea Holding Group**") in connection with the provision of design, planning and implementation of the construction management, the installation of smart home systems, as well as other related ancillary services to be provided to various properties or business premises related to recreation and sports, medical and office functions etc., which are owned or controlled by the Midea Holding Group (collectively, the "**Construction Services**").

Pursuant to the 2022 Construction Framework Agreement, the Group agreed to provide the Construction Services to the Midea Holding Group according to the separate agreements in respect of each of the transactions to be entered into by the relevant members of the Group with the relevant members of the Midea Holding Group from time to time. For details, please refer to the Company's announcement dated 21 January 2022.

2022 Revised Property Management Framework Agreement

On 21 January 2022, the Company entered into a property management framework agreement (the "**2022 Property Management Framework Agreement**") for a term of commencing from 1 January 2022 and ending on 31 December 2024 (both days inclusive) with Midea Holding to govern the terms and conditions of the transactions between the Group and the Midea Holding Group in connection with the provision of services including property management, as well as other related ancillary services to be provided to various properties or business premises owned or controlled by the Midea Holding Group, including factories, industrial parks and staff dormitories etc. (collectively, the "**Property Management Services**").

Given that the actual transaction amounts for the Property Management Services were expected to exceed the annual caps set out in the 2022 Property Management Framework Agreement, the Company on 21 October 2022 entered into a revised property management framework agreement (the "**2022 Revised Property Management Framework Agreement**") with Midea Holding to revise and re-set the annual caps for the three years ending 31 December 2024 and to terminate and supersede the 2022 Property Management Framework Agreement.

Pursuant to the 2022 Revised Property Management Framework Agreement, the Group agreed to provide the Property Management Services to the Midea Holding Group according to the separate agreements in respect of each of the transactions to be entered into by the relevant members of the Group with the relevant members of the Midea Holding Group from time to time. For details, please refer to the Company's announcements dated 21 January 2022 and 21 October 2022.

About Midea Group Company and Midea Holding

Midea Group Company is a company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange. It is held as to approximately 31.00% collectively by Midea Holding and Mr. He who is a party acting-in-concert. Midea Holding is a company incorporated in the PRC with limited liability and is directly wholly-owned by the controlling shareholders of the Company, Mr. He as to 94.55% and Ms. Lu as to 5.45%, respectively. Each of Midea Group Company and Midea Holding is an associate of Mr. He and therefore a connected person of the Company under the Listing Rules.

Annual Caps of the Continuing Connected Transactions

The following table sets out the transaction amount of each of the aforesaid continuing connected transactions of the Group during the year and the relevant approved annual caps for 2022:

Transactions	Annual caps for 2022 RMB'000	Transaction amount for the year ended 31 December 2022 RMB'000
Purchase of the Smart Home Technology Products from Midea Group	576,430	213,628
Provision of the Construction Services to the Midea Holding Group	53,000	52,283
Provision of the Property Management Services to the Midea Holding Group	45,000	36,991

The independent non-executive Directors have reviewed the continuing connected transactions of the Group during the year and confirmed that the continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or better; and
3. in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Board engaged PricewaterhouseCoopers, the auditor of the Company, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions of the Group disclosed above in accordance with Rule 14A.56 of the Listing Rules. The auditor has confirmed to the Board that nothing has come to their attention that causes them to believe the continuing connected transactions of the Group for the year ended 31 December 2022 as disclosed above:

1. have not been approved by the Company's board of directors;
2. were not, in all material respects, in accordance with the pricing policy of the Group for transactions involving the provision of goods or services by the Group;
3. were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
4. have exceeded the annual cap as set by the Company.

A copy of the auditor's letter on continuing connected transactions of the Group for the year ended 31 December 2022 has been provided by the Company to the Stock Exchange. The Company confirmed that it has complied with the disclosure requirements with respect to the above-mentioned continuing connected transactions of the Group in accordance with Chapter 14A of the Listing Rules.

Disclosure under Rule 14A.72 of the Listing Rules

The continuing connected transactions contemplated under the 2021 Smart Home Technology Products Framework Purchase Agreement, the 2022 Construction Framework Agreement and the 2022 Revised Property Management Framework Agreement constitute related party transactions under the Hong Kong Financial Reporting Standards. The related party transactions entered into between the Group and entities controlled by the ultimate controlling parties and/or certain directors during the year as set out in notes 36(a)(i) and 36(a)(ii) to the consolidated financial statements also constitute connected transactions or continuing connected transactions but are exempt from the reporting, annual review, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules due to the de minimis exemptions. The Company has complied with applicable disclosure requirements under Chapter 14A of the Listing Rules in respect of the aforesaid related party transactions and save for these transactions, there are no other related party transactions set out in note 36 to the consolidated financial statements which constitute connected transactions or continuing connected transactions.

Compliance with Laws and Regulations

The Group has complied with applicable laws, rules and regulations that have a significant impact on the Group. The Directors were not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the operation of the Group during the year.

Compliance with the Model Code and the Corporate Governance Code

Please refer to the Corporate Governance Report set out on pages 42 to 58 for the compliance with the Model Code and the Corporate Governance Code.

Public Float

As announced by the Company on 5 November 2018, the Stock Exchange had previously granted a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules and the Company's minimum public float was 16.01% of the total issued share capital of the Company following the completion of the issue and allotment by the Company of the over-allotment shares pursuant to the over-allotment option.

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

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company is to be proposed at the forthcoming AGM.

Subsequent Events

Please refer to the "Management Discussion and Analysis" section set out on page 19 for the details of the subsequent events after the reporting period.

By order of the Board

Midea Real Estate Holding Limited

Hao Hengle

Chairman, Executive Director and President

Hong Kong, 24 March 2023

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Midea Real Estate Holding Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Midea Real Estate Holding Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 83 to 189, comprise:

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

Our opinion

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

Basis for Opinion

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

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

Independence

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

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Key Audit Matters

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

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

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

Key audit matter

How our audit addressed the key audit matter

Recognition of revenue from sales of properties over time

Refer to notes 2.30, 4 and 5 to the consolidated financial statements.

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

Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the buyer obtains control of the completed property. For the year ended 31 December 2022, revenue of the Group from sales of properties was RMB72,192,121,000, of which RMB5,080,752,000 was recognised over time.

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

For all property sales, the Group cannot change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contracts and the interpretation of the applicable laws governing the sales contracts.

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

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time (Continued)	
<p>The Group obtained legal counsel's opinion regarding the enforceability of the right to payment for its sales contracts. Management uses judgements, based on legal counsel's opinion, to identify sales contracts with right to payment and those without.</p>	<p>In respect of the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation, we have, on a sample basis:</p>
<p>In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the year end. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the development costs incurred up to the end of the year as a percentage of total estimated development costs for each property unit in the sales contract. Significant judgements and estimations are required in determining the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the recognition of revenue from sales of properties over time is considered relatively higher due to uncertainty of significant assumptions used.</p>	<ul style="list-style-type: none">(i) Compared the actual costs of completed projects to management's prior estimations to assess the accuracy of management's historical cost estimation and reliability and appropriateness of the cost estimation methodology.(ii) Understood, evaluated and validated the internal controls over the generation of cost data of the project and property unit and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.(iii) Challenged the reasonableness of the basis for cost allocation and checked the accuracy of the cost allocation among property units.(iv) Challenged the reasonableness of the cost budgets for the project and property unit under development by comparison to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas.(v) Compared the estimated total development costs of the project and property unit under development to the budgets approved by management.(vi) Tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers, if any.(vii) Checked the mathematical accuracy of the cost allocation and the measurement of progress of the property unit.
<p>Given the involvement of significant judgements and estimations, recognition of revenue from sales of properties over time is considered a key audit matter.</p>	

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

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of net realisable value of properties under development and completed properties held for sale	
<p>Refer to notes 2.11, 2.12, 4, 19 and 20 to the consolidated financial statements.</p> <p>The properties under development ("PUD") and completed properties held for sale ("PHS") of the Group amounted to approximately RMB121,124,393,000 and RMB18,290,098,000 respectively as at 31 December 2022, which in total accounted for approximately 55% of the Group's total assets. The carrying amounts of PUD and PHS are stated at the lower of cost and net realisable value ("NRV"). Write-downs of RMB3,890,489,000 was made against the carrying amounts of the PUD and PHS as at 31 December 2022.</p> <p>Determination of NRV of PUD and PHS involved critical accounting estimates on the selling prices, selling expenses necessary to make the sale and, for PUD, the estimated costs to completion as well, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of NRV of PUD and PHS is considered relatively higher due to uncertainty of significant assumptions used. Given the significant balance of PUD and PHS and the involvement of critical accounting estimates, the assessment of NRV of PUD and PHS is considered a key audit matter.</p>	<p>We obtained management's NRV assessment on PUD and PHS and performed audit procedures as follows:</p> <ul style="list-style-type: none"> (i) Understood, evaluated and validated the internal controls over the assessment of NRV of PUD and PHS and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors. (ii) Compared the actual selling prices in current year of the relevant PUD and PHS, on a sample basis, against the estimated selling prices used in management's NRV assessment made in the prior year to reconsider, with hindsight, the reliability of management's historical NRV assessment.

Key Audit Matters (Continued)

Key audit matter

How our audit addressed the key audit matter

Assessment of net realisable value of properties under development and completed properties held for sale (Continued)

- (iii) Challenged the reasonableness of the key accounting estimates made by management, on a sample basis, as follows:
- Selling prices — we compared the estimated selling price to the recent market transactions by making reference to the Group's selling price of pre-sale units in the same project or the prevailing market price of comparable properties with similar type, size and location.
 - Selling expenses — we compared the estimated selling expenses to selling price percentage with the actual average selling expenses to revenue ratio of the Group in recent years.
 - Estimated costs to completion for PUD — we reconciled the estimated costs to completion to the budgets approved by management and examined the related construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group.
- (iv) Checked the mathematical accuracy of the calculations of the NRV and write-downs of PUD and PHS as at 31 December 2022.

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

Other Information

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

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 March 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Revenue	5	73,630,848	73,703,098
Cost of sales	6	(62,324,407)	(60,207,635)
Gross profit		11,306,441	13,495,463
Other income and other (losses)/gains — net	7	351,084	894,119
Selling and marketing expenses	6	(2,367,284)	(2,662,865)
Administrative expenses	6	(2,150,283)	(3,382,192)
Net impairment losses on financial assets	3.1.3	(308,858)	(322,646)
Operating profit		6,831,100	8,021,879
Finance income	9	440,125	720,994
Finance costs	9	(483,871)	—
Finance (costs)/income — net	9	(43,746)	720,994
Share of results of joint ventures and associates	14	100,651	(23,353)
Profit before income tax		6,888,005	8,719,520
Income tax expenses	10	(3,311,232)	(3,416,710)
Profit for the year		3,576,773	5,302,810
Profit attributable to:			
Owners of the Company		1,726,363	3,743,557
Non-controlling interests		1,850,410	1,559,253
Total comprehensive income for the year		3,576,773	5,302,810
Total comprehensive income attributable to:			
Owners of the Company		1,726,363	3,743,557
Non-controlling interests		1,850,410	1,559,253
		3,576,773	5,302,810
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic	11	1.34	3.04
Diluted	11	1.34	3.04

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

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2022	2021
		RMB'000	RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,233,587	1,236,426
Investment properties	16	4,978,645	3,355,218
Right-of-use assets	17	335,009	390,643
Intangible assets	18	291,027	184,801
Properties under development	19	487,405	379,460
Investments in joint ventures	14(a)	13,285,687	16,841,500
Investments in associates	14(b)	11,576,554	11,442,700
Finance lease receivables		40,825	43,343
Deferred income tax assets	13	5,038,658	4,016,383
Financial assets at fair value through profit or loss	22	388,062	159,172
		37,655,459	38,049,646
Current assets			
Inventories		164,749	146,366
Contract assets and contract acquisition costs	5	2,646,947	2,218,958
Properties under development	19	120,636,988	147,830,961
Completed properties held for sale	20	18,290,098	12,663,962
Trade and other receivables	21	36,653,229	42,715,075
Prepaid taxes		9,477,341	10,694,849
Financial assets at fair value through profit or loss	22	23,075	3,500
Restricted cash	23	4,530,269	7,907,985
Term deposits with initial terms over three months	24	50,000	–
Cash and cash equivalents	24	21,810,599	26,288,551
		214,283,295	250,470,207
Total assets		251,938,754	288,519,853
EQUITY			
Equity attributable to the owners of the Company			
Share capital and premium	25	5,627,767	6,026,594
Other reserves	26	3,360,760	2,867,664
Retained earnings	26	15,876,293	14,617,462
		24,864,820	23,511,720
Non-controlling interests		25,449,029	24,297,901
Total equity		50,313,849	47,809,621

Consolidated Balance Sheet (Continued)

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Corporate bonds	29	8,232,320	5,635,782
Bank and other borrowings	30	26,541,041	35,352,703
Lease liabilities	17	90,207	140,088
Deferred income tax liabilities	13	497,635	810,234
		35,361,203	41,938,807
Current liabilities			
Contract liabilities	5	86,139,528	107,453,005
Corporate bonds	29	5,142,229	4,873,724
Bank and other borrowings	30	8,538,962	10,461,339
Lease liabilities	17	64,932	89,272
Trade and other payables	31	58,359,483	68,959,924
Current income tax liabilities		8,018,568	6,934,161
		166,263,702	198,771,425
Total liabilities		201,624,905	240,710,232
Total equity and liabilities		251,938,754	288,519,853

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

The financial statements on pages 83 to 189 were approved by the Board of Directors on 24 March 2023 and were signed on its behalf.

Hao Hengle
Director

Lin Ge
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
		Share capital and premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Note	RMB'000 (note 25)	RMB'000 (note 26)	RMB'000 (note 26)	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021		7,654,595	2,803,116	11,609,992	22,067,703	18,151,685	40,219,388
Comprehensive income							
Profit for the year		–	–	3,743,557	3,743,557	1,559,253	5,302,810
Total comprehensive income for the year		–	–	3,743,557	3,743,557	1,559,253	5,302,810
Transactions with owners in their capacity as owners:							
Transfer to statutory reserves		–	736,087	(736,087)	–	–	–
Issue of new shares for the purpose of restricted share award scheme		3,134	(3,134)	–	–	–	–
Employee share scheme — Value of employee services received		–	164,132	–	164,132	–	164,132
Repurchase of shares for the purpose of restricted share award scheme		–	(22,098)	–	(22,098)	–	(22,098)
Acquisition of subsidiaries which do not contain a business		–	–	–	–	892,436	892,436
Disposal of subsidiaries		–	(1,500)	–	(1,500)	(1,698,967)	(1,700,467)
Disposal of equity interests in subsidiaries without change of control		–	(8,019)	–	(8,019)	1,009,531	1,001,512
Dividends paid to shareholders		(1,631,135)	–	–	(1,631,135)	–	(1,631,135)
Dividends paid and payable to non-controlling interests		–	–	–	–	(436,568)	(436,568)
Capital injections from non-controlling interests		–	–	–	–	7,598,824	7,598,824
Acquisition of equity interests in subsidiaries from non-controlling interests		–	(800,920)	–	(800,920)	(2,278,293)	(3,079,213)
Redemption of perpetual capital securities		–	–	–	–	(500,000)	(500,000)
Total transactions with owners		(1,628,001)	64,548	(736,087)	(2,299,540)	4,586,963	2,287,423
Balance at 31 December 2021		6,026,594	2,867,664	14,617,462	23,511,720	24,297,901	47,809,621

Consolidated Statement of Changes in Equity (Continued)

	Note	Attributable to owners of the Company					Total equity RMB'000
		Share capital and premium RMB'000 (note 25)	Other reserves RMB'000 (note 26)	Retained earnings RMB'000 (note 26)	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2022		6,026,594	2,867,664	14,617,462	23,511,720	24,297,901	47,809,621
Comprehensive income							
Profit for the year		-	-	1,726,363	1,726,363	1,850,410	3,576,773
Total comprehensive income for the year		-	-	1,726,363	1,726,363	1,850,410	3,576,773
Transactions with owners in their capacity as owners:							
Transfer to statutory reserves		-	490,459	(490,459)	-	-	-
Issue of new shares for the purpose of restricted share award scheme	25(a)	4,227	(4,227)	-	-	-	-
Employee share scheme — Value of employee services received	26	-	82,107	-	82,107	-	82,107
Repurchase of shares for the purpose of restricted share award scheme	26	-	(21,043)	-	(21,043)	-	(21,043)
Acquisition of subsidiaries which do not contain a business	39	-	-	-	-	1,266,863	1,266,863
Disposal of subsidiaries	38	-	(22,927)	22,927	-	(1,631,898)	(1,631,898)
Dividends paid to shareholders	25(b)	(403,054)	-	-	(403,054)	-	(403,054)
Dividends paid and payable to non-controlling interests		-	-	-	-	(285,450)	(285,450)
Capital injections from non-controlling interests		-	-	-	-	311,917	311,917
Acquisition of equity interests in subsidiaries from non-controlling interests	35	-	(31,273)	-	(31,273)	(211,714)	(242,987)
Redemption of perpetual capital securities	27	-	-	-	-	(149,000)	(149,000)
Total transactions with owners		(398,827)	493,096	(467,532)	(373,263)	(699,282)	(1,072,545)
Balance at 31 December 2022		5,627,767	3,360,760	15,876,293	24,864,820	25,449,029	50,313,849

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash generated from operations	32	8,751,312	10,967,599
Income tax paid		(3,164,754)	(4,788,373)
Interest paid		(2,542,195)	(2,972,046)
Net cash generated from operating activities		3,044,363	3,207,180
Cash flows from investing activities			
Net cash inflow from acquisition of subsidiaries	39	388,542	306,573
Net cash (outflow)/inflow from disposal of subsidiaries	38	(319,384)	131,401
Purchases of property, plant and equipment		(69,024)	(110,209)
Purchases of intangible assets		(138,016)	(48,792)
Investments in joint ventures		–	(3,948,281)
Investments in associates		(511,200)	(5,247,198)
Proceeds from disposal of joint ventures and associates		380,685	867,665
Dividends received from joint ventures and associate		119,089	244,766
Funds provided to joint ventures and associates		(929,968)	(2,955,715)
Repayment of funds provided to joint ventures and associates		5,805,419	12,622,738
Proceeds from disposal of property, plant and equipment, investment properties and land use right for own-used properties	32(b)	66,975	105,106
(Increase)/decrease in term deposits with initial terms over three months	24	(50,000)	52,310
Payments for financial assets at fair value through profit or loss		(8,075,151)	(16,189,636)
Proceeds from disposal of financial assets at fair value through profit or loss		8,274,237	17,004,245
Interest received	9	440,125	604,623
Net cash generated from investing activities		5,382,329	3,439,596

Consolidated Statement of Cash Flows (Continued)

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
Capital injections from non-controlling interests		311,917	7,598,824
Payment for redemption of perpetual capital securities	27	(149,000)	(500,000)
Payments for acquisition of additional interests in subsidiaries	35	(235,921)	(2,630,228)
Proceeds from disposal of ownership interests in subsidiaries without loss of control		–	987,902
Proceeds from bank and other borrowings	32(c)	14,469,949	28,119,587
Repayments of bank and other borrowings	32(c)	(29,486,594)	(26,010,823)
Proceeds from issue of corporate bonds	32(c)	7,731,392	1,711,456
Repayments of corporate bonds	32(c)	(4,876,000)	(6,260,000)
Purchase of shares for the purpose of restricted share award scheme	28(a)	(21,043)	(22,098)
Principal elements of lease payments	32(c)	(83,988)	(84,086)
Cash advances with related parties controlled by the Ultimate Controlling Parties, net	32(c)	(6,479)	(22,311)
Dividends paid to shareholders	25(b)	(403,054)	(1,631,135)
Dividends paid to non-controlling interests		(198,724)	(197,228)
Net cash (used in)/generated from financing activities		(12,947,545)	1,059,860
Net (decrease)/increase in cash and cash equivalents		(4,520,853)	7,706,636
Cash and cash equivalents at beginning of the year		26,288,551	18,595,105
Exchange gains/(losses) on cash and cash equivalents		42,901	(13,190)
Cash and cash equivalents at end of the year	24	21,810,599	26,288,551

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The Company was incorporated in the Cayman Islands on 29 November 2017 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in property development and sales, property management services and investment and operation of commercial properties in the People's Republic of China (the "PRC").

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 October 2018 (the "Listing").

The ultimate holding company of the Company is Midea Development Holding (BVI) Limited ("Midea Development (BVI)"), and the ultimate controlling parties of the Company are Mr. He Xiangjian (何享健, "Mr. He") and Ms. Lu Deyan (盧德燕, "Ms. Lu") (the "Ultimate Controlling Parties").

These consolidated financial statements for the year ended 31 December 2022 are presented in Renminbi ("RMB"), unless otherwise stated, and was approved by the board of directors of the Company (the "Board") for issue on 24 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 financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(i) Compliance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 ("HKCO")

The consolidated financial statements of the Group have been prepared in accordance with HKFRS and the disclosure requirements of HKCO.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (financial assets at "FVPL") and investment properties, which are carried at fair value.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(iii) Going concern basis

Due to the volatility of the property market in the PRC and the unfavourable impact on the presale performance during the year, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least twelve months from 31 December 2022, taking into consideration the following plans and measures:

- (i) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of sales proceeds. These measures include but not limited to effective sales promotion activities and closely monitor the process of construction of its property development projects to ensure the construction and related payments are fulfilled, the relevant properties sold under pre-sale arrangement are completed and are delivered to the customers on schedule as planned, such that the Group is able to release restricted pre-sale proceeds from the designated bank accounts to meet its other financial obligations;
- (ii) The Group has available registered quotas of mid-term notes totaling approximately RMB15 billion and unused credit facilities from banks totaling approximately RMB108 billion as at 31 December 2022. The directors of the Company believes that the Group would be able to obtain funding from the issuance of the above mid-term notes and the draw down from the above credit facilities from banks as and when needed in the next twelve months from 31 December 2022 under the prevailing rules and regulations. The Group will also continue to seek for new debt financing and bank borrowings at cost acceptable to the Group to finance the settlement of its existing financial obligations and future operating costs and capital expenditures;
- (iii) The Group will continue to take active measures to control selling and marketing costs and administrative expenses; and
- (iv) The Group will not commit on significant capital expenditures and land acquisitions before securing the necessary funding.

The directors of the Company have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2022. The directors of the Company are of the opinion that, taking into account the anticipated cash flows generated from the Group's operations as well as the possible changes in its operating performance, the Group's existing and future plans of land acquisitions, the continued availability of the Group's above registered quotas of mid-term notes and unused credit facilities from banks as well as the Group's ability to raise new financing under the prevailing rules and regulations, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 December 2022. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(iv) New and amended standards adopted by the Group

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

Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKFRS 16	Covid-19-related rent concessions
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use
Amendments to HKAS 37	Onerous contracts — cost of fulfilling a contract
Annual Improvements to HKFRSs Standards 2018–2020	Annual improvements
Amendments to Accounting Guideline 5	Merger accounting for common control combinations

The adoption of these amendments or annual improvements did not result in any significant impact on the results and financial position of the Group.

(v) New and amended standards and interpretations not yet adopted

Certain new accounting standards, amendments to 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 standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
HKFRS 17	Insurance contract	1 January 2023
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
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2024
HK Interpretation 5 (2020)	Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2024
Amendments to HKFRS 16	Lease liability in sales and lease back	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associates or joint ventures	To be determined

2. Summary of significant accounting policies (Continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where 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 statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.2.2 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 (2.2.4) below), after initially being recognised at cost.

2.2.3 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, rather than the legal structure of the joint arrangement. The Group has joint ventures only.

Interests in joint ventures are accounted for using the equity method (note 2.2.4), after initially being recognised at cost in the consolidated balance sheet.

2.2.4 Equity method

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.

Where 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.

2. Summary of significant accounting policies (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.4 Equity method (Continued)

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.

2.2.5 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 Group.

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.

2.3 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.

2. Summary of significant accounting policies (Continued)

2.3 Business combination (Continued)

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.

2.4 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 who make strategic decisions.

2. Summary of significant accounting policies (Continued)

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 the Group's 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.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, within finance costs. All other foreign exchange gains and losses are presented in profit or loss on a net basis within 'other income and 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 FVPL are recognised in profit or loss as part of the fair value gain or loss.

(c) Group companies

The results and consolidated balance sheet of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- income and expenses for each 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 dates of the transactions), and
- 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 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.

2. Summary of significant accounting policies (Continued)

2.7 Property, plant and equipment

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

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

Depreciation 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:

Buildings	20–35 years
Furniture and equipment	5 years
Vehicles, machinery and others	3–10 years

The leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the Group expects to use the assets beyond the lease term.

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

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

2.8 Intangible assets

(a) Computer software

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 1 to 10 years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

2. Summary of significant accounting policies (Continued)

2.8 Intangible assets (Continued)

(b) Research and development expenditures

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the development of prefabricated construction related technologies) are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the development of prefabricated construction related technologies so that it will be available for use
- management intends to complete the development of prefabricated construction related technologies and use or sell it
- there is an ability to use or sell the prefabricated construction related technologies
- it can be demonstrated how the prefabricated construction related technologies will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the prefabricated construction related technologies are available, and
- the expenditure attributable to the prefabricated construction related technologies during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense is not recognised as an asset in a subsequent period.

(c) 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.

2.9 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that 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 presented in profit or loss.

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

2. Summary of significant accounting policies (Continued)

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life 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 the end of each reporting period.

2.11 Properties under development

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

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

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle. The normal operating cycle is usually between 2 and 3 years.

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

Land use rights acquired and held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties under development or completed properties held for sale, while those out of the normal operating cycle are classified as non-current assets.

2.12 Completed properties held for sale

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

Cost comprises development costs attributable to the unsold properties.

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

2. Summary of significant accounting policies (Continued)

2.13 Financial assets

2.13.1 Classification

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

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

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

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

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

2.13.2 Recognition and derecognition

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

2.13.3 Measurement

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

2. Summary of significant accounting policies (Continued)

2.13 Financial assets (Continued)

2.13.3 Measurement (Continued)

Debt instruments (Continued)

- 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 "Other income" using the effective interest rate method.
- FVPL: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within 'other income and gains — net' in the period in which it arises. Interest income from these financial assets is included in the 'finance income'.

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. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss (financial assets at "FVPL") are recognised in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.14 Offsetting financial instruments

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

2.15 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and debt investment at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3 details how the Group determines 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.

2. Summary of significant accounting policies (Continued)

2.15 Impairment of financial assets (Continued)

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 contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties, related parties and non-controlling interests 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.

2.16 Inventories

Inventories mainly comprise of spare parts and tools for property management, which are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses necessary to make the sale.

2.17 Trade and other receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle 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 receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 21 for further information about the Group's accounting for trade receivables and note 3.1 for a description of the group's impairment policies.

2.18 Contract assets, contract acquisition costs and contract liabilities

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

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

2.19 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and 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" of the consolidated balance sheet. Restricted cash are excluded from cash and cash equivalents.

2. Summary of significant accounting policies (Continued)

2.20 Share capital

Ordinary shares are classified as equity.

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

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

Shares held for the restricted share award scheme are disclosed as treasury shares and deducted from contributed equity.

2.21 Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

2.22 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred in the subsequent periods, the grant is recognised as deferred income, and recognised in the profit or loss over the periods in which the related costs are incurred; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised in the profit or loss.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.23 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. The amounts are unsecured. Trade and other payables 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 their fair value and subsequently measured at amortised cost using the effective interest method.

2. Summary of significant accounting policies (Continued)

2.24 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss 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 consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

2.25 Borrowing costs

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

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

2.26 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 end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2. Summary of significant accounting policies (Continued)

2.26 Current and deferred income tax (Continued)

(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 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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 tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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

Deferred 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 tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax 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.

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.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Oneland or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

2. Summary of significant accounting policies (Continued)

2.27 Employee benefits

(a) Pension obligations

The Group only operate defined contribution pension plans. 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 governments.

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

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) 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 terminations 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.

(d) Employee leave entitlements

Employee entitlements to 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 are not recognised until the time of leave.

2. Summary of significant accounting policies (Continued)

2.28 Share-based payments

Share-based compensation benefits are provided to employees via the share option scheme, share award scheme, and the transfer of shares by Ms. Lu to the eligible participants. Information relating to these schemes is set out in note 28.

(a) Share option scheme

The fair value of options granted under the share option scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The share option scheme is administered by the Group Employee Share Trust, which is consolidated in accordance with the principles in note 2.2. When the options are exercised, the trust transfers the appropriate number of shares to employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

(b) Share award scheme

The fair value of restricted share granted to employees for nil consideration under the Share Award Scheme is recognised as an expense over the relevant service period, being the year to which the bonus relates and the vesting period of the shares. The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payment reserve. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Where shares are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed effective the date of the forfeiture.

The restricted share are acquired by the Group Employee Share Trust on market at the grant date and are held for employee share scheme until such time as they are vested (see note 2.20).

(c) Transfer of shares by Ms. Lu to the eligible participants

These shares awarded vest immediately on grant date. The fair value of these incentive interests at the grant date, which is determined by taking the market price of the Company's shares on that date, over the respective cash consideration assumed by the selected participants is recognised as an employee benefits expense with a corresponding increase in equity.

2. Summary of significant accounting policies (Continued)

2.29 Provisions

Provisions for legal claims, service warranties and make good obligations 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.

2.30 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties in the PRC and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies.

(a) Sales of properties

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

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates or 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 the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation:

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

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 purchaser 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.

2. Summary of significant accounting policies (Continued)

2.30 Revenue recognition (Continued)

(b) Property management

The Group bills a fixed amount for property management services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

(c) Investment and operation of commercial properties

Revenues from investment and operation of commercial properties mainly include property lease income, revenues from hotel operations and cultural-tourism project.

Property lease income

Property lease income from properties letting under operating leases is recognised on a straight-line basis over the term of the lease.

Hotel operations

Revenues from hotel operations are recognised in the accounting period in which the related services are rendered.

Cultural-tourism project

Revenues from cultural-tourism project mainly represent revenues from rendering of tourism-related services, which are recognised in the accounting period in which the related services are rendered.

2.31 Management and consulting services income

Income from rendering of management and consulting services is recognised in the accounting period in which the related services are rendered.

2.32 Interest income

Interest income is recognised using the effective interest method.

2.33 Dividend income

Dividends are recognised as revenue when the right to receive payment is established.

2.34 Leases

(i) The Group as the lessee

Leases of property, plant and equipment are recognised as a right-of-use asset or investment properties and a corresponding liability at the date at which the leased asset is available for use by the Group. In addition, land use rights to be developed for hotel properties and self-use buildings, which are stated at cost and subsequently amortised in the profit or loss on a straight-line basis over the operating lease periods, are recognised as right-of-use for land.

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.

2. Summary of significant accounting policies (Continued)

2.34 Leases (Continued)

(i) The Group as the lessee (Continued)

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.

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

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

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

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security

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

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

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

2. Summary of significant accounting policies (Continued)

2.34 Leases (Continued)

(i) The Group as the lessee (Continued)

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 all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

In addition, leases of land are recognised as right-of-use for land. The Group applies the fair value model in HKAS 40 Investment Property to its investment properties, and also apply that fair value model to right-of-use assets that meet the definition of investment property in HKAS 40. Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities and cash payments for the interest portion are consistent with presentation of interest payments.

(ii) The Group as the lessor

Lease classification is made at the inception date and is reassessed only if there is a lease modification.

A finance lease is a lease that the Group as the lessor uses to transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. At the commencement of the lease term, the Group recognises the minimum lease amounts receivable by the Group as a finance lease receivable and records the unguaranteed residual value as an asset within the same category. The difference between (a) the aggregate of the minimum lease amounts and the unguaranteed residual value and (b) their present value (presented in the consolidated balance sheet as finance lease receivables — net) is recognised as unearned finance income. Minimum lease amounts are the payments over the lease term that the lessee is or can be required to make plus any residual value guaranteed to the lessor by the lessee, or a party unrelated to the lessor.

Unearned finance income is allocated to each period during the lease term using the effective interest method that allocates each rental between finance income and repayment of capital in each accounting period in such a way that finance income is recognised as a constant periodic rate of return (implicit effective interest rate) on the lessor's net investment in the lease. Initial direct costs, such as commissions, legal fees and internal costs that are incremental and directly attributable to negotiating and arranging a lease, are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. Amounts received from lessees under operating leases (net of any incentives grant to the lessee) are recognised in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2. Summary of significant accounting policies (Continued)

2.34 Leases (Continued)

(ii) The Group as the lessor (Continued)

Initial direct costs incurred by the Group as the lessor in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

(iii) Sublease

In classifying a sublease, an intermediate lessor shall classify the sublease as a finance lease or an operating lease as follows:

- if the head lease is a short-term lease that the entity, as a lessee, the sublease shall be classified as an operating lease
- otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (for example, the item of property, plant or equipment that is the subject of the lease).

2.35 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised 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.

2.36 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 are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and borrowings to fund its operations.

3.1 Financial risk factors

3.1.1 Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB. The majority of non-RMB assets and liabilities are bank deposits and borrowings denominated in Hong Kong Dollar ("HKD") and United States Dollar ("USD"). The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates. Cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The majority of the subsidiaries of the Group operate in the PRC and most of their transactions are denominated in RMB. The Group did not have other significant exposure to foreign exchange risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective balance sheet dates are as follows:

Assets	As at 31 December	
	2022 RMB'000	2021 RMB'000
HKD	184,343	667,353
USD	6,237	85,463
	190,580	752,816

Liabilities	As at 31 December	
	2022 RMB'000	2021 RMB'000
HKD	4,499,552	5,368,473
USD	689,495	733,206
	5,189,047	6,101,679

The aggregate net foreign exchange (losses)/gains recognised in profit or loss were:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Net foreign exchange gains included in other gains — net	20,880	6,871
Exchange (losses)/gains on foreign currency borrowings included in finance (costs)/income — net	(483,871)	116,371
Total net foreign exchange (losses)/gains recognised in profit before income tax for the year	(462,991)	123,242

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Foreign exchange risk (Continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. Should RMB strengthened/weakened by 5% against the relevant currencies, the effect on post-tax profit for the year would be as follows:

	Change of post-tax profit increase/(decrease) Year ended 31 December	
	2022 RMB'000	2021 RMB'000
RMB against HKD:		
Strengthened by 5%	215,760	235,056
Weakened by 5%	(215,760)	(235,056)
RMB against USD:		
Strengthened by 5%	34,163	32,387
Weakened by 5%	(34,163)	(32,387)

3.1.2 Cash flow and fair value interest rate risks

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

Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. 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.

As at 31 December 2022, bank and other borrowings of the Group which were bearing at floating rates amounted to approximately RMB23,947,799,000 (2021: RMB30,606,385,000). As at 31 December 2022, if interest rates on borrowings at floating rates had been 50 basis points higher or lower with all other variables held constant and without taking into account interest capitalisation, interest charges for the year ended 31 December 2022 would increase/decrease by approximately RMB119,739,000 (2021: RMB153,032,000).

3.1.3 Credit risk

The Group is exposed to credit risk mainly in relation to its trade and other receivables, contract assets and cash deposits with banks.

The carrying amounts of trade and other receivables, contract assets, restricted cash, term deposits with initial terms over three months and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

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

It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables and contract assets to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

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

The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

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. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

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

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

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

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

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are more than 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are more than 365 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written off

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 forward looking macroeconomic data.

(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 from third parties and related parties and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and invoice dates. The contract assets relate to unbilled amount resulting from sales of properties 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 are a reasonable approximation of the loss rates for the contract assets.

The historical loss rates for each aging bucket are derived base on the probability of a receivable progressing through successive stages of delinquency to write-off. The historical loss rates are adjusted to expected loss rates to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparty to settle the receivables.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

Expected loss rate of current contract assets and trade receivables from related parties are assessed to be 0.70%. As at 31 December 2022, the loss allowance provision for these balances was not material.

The loss allowance provision as at 31 December 2022 and 2021 is determined as follows, the expected credit losses below also incorporate forward looking information.

	Within 90 days	Over 90 days and within 180 days	Over 180 days and within 365 days	Over 365 days	Total
Trade receivables (excluding receivables from related parties)					
At 31 December 2022					
Expected loss rate	0.70%	8.00%	12.00%	15%–100%	
Gross carrying amount (RMB'000)	414,590	148,135	189,082	408,066	1,159,873
Loss allowance provision (RMB'000)	2,902	11,851	22,690	109,821	147,264
	Within 90 days	Over 90 days and within 180 days	Over 180 days and within 365 days	Over 365 days	Total
Trade receivables (excluding receivables from related parties)					
At 31 December 2021					
Expected loss rate	0.60%	6.00%	12.00%	13%–100%	
Gross carrying amount (RMB'000)	806,127	176,098	299,140	161,277	1,442,642
Loss allowance provision (RMB'000)	4,837	10,566	35,897	61,829	113,129

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

(i) Trade receivables and contract assets (Continued)

The loss allowance provision for trade receivables (excluding prepayments and deposits) as at 31 December 2022 and 2021 reconciles to the opening loss allowance for that provision as follows:

	Trade receivables (excluding receivables from related parties) RMB'000
At 1 January 2021	36,434
Provision for loss allowance recognised in profit or loss	76,695
At 31 December 2021	113,129
At 1 January 2022	113,129
Provision for loss allowance recognised in profit or loss	34,135
At 31 December 2022	147,264

For the years ended 31 December 2022 and 2021, the provision for loss allowances were recognised in profit or loss in net impairment losses on financial assets in relation to the impaired trade receivables.

As at 31 December 2022, the gross carrying amount of trade receivables excluding receivables from related parties was RMB1,159,873,000 (2021: RMB1,442,642,000), and thus the maximum exposure to loss was RMB1,012,609,000 (2021: RMB1,329,513,000).

(ii) Other receivables

Other financial assets at amortised cost include other receivables from third parties, related parties and non-controlling interests.

As at 31 December 2022 and 2021, the internal credit rating of other receivables were performing. The Group has assessed the expected credit losses for these receivables using the 12 months expected losses method.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Credit risk (Continued)

(ii) Other receivables (Continued)

The loss allowance provision for other receivables (excluding prepayments and deposits) reconciles to the opening loss allowance for that provision as follows:

	Other receivables excluding prepayments and deposits
	RMB'000
At 1 January 2021	136,365
Provision for loss allowance recognised in profit or loss	245,951
At 31 December 2021	382,316
At 1 January 2022	382,316
Provision for loss allowance recognised in profit or loss	274,723
At 31 December 2022	657,039

All of these financial assets are considered to have low credit risk, and thus the impairment provision recognised during the year was limited to 12 months expected losses. Management considered other receivables from third parties to be low credit risk as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

For the years ended 31 December 2022 and 2021, the provision for loss allowances were recognised in profit or loss in net impairment losses on financial assets in relation to the impaired other receivables.

As at 31 December 2022 and 2021, the maximum exposure to loss of other receivables from third parties, related parties and non-controlling interests were as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Amounts due from related parties	10,526,880	16,457,054
Amounts due from non-controlling interests	17,020,015	12,946,411
Amounts due from third parties (including deposits and others)	6,095,992	10,311,242
	33,642,887	39,714,707

The Group made no write-off of trade and other receivables during the year.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

3.1.4 Liquidity risk

Management of the Group aims at maintaining sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

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 reducing land acquisition, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties and accelerating sales with more flexible pricing. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2022					
Corporate bonds	5,802,687	6,107,136	2,642,613	–	14,552,436
Bank and other borrowings	9,984,724	15,998,858	9,512,675	3,810,752	39,307,009
Trade and other payables (excluding salaries payable and other taxes payable)	55,327,015	–	–	–	55,327,015
Lease liabilities	66,969	50,218	47,638	11,141	175,966
	71,181,395	22,156,212	12,202,926	3,821,893	109,362,426
Financial guarantee	87,470,581	3,113,847	2,763,331	1,476,642	94,824,401
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2021					
Corporate bonds	5,228,209	5,263,439	501,953	–	10,993,601
Bank and other borrowings	12,444,526	13,838,637	21,211,110	4,205,474	51,699,747
Trade and other payables (excluding salaries payable and other taxes payable)	65,801,263	–	–	–	65,801,263
Lease liabilities	90,052	62,239	87,617	20,440	260,348
	83,564,050	19,164,315	21,800,680	4,225,914	128,754,959
Financial guarantee	92,848,962	4,295,765	4,780,411	620,980	102,546,118

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 in order to provide returns for the owner 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 may adjust the amount of dividends paid to the owner, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total equity. Net borrowings are calculated as total borrowings (including corporate bonds and current and non-current bank and other borrowings as shown in the consolidated balance sheets) less total of cash and cash equivalents, restricted cash and term deposits with initial terms of over three months.

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Total borrowings (notes 29 and 30)	48,454,552	56,323,548
Less: cash and cash equivalents (note 24)	(21,810,599)	(26,288,551)
term deposits with initial terms over three months (note 24)	(50,000)	–
restricted cash (note 24)	(4,530,269)	(7,907,985)
Net borrowings	22,063,684	22,127,012
Total equity	50,313,849	47,809,621
Gearing ratio	44%	46%

Decrease in gearing ratio as at 31 December 2022 was mainly due to the increase in total equity.

3. Financial risk management (Continued)

3.3 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2022				
Financial assets at FVPL (note 22)	–	–	411,137	411,137
At 31 December 2021				
Financial assets at FVPL (note 22)	–	–	162,672	162,672

- (i) The Group's finance department performs the valuations of financial assets required for financial reporting purpose, including Level 3 fair values. The financial department reports directly to the executive directors. Discussions of valuation results are held between the executive directors and the financial department at least once every six months, in line with the Group's interim and annual reporting dates.

The following table presents the changes in level 3 instruments for the periods ended 31 December 2022 and 2021:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Opening balance as at 1 January	162,672	1,096,084
Additions	8,375,151	16,189,636
Disposal of subsidiaries (note 38)	(52,700)	(21,299)
Acquisition of subsidiaries (note 39)	191,567	–
Fair value changes (note 7)	8,684	57,596
Disposals	(8,274,237)	(17,159,345)
Closing balance as at 31 December	411,137	162,672

(ii) **Estimates for fair value of investment properties**

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuer Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("Jones Lang LaSalle"). Significant judgment and assumptions are required in assessing the fair value of the investment properties. Details of the judgment and assumptions are disclosed in note 16.

3. Financial risk management (Continued)

3.4 Financial instruments by category

	As at 31 December 2022		
	Assets at FVPL RMB'000	Assets at amortised cost RMB'000	Total RMB'000
Assets as per consolidated balance sheet			
Trade and other receivables (excluding prepayments) (note 21)	–	34,906,200	34,906,200
Restricted cash (note 24)	–	4,530,269	4,530,269
Cash and cash equivalents (note 24)	–	21,810,599	21,810,599
Term deposits with initial terms over three months (note 24)	–	50,000	50,000
Financial assets at FVPL (note 22)	411,137	–	411,137
Finance lease receivables	–	40,825	40,825
Total	411,137	61,337,893	61,749,030

	As at 31 December 2021		
	Assets at FVPL RMB'000	Assets at amortised cost RMB'000	Total RMB'000
Assets as per consolidated balance sheet			
Trade and other receivables (excluding prepayments) (note 21)	–	41,224,717	41,224,717
Restricted cash (note 24)	–	7,907,985	7,907,985
Cash and cash equivalents (note 24)	–	26,288,551	26,288,551
Financial assets at FVPL (note 22)	162,672	–	162,672
Finance lease receivables	–	43,343	43,343
Total	162,672	75,464,596	75,627,268

3. Financial risk management (Continued)

3.4 Financial instruments by category (Continued)

	As at 31 December 2022		
	Liabilities at amortised cost RMB'000	Liabilities at FVPL RMB'000	Total RMB'000
Liabilities as per consolidated balance sheet			
Corporate bonds (note 29)	13,374,549	–	13,374,549
Bank and other borrowings (note 30)	35,080,003	–	35,080,003
Trade and other payables (excluding other taxes payable and salaries payable) (note 31)	55,327,015	–	55,327,015
Lease liabilities (note 17)	155,139	–	155,139
Total	103,936,706	–	103,936,706

	As at 31 December 2021		
	Liabilities at amortised cost RMB'000	Liabilities at FVPL RMB'000	Total RMB'000
Liabilities as per consolidated balance sheet			
Corporate bonds (note 29)	10,509,506	–	10,509,506
Bank and other borrowings (note 30)	45,814,042	–	45,814,042
Trade and other payables (excluding other taxes payable and salaries payable) (note 31)	65,801,263	–	65,801,263
Lease liabilities (note 17)	229,360	–	229,360
Total	122,354,171	–	122,354,171

4. Critical accounting estimates and judgements

(a) Revenue recognition

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. For all properties sales, the Group cannot change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgments were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contracts and the interpretation of the applicable laws governing the sales contracts. In assessing whether the Group has an enforceable right to payment for its sales 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 judgements, based on legal counsel's opinion, to identify sales contracts with right to payment and those without. Management will reassess their judgements 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.

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 development costs incurred up to the end of reporting period as a percentage of total estimated development costs for each property unit in the sales contract. The Group allocates common costs based on type of properties and saleable floor areas. Significant judgments and estimations are required in determining the completeness of the estimated total development 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.

(b) Estimates for net realisable value of properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling prices based on prevailing market conditions, less the estimated selling expenses necessary to make the sale and the estimated costs to completion (including land costs). Net realisable value for completed properties held for sale is determined by reference, to management's estimates of the selling prices based on prevailing market conditions, less the estimated selling expenses necessary to make the sale. Determination of NRV of PUD and PHS involved critical accounting estimates on the selling prices, selling expenses necessary to make the sale and, for PUD, the costs to completion as well, which are subject to high degree of estimation uncertainty. Based on management's assessment, write-downs of RMB3,890,489,000 was made against the carrying amounts of properties under development and completed properties held for sale as at 31 December 2022 (31 December 2021: RMB2,689,040,000).

(c) Estimates for fair value of investment properties

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuer Jones Lang LaSalle. Significant judgement and assumptions are required in assessing the fair value of the investment properties. Details of the judgements and assumptions are disclosed in note 16.

4. Critical accounting estimates and judgements (Continued)

(d) Income taxes and deferred taxation

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

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

(e) PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. However, the implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with local tax authorities in the PRC for most of its properties projects. Accordingly, judgment is required in determining the amount of the land appreciation taxes. The Group recognised LAT based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(f) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements 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 the tables in note 3.1.

5. Revenue and segment information

The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The executive directors have determined the operating segments based on these reports.

The executive directors assess the performance of the Group organised into three business segments as follows:

- Property development and sales;
- Property management services; and
- Investment and operation of commercial properties

During the year, the aggregate revenues, profits or losses or total assets of the business segments other than property development and sales accounted for less than 5% of the total revenues, profits or assets of the Group, therefore, the directors of the Company consider these business segments not reportable and the executive directors assess the Group's performance as a whole. Thus operating segment information is not presented.

5. Revenue and segment information (Continued)

Revenue of the Group for each of the years ended 31 December 2022 and 2021 is analysed as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Property development and sales	72,192,121	72,518,121
Property management services	1,142,112	908,690
Investment and operation of commercial properties		
— Property lease income	195,407	135,480
— Hotel operation	8,254	8,260
— Cultural-tourism project	92,954	132,547
	73,630,848	73,703,098

Represented by:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Revenue from property development and sales:		
— Recognised at a point in time	67,111,369	64,648,676
— Recognised over time	5,080,752	7,869,445
	72,192,121	72,518,121
Revenue from rendering of services:		
— Recognised over time	1,243,320	1,049,497
Revenue from other sources:		
— Property lease income	195,407	135,480
	73,630,848	73,703,098

Over 95% of the Group's revenue is attributable to the PRC market and over 95% of the Group's non-current assets are located in the PRC. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

Notes to the Consolidated Financial Statements (Continued)

5. Revenue and segment information (Continued)

(a) Details of contract assets and contract acquisition costs:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Contract assets related to property development and sales (i)	1,148,069	866,380
Contract acquisition costs (ii)	1,498,878	1,352,578
Total contract assets and contract acquisition costs	2,646,947	2,218,958

- (i) Contract assets related to property development and sales consist of unbilled amount resulting from sales of properties when revenue recognised over time exceeds the amount billed to the property purchasers.
- (ii) Management expects the contract acquisition costs, primarily sales commissions and stamp duty paid/payable, as a result of obtaining the property sales contracts are recoverable. The Group capitalised these incremental costs and amortised them when the related revenue is recognised. The amounts of amortisation were RMB1,019,803,000 for the year ended 31 December 2022 (2021: RMB718,198,000). There was no impairment loss in relation to the costs capitalised.

(b) Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Contract liabilities	86,139,528	107,453,005

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

As at 31 December 2022, RMB7,706,783,000 (2021: RMB9,472,285,000) of value-added-taxes on advances from property buyers relating to contracted sales were recognised in other taxes payable.

The following table shows the revenue recognised during the year related to carried-forward contract liabilities.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year:		
Property development and sales	57,411,558	58,593,603

5. Revenue and segment information (Continued)

(c) Unsatisfied contracts related to property development and sales

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Expected to be recognised within one year	69,894,983	67,213,965
Expected to be recognised after one year	21,653,403	53,966,935
	91,548,386	121,180,900

The unsatisfied contracts amounts of RMB69,894,983,000 as at 31 December 2022 expected to be recognised within one year was calculated based on the Group's pre-sales contracts signed up to 31 December 2022.

- (d) 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. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts do not have a fixed term.

6. Expenses by nature

Expenses included in cost of sales, selling and marketing expenses and administrative expenses were analysed as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Cost of property development and sales — including construction cost, land cost, capitalised interest expenses	59,246,511	58,015,823
Employee benefit expenses (note 8)	2,261,821	2,806,736
Marketing and advertising expenses	684,240	1,002,272
Write-downs of properties under development and completed properties held for sale	1,854,886	1,473,447
Amortisation of contract acquisition costs (note 5(a))	1,019,803	718,198
Bank charges	266,630	427,133
Taxes and surcharges	481,173	465,291
Travelling and entertainment expenses	99,313	145,452
Office expenses	63,088	52,533
Professional service and consulting fees	104,976	331,651
Depreciation and amortisation	153,385	180,193
Auditor's remuneration	7,280	9,080
— Annual audit services	7,000	6,600
— Non-audit services	280	2,480
Others	598,868	624,883
Total	66,841,974	66,252,692

Notes to the Consolidated Financial Statements (Continued)

7. Other income and other (losses)/gains — net

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Other income		
Management and consulting service income	371,780	556,719
Government subsidy income	77,987	28,890
Compensation income (note(a))	48,282	122,067
	498,049	707,676
Other (losses)/gains — net		
Realised and unrealised gains on financial assets at FVPL	8,684	57,596
(Losses)/gains arising from changes in fair value of and transfer to investment properties (note 16)	(281,754)	12,532
Losses on disposal of subsidiaries (note 38)	(47,868)	(8,985)
Gains on disposal of joint ventures and associates	35,105	90,411
Losses on disposal of property, plant and equipment and investment properties	(9,347)	(3,097)
Net foreign exchange gains	20,880	6,871
Gain on acquisition of an asset at a discounted price (note(b))	165,230	—
Others	(37,895)	31,115
	(146,965)	186,443
Other income and other (losses)/gains — net	351,084	894,119

(a) It mainly represented the compensation income from construction parties who failed to fulfil its obligation under construction agreement entered into with the Group.

(b) During the current year, one of the shareholders of a joint venture of the Group exited from its investment in the joint venture and transferred its shareholder's loan to the joint venture to the Group at a discounted price, which resulted in a gain of RMB165,230,000.

8. Employee benefit expenses

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Wages, salaries and bonuses and other benefits	2,455,080	3,199,085
Pension costs — statutory pension	135,168	154,790
Share-based compensation (note 28)	82,107	164,132
	2,672,355	3,518,007
Less: amounts capitalised in properties under development	(410,534)	(711,271)
	2,261,821	2,806,736

8. Employee benefit expenses (Continued)**(a) Pensions scheme — defined contribution plans**

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

(b) Five highest paid individuals

For the year ended 31 December 2022, the five individuals whose emoluments were the highest in the Group included 1 director (2021: 1), whose emoluments are reflected in the analysis in note 41 below. The emoluments payable to the remaining 4 individuals during the year (2021: 4) are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Wages, salaries and bonuses and other benefits	19,158	27,106
Pension costs — statutory pension	167	145
Share-based compensation expenses	12,121	21,697
	31,446	48,948

The emoluments fell within the following bands:

Emolument bands	Number of Individuals Year ended 31 December	
	2022	2021
HKD8,000,001–8,500,000	1	–
HKD9,000,001–9,500,000	2	–
HKD9,500,001–10,000,000	1	–
HKD11,000,001–11,500,000	–	1
HKD14,000,001–14,500,000	–	1
HKD16,000,001–16,500,000	–	1
HKD16,500,001–17,000,000	–	1
	4	4

During the years ended 31 December 2022 and 2021, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements (Continued)

9. Finance (costs)/income — net

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Finance costs		
— Interest expenses		
— Bank and other borrowings	(2,103,053)	(2,355,290)
— Corporate bonds	(479,420)	(543,372)
— Lease liabilities (note 17)	(7,513)	(15,644)
	(2,589,986)	(2,914,306)
Less:		
— Capitalised interest	2,589,986	2,914,306
	—	—
— Net foreign exchange losses on financing activities	(483,871)	—
	(483,871)	—
Finance income		
— Interest income	440,125	604,623
— Net foreign exchange gains on financing activities	—	116,371
	440,125	720,994
Finance (costs)/income — net	(43,746)	720,994

10. Income tax expenses

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Current income tax:		
— Corporate income tax	2,721,597	3,065,075
— LAT	1,876,873	1,334,810
	4,598,470	4,399,885
Deferred income tax (note 13)		
— Corporate income tax	(1,287,238)	(983,175)
	3,311,232	3,416,710

10. Income tax expenses (Continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/loss of the group entities as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Profit before income tax	6,888,005	8,719,520
Tax calculated at PRC corporate income tax rate of 25%	1,722,001	2,179,880
Effects of share of post-tax results of joint ventures and associates	(25,163)	5,838
Different tax rates applicable to certain subsidiaries of the Group	(9,556)	108,357
Income not subject to tax	(103,999)	(38,925)
Expenses not deductible for tax	306,557	96,456
LAT deductible for calculation of income tax purpose	(469,218)	(333,703)
Tax losses for which no deferred income tax assets were recognised	13,737	63,997
LAT	1,876,873	1,334,810
Income tax expenses	3,311,232	3,416,710

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits of the Group's subsidiaries in Hong Kong.
- (b) The general corporate income tax rate in PRC is 25%. Certain subsidiaries of the Group in the PRC are either supported by Western Development Strategy or qualified as "High and New Technology Enterprise" and thus subject to a preferential income tax rate of 15%.
- (c) PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales property development and sales less deductible expenditures including cost of land use rights and all property development expenditures.
- (d) Withholding income tax is provided on the dividends to be distributed by the PRC subsidiaries of the Group. The overseas holding company had successfully obtained endorsement from various PRC tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group. Accordingly, withholding income tax had been provided at 5% of the dividends to be distributed by the PRC subsidiaries of the Group.

As at 31 December 2022, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside the PRC, for which no deferred income tax liability had been provided, were approximately RMB16,496,683,000 (2021: RMB15,116,196,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's best estimates of the Group's overseas funding requirements.

11. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding those ordinary shares held for restricted share award scheme (note 28).

	Year ended 31 December	
	2022	2021
Profit attributable to owners of the Company (RMB'000):	1,726,363	3,743,557
Weighted average number of ordinary shares in issue (thousands)	1,285,410	1,229,698
Earnings per share — Basic (RMB per share)	1.34	3.04

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

The Group has two categories of potential ordinary shares in the year ended 31 December 2022 which were the restricted shares as mentioned in note 28(a) and the share options as mentioned in note 28(b).

A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding restricted shares and share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the vest of the restricted shares.

On 22 April 2021, the Company granted a total of 66,660,000 share options to 193 eligible participants. The effect of share options is not dilutive because the exercise price of the share option was above the fair market value of the ordinary shares as at 31 December 2022.

	Year ended 31 December	
	2022	2021
Profit attributable to owners of the Company (RMB'000)	1,726,363	3,743,557
Weighted average number of ordinary shares in issue (thousands)	1,285,410	1,229,698
Adjustments for restricted shares (thousands)	3,078	3,146
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,288,488	1,232,844
Earnings per share — Diluted (RMB per share)	1.34	3.04

12. Dividends

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Dividends	968,599	1,614,743

The Board has recommended the payment of a final dividend of HK\$0.80 per share (2021: HK\$1.60 per share) for the year ended 31 December 2022 out of the share premium account of the Company (the "Final Dividend"). Subject to the approval of the shareholders of the Company at the annual general meeting of the Company to be held on 22 May 2023 (the "AGM") and the compliance with the Companies Act of the Cayman Islands, the Final Dividend will be payable to the shareholders whose names appear on the register of members of the Company on 1 June 2023 (the "Eligible Shareholders"), with the Eligible Shareholders being given an option to elect to receive the Final Dividend all in new shares or partly in new shares and partly in cash or all in cash (the "Scrip Dividend Scheme"). These consolidated financial statements do not reflect this dividend payable.

The Scrip Dividend Scheme is subject to (1) the passing of the resolution relating to the payment of the Final Dividend at the AGM; and (2) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the new shares to be issued pursuant thereto.

13. Deferred income tax

The analysis of deferred tax assets and liabilities is as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Deferred tax assets		
— to be realised within 12 months	1,862,848	1,409,038
— to be realised after more than 12 months	3,454,283	3,002,463
	5,317,131	4,411,501
Deferred tax liabilities		
— to be realised within 12 months	217,311	353,375
— to be realised after more than 12 months	558,797	851,977
	776,108	1,205,352
	4,541,023	3,206,149

Notes to the Consolidated Financial Statements (Continued)

13. Deferred income tax (Continued)

(i) Deferred income tax assets

The movement of deferred income tax assets is as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Beginning of the year	4,411,501	3,741,795
Acquisition of subsidiaries (note 39)	155,662	104,340
Disposal of subsidiaries (note 38)	(108,026)	(38,388)
Recognised in profit or loss	857,994	603,754
End of the year	5,317,131	4,411,501
Offsetting with deferred tax liabilities	(278,473)	(395,118)
Net deferred tax assets	5,038,658	4,016,383

Movement of deferred tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Movements	Deductible temporary differences of expenses and cost of		Impairment of assets	Elimination of unrealised profits	Deferred income	Accrued land appreciation tax	Lease liabilities	Total
	Tax losses	sales						
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2020	1,908,697	16,667	558,249	41,119	19,005	1,193,620	4,438	3,741,795
Acquisition of subsidiaries	104,340	-	-	-	-	-	-	104,340
Disposal of subsidiaries	(38,388)	-	-	-	-	-	-	(38,388)
Recognised in profit or loss	326,576	-	230,085	124,634	(11,629)	(72,172)	6,260	603,754
At 31 December 2021	2,301,225	16,667	788,334	165,753	7,376	1,121,448	10,698	4,411,501
Acquisition of subsidiaries (note 39)	155,662	-	-	-	-	-	-	155,662
Disposal of subsidiaries (note 38)	(108,026)	-	-	-	-	-	-	(108,026)
Recognised in profit or loss	498,519	(16,667)	375,688	(42,074)	(2,830)	50,080	(4,722)	857,994
At 31 December 2022	2,847,380	-	1,164,022	123,679	4,546	1,171,528	5,976	5,317,131

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. At 31 December 2022, the Group did not recognise deferred income tax assets of RMB144,567,000 (2021: RMB130,830,000) in respect of losses amounting to RMB578,268,000 (2021: RMB523,320,000) that can be carried forward to offset against future taxable income. These tax losses will expire up to and including year 2027 (2021: 2026).

13. Deferred income tax (Continued)**(ii) Deferred income tax liabilities**

The movement of deferred income tax liabilities is as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Beginning of the year	1,205,352	1,584,773
Recognised in profit or loss	(429,244)	(379,421)
End of the year	776,108	1,205,352
Offsetting with deferred tax assets	(278,473)	(395,118)
Net deferred tax liabilities	497,635	810,234

Movement of deferred tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Movements	Valuation surplus of properties under development RMB'000	Fair value gains/(losses) on investment properties RMB'000	Recognition of contract revenue and contract costs over time RMB'000	Withholding income tax on profits to be distributed in future RMB'000	Total RMB'000
At 31 December 2020	772,490	81,281	681,002	50,000	1,584,773
Recognised in profit or loss	(73,217)	(11,278)	(294,926)	–	(379,421)
At 31 December 2021	699,273	70,003	386,076	50,000	1,205,352
Recognised in profit or loss	(129,532)	(71,171)	(228,541)	–	(429,244)
At 31 December 2022	569,741	(1,168)	157,535	50,000	776,108

14(a). Investments in joint ventures

The movement of investments in joint ventures are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
At 1 January	16,841,500	12,511,758
Transfer from investments in subsidiaries (note 38)	614,178	1,491,002
Transfer from investments in associates (note 14(b))	–	500,000
Other additions	27,516	4,066,031
Transfer to investments in subsidiaries (note 39)	(1,635,222)	(810,427)
Transfer to investments in associates (note 14(b))	(1,170,387)	–
Disposals	(1,241,586)	(680,746)
Dividends received from joint ventures	(519,934)	(239,875)
Share of results	369,622	3,757
At 31 December	13,285,687	16,841,500

Notes to the Consolidated Financial Statements (Continued)

14(a). Investments in joint ventures (Continued)

Set out below is the particular of the joint venture which is material to the Group as at 31 December 2022:

	Place of incorporation and operation	Principle activities	As at 31 December 2022
Shaoxing Meiyue Real Estate Development Co., Ltd* 紹興市美越房地產發展有限公司 (“Shaoxing Meiyue”)	Shaoxing, PRC	Property Development	51%

* The English name of the above joint venture represent the best effort made by the management of the Group in translating its Chinese name as they do not have an official English name.

Set out below are the summarised financial information for Shaoxing Meiyue.

	As at/Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Assets		
Current assets		
Cash and cash equivalents	18,799	62,537
Trade and other receivables	359,317	2,453
Properties under development	2,800,362	2,487,628
Prepaid taxes	297,418	212,880
	3,475,896	2,765,498
Non-current assets		
Property, plant and equipment	61	11
Deferred income tax assets	3,590	815
Total assets	3,479,547	2,766,324
Liabilities		
Current liabilities		
Contract liabilities	15,570	–
Trade and other payables	128,118	126,388
Other liabilities	9,353	14,925
	153,041	141,313
Non-current liabilities		
Bank and other borrowings	810,000	100,000
Deferred income tax liabilities	16	–
Total liabilities	963,057	241,313
Net assets	2,516,490	2,525,011
Reconciliation to carrying amounts:		
Opening net assets	2,525,011	–
Additions	–	2,527,620
Loss for the year	(8,521)	(2,609)
Closing net assets	2,516,490	2,525,011
Group's share in %	51%	51%
Group's share of carrying amounts	1,283,410	1,287,756

14(a). Investments in joint ventures (Continued)

Set out below are the summarised comprehensive income for Shaoxing Meiyue.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Revenue	684	–
Cost of sales	(813)	–
Selling and marketing expenses	(11,171)	(973)
Administrative expenses	(467)	(270)
Other gains/(losses) — net	487	(2,181)
Income tax expenses	2,759	815
Loss and total comprehensive loss for the year	(8,521)	(2,609)

The summarised financial information of individually immaterial joint ventures on an aggregate basis is as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Carrying amounts in the consolidated balance sheet	12,002,277	14,345,596
Share of profits for the year	373,968	57,140
Share of total comprehensive income for the year	373,968	57,140

As at 31 December 2022 and 2021, there were no significant commitments relating to the Group's interests in the joint ventures, while certain borrowings of the joint ventures were guaranteed by the Group (note 33).

Notes to the Consolidated Financial Statements (Continued)

14(b). Investments in associates

The movement of investments in associates is as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Opening balances	11,442,700	6,824,011
Transfer from investment in subsidiaries (note 38)	90,965	–
Transfer from investments in joint ventures (note 14(a))	1,170,387	–
Other additions	1,320,863	5,247,198
Transfer to investment in subsidiaries (note 39)	(1,314,124)	–
Transfer to investments in joint ventures (note 14(a))	–	(500,000)
Disposals	(795,904)	(96,508)
Dividends received from associates	(69,362)	(4,891)
Share of results	(268,971)	(27,110)
Ending balances	11,576,554	11,442,700

Set out below are the particular of the associates which are material to the Group as at 31 December 2022:

	Place of incorporation and operation	Principle activities	As at 31 December 2022
Wuxi Hejing Real Estate Development Co., Ltd. * 無錫和璟房地產開發有限公司 (“Wuxi Hejing”)	Wuxi, PRC	Property Development	45.56%
Shaoxing Zhixu Enterprise Management Co., Ltd. * 紹興智旭企業管理有限責任公司 (“Shaoxing Zhixu”)	Shaoxing, PRC	Property Development	49.00%

* The English names of the above associates represent the best effort made by the management of the Group in translating its Chinese name as they do not have an official English name.

14(b). Investments in associates (Continued)

Set out below are the summarised financial information for Wuxi Hejing.

	As at/Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Assets		
Current assets		
Cash and cash equivalents	162,019	1,012
Trade and other receivables	3,689,098	3,478,289
Properties under development	1,313,041	1,125,046
Prepaid taxes	29,895	884
	5,194,053	4,605,231
Non-current assets		
Property, plant and equipment	159	168
Deferred income tax assets	3,620	937
Total assets	5,197,832	4,606,336
Liabilities		
Current liabilities		
Contract liabilities	223,967	–
Trade and other payables	252,577	551,147
Other liabilities	151,707	–
	628,251	551,147
Non-current liabilities		
Bank and other borrowings	518,571	–
Deferred income tax liabilities	967	–
Total liabilities	1,147,789	551,147
Net assets	4,050,043	4,055,189
Reconciliation to carrying amounts:		
Opening net assets	4,055,189	–
Additions	–	4,058,000
Loss for the year	(5,146)	(2,811)
Closing net assets	4,050,043	4,055,189
Group's share in %	45.56%	45.56%
Group's share of carrying amounts	1,845,200	1,847,544

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Selling and marketing expenses	(6,045)	(2,400)
Administrative expenses	(806)	(255)
Other (losses)/gains — net	(10)	781
Income tax expenses	1,715	(937)
Loss and total comprehensive loss for the year	(5,146)	(2,811)

Notes to the Consolidated Financial Statements (Continued)

14(b). Investments in associates (Continued)

Set out below are the summarised financial information for Shaoxing Zhixu.

	As at/Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Assets		
Current assets		
Cash and cash equivalents	526,497	458,455
Trade and other receivables	2,501,748	2,501,367
Properties under development	3,339,342	3,013,804
Prepaid taxes	77,024	42,651
	6,444,611	6,016,277
Non-current assets		
Property, plant and equipment	53	139
Total assets	6,444,664	6,016,416
Liabilities		
Current liabilities		
Contract liabilities	2,327,986	1,255,792
Trade and other payables	143,889	132,428
	2,471,875	1,388,220
Non-current liabilities		
Bank and other borrowings	1,612,000	2,211,900
Total liabilities	4,083,875	3,600,120
Net assets	2,360,789	2,416,296
Reconciliation to carrying amounts:		
Opening net assets	2,416,296	2,520,400
Loss for the year	(55,507)	(104,104)
Closing net assets	2,360,789	2,416,296
Group's share in %	49.00%	50.00%
Group's share of carrying amounts	1,156,787	1,208,148

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Selling and marketing expenses	(36,565)	(31,415)
Administrative expenses	(23,868)	(72,932)
Other gains — net	4,926	243
Loss and total comprehensive loss for the year	(55,507)	(104,104)

14(b). Investments in associates (Continued)

The summarised financial information of the individually immaterial associates on an aggregate basis is as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Carrying amounts in the consolidated balance sheet	8,574,567	9,595,156
Share of losses for the year	(239,428)	(25,829)
Share of total comprehensive loss for the year	(239,428)	(25,829)

As at 31 December 2022 and 2021, there were no significant commitments relating to the Group's interests in the associates, while certain borrowings of the associates were guaranteed by the Group (note 33).

15. Property, plant and equipment

	Buildings RMB'000	Furniture and equipment RMB'000	Vehicles and machinery RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021						
Cost	1,095,864	245,224	34,508	16,523	176,042	1,568,161
Accumulated depreciation	(130,362)	(99,850)	(30,443)	–	(67,310)	(327,965)
Net book amount	965,502	145,374	4,065	16,523	108,732	1,240,196
Year ended						
31 December 2021						
Opening net book amount	965,502	145,374	4,065	16,523	108,732	1,240,196
Transfer from properties under development	76,438	–	–	–	–	76,438
Internal transfer	2,164	–	–	(8,044)	5,880	–
Other additions	6,075	52,435	2,611	21,870	27,218	110,209
Other disposals	(8,753)	(34,264)	(1,005)	(8,260)	(6,139)	(58,421)
Depreciation	(69,909)	(38,645)	(4,410)	–	(19,032)	(131,996)
Closing net book amount	971,517	124,900	1,261	22,089	116,659	1,236,426
At 31 December 2021						
Cost	1,171,788	263,395	36,114	22,089	203,001	1,696,387
Accumulated depreciation	(200,271)	(138,495)	(34,853)	–	(86,342)	(459,961)
Net book amount	971,517	124,900	1,261	22,089	116,659	1,236,426

15. Property, plant and equipment (Continued)

	Buildings RMB'000	Furniture and equipment RMB'000	Vehicles and machinery RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
Year ended						
31 December 2022						
Opening net book amount	971,517	124,900	1,261	22,089	116,659	1,236,426
Transfer from properties under development	65,894	–	–	–	–	65,894
Internal transfer	1,774	10,072	132	(19,337)	7,359	–
Other additions	561	23,446	2,975	21,559	20,483	69,024
Other disposals	(2,301)	(11,914)	(1,017)	(8,532)	(6,027)	(29,791)
Depreciation	(51,715)	(33,697)	(2,259)	–	(20,295)	(107,966)
Closing net book amount	985,730	112,807	1,092	15,779	118,179	1,233,587
At 31 December 2022						
Cost	1,232,724	262,600	31,095	15,779	221,532	1,763,730
Accumulated depreciation	(246,994)	(149,793)	(30,003)	–	(103,353)	(530,143)
Net book amount	985,730	112,807	1,092	15,779	118,179	1,233,587

Depreciation of property, plant and equipment has been charged to profit or loss or capitalised in properties under development as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Selling and marketing expenses	6,487	8,114
Administrative expenses	71,597	87,751
Cost of sales	13,520	13,873
Properties under development	16,362	22,258
	107,966	131,996

As at 31 December 2022, buildings with net book value of RMB249,407,000 (2021: RMB272,606,000), were pledged as collateral for the Group's bank and other borrowings (note 30).

As at 31 December 2022, title certificates of certain buildings with net book value of RMB297,673,000 (2021: RMB296,481,000) were still in the process of being obtained.

16. Investment properties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Opening net book amount at 1 January	3,355,218	2,644,975
Transfer from properties under development	1,941,558	737,628
Other additions	800	9,865
Revaluation (losses)/gains upon transfer from completed properties held for sale	(198,157)	3,572
Fair value changes	(83,597)	8,960
Disposals	(37,177)	(49,782)
Closing net book amount	4,978,645	3,355,218
(Losses)/gains arising from changes in fair value of and transfer to investment properties represent:		
— revaluation (losses)/gains upon transfer from completed properties held for sale	(198,157)	3,572
— fair value changes	(83,597)	8,960
	(281,754)	12,532

The Group's policy is to recognise transfers in and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that causes the transfer. At 31 December 2022 and 2021, the Group had only level 3 investment properties.

Valuation processes of the Group

A valuation of the Group's investment properties as at 31 December 2022 and 2021 was carried out by an independent and professionally qualified valuer, Jones Lang LaSalle, who holds a recognised relevant professional qualification and has recent experience in the locations and nature of the investment properties being valued. For all investment properties, their current use equates the highest and best use.

Discussions of valuation processes and results were held between management and the valuer on a regular basis, in line with the Group's the interim and annual reporting dates.

At each financial year end, management:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

16. Investment properties (Continued)

Valuation techniques

Valuations are based on:

Income approach taking into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property.

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

Information about fair value measurements using significant unobservable inputs (level 3)

	Fair value as at 31 December 2022 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	4,978,645	Income capitalisation	The rate of return/ capitalisation rate Monthly rental (RMB/square meter/month) Vacancy rate	2%–6% 2.00–220.00 3%–70%
	Fair value as at 31 December 2021 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	3,355,218	Income capitalisation	The rate of return/ capitalisation rate Monthly rental (RMB/square meter/month) Vacancy rate	3%–6% 2.00–316.00 2%–70%

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of return/capitalisation rate, the lower fair value;
- The higher expected vacancy rate, the lower fair value;
- The higher monthly rental, the higher fair value.

16. Investment properties (Continued)**Amounts recognised in profit or loss for investment properties**

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Rental income	81,668	71,592
Direct operating expenses	(38,015)	(39,246)
	43,653	32,346

As at 31 December 2022, investment properties with fair value of RMB2,031,264,000 (2021: RMB2,192,300,000) were pledged as collateral for the Group's bank and other borrowings (note 30).

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. 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.

Minimum lease payments receivable on leases of investment properties are included in note 34.

17. Leases**(i) Amounts recognised in the consolidated balance sheet**

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Right-of-use assets		
Right-of-use for land	264,016	277,542
Properties	53,774	85,992
Motor vehicles	3,381	8,318
Others	13,838	18,791
Total right-of-use assets	335,009	390,643
Lease liabilities		
Current	64,932	89,272
Non-current	90,207	140,088
Total lease liabilities	155,139	229,360

Additions to the right-of-use assets during the year ended 31 December 2022 were RMB9,787,000 (2021: RMB74,377,000). Disposal of the right-of-use for land during the year ended 31 December 2022 were RMB9,354,000 (2021: nil). Right-of-use for land were located in the PRC and were held on leases of between 40 to 70 years.

(ii) Amounts recognised in the consolidated statement of comprehensive income

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Depreciation of right-of-use assets		
Right-of-use for land	4,640	4,776
Properties	36,515	41,671
Motor vehicles	2,365	3,163
Others	5,085	4,296
	48,605	53,906
Interest expense (included in finance costs) (note 9)	7,513	15,644

The total cash outflow for leases for the year ended 31 December 2022 was RMB91,501,000 (2021: RMB99,730,000).

18. Intangible assets

	Customer relationships RMB'000	Computer software and others RMB'000	Goodwill RMB'000	Total RMB'000
Year ended 31 December 2021				
Opening net book amount	9,896	80,700	61,962	152,558
Additions	–	48,792	–	48,792
Amortisation	(1,164)	(15,385)	–	(16,549)
Closing net book amount	8,732	114,107	61,962	184,801
At 31 December 2021				
Cost	11,642	174,107	61,962	247,711
Accumulated amortisation	(2,910)	(60,000)	–	(62,910)
Net book amount	8,732	114,107	61,962	184,801
Year ended 31 December 2022				
Opening net book amount	8,732	114,107	61,962	184,801
Additions	–	138,016	–	138,016
Disposals	(8,732)	(2,787)	(7,095)	(18,614)
Amortisation	–	(13,176)	–	(13,176)
Closing net book amount	–	236,160	54,867	291,027
At 31 December 2022				
Cost	–	308,972	54,867	363,839
Accumulated amortisation	–	(72,812)	–	(72,812)
Net book amount	–	236,160	54,867	291,027

Amortisation of intangible assets has been mainly charged to administrative expenses.

19. Properties under development

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Properties under development expected to be completed:		
— Within normal operating cycle included under current assets	120,636,988	147,830,961
— Beyond normal operating cycle included under non-current assets	487,405	379,460
	121,124,393	148,210,421
Properties under development comprise:		
— Construction costs	32,953,975	36,105,539
— Land use rights	84,001,035	105,749,483
— Capitalised interest expenses	6,584,083	8,057,247
	123,539,093	149,912,269
Less: write-down	(2,414,700)	(1,701,848)
	121,124,393	148,210,421

Properties under development were all located in the PRC.

Cost of sales for the year included RMB879,060,000 (2021: RMB1,172,651,000) of costs brought forward from prior year to fulfil those contracts revenue of which was recognised over time.

At 31 December 2022, properties under development included the costs to fulfil those contracts, revenue of which was recognised over time, amounted to RMB988,784,000 (2021: RMB1,336,831,000).

The amounts of RMB80,062,934,000 as at 31 December 2022 (2021: RMB97,228,580,000) under normal operating cycle classified as current assets were expected to be completed and delivered beyond one year.

The capitalisation rates of general borrowings were 4.69% for the year ended 31 December 2022 (2021: 4.84%).

As at 31 December 2022, properties under development with net book value of RMB20,761,269,000 (2021: RMB37,161,019,000), were pledged as collateral for the Group's bank and other borrowings (note 30).

Write-downs of properties under development to net realisable value during the year ended 31 December 2022 amounted to RMB1,021,074,000 (2021: RMB995,117,000), which were recognised in profit or loss.

20. Completed properties held for sale

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Completed properties held for sale	19,765,887	13,651,154
Less: write-down	(1,475,789)	(987,192)
	18,290,098	12,663,962

The completed properties held for sale were all located in the PRC.

Write-downs of completed properties held for sale to net realisable value during the year ended 31 December 2022 amounted to RMB833,812,000 (2021: RMB478,330,000), which were recognised in profit or loss.

As at 31 December 2022, completed properties held for sale with net book value of RMB1,135,009,000 (2021: RMB2,918,645,000), were pledged as collateral for the Group's bank and other borrowings (note 30).

21. Trade and other receivables

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Included in current assets:		
Trade receivables — net (note (a))	1,263,313	1,510,010
Other receivables — net (note (b))	33,642,887	39,714,707
Prepayments for land use rights (note (c))	1,160,639	558,719
Other prepayments	586,390	931,639
	36,653,229	42,715,075

As at 31 December 2022 and 2021, the fair value of trade and other receivables approximated their carrying amounts.

21. Trade and other receivables (Continued)

(a) Details of trade receivables are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade receivables — related parties (note 36)	250,704	180,497
Trade receivables — third parties	1,159,873	1,442,642
	1,410,577	1,623,139
Less: allowance for impairment	(147,264)	(113,129)
Trade receivables — net	1,263,313	1,510,010

Aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within 90 days	561,136	903,298
Over 90 days and within 180 days	186,579	191,210
Over 180 days and within 365 days	236,488	360,162
Over 365 days	426,374	168,469
	1,410,577	1,623,139

The Group's trade receivables were denominated in RMB.

Trade receivables mainly arise from property development and sales. Proceeds from property development and sales are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For the year ended 31 December 2022, a provision of RMB34,135,000 (2021: RMB76,695,000) was made against the gross amounts of trade receivables.

21. Trade and other receivables (Continued)

(b) Details of other receivables are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Amounts due from related parties (note (i))	10,598,427	16,535,974
Amounts due from non-controlling interests (note (ii))	17,651,497	13,017,394
Deposits and others from third parties (note (iii))	6,050,002	10,543,655
	34,299,926	40,097,023
Less: allowance for impairment	(657,039)	(382,316)
Other receivables — net	33,642,887	39,714,707

- (i) Amounts due from related parties mainly represented funds provided to certain of the Group's associates and joint ventures in the ordinary course of business for their property development. They are unsecured, interest-free, and repayable on demand.
- (ii) Subject to consent of all shareholders of certain property development companies of the Group, idle funds of the property development companies may be transferred to their shareholders in proportion to their respective equity interests in the property development companies for treasury management purpose. Such funds transferred to non-controlling interests of the Group are recognised as amounts due from non-controlling interests. They are interest-free, unsecured and repayable on demand.
- (iii) Other receivables from third parties mainly represented deposits and various payments on behalf of and advances made to construction and design vendors.
- (c) Prepayments for land use rights were mainly related to acquisition of land use rights which will be reclassified to properties under development when land certificates were obtained.

22. Financial assets at fair value through profit or loss

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Investments in wealth management products	23,075	3,500
Equity investments in unlisted companies (note(a))	351,959	105,000
Others	36,103	54,172
	411,137	162,672
Non-current	388,062	159,172
Current	23,075	3,500
	411,137	162,672

- (a) The investments mainly represent unlisted equity investments in various industries. The fair values of these investments were determined mainly based on direct comparison approach by making reference to recent transaction prices of similar deals.

Notes to the Consolidated Financial Statements (Continued)

23. Restricted cash

The balance mainly represented unreleased guarantee deposits for construction of pre-sale properties denominated in RMB and placed in designated bank accounts as at 31 December 2022 which will be released in accordance with certain construction progress milestones.

24. Cash and cash equivalents

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Cash at bank and in hand	26,140,868	34,196,536
Term deposits	250,000	–
	26,390,868	34,196,536
Less: restricted cash (note 23)	(4,530,269)	(7,907,985)
Term deposits with initial terms over three months	(50,000)	–
	21,810,599	26,288,551

Cash and deposits were denominated in the following currencies:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Denominated in RMB	26,200,288	33,443,720
Denominated in HKD	184,343	667,353
Denominated in USD	6,237	85,463
	26,390,868	34,196,536

The conversion of RMB denominated balances into other currencies and the remittance of bank balances and cash out of the PRC is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

25. Share capital and premium

	Note	Number of ordinary shares	Nominal value of ordinary shares HKD'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised						
Ordinary share of HKD1.00 each upon incorporation		1,000,000,000	1,000,000	–	–	–
Increase in authorised share capital		1,000,000,000	1,000,000	–	–	–
		2,000,000,000	2,000,000	–	–	–
Issued and fully paid						
At 31 December 2020 and 1 January 2021		1,230,567,000	1,230,567	1,041,309	6,613,286	7,654,595
Issue of new shares for the purpose of restricted share award scheme		3,795,000	3,795	3,134	–	3,134
Dividends		–	–	–	(1,631,135)	(1,631,135)
At 31 December 2021 and 1 January 2022		1,234,362,000	1,234,362	1,044,443	4,982,151	6,026,594
Issue of new shares for the purpose of restricted share award scheme	(a)	4,887,000	4,887	4,227	–	4,227
Issue of new shares as a result of scrip dividend	(b)	116,162,993	116,163	98,805	(98,805)	–
Dividends	(b)	–	–	–	(403,054)	(403,054)
At 31 December 2022		1,355,411,993	1,355,412	1,147,475	4,480,292	5,627,767

- (a) According to the restricted share award scheme of the Company, 4,887,000 ordinary shares of the Company were issued and allotted to MRE T Limited, a trustee entrusted by the Company, on 20 May 2022 for the purpose of the restricted share award scheme (note 28).
- (b) On 25 March 2022, the Board recommended the payment of a final dividend of HK\$1.60 per share for the year ended 31 December 2021 (2020: HK\$1.60 per share) out of the share premium account of the Company, which was approved by the shareholders of the Company at the annual general meeting held on 26 May 2022, with the eligible shareholders being given an option to elect to receive the final dividend all in cash, or all in new shares, or partly in new shares and partly in cash. The election of the shareholders to receive final dividend all or partly in new shares had been determined as of 29 June 2022. On 13 July 2022, the final dividend was settled by cash of approximately RMB403,054,000 and issue of the Company's shares of approximately RMB1,281,498,000.

Notes to the Consolidated Financial Statements (Continued)

26. Other reserves and retained earnings

	Merger reserve RMB'000	Statutory reserves RMB'000	Shares held for restricted share award scheme RMB'000	Others RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2021	173,000	2,891,424	–	(261,308)	2,803,116	11,609,992	14,413,108
Profit for the year	–	–	–	–	–	3,743,557	3,743,557
Issue of new shares for the purpose of restricted share award scheme	–	–	(3,134)	–	(3,134)	–	(3,134)
Repurchase of shares for the purpose of restricted share award scheme	–	–	(22,098)	–	(22,098)	–	(22,098)
Transfer of shares hold for restricted share award scheme upon vesting	–	–	13,925	(13,925)	–	–	–
Employee share scheme — value of employee services received	–	–	–	164,132	164,132	–	164,132
Transfer to statutory reserves (a)	–	736,087	–	–	736,087	(736,087)	–
Disposal of subsidiaries	–	(1,500)	–	–	(1,500)	–	(1,500)
Acquisition of equity interest in subsidiaries from non-controlling interests	–	–	–	(800,920)	(800,920)	–	(800,920)
Disposal of ownership interests in subsidiaries without change of control	–	–	–	(8,019)	(8,019)	–	(8,019)
Balance at 31 December 2021	173,000	3,626,011	(11,307)	(920,040)	2,867,664	14,617,462	17,485,126

	Merger reserve RMB'000	Statutory reserves RMB'000	Shares held for restricted share award scheme RMB'000	Others RMB'000	Total RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2022	173,000	3,626,011	(11,307)	(920,040)	2,867,664	14,617,462	17,485,126
Profit for the year	–	–	–	–	–	1,726,363	1,726,363
Issue of new shares for the purpose of restricted share award scheme (note 28)	–	–	(4,227)	–	(4,227)	–	(4,227)
Repurchase of shares for the purpose of restricted share award scheme (note 28)	–	–	(21,043)	–	(21,043)	–	(21,043)
Employee share scheme — value of employee services received (note 28)	–	–	–	82,107	82,107	–	82,107
Transfer to statutory reserves (a)	–	490,459	–	–	490,459	(490,459)	–
Disposal of subsidiaries	–	(22,927)	–	–	(22,927)	22,927	–
Acquisition of equity interest in subsidiaries from non-controlling interests (note 35)	–	–	–	(31,273)	(31,273)	–	(31,273)
Balance at 31 December 2022	173,000	4,093,543	(36,577)	(869,206)	3,360,760	15,876,293	19,237,053

26. Other reserves and retained earnings (Continued)

- (a) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, the subsidiaries are required to transfer certain portion of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

27. Perpetual capital securities

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
As at 1 January	1,429,000	500,000
Issue	–	1,429,000
Redemption (b)	(149,000)	(500,000)
Ending balance (a)	1,280,000	1,429,000
Distributions (c)	73,894	82,847

- (a) The subordinated unlisted perpetual capital securities (the “Perpetual Capital Securities”) were issued by Ningbo Meishan Bonded Port Area Mairui Construction Materials Limited (“Ningbo Mairui”), a wholly owned subsidiary of the Group, to certain financial institutions in the PRC.

The payments of interest and principal of the Perpetual Capital Securities are guaranteed by Midea Real Estate Group Limited (“Midea Real Estate Group”). They do not have maturity date and the distribution payments can be deferred at the discretion of Ningbo Mairui. The Perpetual Capital Securities are classified as equity instruments and recorded in non-controlling interests in the consolidated balance sheet.

- (b) In March 2022, Ningbo Mairui redeemed RMB149,000,000 of the Perpetual Capital Securities.
- (c) During the year ended 31 December 2022, distributions of RMB73,894,000 to the holders of the Perpetual Capital Securities were paid by Ningbo Mairui (2021: RMB82,847,000).

28. Share-based payment

(a) Restricted share award scheme

On 22 April 2021, the Board adopted a restricted share award scheme to among other things, recognise the contributions by, and to attract, motivate and retain, certain directors, or proposed directors, management, key technician, officer, manager and employee of any member of the Group. On 13 May 2022, the Company granted 8,932,500 award shares at nil consideration to 423 eligible participants under the scheme, which are subject to certain performance conditions.

Pursuant to the rules relating to the restricted share award scheme, 4,887,000 new shares were issued and allotted to MRE T Limited on 20 May 2022, and MRE D Limited repurchased 1,700,000 existing ordinary shares in the open market in May 2022. MRE T Limited and MRE D Limited will hold such shares on behalf of the relevant eligible participants on trust, until such shares are vested with the relevant eligible participants in accordance with the scheme rules. MRE T Limited and MRE D Limited are controlled and consolidated by the Group as structured entities and the above new shares issued and existing shares repurchased held by them for the purpose of restricted share award scheme, amounting to RMB4,227,000 and RMB21,043,000 respectively, are recorded as shares held for restricted share award scheme and included in other reserves at 31 December 2022.

The award shares granted to the eligible participants will be vested on 1 April 2023 (or such other date as determined by the Board), provided that the vesting conditions above are satisfied. In case the vesting conditions are not satisfied, the awarded shares granted will lapse.

The fair value of the restricted shares at grant date, HKD13.94 per share, was determined by taking the market price of the Company's shares on that date.

For the year ended 31 December 2022, the Group recognised RMB60,313,000 of share-based payment expenses for the aforesaid restricted shares award scheme.

The Group has to estimate the expected percentage of eligible participants that will stay within the Group (the "Expected Retention Rate") of the restricted share award scheme in order to determine the amount of share-based payment expenses charged to the consolidated statements of comprehensive income. As at 31 December 2022, the Expected Retention Rate was assessed to be 90%.

28. Share-based payment (Continued)**(a) Restricted share award scheme (Continued)**

The following table presents the movement in shares that held by MRE T Limited and MRE D Limited for the purpose of issuing shares or purchasing existing ordinary shares under restricted share award scheme. Shares issued to eligible participants are recognised on a first-in-first-out basis.

Details	Numbers of shares (thousand)	Equivalent to HK\$'000	Equivalent to RMB'000
Opening balance 1 January 2021	–	–	–
Purchase of shares for share award scheme	1,438	26,455	22,098
Issue of new shares	3,795	3,795	3,134
Vested	(2,888)	(16,694)	(13,925)
Balance 31 December 2021	2,345	13,556	11,307
Purchase of shares for share award scheme	1,700	24,795	21,043
Issue of new shares	4,887	4,887	4,227
Balance 31 December 2022	8,932	43,238	36,577

(b) Share options

On 22 April 2021, the Company granted a total of 66,660,000 share options to 193 eligible participants, who are certain directors, senior management and employees of the Group. The share options shall entitle the eligible participants to subscribe for a total of 66,660,000 ordinary shares of the Company. Pursuant to the terms of the share option scheme, the options granted are subject to certain performance conditions.

The options granted to the eligible participants will be vested based on the following rates for the relevant financial year, provided that the vesting conditions above are satisfied: (i) 40% of the total number of the share options will be vested on 22 April 2023; (ii) 40% of the total number of the share options will be vested 22 April 2024; and (iii) 20% of the total number of the share options will be vested 22 April 2025. If the vesting conditions above have not been fulfilled, the corresponding percentage of the share options granted will lapse.

All the options under the share option scheme should be exercisable after vesting but before the expiry of 6 years after the grant date at the exercise price of HKD18.376 per share.

For the year ended 31 December 2022, the Group recognised RMB21,794,000 of share-based payment expenses for the aforesaid share options. The Group has to estimate the expected percentage of eligible participants that will stay within the Group (the "Expected Retention Rate") of the share option in order to determine the amount of share-based payment expenses charged to the consolidated statements of comprehensive income.

Notes to the Consolidated Financial Statements (Continued)

28. Share-based payment (Continued)

(b) Share options (Continued)

Movements in the number of share options outstanding are as follows:

	2022		2021	
	Average exercise price in HKD	Number of share options	Average exercise price in HKD	Number of share options
At 1 January	18.376	28,105,000	–	–
Granted	–	–	18.376	66,660,000
Forfeited	18.376	(385,000)	18.376	(38,555,000)
At 31 December	18.376	27,720,000	18.376	28,105,000

Share options outstanding at the end of the period have the following expiry date and exercise price:

Grant date	Expiry date	Exercise price	Share options outstanding 31 December 2022	Share options outstanding 31 December 2021
22 April 2021	21 April 2027	HKD18.376	27,720,000	28,105,000

The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

As at 31 December 2022, the Expected Retention Rate of the eligible participants granted shares options was assessed to be 90%.

29. Corporate bonds

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
As at 1 January	10,509,506	16,044,232
Additions	7,731,392	1,711,456
Interests charges	479,420	543,372
Interests paid	(469,769)	(529,554)
Repayment	(4,876,000)	(7,260,000)
Ending balance	13,374,549	10,509,506
Analysed as:		
— Current portion	5,142,229	4,873,724
— Non-current portion	8,232,320	5,635,782
	13,374,549	10,509,506

29. Corporate bonds (Continued)

The Group's corporate bonds were repayable as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within 1 year	5,142,229	4,873,724
Between 1 and 2 years	5,741,767	5,135,924
Between 2 and 5 years	2,490,553	499,858
	13,374,549	10,509,506

The Group's corporate bonds comprised the following:

Issue Date	Par Value RMB'000	Interest Rate	Term of bonds	Net proceeds after issuance cost RMB'000	Effective interest rate per annum
25/03/2020	984,000	4.20%	5 years [#]	981,460	4.29%
14/07/2020	600,000	4.18%	5 years [#]	599,766	4.19%
21/08/2020	1,500,000	4.33%	5 years [#]	1,495,550	4.44%
15/09/2020	840,000	4.40%	5 years [#]	838,354	4.47%
02/02/2021	1,020,000	4.40%	4 years [*]	1,018,620	4.47%
02/02/2021	500,000	4.60%	5 years [#]	499,800	4.61%
29/03/2021	200,000	5.20%	2 years	199,400	5.36%
28/02/2022	1,500,000	4.50%	4 years [*]	1,495,530	4.66%
24/05/2022	1,000,000	4.50%	4 years [*]	998,560	4.58%
01/09/2022	1,000,000	4.80%	4 years [*]	997,480	4.94%
07/09/2022	1,000,000	3.33%	3 years	996,000	3.47%
05/12/2022	1,500,000	2.99%	3 years	1,494,000	3.13%
13/12/2022	600,000	3.90%	2 years	600,000	3.90%
13/12/2022	650,000	4.90%	4 years [*]	648,986	5.06%
22/12/2022	250,000	4.50%	4 years [*]	250,000	4.50%
22/12/2022	250,000	4.20%	2 years	249,490	4.31%

[#] Midea Real Estate Group has the option to adjust the coupon rate of the corporate bond at the end of the third year, and investors have the option to sell their bonds back.

^{*} Midea Real Estate Group has the option to adjust the coupon rate of the corporate bond at the end of the second year, and investors have the option to sell their bonds back.

30. Bank and other borrowings

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Bank borrowings	28,073,478	34,045,969
Other borrowings	7,006,525	11,768,073
	35,080,003	45,814,042
Included in non-current liabilities:		
— Secured/guaranteed	15,453,455	24,783,126
— Unsecured	18,329,929	20,792,153
Less: current portion of non-current liabilities	(7,242,343)	(10,222,576)
	26,541,041	35,352,703
Included in current liabilities:		
— Secured/guaranteed	638,630	—
— Unsecured	657,989	238,763
— Current portion of non-current liabilities	7,242,343	10,222,576
	8,538,962	10,461,339
Total	35,080,003	45,814,042

As at 31 December 2022 and 2021, all of the Group's borrowings were denominated in following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	29,890,956	39,712,363
HKD	4,499,552	5,368,473
USD	689,495	733,206
	35,080,003	45,814,042

The Group's bank and other borrowings as at 31 December 2022 of RMB11,548,031,000 (2021: RMB18,825,366,000) were secured by certain buildings, investment properties, properties under development and completed properties held for sale of the Group with total carrying values of RMB24,176,949,000 (2021: RMB42,544,570,000).

The Group's bank and other borrowings of RMB4,045,434,000 (2021: RMB5,490,000,000) as at 31 December 2022 were guaranteed by its related parties (note 36(a)) and RMB498,620,000 (2021: RMB467,760,000) were guaranteed by third parties.

30. Bank and other borrowings (Continued)

The exposure of bank and other borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
3 months or less	5,928,949	8,338,587
6–12 months	2,435,260	743,880
1–2 years	15,583,590	21,523,918
	23,947,799	30,606,385

(a) The repayment terms of the bank and other borrowings are as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within 1 year	8,538,962	10,461,339
Between 1 to 2 years	15,004,429	12,432,046
Between 2 to 5 years	8,788,542	19,949,624
Over 5 years	2,748,070	2,971,033
	35,080,003	45,814,042

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Borrowings wholly repayable within 5 years	32,331,933	42,843,009
Borrowings wholly repayable after 5 years	2,748,070	2,971,033
	35,080,003	45,814,042

(b) The annual weighted average effective interest rates were as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Bank and other borrowings	4.65%	4.86%

The carrying amounts of the borrowings approximated their fair values as at 31 December 2022 and 2021 as the impact of discounting of borrowings with fixed interest rates was not significant or the borrowings carried floating interest rate.

Notes to the Consolidated Financial Statements (Continued)

31. Trade and other payables

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade payables (note (a))	31,485,536	35,090,123
— related parties (note 36(b))	2,974,662	77,794
— third parties	28,510,874	35,012,329
Amounts due to related parties (note 36(b))	15,715,676	19,839,886
Amounts due to non-controlling interests (note (b))	3,173,151	3,770,421
Outstanding acquisition considerations payable	952,564	1,372,647
Deposit payables	663,394	999,773
Accrued expenses	800,273	689,110
Salaries payable	733,080	1,055,014
Interest payable	524,095	485,955
Other taxes payable	2,299,388	2,103,647
Other payables (note (c))	2,012,326	3,553,348
	58,359,483	68,959,924

(a) The aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Within 90 days	11,309,811	15,745,629
Over 90 days and within 365 days	15,669,673	16,769,920
Over 365 days	4,506,052	2,574,574
	31,485,536	35,090,123

The Group's trade and other payables as at 31 December 2022 and 2021 were denominated in RMB.

- (b) Amounts due to non-controlling interests mainly represented current accounts with the non-controlling interests of certain subsidiaries of the Group in the ordinary course of business, which are interest-free, unsecured and repayable on demand.
- (c) Other payables mainly represented miscellaneous payments received from property purchasers for various purposes such as obtaining approvals/certificates from government authorities.

32. Cash flow information**(a) Cash generated from operations**

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Profit for the year	3,576,773	5,302,810
Adjustments for:		
Income tax expenses (note 10)	3,311,232	3,416,710
Interest income (note 9)	(440,125)	(604,623)
Net foreign exchange losses/(gains) on financing activities (note 9)	483,871	(116,371)
Depreciation and amortisation (note 6)	153,385	180,193
Share-based compensation expenses (note 8)	82,107	164,132
Losses on disposal of property, plant and equipment and investment properties (note 7)	9,347	3,097
Net impairment losses on trade and other receivables (note 3.1.3)	308,858	322,646
Write-downs of properties under development and completed properties held for sale (note 6)	1,854,886	1,473,447
Share of results of joint ventures and associates (note 14)	(100,651)	23,353
Losses/(gains) arising from changes in fair value of and transfer to investment properties (note 7)	281,754	(12,532)
Losses on disposal of subsidiaries (note 7)	47,868	8,985
Gains on disposal of joint ventures and associates (note 7)	(35,105)	(90,411)
Realised and unrealised gains on financial assets at FVPL (note 7)	(8,684)	(57,596)
	9,525,516	10,013,840
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):		
Properties under development and completed properties held for sale	30,245,441	4,048,202
Inventories	(18,383)	(91,612)
Restricted cash	4,041,008	209,453
Trade and other receivables	314,865	1,633,371
Prepaid taxes (excluding prepaid income taxes)	1,165,300	373,624
Contract assets and contract acquisition costs	(437,219)	(605,458)
Contract liabilities	(28,532,263)	(872,900)
Trade and other payables	(7,552,953)	(3,740,921)
	(774,204)	953,759
Cash generated from operations	8,751,312	10,967,599

Notes to the Consolidated Financial Statements (Continued)

32. Cash flow information (Continued)

- (b) In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment, investment properties and land use right for own-used properties:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Net book amount (notes 15, 16 and 17)	76,322	108,203
Losses on disposal (note 7)	(9,347)	(3,097)
Proceeds	66,975	105,106

(c) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings RMB'000	Corporate bonds RMB'000	Net balance due to related parties controlled by the Ultimate Controlling Parties RMB'000	Lease liabilities RMB'000
Balance as at 1 January 2021	42,596,024	16,044,232	(42,555)	239,069
Cash flows				
— Increase	28,119,587	1,711,456	—	—
— Decrease	(26,010,823)	(6,260,000)	(22,311)	(84,086)
— Interest paid	—	(529,554)	—	(15,644)
Advanced payments for redemption of corporate bonds	—	(1,000,000)	—	—
Disposal of subsidiaries	(769,088)	—	—	—
Acquisition of subsidiaries which do not contain a business	2,006,229	—	—	—
Addition of lease liabilities	—	—	—	74,377
Interest expenses	—	543,372	—	15,644
Exchange differences	(127,887)	—	—	—
Balance as at 31 December 2021	45,814,042	10,509,506	(64,866)	229,360
Balance as at 1 January 2022	45,814,042	10,509,506	(64,866)	229,360
Cash flows				
— Increase	14,469,949	7,731,392	—	—
— Decrease	(29,486,594)	(4,876,000)	(6,479)	(83,988)
— Interest paid	—	(469,769)	—	(7,513)
Disposal of subsidiaries (note 38)	(437,478)	—	—	—
Acquisition of subsidiaries which do not contain a business (note 39)	4,236,213	—	—	—
Addition of lease liabilities	—	—	—	9,767
Interest expenses	—	479,420	—	7,513
Exchange differences	483,871	—	—	—
Balance as at 31 December 2022	35,080,003	13,374,549	(71,345)	155,139

32. Cash flow information (Continued)

(d) Significant non-cash investing and financing activities

During the year ended 31 December 2022, significant non-cash investing activities mainly represented the transfers between investments in subsidiaries and investments in joint ventures and associates as disclosed in note 14, significant non-cash financing activities mainly represented the issue of new shares as a result of the Scrip Dividend Scheme as disclosed in note 25.

33. Guarantee

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (note (a))	84,719,415	90,111,875
Guarantees to joint ventures and associates in respect of borrowings (note (b))	10,104,986	12,434,243
	94,824,401	102,546,118

- (a) These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. 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 retain the legal titles and take possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) issuance of the real estate ownership certificate which are generally available within three months after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties.
- (b) These mainly represented the maximum exposure of the guarantees provided for the borrowings of certain joint ventures and associates.
- (c) The directors of the Company have assessed that the fair values of guarantees provided to purchasers and joint ventures and associates as at initial recognition and each year end were insignificant.

34. Commitments

(a) Commitments for capital expenditures

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Contracted but not provided for: Property, plant and equipment	10,766	9,114

34. Commitments (Continued)**(b) Operating lease rental receivable**

The lease terms are between 1 and 20 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease rental receivable under non-cancellable operating leases in respect of the buildings are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
— Not later than one year	127,755	139,582
— Later than one year and not later than five years	253,509	289,835
— Over five years	140,515	194,462
	521,779	623,879

The investment properties are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements, refer to note 16.

35. Transactions with non-controlling interests

During the year ended 31 December 2022, the Group acquired additional equity interests of certain subsidiaries from the respective non-controlling interests for a total consideration of RMB242,987,000. The differences between the carrying amounts of non-controlling interest acquired and consideration paid and payable are set out below:

	Year ended 31 December 2022 RMB'000
Total carrying amounts of non-controlling interests acquired	211,714
Less: Consideration paid to non-controlling interests	(235,921)
Consideration payable to non-controlling interests	(1,866)
Consideration offset by amounts due from non-controlling interests	(5,200)
Total difference recognised within equity	(31,273)

36. Related party transactions

The ultimate holding company of the Company is Midea Development (BVI), and the Ultimate Controlling Parties of the Company are Mr. He and Ms. Lu.

(a) Transactions with related parties

The Group had the following significant transactions with related parties during the year:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
(i) Entities controlled by the Ultimate Controlling Parties		
Rendering of property management services	36,991	17,255
Purchase of home appliances and smart home technology products	213,628	202,830
Interest expenses on loans from related parties	77,844	115,875
Receiving guarantee in respect of borrowings	3,422,804	5,490,000
Licensing fees	8,667	–
Guarantee fees	35,371	30,828
Sales of materials, equipment and other service	2,145	1,772
Management and consulting service income	54,284	10,995
Lease payments	4,221	–
(ii) Entities controlled by certain directors		
Management and consulting service income	374	844
Rendering of property management services	2,227	–
(iii) Joint ventures		
Management and consulting service income	235,081	94,622
Providing guarantee in respect of borrowings	6,323,402	8,336,203
Sales of materials, equipment and other service	123,525	148,789
Rendering of property management services	43,707	35,511
Purchase of home appliances and smart home technology products	14,576	–
(iv) Associates		
Providing guarantee in respect of borrowings	3,781,584	4,553,340
Management and consulting service income	122,634	34,884
Rendering of property management services	25,814	35,998
Sales of materials, equipment and other service	9,089	10,204

The prices for the above transactions were determined in accordance with the terms agreed by the relevant contracting parties.

36. Related party transactions (Continued)**(b) Balances with related parties**

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
(i) Joint ventures		
Amounts due from related parties	7,105,180	6,268,078
Amounts due to related parties	7,552,596	13,103,125
(ii) Associates		
Amounts due from related parties	3,586,676	10,371,283
Amounts due to related parties	8,261,986	6,783,835
(iii) Entities controlled by the Ultimate Controlling Parties		
Amounts due from related parties	85,133	76,298
Amounts due to related parties	2,745,910	30,688
(iv) Entities controlled by certain directors and/or their close family members		
Amounts due from related parties	595	812
Amounts due to related parties	129,846	32
(v) Analysis on amounts due from related parties		
Trade	250,704	180,497
Non-trade	10,526,880	16,535,974
(vi) Analysis on amounts due to related parties		
Trade	2,974,662	77,794
Non-trade	15,715,676	19,839,886

Amounts due from/to related parties are unsecured, interest-free, and repayable on demand.

(c) Loans from a related party (included in bank and other borrowing)

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Beginning of the year	290,000	–
Loans advanced	6,035,239	2,758,349
Loans repaid	(6,282,436)	(2,468,349)
End of the year	42,803	290,000

The interest rate of loans from a related party is 4.60% per annum (2021: 5.00%), and the terms of the loans were between 1 month to 30 months (2021: between 1 month to 12 months).

36. Related party transactions (Continued)**(d) Key management compensation**

Key management comprise the Company's directors and senior management. The compensation paid or payable to key management for employee services is shown below.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Key management compensation		
— Salaries and other employee benefits	14,851	17,862
— Contribution to retirement costs	238	211
— Share-based payment	21,313	51,250
— Fees	528	488
	36,930	69,811

37. Subsidiaries

The following is a list of principal subsidiaries at 31 December 2022, all of these are limited liability companies:

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
Incorporated in Hong Kong and operates in Hong Kong					
美的建業(香港)有限公司 Midea Construction (Hong Kong) Co., Ltd	03/11/2009	Others	HKD2,144,100	100%	—
Incorporated in Mainland China and operates in Mainland China					
徐州美的置業有限公司 Xuzhou Midea Properties Co., Ltd	02/11/2010	Property Development	USD20,000	100%	—
徐州美的時代房地產有限公司 Xuzhou Midea Times Real Estate Co., Ltd	10/01/2014	Property Development	USD44,500	100%	—
徐州躍輝置業有限公司 Xuzhou Yuehui Real Estate Company Limited	07/09/2016	Property Development	RMB332,600	100%	—
寧波梅山保稅港區蒼弘投資有限公司 Ningbo Meishan Bonded Port Huihong Investment Co., Ltd	31/08/2017	Others	USD30,000	100%	—
廣東鉞美物業服務股份有限公司 Guangdong Bomei Property Services Co., Ltd. ("Bomei Property Services")	31/01/2000	Others	RMB250,880	98%	2%

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
美的置業集團有限公司 Midea Real Estate Group Limited	13/01/1995	Others	RMB3,191,495	100%	–
佛山市美的房地產發展有限公司 Foshan Midea Real Estate Development Co., Ltd	10/08/1998	Property Development	RMB200,000	100%	–
佛山市順德區捷高房產有限公司 Foshan Shunde Jiegao Real Estate Co., Ltd	28/08/2007	Property Development	RMB200,000	100%	–
佛山市名勝投資有限公司 Foshan Mingsheng Investment Co., Ltd	15/10/2007	Property Development	RMB170,000	100%	–
美的西南房地產發展有限公司 Midea Xinan Property Development Company Limited	26/03/2010	Property Development	RMB500,000	100%	–
株洲市美的房地產發展有限公司 Zhuzhou Midea Real Estate Development Co., Ltd	10/06/2010	Property Development	RMB402,820	100%	–
佛山市高明區美的房地產發展有限公司 Foshan Gaoming Midea Real Estate Development Co., Ltd	14/01/2011	Property Development	RMB400,000	100%	–
邯鄲市美的房地產開發有限公司 Handan Midea Real Estate Development Co., Ltd	06/09/2011	Property Development	RMB353,540	100%	–
徐州市美的新城房地產發展有限公司 Xuzhou Midea Xincheng Real Estate Development Co., Ltd	24/11/2011	Property Development	RMB300,000	100%	–
寧波市梅山美的房地產發展有限公司 Ningbo Meishan Midea Real Estate Development Co., Ltd	14/12/2011	Property Development	RMB300,000	100%	–
佛山市順德區盈茂房地產有限公司 Foshan Shunde Yingmao Real Estate Co., Ltd	29/01/2013	Property Development	RMB200,000	100%	–

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
瀋陽市美的房地產開發有限公司 Shenyang Midea Real Estate Development Co., Ltd	03/07/2013	Property Development	RMB384,098	100%	—
寧波梅山保稅港區邁迪瑞建築材料有限公司 Ningbo Meishan Bonded Port Area Maidirui Construction Materials Co., Ltd	18/07/2013	Others	RMB20,000	100%	—
貴陽美的新時代房地產發展有限公司 Guiyang Midea New Era Real Estate Development Co., Ltd	19/02/2016	Property Development	RMB500,000	100%	—
無錫市悅輝房地產發展有限公司 Wuxi Yuehui Real Estate Development Co., Ltd	22/09/2016	Property Development	RMB500,000	100%	—
邯鄲市華美世紀房地產開發有限公司 Handan Huamei Century Real Estate Development Co., Ltd	13/09/2016	Property Development	RMB30,000	51%	49%
岳陽市鼎輝房地產發展有限公司 Yueyang Dinghui Real Estate Development Co., Ltd	26/12/2016	Property Development	RMB350,000	80%	20%
佛山市順德區萬蒼人才服務有限公司 Foshan Shunde Wanhui Human Resource Services Co., Ltd	18/11/2016	Property Development	RMB170,000	60%	40%
寧波梅山保稅港區盈美投資管理有限公司 Ningbo Meishan Bonded Port Area Yingmei Investment Management Co., Ltd	23/09/2016	Others	RMB3,000,000	100%	—
湘潭市鼎輝房地產發展有限公司 Xiangtan Dinghui Real Estate Development Co., Ltd	16/05/2017	Property Development	RMB30,769	69%	31%
南京美的房地產發展有限公司 Nanjing Midea Property Development Co., Ltd	22/04/2017	Property Development	RMB10,000	100%	—

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
石家莊市美的房地產開發有限公司 Shijiazhuang Midea Property Development Co., Ltd	20/04/2017	Property Development	RMB50,000	100%	–
南昌市美的房地產開發有限公司 Nanchang Midea Property Development Co., Ltd	28/04/2017	Property Development	RMB10,000	100%	–
佛山市南海區誠美房地產開發有限公司 Foshan Nanhai Chengmei Real Estate Development Co., Ltd	25/09/2017	Property Development	RMB383,100	100%	–
貴陽國龍置業有限公司 Guizhou Guolong Properties Co., Ltd	16/10/2017	Property Development	RMB300,000	90%	10%
佛山市順德區寶弘房地產開發有限公司 Foshan Shunde Baohong Real Estate Development Co., Ltd	13/10/2017	Property Development	RMB2,640,000	75%	25%
無錫悅榕投資有限公司 Wuxi Yuerong Investment Co., Ltd.	17/11/2016	Property Development	RMB931,186	100%	–
湖南中寧置業有限公司 Hunan Zhongning Real Estate Co., Ltd	31/10/2017	Property Development	RMB30,000	60%	40%
成都市美曜房地產開發有限公司 Chengdu Meiyao Real Estate Development Co., Ltd	17/11/2017	Property Development	RMB50,000	70%	30%
邢臺市美智房地產開發有限公司 ⁽¹⁾ Xingtai Meizhi Real Estate Development Co., Ltd	29/11/2017	Property Development	RMB200,000	45%	55%
鎮江美裕房地產發展有限公司 ⁽¹⁾ Zhenjiang Meiyu Real Estate Development Co., Ltd	19/12/2017	Property Development	RMB210,000	33%	67%
河源市銅人銅業發展有限公司 Heyuan Tongren Copper Industry Development Co., Ltd	25/12/2017	Property Development	USD9,000	60%	40%

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
邢臺市美盛房地產開發有限公司 Xingtai Meisheng Real Estate Development Co., Ltd	21/12/2017	Property Development	RMB200,000	60%	40%
佛山市三水雲東海花園房地產開發有限公司 Foshan Sanshui Yundonghai Garden Real Estate Development Co., Ltd	04/01/2018	Property Development	RMB250,000	76%	24%
寧波聯城住工科技有限公司 Ningbo Liancheng Housing Industrialisation Technology Co., Ltd	05/02/2018	Others	RMB300,000	75%	25%
梧州市美駿置業有限公司 Wuzhou Meijun Real Estate Co., Ltd	23/04/2018	Property Development	RMB654,939	56%	44%
眉山美文房地產開發有限公司 ^(*) Meishan Meiwen Real Estate Development Co., Ltd	25/04/2018	Property Development	RMB80,000	50%	50%
遵義市美駿房地產開發有限公司 Zunyi Meijun Real Estate Development Co., Ltd	16/05/2018	Property Development	RMB500,000	51%	49%
邯鄲市天志地成房地產開發有限公司 ^(*) Handan Tianzhi Dicheng Property Development Company Limited	08/05/2018	Property Development	RMB400,000	49%	51%
上饒市美越房地產開發有限公司 ^(*) Shangrao Meiyue Real Estate Development Co., Ltd	12/06/2018	Property Development	RMB260,000	34%	66%
江蘇睿住住工科技有限公司 Jiangsu Ruizhugong Technology Co., Ltd.	08/06/2018	Others	USD45,000	100%	—
上饒市高運房地產開發有限公司 ^(*) Shangrao Gaoyun Real Estate Development Co., Ltd	10/07/2018	Property Development	RMB300,000	33%	67%

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
無錫市美駿房地產發展有限公司 Wuxi Meijun Real Estate Development Co., Ltd	02/07/2018	Property Development	RMB833,000	60%	40%
無錫市美商駿房地產發展有限公司 ⁽¹⁾ Wuxi Meishangjun Real Estate Development Co., Ltd	10/07/2018	Property Development	RMB1,200,000	34%	66%
揚州萬美置業有限公司 ⁽¹⁾ Yangzhou Wanmei Property Co., Ltd	17/07/2018	Property Development	USD100,000	50%	50%
重慶美城金房地產開發有限公司 ⁽¹⁾ Chongqing Meichengjin Real Estate Development Co., Ltd	27/07/2018	Property Development	RMB200,000	35%	65%
福建省美置智慧家居科技發展有限公司 Fujian Meizhi Smart Home Technology Development Co., Ltd	31/07/2018	Property Development	RMB551,750	86%	14%
常州市美陽房地產發展有限公司 Changzhou Meiyang Real Estate Development Co., Ltd	02/08/2018	Property Development	RMB500,000	51%	49%
瀏陽市鼎輝房地產開發有限公司 Liuyang Dinghui Real Estate Development Co., Ltd	20/09/2018	Property Development	RMB170,660	51%	49%
合肥美的房地產發展有限公司 Hefei Midea Real Estate Development Co., Ltd	30/09/2018	Property Development	RMB200,000	100%	–
蘇州正蠶房地產開發有限公司 ⁽¹⁾ Suzhou Zhengxi Real Estate Development Co., Ltd	30/09/2018	Property Development	RMB400,000	34%	66%
贛州鑫群置業有限公司 Ganzhou Xinqun Property Co., Ltd	29/11/2018	Property Development	RMB952,294	60%	40%

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
徐州朗升房地產開發有限公司 Xuzhou Langsheng Real Estate Development Co., Ltd	24/12/2018	Property Development	RMB1,356,844	51%	49%
常德市鼎業房地產開發有限公司 Changde Dingye Real Estate Development Co., Ltd	04/12/2018	Property Development	RMB280,000	50.1%	49.9%
揚州市美嘉房地產發展有限公司 Yangzhou Meijia Real Estate Development Co., Ltd	18/01/2019	Property Development	RMB300,000	60%	40%
蘇州美居房地產開發有限公司 Suzhou Meiju Real Estate Development Co., Ltd	18/01/2019	Property Development	RMB500,000	100%	—
衡陽市鼎華房地產開發有限公司 Hengyang Dinghua Real Estate Development Co., Ltd	28/01/2019	Property Development	RMB300,000	70%	30%
泉州市美智房地產開發有限公司 Quanzhou Meizhi Real Estate Development Co., Ltd	28/03/2019	Property Development	RMB487,000	95%	5%
茂名市電白區美航房地產開發有限公司 Maoming Dianbai Meihang Real Estate Development Co., Ltd	15/04/2019	Property Development	RMB583,000	100%	—
贛州慧谷房地產開發有限公司 Ganzhou Huigu Real Estate Development Co., Ltd	16/04/2019	Property Development	RMB350,000	51%	49%
常州市美科房地產發展有限公司 Changzhou Meike Real Estate Development Co., Ltd	15/04/2019	Property Development	RMB819,000	100%	—
台州市美泰房地產開發有限公司 Taizhou Meitai Real Estate Development Co., Ltd	16/04/2019	Property Development	RMB500,000	60%	40%

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
台州嘉豪置業有限公司 ⁽¹⁾ Taizhou Jiahao Real Estate Co., Ltd	19/04/2019	Property Development	RMB600,000	50%	50%
惠州市旭美房地產開發有限公司 ⁽¹⁾ Huizhou Xumei Real Estate Development Co., Ltd	22/04/2019	Property Development	RMB150,000	50%	50%
衡陽市鼎衡房地產開發有限公司 Hengyang Dingheng Real Estate Development Co., Ltd	08/05/2019	Property Development	RMB500,000	50.1%	49.9%
武漢市鼎輝雅樂房地產開發有限公司 Wuhan Dinghui Yale Real Estate Development Co., Ltd	08/05/2019	Property Development	RMB2,100,000	100%	–
昆明美龍置業有限公司 Kunming Meilong Real Estate Co., Ltd	24/05/2019	Property Development	RMB160,000	100%	–
昆明藍宇置業有限公司 Kunming Lanyu Real Estate Co., Ltd	13/06/2019	Property Development	RMB160,000	100%	–
寧波市美睿房地產發展有限公司 ⁽¹⁾ Ningbo Meirui Real Estate Development Co., Ltd	21/06/2019	Property Development	RMB1,100,000	50%	50%
杭州美煜房地產發展有限公司 Hangzhou Meiyu Real Estate Development Co., Ltd	27/06/2019	Property Development	RMB1,350,000	90%	10%
長沙市桂和房地產開發有限公司 Changsha Guihe Real Estate Development Co., Ltd	16/07/2019	Property Development	RMB500,000	73%	27%
金華市美潤房地產發展有限公司 Jinhua Meirun Real Estate Development Co., Ltd	16/09/2019	Property Development	RMB400,000	70%	30%
無錫浦錦企業管理有限公司 ⁽¹⁾ Wuxi Pujin Enterprise Management Co., Ltd	30/10/2019	Property Development	RMB770,000	34%	66%

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
上海浦申置業有限公司 ⁽¹⁾ Shanghai Pushen Real Estate Co., Ltd	30/10/2019	Property Development	RMB400,000	34%	66%
上海欣明置業有限公司 ⁽¹⁾ Shanghai Xinming Real Estate Co., Ltd	30/10/2019	Property Development	RMB370,000	34%	66%
寧波梅山保稅港區悅寧企業管理諮詢有限公司 Ningbo Meishan Bonded Port Yuening Enterprise Management Consultancy Co., Ltd	25/11/2019	Others	RMB3,000,000	51%	49%
惠州力佳地產有限公司 ⁽¹⁾ Huizhou Lijia Property Co., Ltd	23/12/2019	Property Development	RMB200,000	34%	66%
揚州市美贊房地產發展有限公司 Yangzhou Meizan Real Estate Development Co., Ltd.	21/05/2020	Property Development	RMB2,691,603	70%	30%
美置服務集團有限公司 Foshan Meizhi Service Group Limited	25/05/2020	Others	RMB100,000	100%	—
泉州市美景房地產開發有限公司 Quanzhou Meijing Real Estate Development Co., Ltd.	29/05/2020	Property Development	RMB500,000	70%	30%
佛山市順德區美岸房地產開發有限公司 Foshan Shunde Mei'an Real Estate Development Co., Ltd.	23/06/2020	Property Development	RMB870,000	100%	—
株洲頤鑫房地產開發有限公司 Zhuzhou Yixin Real Estate Development Co., Ltd.	12/06/2020	Property Development	RMB615,594	100%	—
佛山市禪城區凝泰房地產開發有限公司 ⁽¹⁾ Foshan Chancheng Ningtai Real Estate Development Co., Ltd	10/09/2020	Property Development	RMB737,620	46%	54%
邯鄲宣弘房地產開發有限公司 Handan Xuanhong Real Estate Development Co., Ltd	17/09/2020	Property Development	RMB400,000	51%	49%

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
揚州市美築嘉投資有限公司 Yangzhou Meizhujia Investment Co., Ltd.	21/09/2020	Property Development	RMB596,745	100%	–
南京招盈房地產開發有限公司 ⁽¹⁾ Nanjing Zhaoying Real Estate Development Co., Ltd	20/10/2020	Property Development	RMB530,000	37%	63%
南昌彰美房地產開發有限公司 ⁽¹⁾ Nanchang Zhangmei Real Estate Development Co., Ltd	19/10/2020	Property Development	RMB300,000	34%	66%
廣州市南沙區美築房地產開發有限公司 Guangzhou Nansha Meizhu Real Estate Development Co., Ltd	02/12/2020	Property Development	RMB789,250	67%	33%
蘇州美賽房地產有限公司 Suzhou Meisai Real Estate Co., Ltd	18/06/2021	Property Development	RMB230,000	60%	40%
東莞市招美房地產開發有限公司 ⁽¹⁾ Dongguan Zhaomei Real Estate Development Co., Ltd	26/07/2019	Property Development	RMB661,110	50%	50%
廣州同輝投資發展有限公司 Guangzhou Tonghui Investment Development Co., Ltd	26/09/2019	Property Development	RMB4,490,000	50.5%	49.5%
廣州綠恒房地產開發有限公司 Guangzhou Lvheng Real Estate Development Co., Ltd	26/09/2019	Property Development	RMB390,000	50.5%	49.5%
佛山市順德區聚才房地產開發有限公司 ⁽¹⁾ Foshan Shunde Jucai Real Estate Development Co., Ltd	17/10/2019	Property Development	RMB500,000	42%	58%
佛山市美鷺酒店管理有限公司 Foshan Meilu Hotel Management Co., Ltd	28/08/2015	Others	RMB50,000	90%	10%

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
廣東睿住智慧科技有限公司 Foshan Shunde Meijia Intelligent Technology Management Service Co., Ltd.	20/11/2015	Others	RMB25,000	66%	34%
遵義市美的房地產發展有限公司 Zunyi Midea Real Estate Development Co., Ltd	17/02/2014	Property Development	RMB150,000	100%	—
廣東天元建築設計有限公司 Foshan Shunde District Tianyuan Architectural Design Co., Ltd.	19/06/2017	Others	RMB20,000	100%	—
佛山市順德區美智房產有限公司 ⁽ⁱ⁾ Foshan Shunde Meizhi Real Estate Co., Ltd	13/11/2017	Property Development	RMB130,000	50%	50%
邯鄲市美創房地產開發有限公司 Handan Meichuang Real Estate Development Co., Ltd	01/12/2017	Property Development	RMB50,000	100%	—
邯鄲市金鉞房地產開發有限公司 Handan Jinbo Real Estate Development Co., Ltd	24/04/2018	Property Development	RMB5,000	100%	—
徐州美君房地產有限公司 ⁽ⁱ⁾ Xuzhou Meijun Real Estate Co., Ltd	25/02/2019	Property Development	RMB125,000	34%	66%
瀋陽謙益房地產開發有限公司 Shenyang Qianyi Real Estate Development Co., Ltd	06/06/2019	Property Development	RMB119,600	74%	26%
金華市美辰房地產開發有限公司 Jinhua Meichen Real Estate Development Co., Ltd	02/08/2019	Property Development	RMB10,000	100%	—
泉州市聚龍遠南房地產有限公司 Quanzhou Julong Yuannan Real Estate Co., Ltd	16/09/2019	Property Development	RMB120,000	65%	35%
徐州美城房地產發展有限公司 Xuzhou Meicheng Real Estate Development Co., Ltd	26/11/2019	Property Development	RMB604,800	100%	—

Notes to the Consolidated Financial Statements (Continued)

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
邯鄲市美祥房地產開發有限公司 Handan Meixiang Real Estate Development Co., Ltd	02/01/2020	Property Development	RMB560,000	75%	25%
徐州美科房地產發展有限公司 Xuzhou Meike Real Estate Development Co., Ltd	22/04/2020	Property Development	RMB207,200	100%	–
邯鄲市美益房地產開發有限公司 Handan Meiyi Real Estate Development Co., Ltd	18/08/2020	Property Development	RMB140,000	60%	40%
佛山市睿住智慧科技股份有限公司 Foshan Ruizhu Intelligent Technology Co., Ltd	28/10/2020	Others	RMB60,000	66%	34%
泉州市美頤房地產開發有限公司 Quanzhou Meiyi Real Estate Development Co., Ltd	06/04/2021	Property Development	RMB510,000	79%	21%
徐州美騰置業有限公司 Xuzhou Meiteng Real Estate Co., Ltd	08/05/2021	Property Development	RMB250,000	100%	–
惠州市睿住住工科技有限公司 Huizhou Remac IOC Technology Co., Ltd.	04/06/2021	Others	RMB20,000	51%	49%
徐州美淮管理諮詢有限公司 Xuzhou Meihuai Management Consulting Co., Ltd	22/12/2021	Property Development	RMB275,000	100%	–
珠海市睿住建築科技有限公司 Zhuhai Ruizhu Construction Technology Co., Ltd	09/12/2021	Others	RMB5,000	100%	–
重慶美科房地產開發有限公司 Chongqing Meike Real Estate Development Co., Ltd	07/09/2017	Property Development	RMB20,000	100%	–
遵義鑫樺房地產開發有限公司 Zunyi Xinzun Real Estate Development Co., Ltd	27/06/2018	Property Development	RMB500,000	100%	–

37. Subsidiaries (Continued)

Name of companies	Date of incorporation/ acquisition	Principal activities	Nominal value of issued and fully paid share capital/ paid-in capital '000	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests
常州市美茂房地產發展有限公司 Changzhou Meimao Real Estate Development Co., Ltd	11/07/2019	Property Development	RMB1,925,000	51%	49%
南京科宸房地產開發有限公司 Nanjing Kechen Real Estate Development Co., Ltd.	23/12/2019	Property Development	RMB1,512,000	100%	–
無錫正嘉房地產開發有限公司 Wuxi Zhengjia Real Estate Development Co., Ltd	03/09/2020	Property Development	RMB1,080,000	100%	–
成都市美瑾德房地產開發有限公司 Chengdu Meijinde Real Estate Development Co., Ltd	15/06/2021	Property Development	RMB910,000	100%	–
天津美智房地產開發有限公司 Tianjin Meizhi Real Estate Development Co., Ltd	24/06/2021	Property Development	RMB560,000	100%	–
廣州南沙區美多莉房地產開發有限公司 ^(*) Guangzhou Nansha District Meiduoli Real Estate Development Co., Ltd	08/08/2019	Property Development	RMB791,000	50%	50%
徐州美正管理諮詢有限公司 Xuzhou Meizheng Management Consulting Co., Ltd	07/09/2022	Others	RMB78,000	100%	–

* As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through contractual arrangements and the existing rights to direct the relevant activities including but not limited to budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

The English names of the Mainland China companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

Notes to the Consolidated Financial Statements (Continued)

38. Disposal of subsidiaries

During the year ended 31 December 2022, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposal are as follows:

	RMB'000
Disposal consideration	
— Investments in joint ventures (note 14(a))	614,178
— Investments in associates (note 14(b))	90,965
— Cash received	181,344
— Consideration offset against other payables	277,108
— Outstanding and included in other receivables	350,000
	1,513,595
Cash and cash equivalents	(500,728)
Restricted cash	(4,125)
Financial assets at fair value through profit or loss	(52,700)
Trade and other receivables	(3,787,570)
Prepaid taxes	(402,590)
Properties under development and completed properties held for sale	(4,576,254)
Contract assets and contract acquisition costs	(39,511)
Deferred income tax assets	(108,026)
Bank and other borrowings	437,478
Trade and other payables	3,246,455
Contract liabilities	2,566,502
Others	27,708
Total net assets disposed of	(3,193,361)
Non-controlling interests disposed of	1,631,898
	(1,561,463)
Losses on disposal	(47,868)
Cash proceeds from disposal, net of cash disposed of	
— Cash received	181,344
— Cash and cash equivalents of the subsidiaries disposed of	(500,728)
Net cash outflow from disposal	(319,384)

39. Acquisition of subsidiaries

During the year ended 31 December 2022, the Group acquired certain property development companies and obtained control of these companies. The directors of the Company applied the optional test to identify concentration of fair value as prescribed by HKFRS 3 "Business Combination" and considered that the acquired set of activities and assets of these subsidiaries individually are not businesses. Accordingly, the above acquisition of subsidiaries was accounted for as acquisitions of assets and the consideration for each acquisition was allocated to the individual assets acquired and liabilities assumed of each acquired companies on the respective acquisition dates.

Details of the acquisitions are as follows:

	RMB'000
Purchase consideration	
— Investments in joint ventures (note 14(a))	1,635,222
— Investments in associates (note 14(b))	1,314,124
— Cash paid	838,159
— Consideration offset against other receivables	1,031,104
Total consideration	4,818,609
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	1,226,701
Restricted cash	667,417
Financial assets at fair value through profit or loss	191,567
Trade and other receivables	6,030,822
Prepaid taxes	699,691
Properties under development and completed properties held for sale	14,617,793
Contract assets and contract acquisition costs	30,281
Deferred income tax assets	155,662
Bank and other borrowings	(4,236,213)
Trade and other payables	(3,504,223)
Contract liabilities	(9,785,288)
Others	(8,738)
Total identifiable net assets	6,085,472
Less: non-controlling interests	(1,266,863)
Net assets acquired	4,818,609
Payments of acquisition of subsidiaries, net of cash acquired	
— Cash paid	(838,159)
— Cash and cash equivalents of the subsidiaries acquired	1,226,701
Net cash inflow from acquisitions	388,542

40. Balance sheet and reserve movement of the Company

	Note	As at 31 December	
		2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Amount due from a subsidiary		1,087,341	1,087,341
Investments in subsidiaries		4,429,899	4,347,792
		5,517,240	5,435,133
Current assets			
Amounts due from subsidiaries		4,587,069	4,623,421
Trade and other receivables		41,630	–
Cash and cash equivalents		47	1,433
		4,628,746	4,624,854
Total assets		10,145,986	10,059,987
EQUITY			
Share capital and premium		5,627,767	6,026,594
Other reserves	(a)	4,422,343	4,344,463
Retained earnings/(accumulated losses)	(a)	59,826	(347,924)
Total equity		10,109,936	10,023,133
LIABILITIES			
Current liabilities			
Trade and other payables		4,349	5,153
Amounts due to subsidiaries		31,701	31,701
Total liabilities		36,050	36,854
Total equity and liabilities		10,145,986	10,059,987

The balance sheet of the Company was approved by the Board of Directors on 24 March 2023 and were signed on its behalf.

Hao Hengle
Director

Lin Ge
Director

40. Balance sheet and reserve movement of the Company (Continued)**(a) Other reserves and (accumulated losses)/retained earnings**

	Other reserves	Retained earnings/ (accumulated losses)
	RMB'000	RMB'000
At 1 January 2021	4,183,465	(192,793)
Issue of new shares for the purpose of restricted share award scheme	(3,134)	–
Employee share scheme — value of employee services received	164,132	–
Loss for the year	–	(155,131)
At 31 December 2021	4,344,463	(347,924)
At 1 January 2022	4,344,463	(347,924)
Issue of new shares for the purpose of restricted share award scheme	(4,227)	–
Employee share scheme — value of employee services received	82,107	–
Profit for the year	–	407,750
At 31 December 2022	4,422,343	59,826

41. Benefits and interests of directors**(a) Directors' emoluments**

The directors' emoluments paid/payable during the year are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Salaries and other benefits	13,100	17,862
Contribution to retirement scheme	196	211
Fees	528	488
Share-based compensation expenses	19,960	51,250
	33,784	69,811

41. Benefits and interests of directors (Continued)**(a) Directors' emoluments (Continued)****(i) For the year ended 31 December 2022**

Name of directors	Fees RMB'000	Salaries and other benefits RMB'000	Contribution to retirement scheme RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Executive directors					
Mr. Hao Hengle	-	5,060	57	9,935	15,052
Mr. Wang Quanhui	-	2,526	41	3,188	5,755
Mr. Lin Ge	-	2,432	57	3,030	5,519
Mr. Zhang Ziliang	-	2,754	31	2,875	5,660
Mr. Yao Wei	-	328	10	145	483
Non-executive directors					
Mr. He Jianfeng	-	-	-	-	-
Mr. Zhao Jun	-	-	-	787	787
Independent non-executive directors					
Mr. Tan Jinsong	176	-	-	-	176
Mr. O'Yang Wiley	176	-	-	-	176
Mr. Lu Qi	176	-	-	-	176
	528	13,100	196	19,960	33,784

(ii) For the year ended 31 December 2021

Name of directors	Fees RMB'000	Salaries and other benefits RMB'000	Contribution to retirement scheme RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Executive directors					
Mr. Hao Hengle	-	6,986	51	25,396	32,433
Mr. Wang Quanhui	-	3,321	36	6,240	9,597
Mr. Yao Wei	-	2,122	36	5,457	7,615
Mr. Lin Ge	-	2,379	51	5,457	7,887
Mr. Xu Chuanfu	-	3,054	37	4,782	7,873
Non-executive directors					
Mr. He Jianfeng	-	-	-	-	-
Mr. Zhao Jun	-	-	-	3,918	3,918
Independent non-executive directors					
Mr. Tan Jinsong	163	-	-	-	163
Mr. O'Yang Wiley	163	-	-	-	163
Mr. Lu Qi	162	-	-	-	162
	488	17,862	211	51,250	69,811

41. Benefits and interests of directors (Continued)

(a) Directors' emoluments (Continued)

No Director has waived or agreed to waive any emoluments during the years ended 31 December 2022 and 2021.

Mr. Yao Wei resigned as an executive Director on 25 March 2022.

Mr. Zhang Ziliang was appointed as an executive Director on 25 March 2022.

(b) Directors' retirement benefits

During the year, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries.

(c) Directors' termination benefits

During the year, no payments to the directors of the Company as compensation for the early termination of the appointment.

(d) Consideration provided to third parties for making available directors' services

During the year, the Company did not pay to any third party for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

During the year, there were no loans, quasi-loans or other dealings in favor of directors of the Company, controlled bodies corporate and connected entities with such directors.

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 36, 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.

42. Subsequent events

In February and March 2023, Midea Real Estate Group redeemed the outstanding corporate bonds with total principal amounts of RMB1,020,000,000 and RMB984,000,000, respectively, at redemption prices equal to 100% of the principal amount of the corporate bonds as of the redemption dates.

FIVE-YEAR FINANCIAL SUMMARY

Consolidated Assets, Equity and Liabilities

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000
ASSETS					
Non-current assets	37,655,459	38,049,646	29,220,903	19,403,828	10,488,553
Current assets	214,283,295	250,470,207	254,533,571	230,310,016	166,830,557
Total assets	251,938,754	288,519,853	283,754,474	249,713,844	177,319,110
EQUITY AND LIABILITIES					
Total equity	50,313,849	47,809,621	40,219,388	31,138,293	23,584,436
Non-current liabilities	35,361,203	41,938,807	47,649,934	47,263,629	34,468,930
Current liabilities	166,263,702	198,771,425	195,885,152	171,311,922	119,265,744
Total liabilities	201,624,905	240,710,232	243,535,086	218,575,551	153,734,674
Total equity and liabilities	251,938,754	288,519,853	283,754,474	249,713,844	177,319,110

Statement of Comprehensive Income

	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	73,630,848	73,703,098	52,483,611	41,138,570	30,119,811
Cost of sales	(62,324,407)	(60,207,635)	(40,825,617)	(28,131,087)	(20,265,888)
Gross profit	11,306,441	13,495,463	11,657,994	13,007,483	9,853,923
Other income and gains — net (Losses)/Gains arising from changes in fair value of and transfer to investment properties	632,838	881,587	627,004	938,793	691,508
	(281,754)	12,532	27,739	198,450	3,306
Selling and marketing expenses	(2,367,284)	(2,662,865)	(2,194,349)	(2,540,686)	(1,533,913)
Administrative expenses	(2,150,283)	(3,382,192)	(3,518,260)	(3,695,200)	(2,285,191)
Net impairment losses on financial assets	(308,858)	(322,646)	(68,407)	(5,578)	(34,297)
Operating profit	6,831,100	8,021,879	6,531,721	7,903,262	6,695,336
Finance (costs)/income — net	(43,746)	720,994	687,591	152,084	55,225
Share of results of joint ventures and associates	100,651	(23,353)	351,042	325,362	(93,374)
Profit before income tax	6,888,005	8,719,520	7,570,354	8,380,708	6,657,187
Income tax expenses	(3,311,232)	(3,416,710)	(2,744,856)	(4,054,099)	(3,370,318)
Profit for the year	3,576,773	5,302,810	4,825,498	4,326,609	3,286,869
Profit attributable to:					
Owners of the Company	1,726,363	3,743,557	4,326,482	4,305,164	3,209,997
Non-controlling interests	1,850,410	1,559,253	499,016	21,445	76,872
	3,576,773	5,302,810	4,825,498	4,326,609	3,286,869
Earnings per share (expressed in RMB per share)					
Basic and diluted earnings per share	1.34	3.04	3.52	3.61	3.08
Gross margin	15.4%	18.3%	22.2%	31.6%	32.7%
Net profit margin	4.9%	7.2%	9.2%	10.5%	10.9%

CORPORATE INFORMATION

Executive Directors

Mr. Hao Hengle (Chairman and President)
Mr. Wang Quanhui
Mr. Lin Ge
Mr. Zhang Ziliang (appointed on 25 March 2022)
Mr. Yao Wei (resigned on 25 March 2022)

Non-Executive Directors

Mr. He Jianfeng
Mr. Zhao Jun

Independent Non-Executive Directors

Mr. Tan Jinsong
Mr. O'Yang Wiley
Mr. Lu Qi

Audit Committee

Mr. Tan Jinsong (Chairman)
Mr. Zhao Jun
Mr. O'Yang Wiley

Remuneration Committee

Mr. O'Yang Wiley (Chairman)
Mr. Hao Hengle
Mr. Zhao Jun
Mr. Tan Jinsong
Mr. Lu Qi

Nomination Committee

Mr. Hao Hengle (Chairman)
Mr. Tan Jinsong
Mr. Lu Qi

Authorised Representatives

Mr. Hao Hengle
Mr. Lin Ge (appointed on 11 February 2022)

Joint Company Secretaries

Mr. Lin Ge (appointed on 11 February 2022)
Ms. Chan Bo Shan

Principal Place of Business and Head Office in the Mainland China

34/F, Tower 4, Midea Real Estate Plaza
No. 1 Chengde Road, Beijiao Town
Shunde District, Foshan City
Guangdong Province, the PRC

Place of Business in Hong Kong, China

Suites 3906–3910, 39/F, Tower 6, The Gateway
Harbour City, No. 9 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

Registered Office

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008, Cayman Islands

Cayman Islands Principal Share Registrar and Transfer Office

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

Legal Adviser

Hogan Lovells
11th Floor, One Pacific Place
88 Queensway
Hong Kong

Corporate Information (Continued)

Principal Banks in the Mainland China

(in Alphabetical Order)

Agricultural Bank of China Limited
Bank of China Limited
Bank of Communications Co., Ltd.
China Construction Bank Corporation
China Everbright Bank Company Limited
China Guangfa Bank Co., Ltd.
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Guangdong Shunde Rural Commercial Bank Company Limited
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd.
Ping An Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.

Principal Banks in Hong Kong, China

(in Alphabetical Order)

Bank of China (Hong Kong) Limited
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Company Limited, Hong Kong Branch
China Minsheng Banking Corporation Limited, Hong Kong Branch
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
Hang Seng Bank Limited
Hua Xia Bank Company Limited, Hong Kong Branch
LUSO International Banking Limited
Ping An Bank Company Limited
Tai Fung Bank Limited
The Bank of East Asia, Limited

Stock Code

3990

Email of Investor Relations

investor@midea.com

Company's Website

<http://www.mideadc.com>

Key Dates

- Annual Results Announcement 24 March 2023
- Closure of Register of Members (for determination of shareholders who are entitled to attend and vote at annual general meeting) 17 May 2023 to 22 May 2023 (both days inclusive)
- Annual General Meeting 22 May 2023
- Ex-dividend Date 25 May 2023
- Record Date (for determination of shareholders who qualify for the final dividend). 1 June 2023
- Payment of Final Dividend (HK\$0.80 per share) or despatch of certificates for the scrip shares On or about 8 August 2023

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