

JIANDE INTERNATIONAL HOLDINGS LIMITED 建德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code : 865
股票代號 : 865

2021

ANNUAL REPORT 年報





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Shie Tak Chung (*Chairman*)
Mr. Tsoi Kin Sze (*Chief Executive Officer*)
Mr. Wu Zhisong
Mr. Lee Lit Mo Johnny

Independent Non-executive Directors

Mr. Ma Sai Yam
Mr. Zhang Senquan
Mr. Yang Quan

COMPANY SECRETARY

Mr. Wong Kin Tak (*ACCA, HKICPA*)

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
Public Interest Entity Auditors registered in accordance
with the Financial Reporting Council Ordinance
35/F, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISER

Loeb & Loeb LLP
2206–19 Jardine House
1 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard, Cricket Square
P.O. Box 902, Grand Cayman, KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Abacus Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 401–402, 4/F, Westlands Centre
20 Westlands Road, Quarry Bay
Hong Kong

REGISTERED OFFICE

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard, Cricket Square
P.O. Box 902, Grand Cayman, KY1-1103
Cayman Islands

STOCK CODE

Listed on The Stock Exchange of Hong Kong Limited
(the "Stock Exchange") under the stock code 00865

CORPORATE WEBSITE

www.jiande-intl.com



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of Jiande International Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021.

INDUSTRY REVIEW

Looking back to 2021, China continued to maintain its leading position in economic development and pandemic prevention, achieving an annual GDP growth of 8.1%. Regulatory policies in the China's real estate industry remained committed to the principle of "houses are for living, not for speculation", emphasising stability to promote a positive, healthy and sustainable environment. Despite reaching a record high national commodity property sales of RMB18.2 trillion in 2021, representing a year-on-year growth of 4.8%, the property market in China witnessed volatility. With the intensive regulations and control policies such as the "Three Red Lines", "Centralisation" management of loans of financial institutions and centralised land supply, the overall real estate market rapidly cooled down since the second half of 2021 after the surge in the first half of the year, affecting all industry players, particularly the private property developers with high debts.

BUSINESS REVIEW AND PROSPECT

During the year ended 31 December 2021, the Group focused on the development of its three new residential and commercial property projects located in Xinyang, Henan Province, and Wugang, Hunan Province, namely Xixian Kangqiao Xueyuan, Wugang Kangqiao Xueyuan and Kangqiao International City, in addition to ongoing construction of the final phase of The Cullinan Bay project in Yangzhou, Jiangsu Province which had been fully completed in December 2021.

The PRC's Central Economic Work Conference highlighted the importance of macroeconomic stability and policy support and summarised the domestic economic situation in 2022 as "contraction in demand, supply shocks and weaker expectations (需求收縮、供給衝擊、預期轉弱)". The central government is expected to intensify its effort to drive the steady qualitative growth and rational quantitative growth of the economy, including the stabilisation of housing prices. Local governments will implement region-specific and flexible regulatory policies to promote long-term stable and healthy development of real estate market.

The Group believes that the real estate industry will be full of challenges in 2022 and will uphold its prudent management approach to maintain a balance between growth, efficiency and risk. The Group has committed to developing quality properties accompanied with a living community to customers, particularly in those cities in the PRC where the rigid demand for housing remains strong due to the continuous urbanization process. The Group will also aim at being customer-centred and innovating product functions to realise customers' pursuit for better lives.



CHAIRMAN'S STATEMENT

As at 31 December 2021, the status of the Group's property development projects are as follows:

Location	Project Name	Address	Type	Site area ('000 sq.m)	Properties held for sale						Actual/ expected time of whole project completion	Percentage interest attributable to the Group
					Total gross floor area ('000 sq.m)	Properties for development ('000 sq.m)	Properties under development ('000 sq.m)	Properties completed but not delivered ('000 sq.m)	Properties held for investment (Note d) ('000 sq.m)	Properties completed and delivered ('000 sq.m)		
Quanzhou, Fujian Province	Binjiang International (濱江國際)	Southeast of Xibin Park (溪濱公園東南側), Luoyang Town, Huian County, Quanzhou	Residential (Note b)	83	346	–	–	11	16	319	2014	98.4%
Yangzhou, Jiangsu Province	The Cullinan Bay (天璽灣)	East of Linjiang Road and north of Dingxing Road (臨江路東側、鼎興路北側), Yangzhou	Residential (Note c)	82	236	–	–	79	3	154	2021	98.4%
Xinyang, Henan Province	Xixian Kangqiao Xueyuan (Note a) (息縣康橋學苑)	West of Shuyingongda Road and north of Xirangda Road (毓穎公大道西側、息壤大道北側), Xi County, Xinyang	Residential (Note c)	55	147	–	147	–	–	–	2023	80%
Wugang, Hunan Province	Wugang Kangqiao Xueyuan (Note a) (武岡康橋學苑)	South of Zhucheng Highway (竹城公路南側), Wugang	Residential (Note c)	34	124	–	124	–	–	–	2023	80%
Wugang, Hunan Province	Kangqiao International City (Note a) (康橋國際城)	South of Xindong Road and east of Futian Road (新東路南側、富田路東側), Wugang	Residential and Commercial (Note c)	46	108	108	–	–	–	–	2024	80%
Total				300	961	108	271	90	19	473		

Notes:

- English name of this project is not official and for identification purpose only.
- Car parking spaces, retail stores and kindergarten are included as ancillary residential facilities of this project.
- Car parking spaces and retail stores are included as ancillary residential facilities of this project.
- Properties are situated on land held on long lease according to the term stated in the relevant state-owned land use rights certificates.



CHAIRMAN'S STATEMENT

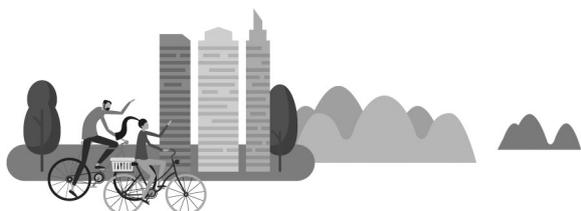
APPRECIATION

I wish to take this opportunity to express my gratitude for the support from the Group's business partners and customers over the years. Also, I would like to thank my fellow directors for their invaluable advice and guidance, and to each and every staff member for their hard work and unwavering commitment to the Group.

Shie Tak Chung

Chairman

31 March 2022



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial Performance

Revenue of the Group for the year ended 31 December 2021 was derived from the sale and delivery of properties of The Cullinan Bay and the Binjiang International projects to customers, net of discounts and sales related taxes. Revenue declined 78.0% from RMB480,024,000 for the year ended 31 December 2020 to RMB105,609,000 for the year ended 31 December 2021, primarily attributable to the reduction of properties available for sale and delivered to customers by the Group as the Group's new property development projects developed on the lands acquired by the Group since July 2019 were still under construction during the year ended 31 December 2021.

Gross profit of the Group declined by 74.3% from RMB158,386,000 for the year ended 31 December 2020 to RMB40,643,000 for the year ended 31 December 2021, in line with the decrease in revenue. Gross profit margin improved from 33.0% for the year ended 31 December 2020 to 38.5% for the year ended 31 December 2021, mainly due to the increased revenue contribution from sale of the remaining properties of the Binjiang International project which earned higher margin.

Other income, consisting of fixed rental income from investment properties and interest income on bank deposits and short-term financial products, decreased by 42.2% from RMB7,732,000 for the year ended 31 December 2020 to RMB4,471,000 for the year ended 31 December 2021, mainly due to the decrease in interest income earned from short-term financial products, as the Group reduced the subscription of short-term financial products when additional cash flows were required to finance the construction of its new property development projects and the acquisition of land use rights during the year ended 31 December 2021.

Selling expenses dropped 36.0% from RMB8,222,000 for the year ended 31 December 2020 to RMB5,258,000 for the year ended 31 December 2021, primarily due to the reduction of sales commission paid to external property agents as a result of the decrease in sale and delivery of properties of the Group.

Administrative expenses soared 15.0% from RMB18,816,000 for the year ended 31 December 2020 to RMB21,643,000 for the year ended 31 December 2021, since additional administrative expenses were incurred for the development of the Group's new property development projects.

Income tax expense, representing current tax provision for the PRC EIT and the PRC LAT and deferred tax, decreased by 80.7% from RMB38,161,000 for the year ended 31 December 2020 to RMB7,347,000 for the year ended 31 December 2021, mainly attributable to the decrease in the Group's taxable profit, along with the drop in revenue.

Profit attributable to owners of the Company decreased by 88.8% from RMB98,884,000 for the year ended 31 December 2020 to RMB11,121,000 for the year ended 31 December 2021, primarily due to the decrease in revenue and gross profit from the Group's property development business for the aforesaid reasons.



MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

As at 31 December 2021, the Group had total assets of RMB1,442,897,000 (including restricted bank deposits and bank balances and cash of RMB263,090,000), which were financed by total equity of RMB784,910,000 and total liabilities of RMB657,987,000. The Group's working capital requirements were mainly fulfilled by its internal resources and bank borrowings during the year ended 31 December 2021.

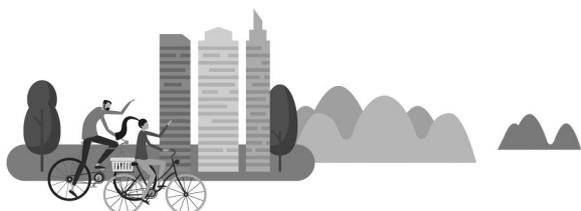
Current ratio of the Group was 2.18 times as at 31 December 2021 (31 December 2020: 3.16 times). The Group had secured bank borrowings of RMB40,000,000 as at 31 December 2021 (31 December 2020: Nil). Gearing ratio, defined as total debts comprising bank borrowings and amount due to a non-controlling interest of subsidiaries divided by total equity, was 17.0% as at 31 December 2021 (31 December 2020: 10.2%).

Foreign Exchange Exposure

Major subsidiaries of the Company operate in the PRC and all the business transactions of the Group are denominated in RMB. Net foreign exchange loss for the year ended 31 December 2021 primarily resulted from the translation of the bank balance and cash denominated in currencies other than RMB into RMB. Currently, the Group does not use derivative financial instruments and has not entered into any derivative contracts. However, the management will monitor the currency fluctuation exposure and will consider hedging significant foreign exchange risk should the need arise.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2021, the Group had approximately 59 full-time employees, excluding the Directors, in the PRC. During the year ended 31 December 2021, the total staff costs, including Directors' remuneration, was RMB9,242,000 (2020: RMB7,206,000). Remuneration packages of the employees are determined by reference to the qualifications and experience of the employee concerned and are reviewed annually by the management with reference to market conditions and individual performance. The Group offers a comprehensive and competitive remuneration and benefit package to its employees. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident fund, pension, medical, maternity, work injury insurance and unemployment benefit plans.



REPORT OF THE DIRECTORS

The board (the “Board”) of Directors of the Company herein present their report and the audited financial statements of the Group for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are the development and sale of properties in the PRC. Details and principal activities of the Company’s subsidiaries are set out in note 39 to the consolidated financial statements. There was no significant change in the nature of the Group’s principal activities during the year ended 31 December 2021.

BUSINESS REVIEW

The Company is a property developer in the PRC, focusing on the development of residential properties. Details of the Group’s business review, prospect and financial performance and the principal risks and uncertainties facing the Company are provided in the sections headed “Chairman’s Statement” and “Management Discussion and Analysis” and the consolidated financial statements of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2021 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 39 to 118 of this annual report.

The Board does not recommend the payment of any dividend in respect of the year (2020: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank borrowings of the Group are set out in note 28 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company’s share capital during the year are set out in note 31 to the consolidated financial statements. The Group has not adopted any share option scheme.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on page 42 of this annual report and in note 40 to the consolidated financial statements, respectively.

As at 31 December 2021, the distributable reserves of the Company as calculated in accordance with the relevant provisions of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to RMB490,022,000.



REPORT OF THE DIRECTORS

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises that employees are one of its significant assets and offers equal employment opportunities to safeguard its staff against discrimination arising from age, race, ethnicity, gender and religion, while striving to develop a fair, respectful, diversified, cooperative and friendly corporate culture and working environment. With a view to enhancing the satisfactory level of the staff, the Group provides the staff with competitive remuneration packages and comprehensive training programmes, so as to encourage the staff to reach their full potential and contribute their talents.

The Group is committed to providing high-quality products and services to its customers. Through on-site visits and major customers satisfaction surveys, the Group reaches out for its existing and prospective customers to understand their needs and collect their feedback for identifying areas of improvement and advancing the Group to achieve excellence.

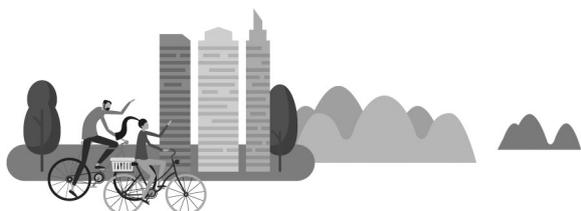
The Group values mutually beneficial long-term relationships with its suppliers. Their steady supply of products and provision of services in high quality are crucial for the Group. The Group is committed to developing stable and sustainable partnership among its suppliers.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, sales to the Group's five largest customers accounted for approximately 8.7% of the total sales for the year and sales to the largest customer included therein amounted to approximately 2.3%. Purchases from the Group's five largest suppliers accounted for approximately 77.6% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 32.7%. None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any interest in the Group's five largest customers and suppliers.

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 in this annual report, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this annual report.



REPORT OF THE DIRECTORS

CHARGE ON ASSETS

As at 31 December 2021, the Group pledged properties for development of approximately RMB128,389,000 to secure its bank borrowings.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into during the year or subsisted at the end of the year.

FIVE YEARS 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 pages 119 to 120 of this annual report. This summary does not form part of the audited financial statements included in this annual report.

DIRECTORS

The Directors, comprising executive directors (the “Executive Directors”) and independent non-executive directors (the “Independent Non-executive Directors”), during the year and up to the date of this report of the directors were as follows:

Executive Directors

Mr. Shie Tak Chung (*Chairman*)

Mr. Tsoi Kin Sze (*Chief Executive Officer*) (*Appointed on 16 December 2021*)

Mr. Wu Zhisong

Mr. Lee Lit Mo Johnny

Independent Non-executive Directors

Mr. Ma Sai Yam

Mr. Zhang Senquan

Mr. Yang Quan

In accordance with article 108 of the Company’s articles of association (the “Articles”), Messrs. Lee Lit Mo Johnny and Zhang Senquan will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with article 112 of the Articles, Mr. Tsoi Kin Sze will hold his office only until the forthcoming annual general meeting of the Company and, being eligible, will offer himself for re-election at the forthcoming annual general meeting of the Company.



REPORT OF THE DIRECTORS

DIRECTORS' BIOGRAPHIES

There have been no changes in the information of Directors and chief executive of the Company since the publication of the 2021 interim report up to the date of this annual report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, save and except that:

Mr. Zhang Senquan resigned as the independent director of Jiangsu Aidea Pharmaceutical Co., Ltd. (江蘇艾迪藥業股份有限公司), the shares of which are listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (stock code: 688488SH), in March 2022. Mr. Zhang's current appointments include the company secretary of China General Education Group Limited, the shares of which are listed on the Stock Exchange (stock code: 2175), and the audit principal of Nortex (HK) CPA Limited.

Biographical details of the Directors are set out on pages 30 to 32 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

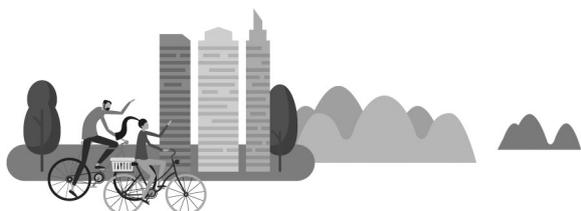
DIRECTORS' REMUNERATION

Details of the remuneration of the Directors are set out in note 12 to the consolidated financial statements.

The remuneration of the Directors is principally determined with reference to the balance of skill and experience appropriate to the Group's business.

MANAGEMENT CONTRACTS

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



REPORT OF THE DIRECTORS

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

As at 31 December 2021, so far as is known to the Directors, the interests or short positions of the Directors and the chief executive of the Company and their associates in the shares, or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, were as follows:

Long Position in Shares and Underlying Shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Approximate Percentage of issued share capital of the Company
Shie Tak Chung	Interest of a controlled corporation	1,517,896,394 (Note1)	26.00%
Tsoi Kin Sze	Interest of a controlled corporation	1,780,596,394 (Note 2)	30.5%

Notes:

- 1 Fame Build Holdings Limited ("Fame Build"), a company incorporated in the British Virgin Islands, is the registered owner of these shares. As at 31 December 2021 and up to the date of this report of directors, Fame Build was solely and beneficially owned by Mr. Shie Tak Chung.
- 2 Talent Connect Investments Limited ("Talent Connect"), a company incorporated in the British Virgin Islands, is the registered owner of these shares. As at 31 December 2021 and up to the date of this report of directors, Talent Connect was solely and beneficially owned by Mr. Tsoi Kin Sze.



REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2021, none of the Directors and the chief executive of the Company and their associates had interests or short positions in the shares, or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

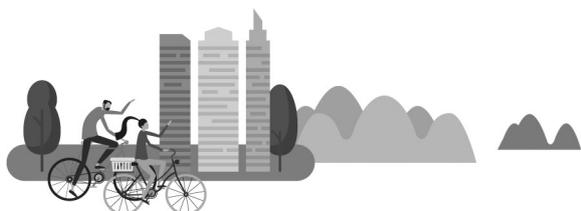
None of the Directors or their respective associates has an interest in any business which competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, every Director or other officers of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of the duties in his/her office. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.



REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, so far as is known to the Directors, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Positions in Shares and Underlying Shares of the Company

Name	Capacity	Number of issued ordinary shares held	Approximate Percentage of issued share capital of the Company
Fame Build	Beneficial owner	1,517,896,394	26.00%
Talent Connect	Beneficial owner	1,780,596,394	30.50%

Save as disclosed above, as at 31 December 2021, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The Company has received the confirmations signed by Mr. Tsoi Kin Sze and Talent Connect (collectively, the "Covenantors") on 25 March 2022 (collectively, the "Confirmations") confirming that, for the year ended 31 December 2021 and up to the date of signing of the Confirmations by the Covenantors, each of them has fully complied with the deed of non-competitions respectively executed by the Covenantors in favour of the Group on 26 February 2016 (the "Deed of Non-Competition") and, in particular, each of them and their respective associates have not, directly or indirectly, own, invest in, carry on, participate in, develop, operate or be interested or engaged in or acquire or hold any activity or business which is or may be in competition, directly or indirectly, with the business carried on or contemplated to be carried on by any member of the Group (being the property development of residential and commercial properties) from time to time in the PRC.

The Independent Non-executive Directors have reviewed the Confirmations and all of them are satisfied that the Deed of Non-Competition have been complied with during the year ended 31 December 2021.



REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company had not entered into any connected transaction during the year ended 31 December 2021 which is required to be disclosed in accordance with Chapter 14A of the Listing Rules. Related party transactions entered into by the Group during the year ended 31 December 2021, which constitute fully exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules are disclosed in note 38 to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is a sufficiency of public float of the Company's securities as required under the Listing Rules as at the date of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

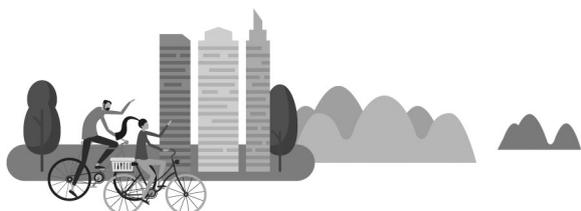
PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

ENVIRONMENTAL POLICIES AND PERFORMANCE

To demonstrate the commitment of maintaining sustainable development and to comply with the relevant laws and regulations in respect of environmental protection, the Group endeavors to minimise the impacts of its operating activities on the environment.

The Group has taken into consideration the environmental factors in the course of planning and development for its property projects, such as promoting planting and landscaping during project design to optimise the green ecosystem and adopting a series of emission reduction, water pollution prevention and resources saving measures on the construction sites. The Group also procures and selects environment-friendly materials for both outdoor and indoor construction, so as to provide residents with a comfortable living environment and conserve natural resources upon the completion of the project. In addition, engaging construction contractors with sound environmental protection and safety track records, the Group has closely monitored its projects at every stage to ensure the construction process is in compliance with environmental protection and safety laws and regulations.



REPORT OF THE DIRECTORS

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group seeks to uphold high standard of integrity in all aspects of business and is committed to ensure that its affairs are conducted in accordance with applicable laws and regulatory requirements and has formulated and adopted various internal control measures, approval procedures and training within all business units at all levels of the Group. To the best knowledge of the Directors, the Group has complied in material respects with all the relevant laws and regulations that have a significant impact on the Group during the year ended 31 December 2021.

RETIREMENT BENEFITS PLANS

Particulars of the Group's retirement benefits plans are set out in note 16 to the consolidated financial statements.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 17 to 29 of this annual report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders by reason of their holdings of the shares of the Company. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the shares of the Company, they are advised to consult their professional advisers.

EVENT AFTER THE REPORTING DATE

Save as disclosed in this annual report, there were no significant events that have occurred subsequent to the end of the reporting period of the Company and up to the date of this report of the directors.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2021 have been audited by Deloitte Touche Tohmatsu ("Deloitte"), who will retire at the forthcoming annual general meeting. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Deloitte as auditors of the Company.

On behalf of the Board

Shie Tak Chung

Chairman

31 March 2022



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining good standards of corporate governance best suited to the needs and interests of the Group in order to achieve sustainable development and enhance corporate performance. The Board recognizes that effective corporate governance practices of the Company with emphasis on integrity, sound internal control and high level of accountability and transparency are fundamental to safeguarding interests of shareholders and other stakeholders and enhancing shareholders' value.

To the best knowledge of the Directors, the Company has complied with the code provisions as set out in Appendix 14 of the Listing Rules — Corporate Governance Code (the “CG Code”) during the year ended 31 December 2021, except the deviation from code provision C.2.1 as stated in the paragraph headed “Chairman and CEO” in this corporate governance report.

DIRECTORS

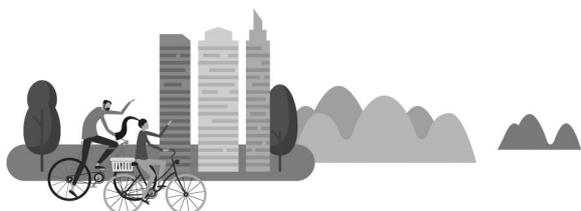
The Board

The Board, led by the chairman of the Board (the “Chairman”), steers the Company's business direction. It is responsible for formulating the Company's long-term strategies, setting business development goals, assessing results of management policies, monitoring the management's performance and ensuring effective implementation of risk management measures on a regular basis. The Directors meet regularly to review the Group's financial and operational performance and to discuss and formulate future development plans. The Directors can attend meetings in person or through electronic means of communication in accordance with the Articles.

Board Composition

The Board currently comprises a total of seven Directors, being four Executive Directors and three Independent Non-executive Directors. The list of Directors is set out in the section headed “Report of the Directors” of this annual report. In addition, an updated list of the Company's Directors by category identifying their role and function is at all times available on the websites of the Stock Exchange and the Company respectively. The list specifies whether the Director is an Independent Non-executive Director and expresses the respective roles and functions of each Director.

The Board is characterised by significant diversity and has a balance of skills and experience appropriate for the direction and oversight of the Group's strategic priorities. The Directors give sufficient time and attention to the affairs of the Group. All Directors are required to disclose to the Company at the time of their appointment and annually the number and the nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved.



CORPORATE GOVERNANCE REPORT

The Board Diversity Policy

The Company recognises and embraces the benefits of a diversity of Board members and has adopted a policy of the Board diversity (the “Board Diversity Policy”). The Board Diversity Policy endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business. All Board appointments shall continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates is 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 shall be made according to the merits of candidates and their contribution to the Board.

Currently, all Board members are males. In order to achieve gender diversity on the Board level, the Board will appoint one female Board member no later than 31 December 2024.

The Board will review the implementation and effectiveness of the Board Diversity Policy on an annual basis in accordance with the code provision B.1.3 of the CG Code.

Independent Element on the Board

The Board includes a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a sufficient independent element on the Board, which can effectively exercise independent judgement. Save for those as disclosed in the section headed “Directors’ Biographies” of this annual report, the Board members have no other financial, business, family or other material/relevant relationships with each other.

The Independent Non-executive Directors play an important role on the Board. They are responsible for ensuring that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interest of shareholders of the Company and the Group as a whole. During the year ended 31 December 2021, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing at least one-third of the Board with at least one of them possessing appropriate professional qualifications on accounting or related financial management expertise.

The Board has received from each of its Independent Non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and the Company considers that all of the Independent Non-executive Directors are independent. The Company identifies the Independent Non-executive Directors in all corporate communications which disclose the names of directors.

Role and Function of the Board and the Management

The Board is responsible for overall strategic formulation and performance monitoring of the Group. It delegates day-to-day operations of the Company to the senior management within the control and authority framework set by the Board. In addition, the Board has also delegated various responsibilities to the Audit Committee, the Remuneration Committee and the Nomination Committee. Further details of these Board committees are set out in this report.



CORPORATE GOVERNANCE REPORT

Chairman and CEO

With respect to code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period from 1 January 2021 to 15 December 2021, after the resignation of the former chief executive officer of the Company (“CEO”), Mr. Shie Tak Chung held the offices of both the Chairman and CEO. At that time, the Board believed that with support of the management, vesting the roles of both the Chairman and CEO in Mr. Shie Tak Chung could facilitate the execution of the Group’s business strategies and boost effectiveness of its operation. To strengthen the balance of power and authority, on 16 December 2021, Mr. Tsoi Kin Sze was appointed as CEO and Mr. Shie Tak Chung remained as the Chairman. The Company has complied with the code provisions C.2.1 of the CG Code since then.

Records of Meetings of the Board and the Board Committees

The board shall meet regularly and at least four times a year at approximately quarterly intervals under code provision C.5.1 of the CG Code, the chairman should at least annually, hold meetings with the independent non-executive directors without the other directors present under the code provision C.2.7 of the CG Code, and the audit committee must meet, at least twice a year, with the issuer’s auditors under code provision D.3.3(e)(i) of the CG Code.

During the year ended 31 December 2021, the Board met four times, the Chairman held a meeting with all the Independent Non-executive Directors without the presence of other Executive Directors, and the Audit Committee met three times with the Company’s auditors. Attendance of individual Directors at the meetings of the Board and the Board committees for the year ended 31 December 2021 is as follows:

	Number of meetings attended/eligible to attend			
	Board	Nomination Committee	Remuneration Committee	Audit Committee
<i>Executive Directors</i>				
Shie Tak Chung	4/4	1/1	1/1	0/0
Tsoi Kin Sze (appointed on 16 December 2021)	0/1	0/0	0/0	0/0
Wu Zhisong	4/4	0/0	0/0	0/0
Lee Lit Mo Johnny	4/4	0/0	0/0	0/0
<i>Independent Non-executive Directors</i>				
Ma Sai Yam	4/4	1/1	1/1	3/3
Zhang Senquan	4/4	1/1	1/1	3/3
Yang Quan	4/4	0/0	0/0	3/3



CORPORATE GOVERNANCE REPORT

Notice of regular Board meetings are served to all Directors at least 14 days before the meeting while reasonable notice is generally given for other Board meetings. Agenda and Board papers together with all appropriate, complete and reliable information are sent to all Directors in a timely manner, and at least 3 days before the intended date of each Board or Board committee meeting, except agreed otherwise among the members, to ensure that they had sufficient time to review the board papers, be adequately prepared for the meeting, keep the Directors apprised of the latest developments and financial position of the Company and to enable them to include any matter in the agenda and to make informed decisions.

The Board and each Director, upon reasonable request, have access to independent professional advice to assist them in performing their duties to the Company, at the Company's expense. When needed and upon making request to the Board, the Directors may obtain independent professional advice at the Company's expense in carrying out their duties.

Minutes of all meetings of the Board and the Board committees are kept by the company secretary. All of the above minutes record the discussions and decisions reached by the relevant members in sufficient detail the matters considered and decisions reached, including any concern raised by Directors or dissenting views expressed. Any Director may inspect the minutes at any reasonable time on reasonable notice.

Draft minutes are normally circulated to Directors or members of the relevant committee for comment within a reasonable time after each meeting and the final version is sent to all Directors or committee members for their record.

Appointment and Re-election of Directors

Appointment of new Directors is a matter for consideration by the Nomination Committee. The Nomination Committee will give adequate consideration to the Board Diversity Policy and review the profiles of the candidates and make recommendations to the Board on the appointment, re-appointment and nomination of Directors.

According to article 112 of the Articles, any Director so appointed by the Board shall hold office, in the case of filling a casual vacancy, only until the next following general meeting of the Company or, in the case of an addition to their number, until the next following annual general meeting of the Company who shall then be eligible for re-election at such general meeting. According to article 108 of the Articles, at each annual general meeting of the Company (the "AGM"), one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years while those retiring Directors shall be eligible for re-election.

All Directors have entered into service contracts or letters of engagement with the Company for a term of not more than three years.



CORPORATE GOVERNANCE REPORT

Model Code for Securities Transactions

The Company has adopted the Model Code as the code of conduct for Directors in their dealings in securities of the Company. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the Model Code.

Employees who are likely to possess inside information in relation to the Company or its shares are prohibited from dealing in shares of the Company during the black-out period.

Insurance for Directors' and Officers' Liabilities

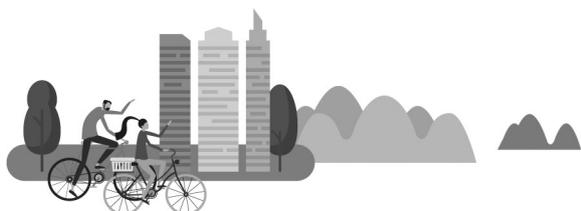
Appropriate insurance cover on directors' and officers' liabilities has been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Directors' Training and Professional Development

The Directors are continually updated with legal and regulatory developments, and business and market changes to facilitate the discharge of their responsibilities. Every newly appointed Director will be given an introduction of the Listing Rules, legal and other regulatory requirements to ensure compliance and upkeep of good corporate governance practices. Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. There are also arrangements in place for providing continuing briefing and professional development to Directors at the Company's expenses whenever necessary.

According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the year ended 31 December 2021:

	Read materials	Attend seminars/ briefing
<i>Executive Directors</i>		
Shie Tak Chung	✓	✓
Tsoi Kin Sze	✓	✓
Wu Zhisong	✓	✓
Lee Lit Mo Johnny	✓	✓
<i>Independent Non-executive Directors</i>		
Ma Sai Yam	✓	✓
Zhang Senquan	✓	✓
Yang Quan	✓	✓



CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and understandable assessment in annual and interim reports, inside information announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors have acknowledged their responsibility for the preparation of the financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period.

The statement by the auditors of the Company, Deloitte, regarding their reporting responsibilities on the financial statements of the Group for the year ended 31 December 2021 is set out in the section headed “Independent Auditor’s Report” of this annual report.

The Directors, having made appropriate reasonable enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and hence decide that it is appropriate to prepare the financial statements set out in the audited financial statements on pages 39 to 118 of this annual report on a going concern basis. As at the date of this annual report, the Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern.

The basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives are explained in the section headed “Management Discussion and Analysis” of this annual report.

Access to Information

The management provides the Board with sufficient explanation and information, such as the Group’s major business activities and key financial information, to enable the Board to make an informed assessment of the financial information and position of the Company put before the Board for approval. Where any Director requires more information than is volunteered by the management, each Director has the right to separately and independently access to the Company’s senior management to make further enquiries if necessary.



CORPORATE GOVERNANCE REPORT

Risk Management and Internal Control

The Board has the overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and stakeholders' interests, as well as for reviewing the effectiveness of the systems through the support of internal audit and the Audit Committee.

Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish internal audit department, the Board conducted annual review of the Company's risk management and internal control systems through engaging ZHONGHUI ANDA Risk Services Limited (the "IC Advisor") to perform review and assessment of the effectiveness of the Company's risk management and internal control systems which implemented material controls covering the financial, operational, compliance and risk management aspects of the Group for the year ended 31 December 2021 and reported to the Board. The Board considers that internal audits have been implemented and provided the Board with reasonable assurance that the processes of the Company operate as designed; and the risk management and internal control systems of the Group are effective and adequate.

The Group's risk management and internal control systems aim to provide reasonable assurance, rather than eliminating the risk of failing to achieve business objectives. Therefore, such systems can only provide reasonable but not absolute assurance against any material misstatement or losses.

During the year ended 31 December 2021, the Board has adopted the Inside Information Policy setting out the guidelines to the Directors and all employees of the Group to ensure that inside information can be promptly identified, assessed and disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations.

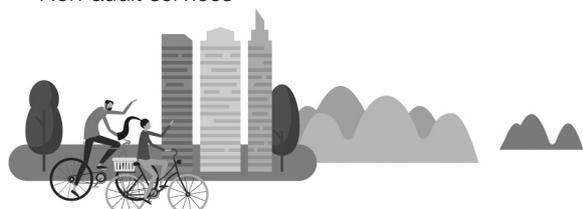
Whistleblowing policy and procedures have been established for reporting possible improprieties. Whistle-blowers are protected under the policy and ensured non-retaliation, and all information are kept confidential. Various independent channels have been established to facilitate identification of suspected fraud and non-compliance cases.

In addition, the Group's anti-corruption policies have expressly stipulated the code of conduct to which all employees are subject. The Group has in place email address for reporting any irregular or fraudulent activities to the Board on a confidential basis. The identity of those who lodge a complaint will be protected.

Auditors' Remuneration

For the year ended 31 December 2021, the remuneration paid/payable for services provided by the auditors of the Company, Deloitte, is as follows:

	RMB'000
Services rendered	
Statutory audit services	1,284
Non-audit services	400



CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

Composition of the Board Committees

The Board delegates its powers and authorities from time to time to the Board committees in order to ensure the operational efficiency and specific issues are being handled by relevant expertise. All Board committees are provided with accurate and sufficient information in timely manner so as to enable the Board committees to make informed decisions for the benefit of the Company and sufficient resources to discharge their duties.

During the year ended 31 December 2021, the Board had the Nomination Committee, Remuneration Committee and Audit Committee.

The table below provides membership information of these committees on which the relevant Board members serve:

	Nomination Committee	Remuneration Committee	Audit Committee
<i>Executive Directors</i>			
Shie Tak Chung	Chairman	Member	
Tsoi Kin Sze			
Wu Zhisong			
Lee Lit Mo Johnny			
<i>Independent Non-executive Directors</i>			
Ma Sai Yam	Member	Chairman	Member
Zhang Senquan	Member	Member	Chairman
Yang Quan			Member

The terms of reference of each of the Board committees which deal clearly with its authorities and duties are made available on the websites of the Stock Exchange and the Company respectively.



CORPORATE GOVERNANCE REPORT

Nomination Committee

The principal duties of the Nomination Committee include, amongst other things:

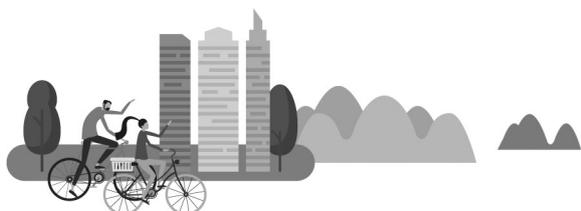
- reviewing the structure, size and composition (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service of the Board members) of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorships when a vacancy occurs on the Board;
- make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors;
- reviewing the Board Diversity Policy, as appropriate; and reviewing the measurable objectives that have been set for implementing the Board Diversity Policy, and reviewing the progress on achieving the objectives; and
- assessing the independence of Independent Non-executive Directors.

For the year ended 31 December 2021, the Nomination Committee held one (1) meeting. Details of the committee members' attendance are set out in the paragraph headed "Records of Meetings of the Board and the Board Committees" in this corporate governance report.

The summary of the work of the Nomination Committee for the year ended 31 December 2021 is as below:

- reviewed and considered the proposed appointment of Mr. Tsoi Kin Sze as Executive Director and CEO and recommended to the Board for such appointment;
- made recommendations to the Board on the re-election of Directors at the forthcoming annual general meeting of the Company;
- assessed the independence of Independent Non-executive Directors; and
- reviewed the structure, size and composition of the Board.

Where vacancies exist at the Board, candidates are proposed and put forward to the Nomination Committee for consideration. The recommendations of the Nomination Committee will then be tendered to the Board for approval. In considering the nomination of a new Director, the Nomination Committee will give adequate consideration to the Board Diversity Policy and take into account the qualification, ability, working experience, leadership and professional ethics of the candidates. In determining the independence of Directors, the Board follows the requirements set out in the Listing Rules.



CORPORATE GOVERNANCE REPORT

The Nomination Committee has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The chairman of the Nomination Committee is the Chairman of the Board and the Independent Non-executive Directors of the Company constitute the majority of the Nomination Committee.

Remuneration Committee

The principal duties of the Remuneration Committee include, amongst other things:

- making recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management;
- reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- determining, with delegated responsibility, the remuneration packages of individual executive Directors and senior management and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, and the remuneration of non-executive Directors;
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- reviewing and making recommendations on the roles and responsibilities, training and professional development of the senior management team.

The Remuneration Committee has adopted the recommendation model described in E.1.2(c)(ii) of CG code.

For the year ended 31 December 2021, the Remuneration Committee held one (1) meeting. Details of the committee members' attendance are set out in the paragraph headed "Records of Meetings of the Board and the Board Committees" in this corporate governance report.

The summary of the work of the Remuneration Committee for the year ended 31 December 2021 is as below:

- reviewed the director's remuneration for the proposed appointment of Mr. Tsoi Kin Sze as Executive Director and CEO;
- reviewed the existing policy and structure of the remuneration of the executive Directors;
- reviewed the existing remuneration package of the independent non-executive Directors; and
- reviewed the existing policy and structure of the remuneration of management of the Group.



CORPORATE GOVERNANCE REPORT

The Remuneration Committee may consult the Chairman and/or the CEO of the Company about their remuneration proposals for other Executive Directors. It has explicit authority to seek any necessary information from the employees within its scope of duties and the authority to obtain outside independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary.

The Group's remuneration policies are market alignment and reward for performance. The Company reviews the remuneration package annually taking into consideration of the market practice, competitive market position and individual performance.

Details of the remuneration paid to the Directors and senior management are set out in notes 12 and 38 to the consolidated financial statements. The remunerations of each of the five highest paid individuals who are also the senior management members of the Group during the years ended 31 December 2021 are within HK\$1,000,000. Three of the five highest paid employees for the year ended 31 December 2021 are Directors of the Company.

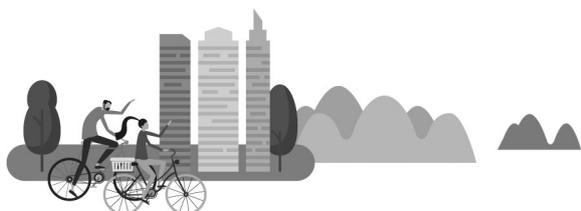
The chairman of the Remuneration Committee is an Independent Non-executive Director and the Independent Non-executive Directors of the Company constitute the majority of the Remuneration Committee.

Audit Committee

The principal duties of the Audit Committee include, amongst other things:

- overseeing the relationship with the Company's auditor;
- reviewing the Company's interim and annual reports and financial statements;
- overseeing the Company's financial reporting system, risk management and internal control systems; and
- reviewing the arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters.

For the year ended 31 December 2021, the Audit Committee held three (3) meetings. Details of the committee members' attendance are set out in the paragraph headed "Records of Meetings of the Board and the Board Committees" in this corporate governance report.



CORPORATE GOVERNANCE REPORT

The summary of the work of the Audit Committee for the year ended 31 December 2021 is as below:

- reviewed the annual results announcement and annual report of the Group, including the accounting principles and practices adopted for the preparation of financial statements, for the financial year ended 31 December 2020 before submission to the Board for approval and publication;
- reviewed the interim results announcement and interim report of the Group, including the accounting principles and practices adopted for the preparation of financial statements, for the six months ended 30 June 2021 before submission to the Board for approval and publication;
- met with the auditors to discuss the accounting and audit or review issues of the Group and reviewed their findings, recommendations and independency;
- reviewed the Group's risk management and internal control systems based on the reports submitted by the IC Advisor; and
- reviewed the compliance with the non-competition undertaking by the Covenantors under the deed of non-competitions, of which the details on the compliance and enforcement of the undertaking are set out in the section headed "Report of the Directors" of this annual report.

The Audit Committee has explicit authority to investigate any activity within its terms of reference and the authority to obtain outside legal or other independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. It is given access to and assistance from the employees and reasonable resources to perform its duties properly.

Chaired by Mr. Zhang Senquan who possesses the appropriate professional accounting qualifications and financial management expertise, the Audit Committee comprises all Independent Non-executive Directors. None of the members of the Audit Committee are former partners of the existing auditors of the Company.

There was no disagreement between the Audit Committee and the Directors in respect of matters about selection, appointment, resignation or dismissal of an external auditor during the year ended 31 December 2021.

The Audit Committee has reviewed with the management the consolidated financial statements of the Company for the year ended 31 December 2021, including the accounting principles and practices adopted.



CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The position of the Company Secretary is held by Mr. Wong Kin Tak, who is a member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. During the year ended 31 December 2021, Mr. Wong has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

COMMUNICATIONS WITH SHAREHOLDERS

All of the Company's shares are ordinary shares carrying equal voting rights. As at the date of this annual report, sufficient shares of the Company were on public float as required by the Listing Rules.

The Company recognises that effective communication can highlight transparency and enhance accountability to its shareholders. The Company provides information to its shareholders through the publication of notices, announcements, circulars, interim and annual reports. Shareholders may access the Company's website at www.jiande-intl.com for the Group's information. Shareholders may also put to the Board any enquiries about the Group in writing by sending emails to ir@jiande-intl.com or mail to the principal office of the Company at Room 401-402, 4/F, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong. The Directors, company secretary or other appropriate members of senior management respond to enquiries from shareholders in a timely manner.

The general meeting of the Company provides a useful forum for shareholders to exchange views with the Board. All Directors shall make an effort to attend the general meeting to address queries raised by shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The Company reviewed the implementation and effectiveness of the measures relating to shareholders' communication and considered them to be effective.

Pursuant to article 64 of the Articles, shareholders 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 at all times 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 for the transaction of any business (including any proposals) specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

During the year ended 31 December 2021, all Directors attended the AGM held on 3 June 2021 in Hong Kong.

For the year ended 31 December 2021, there was no significant change in the Company's constitutional documents.



DIRECTORS' BIOGRAPHIES

Mr. Shie Tak Chung, aged 65, appointed as an executive director and the Chairman of the Company on 25 October 2016 and taking on the additional role of Chief Executive Office of the Company since 22 November 2019, is mainly responsible for the overall corporate development, strategic planning and overall operation management of the Group. Mr. Shie has over 20 years of management experience in the real estate industry in the PRC. Mr. Shie obtained a bachelor's degree majoring in International Economics and Trade from Xiamen University in January 2014. Mr. Shie holds a lot of important social positions, including committee member of the National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議全國委員會委員), executive vice president of Hong Kong Association for the Promotion of Peaceful Reunification of China (中國和平統一促進會香港總會常務副會長), vice president of Hong Kong Federation of Fujian Associations (香港福建社團聯會副主席), consultant of Fujian Chamber of Commerce (旅港福建商會顧問), deputy chairman of the Hong Kong Fujian Charitable Education Fund (香港福建希望工程基金會副主席), honorary president (life) of Shishi City Residents' Association (石獅市旅港同鄉公會永遠榮譽會長), honorary president (life) of the General Association of Xiamen (H.K.) Limited (香港廈門聯誼總會永遠名譽會長), executive council member of Fujian Overseas Friendship Association (福建海外聯誼會常務理事), executive committee member of All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會常務委員) and executive deputy chairman of Share-Happiness Benevolent Fund Limited (香港樂群慈善基金會有限公司常務副主席). He is the brother-in-law of Mr. Lee Lit Mo Johnny.

Mr. Wu Zhisong, aged 53, appointed as an executive director of the Company on 25 October 2016, is mainly responsible for the financial management and supervision of the Group. Mr. Wu has been the financial controller of Fujian Jiande Group Company Limited (福建建德集團有限公司) since December 2011 and was the financial controller of Shishi Jiande Property Development Company Limited (石獅市建德房地產有限公司) from August 2006 to December 2011. Prior to joining Shishi Jiande Property Development Company Limited, Mr. Wu worked as a civil servant at the National Tax Bureau of Quanzhou (泉州市國家稅務局). Mr. Wu holds important social positions, including representative of the Quanzhou Municipal People's Congress (泉州市人民代表大會代表) and executive committee member of Shishi Federation of Industry & Commerce (石獅市工商聯常委). Mr. Wu obtained a bachelor's degree majoring in applied chemistry from Huaqiao University (華僑大學) in July 1990. Mr. Wu has become a qualified intermediate accountant of the PRC since December 1999 and has become a qualified senior economist of the PRC since February 2015.

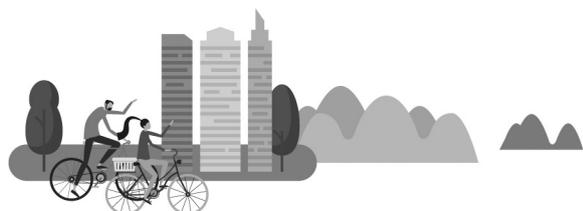
Mr. Tsoi Kin Sze, aged 52, has about 20 years of management experience in the real estate industry in the PRC. He served as the executive Director and CEO of the Company from 25 October 2016 to 22 November 2019 and rejoined the Company as executive Director and CEO on 16 December 2021, and was mainly responsible for the overall operation management of the Group. Moreover, he is the director of two subsidiaries of the Company. Mr. Tsoi holds a number of important social positions, including standing committee member of Fujian Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議福建省委員會常務委員), president of Hong Kong CPPCC of Fukien Province Members Association (福建省港區政協委員聯誼會會長), deputy chairman of Hong Kong Federation of Fujian Associations (香港福建社團聯會副主席), president of Island West Branch of Hong Kong Federation of Fujian Associations (香港福建社團聯會港島東分會會長), chairman of Volunteer Committee of HKCPPCC (Provisional) Members Association (港區省級政協委員聯誼會義工委員會主任), executive vice president of Hong Kong Association for the Promotion of Peaceful Reunification of China (中國和平統一促進會香港總會常務副會長) and honorary president (life) of Hong Kong Quanzhou Clans United Association (香港泉州市同鄉總會永遠名譽會長).



DIRECTORS' BIOGRAPHIES

Mr. Lee Lit Mo Johnny, aged 50, appointed as an executive director of the Company on 25 October 2016, is mainly responsible for the strategic development of the Group. Mr. Lee has more than 20 years of experience in financial industry. Mr. Lee was an executive director of Juda International Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1329), from August 2010 to December 2013. He was an associate director of direct investment division of CCB International Asset Management Limited from March 2006 to August 2008. From April 2001 to March 2006, Mr. Lee worked in Core Pacific-Yamaichi Capital Limited and was responsible for corporate finance transactions and handling initial public offering projects and resigned as a senior manager in March 2006. From September 1996 to April 2001, he worked initially as investment analyst and later as assistant fund manager at SIIC Asset Management Company Limited (formerly known as Seapower Asset Management Company Limited). Mr. Lee graduated from McGill University in Montreal, Canada with a bachelor's degree in Commerce majoring in Finance and Management Information Systems in June 1995. He is the brother-in-law of Mr. Shie Tak Chung.

Mr. Ma Sai Yam, aged 58, appointed as an independent non-executive director of the Company on 25 October 2016, is a practicing solicitor in Hong Kong and has accumulated over 20 years of experience in the legal field. He was admitted to practice law as a solicitor in Hong Kong in September 1997 and has been a member of The Law Society of Hong Kong since then. Mr. Ma has been a partner and a practicing solicitor of Ma Tang & Co., since March 2002. Prior to his current position, he had served as a consultant and a practicing solicitor of Tang, Lai & Leung from June 2000 to March 2002. Since May 2015, Mr. Ma has been an independent non-executive director of Golden Power Group Holdings Limited, the shares of which are listed on the Main Board (stock code: 3919) and transferred from GEM of the Stock Exchange (stock code: 8038) on 10 November 2017. Since February 2020, he has been an independent non-executive director of Artini Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 789). Mr. Ma graduated from the University of London in the United Kingdom as an external student in August 1991 with a Bachelor's science degree in Economics. He subsequently obtained a Postgraduate Certificate in Laws from The University of Hong Kong in June 1995 and a Master degree in laws from Renmin University of China in the PRC in January 2012.



DIRECTORS' BIOGRAPHIES

Mr. Zhang Senquan, formerly known as Zhang Min, aged 45, was appointed as an independent non-executive director of the Company on 25 October 2016. Mr. Zhang is the chief executive officer of Zhong Rui Capital (Hong Kong) Limited (中瑞資本(香港)有限公司) and the audit principal of Nortex (HK) CPA Limited. Mr. Zhang is also an independent non-executive director of Natural Food International Holding Limited, the shares of which are listed on the Stock Exchange (stock code: 1837); an independent non-executive director of Sang Hing Holdings (International) Ltd., the shares of which are listed on the Stock Exchange (stock code: 1472); an independent non-executive director of Strawbear Entertainment Group, the shares of which are listed on the Stock Exchange (stock code: 2125); and the company secretary of China General Education Group Limited, the shares of which are listed on the Stock Exchange (stock code: 2175). He is a member of Hong Kong Institute of Certified Public Accountants, China Institute of Certified Public Accountants and American Institute of Certified Public Accountants. Mr. Zhang used to be the independent director of Topchoice Medical Investment Co. Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600763SH), from December 2014 to March 2017, the independent non-executive director of Casablanca Group Limited, the shares of which are listed on the Stock Exchange (stock code: 2223), from April 2015 to April 2018, the independent non-executive director of Bonny International Holding Limited, the shares of which are listed on the Stock Exchange (stock code: 1906), from March 2019 to June 2020, the independent non-executive director of Beijing Digital Telecom Co., Ltd. (北京迪信通商貿股份有限公司), the shares of which are listed on the Stock Exchange (stock code: 6188), from June 2018 to June 2021, and the independent director of Jiangsu Aidea Pharmaceutical Co., Ltd. (江蘇艾迪藥業股份有限公司), the shares of which are listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (stock code: 688488SH), from May 2019 to March 2022. Mr. Zhang was the managing director of Southwest Securities International Securities Limited, the shares of which are listed on the Stock Exchange (stock code: 812) from February 2016 to March 2020. He was the chief financial officer and joint company secretary of Huazhong In-Vehicle Holdings Company Limited, the shares of which are listed on the Stock Exchange (stock code: 6830) from May 2014 to July 2015. He served as head of the Strategic Development Department of Goodbaby International Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1086), from March 2013 to April 2014. He has more than 10 years of professional experience in accounting and auditing, and worked at Ernst & Young, KPMG and Deloitte Touche Tohmatsu serving several positions from audit staff to audit partner from 1999 to 2012. Mr. Zhang received his bachelor's degree in economics from Fudan University in 1999.

Mr. Yang Quan, aged 51, was appointed as an independent non-executive director of the Company on 25 October 2016. Mr. Yang became an assistant professor of the School of Economics of Xiamen University in July 2006, an associate professor in August 2009 and a professor in August 2014. He was a visiting scholar of Cornell University in the United States of America from January 2011 to January 2012 and Durham University Business School in the United Kingdom from October 2017 to October 2018. Mr. Yang graduated from East China Institute of Chemical Technology (currently known as "East China University of Science and Technology") with a bachelor's degree in environmental supervision from the environmental engineering faculty in July 1991. He obtained a Master's degree in commercial economics in July 1997 and a doctor's degree in global economic in June 2006 from Xiamen University.



INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE SHAREHOLDERS OF JIANDE INTERNATIONAL HOLDINGS LIMITED

建德國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Jiande International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 39 to 118, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties

We identified the valuation of investment properties, as a key audit matter as it is quantitative significant to the consolidated financial statements as a whole, combined with the significant estimates required in determining the fair values.

As at 31 December 2021, the Group's investment properties, comprised a kindergarten property and car parking spaces located in Quanzhou, Fujian Province, the People's Republic of China (the "PRC"), a retail store property and car parking spaces located in Yangzhou, Jiangsu Province, the PRC, were stated at fair value amounted to Renminbi ("RMB") 105,071,000, and the fair value change of investment properties for the year then ended amounted to a loss of RMB1,267,000.

As set out in notes 4 and 18 to the consolidated financial statements, all of the Group's investment properties, were measured using the fair value model based on a valuation performed by independent qualified professional valuers (the "Valuers"). In estimating the fair values of the Group's investment properties, the directors of the Company worked with the Valuers to establish the appropriate valuation techniques and inputs to the model. The valuation of civil defense car parking spaces in Quanzhou, retail store property and kindergarten property was determined based on income approach by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the property interests. The valuation of non-civil defense car parking spaces in Quanzhou and Yangzhou was determined based on direct comparison approach by referencing to recent market transaction prices of similar properties in the similar locations with adjustments of other individual factors. The key inputs in evaluating the investment properties are term yield, reversionary yield and monthly market rent of civil defense car parking spaces in Quanzhou, retail store property and kindergarten property, and recent market transaction prices per car parking space of comparable properties for non-civil car parking spaces in Quanzhou and Yangzhou.

Our procedures in relation to the valuation of investment properties included:

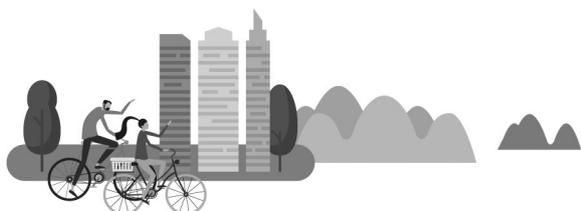
- Evaluating the competence, capabilities and objectivity of the Valuers and obtaining an understanding of the Valuers' scope of work and their terms of engagement;
- Evaluating the appropriateness of the Valuers' valuation approach to assess if they were consistent with the industry norms and in accordance with the relevant accounting standards;
- Obtaining an understanding from the management and Valuers about the key inputs to the valuation;
- Evaluating the reasonableness of the key inputs underpinning the valuation, such as term yield, reversionary yield and monthly market rent of comparable properties of civil defense car parking spaces in Quanzhou, kindergarten property, retail store property and recent market transaction prices per car parking space in Quanzhou and Yangzhou of comparable properties, by comparing these key inputs to other comparable in similar locations, recent lease renewals and transaction prices of comparable properties; and
- Comparing other inputs in the investment approach and the direct comparison approach, on a sample basis, with the Group's records including underlying leases of the kindergarten property, retail store and the car parking spaces and recent sales agreements of car parking spaces.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of net realisable value of properties for/under development/properties for sale</p> <p>We identified the assessment of net realisable value (“NRV”) of properties for/under development/properties for sale as a key audit matter as the amount of properties for/under development/properties for sale is quantitative significant to the consolidated financial statements as a whole, combined with the management estimates are involved in determining the NRV of properties for/under development/properties for sale.</p> <p>As at 31 December 2021, the Group had properties for/under development/properties for sale at a total carrying amount of RMB951,827,000, which included properties for development of RMB128,389,000, properties under development of RMB475,134,000 and completed properties of RMB348,304,000, which located in Fujian Province, Jiangsu Province, Henan Province and Hunan Province in the PRC, as disclosed in note 20 to the consolidated financial statements.</p> <p>As disclosed in note 4 to the consolidated financial statements, NRV was estimated at the estimated selling price less estimated costs to complete and estimated costs necessary to make the sales by reference to the similar properties in similar locations. An allowance is made if the estimated NRV is less than the carrying amount.</p>	<p>Our procedures in relation to the valuation of properties for/under development/properties for sale included:</p> <ul style="list-style-type: none">• Obtaining an understanding of the control over the preparation and monitoring of the management budgets of construction and other costs for key property development project;• Evaluating the reasonableness of the estimated construction cost by comparing with actual construction cost incurred by completed properties of the Group and the reasonableness of the source data used in the valuation assessment of properties for/under development/properties for sale, on a sample basis;• Evaluating the appropriateness of the estimated selling prices, on a sample basis, by comparing it with recent sales transactions for similar properties in similar locations to assess the lower of cost or NRV;• Evaluating the reasonableness of the estimated cost necessary to make the sale of properties for/under development/properties for sale, on a sample basis; and



INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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.

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



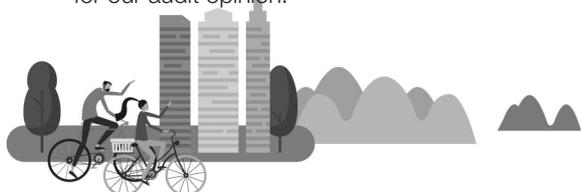
INDEPENDENT AUDITOR'S REPORT

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

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

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



INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

From the matters communicated with those charged with governance, we determine 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 the independent auditor's report is Lam, Lawrence.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

31 March 2022



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Revenue — sales of properties	5	105,609	480,024
Cost of sales		(64,966)	(321,638)
Gross profit		40,643	158,386
Other income	6	4,471	7,732
Other gains and losses	7	(45)	(244)
Impairment losses under expected credit loss model, net of reversal	8	—	16
Net fair value change of investment properties	18	(1,267)	(1,768)
Net fair value change upon transfer from properties held for sale to investment properties		—	60
Selling expenses		(5,258)	(8,222)
Administrative expenses		(21,643)	(18,816)
Finance costs	9	(28)	(36)
Profit before tax		16,873	137,108
Income tax expense	10	(7,347)	(38,161)
Profit and total comprehensive income for the year	11	9,526	98,947
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		11,121	98,884
Non-controlling interests		(1,595)	63
		9,526	98,947
Earnings per share	15	RMB	RMB
— Basic		0.19 cents	1.69 cents



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Plant and equipment	17	2,401	3,154
Investment properties	18	105,071	116,693
Right-of-use assets	19	594	1,070
Deferred tax assets	29	3,609	406
		111,675	121,323
CURRENT ASSETS			
Properties for/under development/properties for sale	20	951,827	745,199
Trade and other receivables	21	75,549	39,140
Contract costs	22	1,311	414
Prepaid land appreciation tax		36,686	29,362
Restricted bank deposits	23	11,577	20,273
Bank balances and cash	23	251,513	160,409
		1,328,463	994,797
Assets classified as held for sale	24	2,759	507
		1,331,222	995,304
CURRENT LIABILITIES			
Trade and other payables	25	148,323	113,328
Deposits received on sales of investment properties	24	2,190	227
Contract liabilities	26	327,526	108,152
Amount due to a non-controlling interest of subsidiaries	30	93,730	79,430
Income tax and land appreciation tax payable		24,457	13,739
Lease liabilities	27	152	510
Secured bank borrowings	28	14,200	–
		610,578	315,386
NET CURRENT ASSETS		720,644	679,918
TOTAL ASSETS LESS CURRENT LIABILITIES		832,319	801,241



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

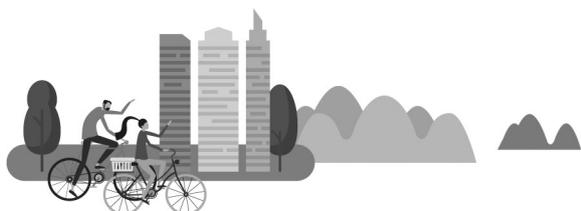
At 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	29	21,519	25,717
Lease liabilities	27	90	140
Secured bank borrowings	28	25,800	–
		47,409	25,857
NET ASSETS			
		784,910	775,384
CAPITAL AND RESERVES			
Share capital	31	25,451	25,451
Reserves		746,635	735,514
Equity attributable to owners of the Company		772,086	760,965
Non-controlling interests		12,824	14,419
TOTAL EQUITY			
		784,910	775,384

The consolidated financial statements on pages 39 to 118 were approved and authorised for issue by the board of directors on 31 March 2022 and are signed on its behalf by:

Mr. Shie Tak Chung,
DIRECTOR

Mr. Wu Zhisong,
DIRECTOR



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to owners of the Company								Total	Non-controlling interests	Total equity
	Share capital	Other reserve	Share premium	Shareholders' contribution	Other non-distributable reserve	Other reserve	Reorganisation reserve	Accumulated losses			
	RMB'000	RMB'000 (note c)	RMB'000	RMB'000 (note a)	RMB'000 (note b)	RMB'000 (note d)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	25,451	524,285	193,733	59,139	10,936	(5,801)	187,822	(333,484)	662,081	14,453	676,534
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	98,884	98,884	63	98,947
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(97)	(97)
At 31 December 2020	25,451	524,285	193,733	59,139	10,936	(5,801)	187,822	(234,600)	760,965	14,419	775,384
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	11,121	11,121	(1,595)	9,526
Transfer to non-distributable reserve	-	-	-	-	15,148	-	-	(15,148)	-	-	-
At 31 December 2021	25,451	524,285	193,733	59,139	26,084	(5,801)	187,822	(238,627)	772,086	12,824	784,910

Notes:

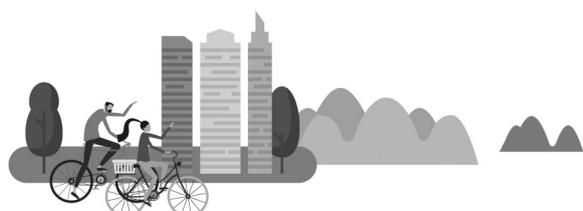
- (a) Immediately before the resumption of trading the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 October 2016, the amounts advanced from Mr. Shie Tak Chung and Mr. Tsoi Kin Sze to the Group in prior years amounting to RMB59,139,000 were waived and such waived amounts were recognised as shareholders' contribution.
- (b) Other non-distributable reserve principally represent statutory reserves required to be appropriated from profit after income tax of the subsidiaries established in the People's Republic of China ("PRC"), under the relevant laws and regulations. Allocation to the statutory reserves shall be approved by the board of directors of the relevant subsidiaries. The appropriation to statutory reserves may cease if the balance of the statutory reserves has reached 50% of the registered capital of the respective subsidiaries. The statutory reserves may be used to make up losses or for conversion into capital. The relevant subsidiaries may, upon the approval by a resolution of shareholders' general meeting/board of directors' meeting, convert their statutory reserves into capital in proportion to their then existing shareholdings. However, when converting the statutory reserves into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital of the relevant subsidiary.
- (c) The amount included in other reserve represents the deemed listing expenses incurred upon the reverse asset acquisition of the Company by China General (HK) Company Limited ("China General") completed on 25 October 2016 which was measured at the fair value of the equity consideration deemed to be issued to the former shareholders of the Company amounted to Hong Kong Dollar ("HK\$" or "HKD") 621,746,000 (equivalent to RMB542,101,000), less the amount of 4,086,592,788 consideration shares, issued at HK\$0.005 per share amounted to HK\$20,433,000 (equivalent to RMB17,816,000).
- (d) In October 2014, 福建省厚德企業管理有限公司 Fujian Houde Enterprise Management Company Limited ("Houde Enterprise") acquired, from 福建建弘投資有限公司 Fujian Jianhong Investment Company Limited ("Jianhong Investment"), the entire paid-up capital of 恒德(石獅)投資有限公司 Hengde (Shishi) Investment Company Limited ("Hengde (Shishi)") at a consideration of RMB10,000,000 in cash. Upon completion of the acquisition, Hengde (Shishi) became a wholly-owned subsidiary of Houde Enterprise. The consideration was accounted for as a deemed distribution to Mr. Tsoi Kin Sze and Mr. Shie Tak Chung, who held 55% and 45% of the issued share capital of China General respectively and each of them also held 50% beneficial interest in Jianhong Investment. This transaction results in a dilution in Group's ownership interest in 揚州德輝房地產開發有限公司 Yangzhou Dehui Real Estate Development Company Limited and its subsidiary amounting to RMB5,801,000, which is charged to equity attributable to owners of the Company.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
OPERATING ACTIVITIES		
Profit before tax	16,873	137,108
Adjustments for:		
Interest income	(3,658)	(6,896)
Depreciation of plant and equipment	1,268	740
Depreciation of right-of-use assets	617	516
Net fair value change of investment properties	1,267	1,768
Net fair value change upon transfer from properties held for sale to investment properties	–	(60)
Finance costs	28	36
Impairment losses under expected credit loss model, net of reversal — other receivables	–	(16)
Operating cash flows before movements in working capital	16,395	133,196
(Increase) decrease in properties for/under development/properties for sale	(192,437)	1,684
(Increase) decrease in trade and other receivables	(36,409)	16,536
(Increase) decrease in contract costs	(897)	2,861
Decrease in restricted bank deposits	8,696	25,816
Increase in trade and other payables	34,995	47,151
Increase (decrease) in contract liabilities	205,982	(373,440)
Cash generated from (used in) operations	36,325	(146,196)
PRC income tax and PRC land appreciation tax paid	(11,354)	(31,691)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	24,971	(177,887)
INVESTING ACTIVITIES		
Placement of time deposits	–	(93,000)
Withdrawal of time deposits	–	113,000
Placement of short-term financial products	(170,000)	(650,000)
Withdrawal of short-term financial products	170,000	755,000
Purchase of plant and equipment	(515)	(2,818)
Proceeds from sales of investment properties	7,876	2,247
Deposits received on sales of investment properties	2,190	227
Interest received from short-term financial products	379	4,095
Interest received from bank deposits	3,279	2,801
NET CASH FROM INVESTING ACTIVITIES	13,209	131,552



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
FINANCING ACTIVITIES		
Advance from a non-controlling interest of subsidiaries	14,300	54,350
Repayment of lease liabilities	(549)	(484)
Interest paid on lease liabilities	(28)	(36)
Interest paid on bank borrowings	(799)	–
Dividends paid to non-controlling interests	–	(97)
New secured bank borrowings raised	40,000	–
NET CASH FROM FINANCING ACTIVITIES	52,924	53,733
NET INCREASE IN CASH AND CASH EQUIVALENTS	91,104	7,398
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	160,409	153,011
CASH AND CASH EQUIVALENTS AT END OF YEAR represented by bank balances and cash	251,513	160,409



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Jiande International Holdings Limited (the “Company”) was incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of The Stock Exchange. Its immediate and ultimate holding companies are Fame Build Holdings Limited and Talent Connect Investments Limited respectively, companies incorporated in the British Virgin Islands with limited liabilities, which are wholly owned by Mr. Shie Tak Chung (“Mr. Shie”) and Mr. Tsoi Kin Sze (“Mr. Tsoi”). Pursuant to a deed of confirmation dated 23 October 2014 executed by Mr. Shie and Mr. Tsoi whereby they confirmed the existence of their acting in concert arrangement, which resulted in Mr. Shie and Mr. Tsoi collectively becoming the ultimate controlling shareholders of the Company. The addresses of its registered office and principal place of business are set out on page 2 of the annual report. The principal activity of the Company is investment holding and its subsidiaries (collectively referred as the “Group”) are principally engaged in property development in the PRC.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

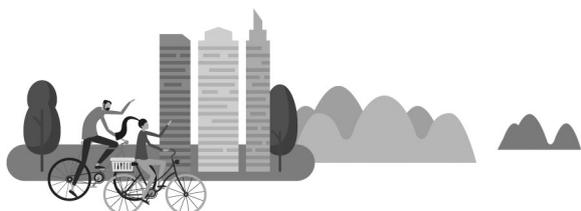
Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1 Application of the agenda decision of the Committee — Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group’s accounting policy prior to the Committee’s agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee’s agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

- ¹ Effective for annual periods beginning on or after 1 April 2021.
- ² Effective for annual periods beginning on or after 1 January 2022.
- ³ Effective for annual periods beginning on or after 1 January 2023.
- ⁴ Effective for annual periods beginning on or after a date to be determined.

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

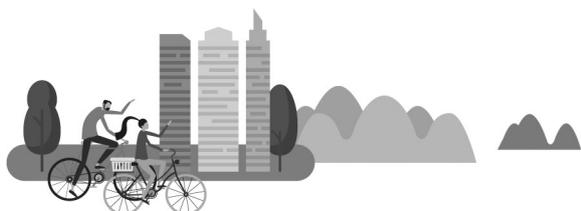
Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in HKFRS 3 *Business Combinations* so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the “Conceptual Framework”) instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on 1 January 2022.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date.
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

As at 31 December 2021, the Group’s right to defer settlement for borrowings of RMB40,000,000 is subject to compliance with certain financial ratios within 12 months from the reporting date, of which RMB25,800,000 were classified as non-current as the Group met such ratios at 31 December 2021. Pending clarification on the application of relevant requirements of the amendments, the Group will further assess the potential impacts of the amendments in relation to the borrowings with financial and other covenants. The impacts on application, if any, will be disclosed in the Group’s future consolidated financial statements.

Except for as disclosed above, the application of the amendments will not result in reclassification of the Group’s other liabilities as at 31 December 2021.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

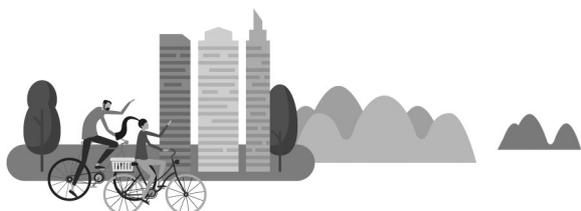
The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

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

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

As disclosed in note 3 to the consolidated financial statements, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

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

The amendments are effective for the Group’s annual period beginning on 1 January 2023. The Group is in the process of assessing the full impact of the application of the amendments, including other transactions which may potentially fall within the scope of the amendments. Further impacts on application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKFRSs Annual Improvements to HKFRSs 2018–2020

The annual improvements make amendments to the following standards.

HKFRS 9 Financial Instruments

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the “10 per cent” test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf.

HKFRS 16 Leases

The amendment to Illustrative Example 13 accompanying HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.1 Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.1 Basis of preparation of consolidated financial statements (Continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.2 Significant accounting policies

Basis of consolidation

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

- has power over the investee;
- is exposed, or has the rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Basis of consolidation (Continued)

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

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

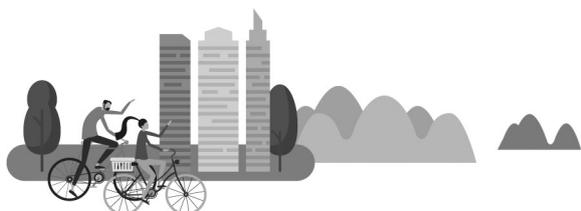
All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Non-current assets held for sale

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers

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

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

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

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

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

For sale of properties, revenue is recognised at a point in time when control of completed property is transferred to the customer and the Group has present right to payment and the collection of the consideration is probable.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

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

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

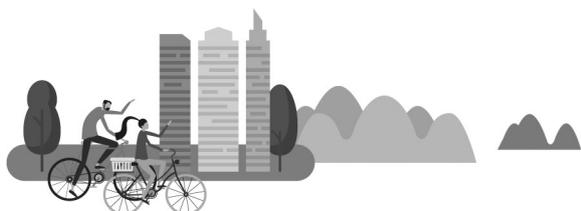
Contract costs

Incremental costs of obtaining a contract

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Leasing

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Leasing (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use assets includes:

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

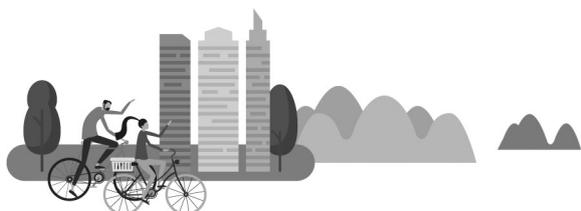
Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within “investment properties” and “properties for/under development/properties for sale”.

Refundable rental deposits

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Leasing (Continued)

The Group as a lessee (Continued)

Lease liabilities

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

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

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

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

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Leasing (Continued)

The Group as a lessor

Classification and measurement of leases

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Allocation of consideration to components of a contract

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

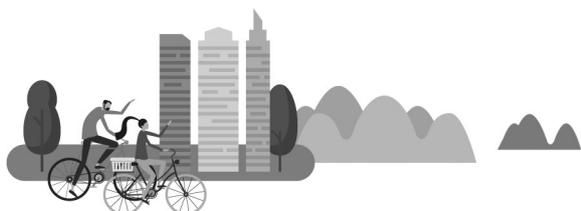
Refundable rental deposits

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

Lease modification

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. 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 year in which they are incurred.

Government grants

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Employee benefits

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

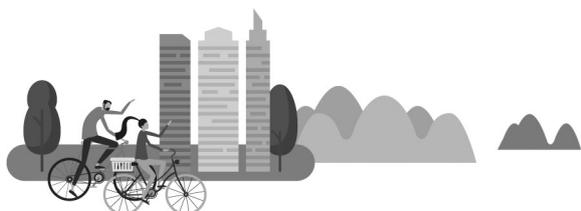
A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Taxation (Continued)

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

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

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

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Taxation (Continued)

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

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

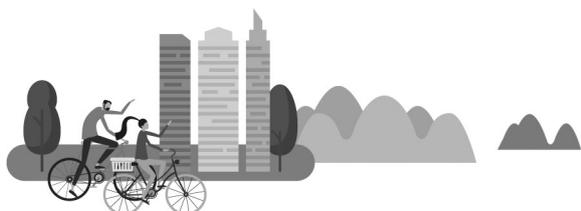
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where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

Plant and equipment

Plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Plant and equipment stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Investment properties

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

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the group under operating leases.

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

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

Impairment of plant and equipment, right-of-use-assets and contract costs

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

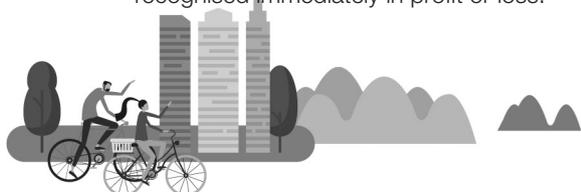
Impairment of plant and equipment, right-of-use-assets and contract costs (Continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Properties for/under development/properties for sale

Properties for/under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties for/under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties for/under development for sale are transferred to properties for sale upon completion.

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

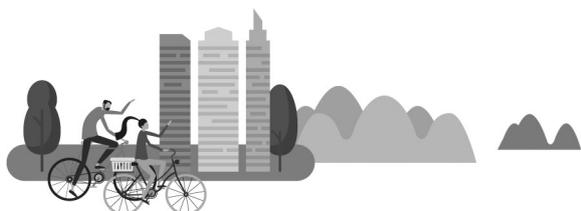
- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

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

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

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, restricted bank deposits and bank balances) and financial guarantee contracts which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

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

The Group always recognises lifetime ECL for trade receivables.

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

(i) Significant increase in credit risk

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Significant increase in credit risk (Continued)

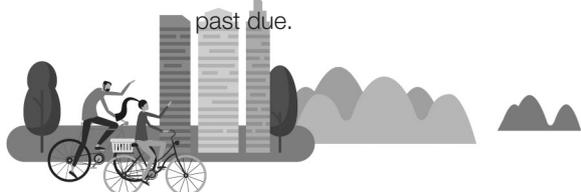
In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

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

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

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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

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

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

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

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

3.2 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instrument

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

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, amount due to a non-controlling interest of subsidiaries, bank borrowings and amount due to a related party are subsequently measured at amortised cost, using the effective interest method.

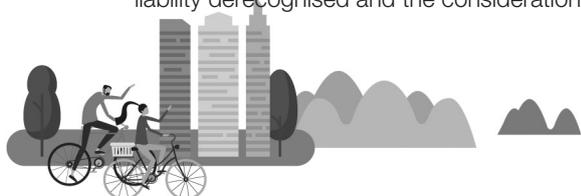
Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts liabilities are measured initially at their fair values. They are subsequently measured at the higher of:

- (i) the amount of loss allowance in accordance with HKFRS 9; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Fair value of investment properties

The valuations of investment properties were determined based on the income approach or direct comparison approach. The valuation of civil defense car parking spaces in Quanzhou, retail store property and kindergarten property was determined based on income approach by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the property interests. It was based on capitalisation of the hypothetical and reasonable market rents with a typical lease term. The valuation of non-civil defense car parking spaces in Quanzhou and Yangzhou was determined based on direct comparison approach by referencing to recent market transaction prices of similar properties in the similar locations with adjustments of other individual factors. Note 18 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties of the Group.

The carrying amount of investment properties at 31 December 2021 was RMB105,071,000 (2020: RMB116,693,000). Notwithstanding that the management employs independent professional qualified valuers to perform fair value assessments based on these assumptions, changes to these assumptions, including the potential risk of any market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, changes in policy direction and/or mortgage requirements, or other unexpected incidents would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Assessment of net realisable value on properties for/under development/properties for sale

In determining whether allowances should be made to the Group's properties for/under development/properties for sale, the Group takes into consideration the current market conditions to estimate the net realisable value ("NRV") (i.e. the estimated selling price less estimated costs to completion and estimated costs necessary to make the sales by reference to the similar properties in similar locations). An allowance is made if the estimated NRV is less than the carrying amount. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, an NRV allowance will be recognised on the properties for/under development/properties for sale in the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2021, the carrying amount of the properties for/under development/properties for sale was approximately RMB951,827,000 (2020: RMB745,199,000).

5. REVENUE AND SEGMENT INFORMATION

The Group is engaged in the property development and revenue represents the net amounts received and receivable for properties sold by the Group in the normal course of business to customers.

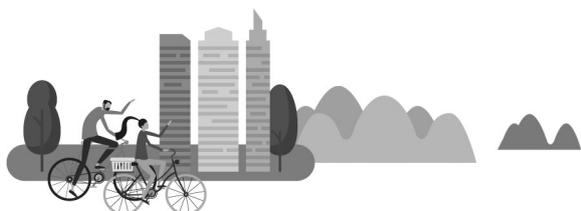
(i) Disaggregation of revenue from contracts with customers

	2021 RMB'000	2020 RMB'000
Sales of properties		
Residential units in the Binjiang International Project*	17,582	800
Residential units in The Cullinan Bay Project**	88,027	479,224
Total revenue	105,609	480,024

* The project represents completed properties located in Quanzhou, Fujian Province.

** The project represents completed properties located in Yangzhou City, Jiangsu Province.

All of the Group's revenue is recognised at a point in time.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. REVENUE AND SEGMENT INFORMATION (Continued)

(ii) Performance obligations for contracts with customers

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group averagely receives 35% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

The Group considers the advance payment schemes contains significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the Group. As this accrual increases the amount of the contract liabilities during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by customers of the Group's properties. Pursuant to the terms of the guarantees, if a customer defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends at the earlier of: (i) the property buyers obtain the individual property ownership certificate, and (ii) the full settlement of mortgage loans by the property buyers. The related financial guarantee contracts issued to banks in favour of customers in respect of the mortgage loans are not recognised separately as the fair value of the guarantees is immaterial.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. REVENUE AND SEGMENT INFORMATION (Continued)

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

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

	2021 RMB'000	2020 RMB'000
Sales of properties		
Within one year	244,748	31,931
More than one year but not more than two years	82,271	78,897
More than two years	26,578	14,355
	353,597	125,183

Segment information

Information reported to the executive directors of the Group, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment focuses on revenue analysis, contracted pre-sales amount and unit price by project basis. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures are presented.

Entity-wide disclosures

Revenue from major products

Revenue during the years ended 31 December 2021 and 2020 represents sales of properties of property development projects as mentioned above in the PRC.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from the PRC based on the location of property development projects and all of the Group's non-current assets are located in the PRC by physical location of assets.

Information about major customers

No revenue from customers contributed over 10% of the total revenue of the Group for the years ended 31 December 2021 and 2020.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

6. OTHER INCOME

	2021 RMB'000	2020 RMB'000
Fixed rental income from investment properties	813	692
Bank interest income	3,279	2,801
Short-term financial products interest income	379	4,095
Government grant	–	144
	4,471	7,732

7. OTHER GAINS AND LOSSES

	2021 RMB'000	2020 RMB'000
Net foreign exchange loss	(45)	(244)

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

	2021 RMB'000	2020 RMB'000
Impairment losses reversed on:		
– other receivables	–	16

Details of impairment assessment are set out in note 36b.

9. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on contract liabilities	6,087	7,305
Interest on bank borrowings	799	–
Interest on lease liabilities	28	36
Total borrowing costs	6,914	7,341
Less: amounts capitalised in the cost of qualifying assets	(6,886)	(7,305)
	28	36



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. INCOME TAX EXPENSE

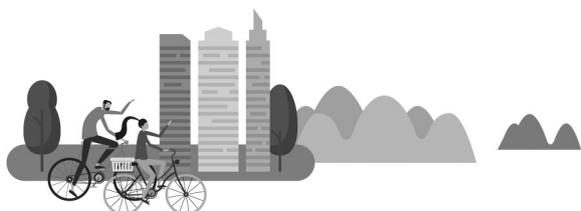
	2021 RMB'000	2020 RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")		
– Current tax	12,542	22,830
– Under(over)provision in respect of prior years	248	(676)
PRC Land Appreciation Tax ("LAT")	1,663	151
Withholding PRC EIT	295	295
	14,748	22,600
Deferred tax (note 29)	(7,401)	15,561
	7,347	38,161

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Current tax provision represents provision for the PRC EIT and the PRC LAT. Under the Law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

In addition, under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

On 28 December 2006, the State Administration of Taxation of the PRC (the "SAT") issued the Notice on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which took effect on 1 February 2007. Such notice provides further clarification regarding the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local conditions. On 12 May 2009, the SAT issued the Regulations of Land Appreciation Tax Settlement Administration (《土地增值稅清算管理規程》), effective on 1 June 2009, which further clarifies the specific conditions and procedures for the settlement of LAT.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

10. INCOME TAX EXPENSE (Continued)

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

	2021 RMB'000	2020 RMB'000
Profit before tax	16,873	137,108
Tax at the PRC EIT of 25% (2020: 25%) (note)	4,218	34,277
Tax effect of expenses not deductible for tax purpose	2,180	2,535
Tax effect of income not taxable for tax purpose	(32)	(36)
The PRC LAT	1,663	151
Tax effect of the PRC LAT	(416)	(38)
Tax effect of tax losses not recognised	29	2,275
Recognition of tax losses previously not recognised	(1,003)	–
Withholding PRC EIT	295	295
Tax effect in respect of investment properties	165	(917)
Under(over)provision in respect of prior years	248	(676)
Tax effect of 5% withholding tax on undistributed profits of the PRC subsidiaries	–	295
Income tax expense for the year	7,347	38,161

Note: The tax rate represents the statutory tax rate of the jurisdiction where the operations of the Group are substantially based.

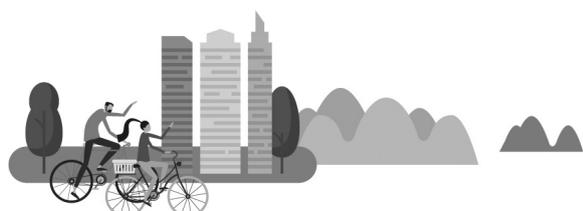


NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2021 RMB'000	2020 RMB'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,284	1,334
Depreciation of plant and equipment	1,268	740
Depreciation of right-of-use assets	617	516
Total depreciation	1,885	1,256
Gross rental income from investment properties	(813)	(692)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	84	72
	(729)	(620)
Cost of properties held for sale recognised as an expense	64,387	311,129
Directors' emoluments (note 12)	1,981	2,114
Other staff costs		
– salaries and allowances	6,625	4,844
– retirement benefits scheme contributions	636	248
Total employee benefits expense	9,242	7,206



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Companies Ordinance, is as follows:

For the year ended 31 December 2021

	Chief executive Mr. Shie RMB'000 (note)	Chief executive Mr. Tsoi Kin Sze RMB'000 (note)	Mr. Wu Zhisong RMB'000	Mr. Lee Lit Mo Johnny RMB'000	Total RMB'000
Executive directors					
Fees	–	–	–	–	–
Other emoluments:					
Salaries and allowances	497	21	497	497	1,512
Retirement benefits scheme contributions	6	1	–	15	22
Sub-total	503	22	497	512	1,534

Note: Mr. Tsoi Kin Sze was appointed as Chief executive of the Company with effect from 16 December 2021 and Mr. Shie ceased to serve as Chief executive with effect from the same day.

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

	Mr. Ma Sai Yam RMB'000	Mr. Zhang Senquan RMB'000	Mr. Yang Quan RMB'000	Total RMB'000
Independent non-executive directors				
Fees	149	149	149	447
Other emoluments	–	–	–	–
Sub-total	149	149	149	447
Total				1,981

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

12. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (Continued)

For the year ended 31 December 2020

	Chief executive Mr. Shie RMB'000	Mr. Wu Zhisong RMB'000	Mr. Lee Lit Mo Johnny RMB'000	Total RMB'000
Executive directors				
Fees	–	–	–	–
Other emoluments:				
Salaries and allowances	534	534	534	1,602
Retirement benefits scheme contributions	16	–	16	32
Sub-total	550	534	550	1,634

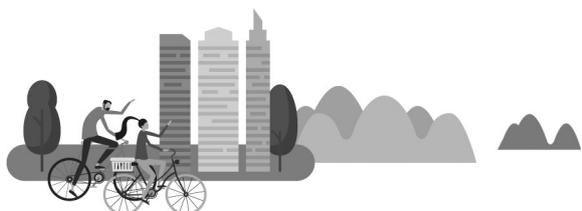
The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

	Mr. Ma Sai Yam RMB'000	Mr. Zhang Senquan RMB'000	Mr. Yang Quan RMB'000	Total RMB'000
Independent non-executive directors				
Fees	160	160	160	480
Other emoluments	–	–	–	–
Sub-total	160	160	160	480
Total				2,114

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

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

No emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2020: three) executive directors, details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining two (2020: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 RMB'000	2020 RMB'000
Salaries and allowances	931	966
Retirement benefits scheme contributions	46	34
	977	1,000

The remunerations of each of the five highest paid individuals during the years ended 31 December 2021 and 2020 are within HK\$1,000,000.

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to any of the five highest paid individual of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. EARNINGS PER SHARE

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

	2021 RMB'000	2020 RMB'000
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	11,121	98,884
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,837,990	5,837,990

The weighted average number of shares used for the purpose of calculating basic earnings per share for both years are determined by reference to the number of ordinary shares outstanding during the year.

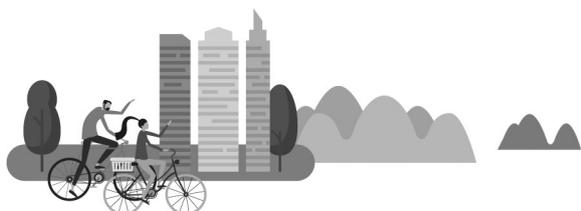
No diluted earnings per share for the years ended 31 December 2021 and 2020 were presented as there were no potential ordinary shares in issue during both years.

16. RETIREMENT BENEFITS PLANS

The Group participates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme with a cap of HK\$1,500 per employee per month, which contribution is matched by employees.

In addition, the employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

For the year ended 31 December 2021, the total expenses on retirement benefits amounted to RMB658,000 (2020: RMB280,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

17. PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST				
At 1 January 2020	–	2,115	3,710	5,825
Additions	1,257	346	1,215	2,818
At 31 December 2020	1,257	2,461	4,925	8,643
Additions	138	228	149	515
At 31 December 2021	1,395	2,689	5,074	9,158
DEPRECIATION				
At 1 January 2020	–	1,894	2,855	4,749
Provided for the year	311	116	313	740
At 31 December 2020	311	2,010	3,168	5,489
Provided for the year	556	200	512	1,268
At 31 December 2021	867	2,210	3,680	6,757
CARRYING VALUES				
At 31 December 2021	528	479	1,394	2,401
At 31 December 2020	946	451	1,757	3,154

The above items of plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis over the following estimated useful lives:

Leasehold improvement	Over the shorter of the term of the lease or 3 years
Furniture and equipment	3 to 5 years
Motor vehicles	4 to 5 years



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

18. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2020	120,342
Net fair value change recognised in profit or loss	(1,768)
Transfer from properties held for sale	197
Disposals	(1,571)
Reclassified as held for sale (note 24)	(507)
<hr/>	
At 31 December 2020	116,693
Net fair value change recognised in profit or loss	(1,267)
Disposals	(7,596)
Reclassified as held for sale (note 24)	(2,759)
<hr/>	
At 31 December 2021	105,071

Included in the net fair value change recognised in profit or loss of investment properties for the year ended 31 December 2021 is an unrealised loss on property revaluation included in profit or loss amounted to approximately RMB3,253,000 (2020: loss of RMB1,721,000).

The Group leases out car parking spaces, a kindergarten property and a retail store property under operating leases with rentals payable monthly. The leases typically run for an initial period of 3 months to 3 years.

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

The fair value of the Group's investment properties as at 31 December 2021 and 2020 has been arrived on the basis of a valuation carried out on respective dates by Messrs. Cushman & Wakefield Limited ("C&W"), independent qualified professional valuers not connected to the Group. The management of the Group works closely with the valuers to establish the appropriate valuation techniques and inputs to the model and explain the cause of fluctuations in the fair values of the investment properties to the board of directors.

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

18. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties	Fair value	Valuation technique	Significant unobservable input(s)	Sensitivities
Civil defense car parking spaces located in Quanzhou, Fujian Province, the PRC	RMB21,900,000 (31 December 2020: RMB25,100,000), including RMB708,000 (31 December 2020: RMB73,000) of assets classified as held for sale	Income approach	Term yield: 3.7% (31 December 2020: 3.7%) Reversionary yield: 4.2% (31 December 2020: 4.2%) Monthly market rent, taking into account the difference in location, and individual factors, i.e. accessibility, between the comparable and the subject properties, ranging from RMB301 to RMB457 (31 December 2020: RMB307 to RMB483) per civil defense car parking space per month.	A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa. A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
Non-civil defense car parking spaces located in Quanzhou, Fujian Province, the PRC	RMB64,500,000 (31 December 2020: RMB70,500,000) including RMB2,051,000 (31 December 2020: RMB434,000) of assets classified as held for sale	Direct comparison approach	Recent market transaction prices per car parking space of comparable properties ranging from RMB130,000 to RMB158,000 (31 December 2020: RMB140,000 to RMB150,000) by taking into account the difference in location and individual factors, i.e. accessibility.	A significant increase in the market transaction prices used would result in a significant increase in fair value, and vice versa.
A kindergarten property located in Quanzhou, Fujian Province, the PRC	RMB12,900,000 (31 December 2020: RMB12,900,000)	Income approach	Term yield: 4.2% (31 December 2020: 4.2%) Reversionary yield: 4.7% (31 December 2020: 4.7%) Monthly market rent, taking into account the difference in location, and individual factors, i.e. size and accessibility, between the comparable and the subject properties, at an average of RMB28 (31 December 2020: RMB28) per square meter per month.	A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa. A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
Non-civil defense car parking spaces located in Yangzhou, Jiangsu Province, the PRC	RMB7,680,000 (31 December 2020: RMB7,840,000)	Direct comparison approach	Recent market transaction prices per car parking space of comparable properties ranging from RMB80,000 to RMB115,000 (31 December 2020: RMB80,000 to RMB100,000) by taking into account the difference in location and individual factors, i.e. accessibility.	A significant increase in the market transaction prices used would result in a significant increase in fair value, and vice versa.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

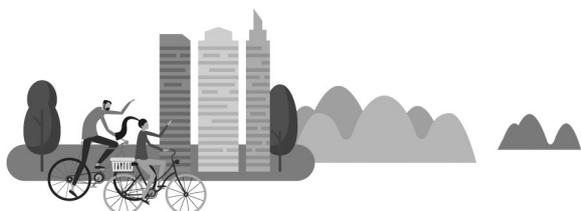
18. INVESTMENT PROPERTIES (Continued)

Investment properties	Fair value	Valuation technique	Significant unobservable input(s)	Sensitivities
A retail store property located in Yangzhou, Jiangsu Province, the PRC	RMB850,000 (31 December 2020: RMB860,000)	Income approach	Term yield: 4.3% (31 December 2020: 4.3%) Reversionary yield: 4.8% (31 December 2020: 4.8%) Monthly market rent, taking into account the difference in location, and individual factors, i.e. size, accessibility and environment, between the comparables and the subject property, at an average of RMB73 (31 December 2020: RMB73) per square meter – per month	A slight increase in the term yield and reversionary yield used would result in a significant decrease in fair value, and vice versa. A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.
Total	RMB107,830,000 (31 December 2020: RMB117,200,000) including RMB2,759,000 of assets classified as held for sale (31 December 2020: RMB507,000)			

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Fair value at Level 3 hierarchy	
	2021 RMB'000	2020 RMB'000
Civil defense car parking spaces in Quanzhou	21,192	25,027
Non-civil defense car parking spaces in Quanzhou	62,449	70,066
A kindergarten property in Quanzhou	12,900	12,900
Non-civil defense car parking spaces in Yangzhou	7,680	7,840
A retail store property in Yangzhou	850	860
	105,071	116,693

There were no transfers into or out of level 3 during both years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

19. RIGHT-OF-USE ASSETS

	2021 RMB'000	2020 RMB'000
Leased properties		
Carrying amount	594	1,070

	For the year ended 31 December	
	2021 RMB'000	2020 RMB'000
Depreciation charge	617	516
Expense relating to short-term leases and with lease terms end within 12 months	57	38
Total cash outflow for leases	634	558
Additions to right-of-use assets	141	405

Note: During the current year, the Group entered into new lease agreements with lease term ranging from 3 to 5 years. The Group makes a fixed payments on yearly basis. On lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB141,000 (For the year ended 31 December 2020: RMB405,000).

For both years, the Group leases various offices and showrooms for its operations. Lease contracts are entered into for fixed term of 1 year to 3 years. Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for staff quarters. As at 31 December 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Details of the lease maturity analysis of lease liabilities are set out in note 27.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

20. PROPERTIES FOR/UNDER DEVELOPMENT/PROPERTIES FOR SALE

Properties for/under development and properties for sale in the consolidated statement of financial position comprise:

	2021 RMB'000	2020 RMB'000
Properties held for sale		
Properties for development	128,389	237,738
Properties under development	475,134	306,416
Completed properties	348,304	201,045
	951,827	745,199

Analysis of leasehold lands:

	2021 RMB'000	2020 RMB'000
Carrying amount	424,441	454,892

	For the year ended 31 December	
	2021 RMB'000	2020 RMB'000
Total cash outflow	–	214,750
Additions	–	214,750

The carrying amount of leasehold lands is measured at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge on the leasehold lands taking into account the estimated residual values as at 31 December 2021 and 2020.

The properties for development, properties under development and completed properties are located in Fujian Province, Jiangsu Province, Henan Province and Hunan Province in the PRC. All the properties for/under development/properties for sale are stated at lower of cost and NRV on an individual property basis.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

20. PROPERTIES FOR/UNDER DEVELOPMENT/PROPERTIES FOR SALE (Continued)

As at 31 December, 2021, properties for development with carrying amount of RMB128,389,000 (2020: nil) are pledged to secure the bank borrowings of the Group (note 28).

As at 31 December 2021, properties for development of RMB128,389,000 (2020: RMB237,738,000) and properties under development of RMB424,529,000 (2020: RMB306,416,000) are not expected to be realised within one year.

21. TRADE AND OTHER RECEIVABLES

	2021 RMB'000	2020 RMB'000
Trade receivables		
— Sale of properties	16	16
Less: allowance for credit losses	(16)	(16)
	—	—
Other receivables (note a)	8,005	7,060
Less: allowance of credit losses	(4,489)	(4,489)
	3,516	2,571
Other taxes recoverable	20,120	7,606
Advance to suppliers (note b)	46,748	27,826
Other deposits and prepayments	5,165	1,137
	75,549	39,140
Total trade and other receivables	75,549	39,140

Note a: The amount represents the public maintenance fund payment on behalf of the property buyers to the Ministry of Housing and Urban-Rural Development of the PRC. Such funds are to be collected from the property buyers.

Note b: The amount represents the advance payment to the contractors in order to secure construction services in projects. The advances are expected to be fully utilised in the construction projects within a year from the end of the reporting period.

As at 1 January 2020, trade receivables from contracts with customers amounted to nil.

Details of impairment assessment of trade receivables and other receivables are set out in note 36b.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

22. CONTRACT COSTS

	2021 RMB'000	2020 RMB'000
Incremental costs to obtain contracts (note)	1,311	414

Note: Contract costs capitalised as at 31 December 2021 and 2020 relate to the incremental commissions expenses to intermediaries/employees in connection with obtaining sales of properties contracts with customers which are still under construction or not yet delivered at the reporting date.

Contract costs are recognised as part of selling expenses in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB349,000 (2020: RMB3,147,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised in both years.

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

23. BANK BALANCES AND CASH AND RESTRICTED BANK DEPOSITS

The market interest rates per annum of bank balances and restricted bank deposits at 31 December 2021 and 2020 as follows:

	2021	2020
Bank balances	0.00% to 1.00%	0.00% to 1.00%
Restricted bank deposits (note)	0.3% to 1.35%	0.3% to 1.35%

Note: Restricted bank deposits represented designated bank accounts solely for collecting pre-sales proceeds and settlement of construction costs of properties and will be released upon the completion of the development of properties.

Details of impairment assessment of these bank balances and restricted bank deposits are set out in note 36b.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

24. ASSETS CLASSIFIED AS HELD FOR SALE AND DEPOSITS RECEIVED ON SALES OF INVESTMENT PROPERTIES

The major classes of assets classified as held for sale as at 31 December 2021 and 2020 are as follow:

	2021 RMB'000	2020 RMB'000
Assets classified as held for sale:		
Investment properties	2,759	507

During the years ended 31 December 2021 and 2020, the Group entered into sale agreements with independent third parties to sell certain investment properties (car parking spaces). As at 31 December 2021 and 2020, the Group received sale deposits regarding sales of investment properties to RMB2,190,000 and RMB227,000, respectively. The investment properties which were expected to be sold within twelve months were classified as held for sale and were presented separately in the consolidated statement of financial position. During the year ended 31 December 2021, the investment properties classified as held for sale as at 31 December 2020 have been derecognised.

The fair values of the investment properties classified as held for sale at 31 December 2021 and 2020 been arrived on the direct comparison method carried out by C&W on respective dates as disclosed in note 18.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

25. TRADE AND OTHER PAYABLES

	2021 RMB'000	2020 RMB'000
Trade payables	7,025	4,816
Accrued construction costs (note a)	7,025	4,816
Accrual staff costs and contributions to the retirement benefits scheme	113,843	56,004
Other tax payables	4,820	5,711
Other payables and accrued expenses	2,655	2,929
Deposits received for construction	5,818	8,138
Deposits received on exclusive sales agreements with property agents (note b)	4,500	6,000
	9,662	29,730
	148,323	113,328

Notes:

- (a) The accrued construction costs relate to construction of properties under development for sale which will be transferred to trade payables on achieving payment milestones as stipulated in the agreements with the subcontractors.
- (b) The amount represents the performance deposits received from two independent property agents for their exclusive sales agency agreements signed with the Group for underwriting certain residential flats, garages and car parks with a minimum selling price in The Cullinan Bay Project. Such amount will be conditionally returned to the property agent depending on the number of residential flats, garages and car parks sold within a fixed period of time as specified in the agreements.

The following is an aged analysis of trade payables presented based on the invoice date:

	2021 RMB'000	2020 RMB'000
0–60 days	4,929	3,024
61–90 days	108	5
91–180 days	201	24
181 days–1 year	253	164
Over 1 year	1,534	1,599
	7,025	4,816

The credit period on trade payable is normally within 90 days from the invoice date.



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For the year ended 31 December 2021

26. CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Pre-sales proceeds received on sales of properties	327,526	108,152

As at 1 January 2020, contract liabilities amounted to RMB474,287,000.

The increase in contract liabilities at 31 December 2021 from prior year was because of increase in pre-sales of properties in 2021.

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

	Sales of properties	
	2021 RMB'000	2020 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	60,018	429,936

The Group averagely receives 35% (2020: 35%) of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customer obtains control of the completed property.

In addition, the Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant group entities. As this accrual increases the amount of the contract liabilities during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customers.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

26. CONTRACT LIABILITIES (Continued)

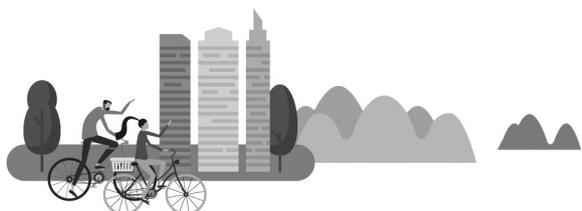
The directors of the Company considered that the balance of contract liabilities as at 31 December 2021 and 2020 will be recognised as revenue to profit or loss as follows:

	2021 RMB'000	2020 RMB'000
Within one year	235,132	31,931
After one year	92,394	76,221
	327,526	108,152

27. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Lease liabilities payable		
Within one year	152	510
Within a period of more than one year but not exceeding two years	69	81
Within a period of more than two years but not exceeding five years	21	59
	242	650
Less: Amount due for settlement with 12 months shown under current liabilities	(152)	(510)
Amount due for settlement after 12 months shown under non-current liabilities	90	140

The weighted average incremental borrowing rates applied to lease liabilities is 4.75% (2020: 4.75%).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

28. SECURED BANK BORROWINGS

	2021 RMB'000	2020 RMB'000
Secured bank borrowings	40,000	—
The carrying amounts of the above bank borrowings are repayable:		
Within one year	14,200	—
Within a period of more than one year but not exceeding two years	25,800	—
Less: Amounts due within one year shown under current liabilities	(14,200)	—
Amounts shown under non-current liabilities	25,800	—

As at 31 December 2021, all the bank borrowings are variable-rate borrowings which carry interest rate at the one-year Loan Prime Rate plus 2.35% per annum.

The borrowings were pledged by the Group's property for development (note 20) and guaranteed by (1) the Group; (2) Mr. Tsoi; and (3) a related party controlled by Mr. Shie and Mr. Tsoi.

Loan covenants

The Group is required to comply with the covenant which specifies the debt to asset ratio of the borrower shall be less than 70% throughout the continuance of the relevant loan and/or as long as the loan is outstanding.

The Group has complied with the covenant throughout the reporting period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

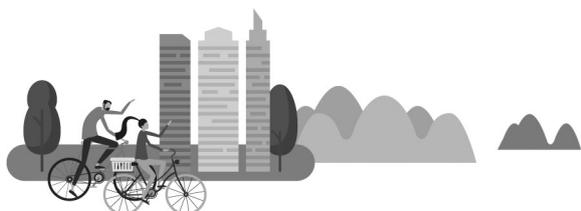
29. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes.

	2021 RMB'000	2020 RMB'000
Deferred tax assets	3,609	406
Deferred tax liabilities	(21,519)	(25,717)
	(17,910)	(25,311)

These are the major deferred tax assets and liabilities recognised and movements thereon during the years ended 31 December 2021 and 2020:

	Revaluation of investment properties RMB'000	Deferred tax on LAT payments on sales of properties deductible under EIT RMB'000	Tax losses RMB'000	ECL provision RMB'000	Deferred tax on pre-sales on sales of properties/ contract liabilities RMB'000	Deferred tax on contract costs RMB'000	Undistributed profits of subsidiaries RMB'000	Total RMB'000
At 1 January 2020	(21,052)	(6,162)	406	91	17,785	(818)	-	(9,750)
(Charge) credit to profit or loss (note 10)	644	(2,370)	-	(4)	(13,730)	194	(295)	(15,561)
At 31 December 2020	(20,408)	(8,532)	406	87	4,055	(624)	(295)	(25,311)
(Charge) credit to profit or loss (note 10)	1,227	42	1,823	-	4,012	297	-	7,401
At 31 December 2021	(19,181)	(8,490)	2,229	87	8,067	(327)	(295)	(17,910)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

29. DEFERRED TAX ASSETS/LIABILITIES (Continued)

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to dividend earned and payable to investors that are “non-tax resident enterprises” in respect of profits earned by the PRC subsidiaries since 1 January 2008, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within the PRC. Under such circumstances, dividends paid by the PRC subsidiaries to offshore group entities shall be subject to the withholding tax at 10% or a lower treaty rate. The Group is subject to withholding tax in relation to the dividend paid by the PRC subsidiaries. Deferred taxation has not been provided for in the consolidated financial statements in respect of accumulated profits of the PRC subsidiaries amounting to RMB216,335,000 (2020: RMB192,581,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31 December 2021, the Group has unused tax losses of RMB9,796,000 (2020: RMB6,400,000) available for offsetting against future profits. A deferred tax asset has been recognised in respect of approximately RMB8,916,000 (2020: RMB1,624,000) of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB880,000 (2020: RMB4,776,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB880,000 (2020: RMB4,776,000) with expiry dates as disclosed in the following table.

	2021 RMB'000	2020 RMB'000
2022	483	483
2023	67	67
2024	124	124
2025	90	4,102
2026	116	–
	880	4,776



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

30. AMOUNT DUE TO A NON-CONTROLLING INTEREST OF SUBSIDIARIES

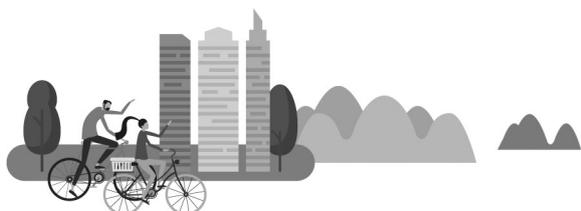
		2021 RMB'000	2020 RMB'000
Shishi Qixin Trading Company Limited (“Shishi Qixin”) (石獅市琦鑫貿易有限公司)	Non-trade, unsecured, non-interest bearing and repayable when 息縣德建置業有限公司 Xixian Dejian Property Company Limited (“Xixian Dejian”) and 武崗德建置業有限公司 Wugang Dejian Property Company Limited (“Wugang Dejian”), non-wholly owned subsidiaries of the Company, have accumulated net cash inflow.	93,730	79,430

31. SHARE CAPITAL

Share capital of the Company

	Number of shares '000	Amount of share capital HK\$'000	Amount of share capital RMB'000
Authorised ordinary shares:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 at HK\$0.005 each	100,000,000	500,000	435,951
Issued and fully paid ordinary shares:			
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 at HK\$0.005 each	5,837,990	29,190	25,451

All the shares issued by the Company rank pari passu and do not carry pre-emptive rights.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

32. FINANCIAL GUARANTEE CONTRACT

	2021 RMB'000	2020 RMB'000
Corporate guarantee given to banks in respect of mortgage facilities granted to property buyers	469,862	474,409

In accordance with market practice in the PRC, the Group provides guarantees for the property buyers' mortgage loans with the PRC banks to facilitate their purchases of the Group's properties. Guarantees for mortgages on properties begin simultaneously with the respective mortgage, and are generally discharged at the earlier of: (i) the property buyers obtains the individual property ownership certificate, and (ii) the full settlement of mortgage loans by the property buyers. The outstanding financial guarantee providing with guarantee period up to the full settlement of mortgage loans as at 31 December 2021 amounted to RMB469,862,000 (2020: RMB474,409,000). Pursuant to terms of the guarantees with financing capped at 70% of contract price, for a given mortgage loan, if there is any default of the mortgage payments by a property buyer, the Group is responsible to repay to the bank outstanding balance of the mortgage loans as well as accrued interests and penalties owned by the defaulted property buyers. If the Group fails to do so, the mortgage banks will first deduct the bank balances existing in the banks owned by the property buyers. Any shortfall will be recovered through auction the underlying properties and recover the remaining balances from the Group if the outstanding loan amount exceeds the net foreclosure sale proceed. The Group does not conduct independent credit checks on their property buyers but rely on the credit checks conducted by the mortgage banks.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that, in case of default in payments, the net realisable value of the related properties is expected to cover the outstanding mortgage principals together with the accrued interest and penalties. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

33. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Certain car parking spaces, a kindergarten property and a retail store property held for rental purposes have committed lessees for the next 3 months to 3 years respectively.

Undiscounted lease payments receivables on leases are as follows:

	2021 RMB'000	2020 RMB'000
Within one year	626	598
In the second year	392	425
In the third year	392	392
In the fourth year	411	392
In the fifth year	2,091	411
After five years	–	2,091
	3,912	4,309

34. OTHER COMMITMENTS

	2021 RMB'000	2020 RMB'000
Construction commitments in respect of properties under development contracted for but not provided in the consolidated financial statements	203,430	321,545

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the years.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in note 28, lease liabilities in note 27, bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company reviews the capital structure from time to time. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issue of new shares or new debts.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

36. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2021 RMB'000	2020 RMB'000
Financial assets		
Financial assets at amortised cost	266,606	183,253
Financial liabilities		
Amortised cost	157,846	124,581

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, restricted bank deposits, bank balances and cash, trade payables, other payables, amount due to a non-controlling interest of subsidiaries and secured bank borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risks (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to restricted bank deposits, bank balances and secured bank borrowings. The cash flow interest rate risk is mainly concentrated on fluctuations associated with variable rate of restricted bank deposits, bank balances, secured bank borrowings. The Group is also exposed to fair value interest rate risk in relation to lease liabilities (see note 27 for details) carried at fixed rate. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

No sensitivity analysis of restricted bank deposits, bank balances and secured bank borrowings is presented as a reasonably possible change in interest rate would not have significant impact on profit or loss of the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

36. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Currency risk

The Group has certain other payables and bank balances and cash which are denominated in foreign currency of relevant group entities, hence they are exposed to foreign exchange risk. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of each of the reporting period are as follows:

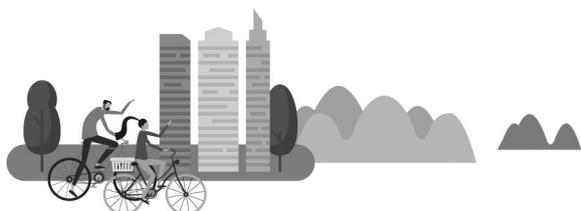
	Assets		Liabilities	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
HKD	5,524	4,979	40	41

The Group does not enter into any derivative contracts to minimise the currency risk exposure. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arises.

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuations of HKD.

The following table details the Group's sensitivity to a reasonably possible change of 5% in HKD against RMB while all other variables are held constant. 5% is the sensitivity rate used which represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each of the reporting period for a 5% change in foreign currency rate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

36. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) **Currency risk** (Continued)

Sensitivity analysis (Continued)

An analysis of sensitivity to currency risk is as follows:

	2021 RMB'000	2020 RMB'000
Increase (decrease) in post-tax profit for the year		
– if RMB weakens against HKD	206	185
– if RMB strengthens against HKD	(206)	(185)

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, restricted bank deposits, bank balances and financial guarantee contracts. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets and financial guarantee contracts under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, are summarised as below.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 98% (2020: 97%) of the total financial assets as at 31 December 2021.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

36. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Restricted bank deposits/bank balances

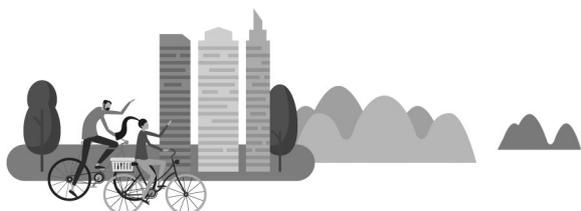
The credit risks on restricted bank deposits and bank balances are limited because the counterparties are banks with high credit ratings assigned by international/national credit-rating agencies. The management of the Group assumed that there is no material increase for the credit risk on deposits during the year. Accordingly, the loss allowance measured under 12m ECL and the amount of impairment is consider insignificant at an amount equal to 12m ECL and no loss allowance was recognised during the years ended 31 December 2021 and 2020.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group is responsible for determination of credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances based on individual basis. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables

For the purpose of impairment assessment for other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For other receivables that there are no significant increase in credit risk since initial recognition, the Group provided impairment based on 12m ECL. There is no material other receivables with significant increase in credit risk other than the credit-impaired debtors. For credit-impaired debtors on other receivables which assessed individually under ECL model, RMB4,489,000 (2020: RMB4,489,000) loss allowance was recognised as at 31 December 2021 of the outstanding amount.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

36. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Financial guarantee contracts

The Group assessed the expected credit loss on financial guarantee contracts on 12m ECL basis. In determining the ECL, the Group has taken into account the historical default experience and forward looking information as appropriate. The directors consider that it is not probable for the Group to sustain a loss under these guarantees as during the periods under guarantees, the Group can take over the ownerships of the related properties under default and sell the properties to recover any amounts paid by the Group to the banks. The Group considers the fair value of these financial guarantee contracts at initial recognition to be minimal. The directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event that the purchasers default payments to the banks for their mortgage loans. There had been no significant increase in credit risk since initial recognition. The Group has considered the consistently low historical default rate in connection with payments and concluded that credit risk inherent in the Group's outstanding balances is insignificant.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB469,862,000 (2020: RMB474,409,000) as at 31 December 2021. At the end of the reporting period, the directors of the Company have performed impairment assessment on ECL, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. No loss allowance was recognised in the profit or loss because the directors of the Company consider that, in case of default in payments, the NRV of the related properties is expected to cover the outstanding mortgage principals together with the accrued interest and penalties because the market price of the properties is higher than the guaranteed amounts. In this regards, the directors of the Company consider the Group's credit risk is significantly reduced.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

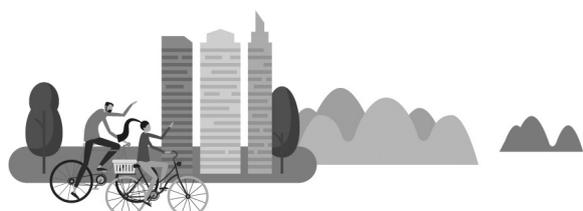
36. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

36. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	2021 Gross carrying amount RMB'000	2020 Gross carrying amount RMB'000
Financial assets at amortised cost						
Trade receivables	21	N/A	Loss	Lifetime ECL (credit-impaired)	16	16
					16	16
Other receivables	21	N/A	(note a)	12m ECL Lifetime ECL (credit-impaired)	3,516 4,489	2,571 4,489
					8,005	7,060
Restricted bank deposits	23	A-AAA	N/A	12m ECL	11,577	20,273
Bank balances	23	A-AAA	N/A	12m ECL	251,000	160,139
Other items						
Financial guarantee contracts (note b)	32	N/A	Low risk	12m ECL	469,862	474,409
Total					740,460	661,897



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

36. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Note a: For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

2021	Past due RMB'000	Not past due/ no fixed repayment terms RMB'000	Total RMB'000
Other receivables	4,489	3,516	8,005

2020	Past due RMB'000	Not past due/ no fixed repayment terms RMB'000	Total RMB'000
Other receivables	4,489	2,571	7,060

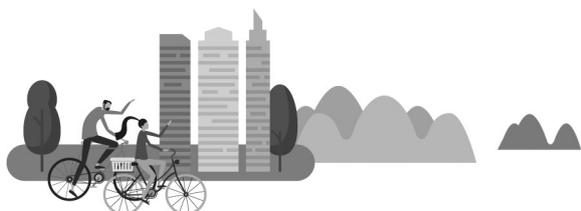
Note b: For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

Gross carrying amount

No allowance or reversal of impairment allowance was made on credit-impaired debtors for the years ended 31 December 2021 and 2020.

The following table shows reconciliation of loss allowances that has been recognised for other receivables:

	Lifetime ECL (credit- impaired) RMB'000
As at 1 January 2020	4,505
Changes due to financial instruments recognised as at 1 January 2020:	
— Impairment losses reversed	(16)
As at 31 December 2020 and 2021	4,489



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

36. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents, bank balances and cash deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturities for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

	Weighted average effective interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
31 December 2021							
Financial liabilities							
Trade and other payables	-	24,116	-	-	-	24,116	24,116
Amount due to a non-controlling interest of subsidiaries	-	93,730	-	-	-	93,730	93,730
Secured bank borrowings	6.20	2,524	13,658	26,514	-	42,696	40,000
Corporate guarantee for mortgage facilities granted to property buyers	-	469,862	-	-	-	469,862	-
		590,232	13,658	26,514	-	630,404	157,846
Other							
Lease liabilities	4.75	-	159	94	-	253	242
		590,232	13,817	26,608	-	630,657	158,088



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

36. FINANCIAL INSTRUMENTS (Continued)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

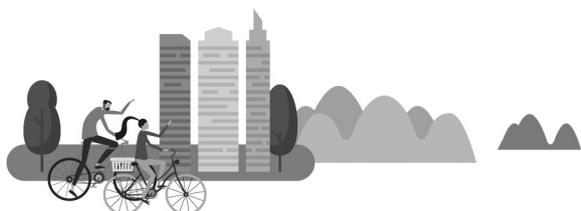
	Weighted average effective interest rate %	On demand or less than 3 months RMB'000	3 months to 1 year RMB'000	1 year to 2 years RMB'000	2 years to 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
31 December 2020							
Financial liabilities							
Trade and other payables	-	45,151	-	-	-	45,151	45,151
Amount due to a non-controlling interest of subsidiaries	-	79,430	-	-	-	79,430	79,430
Corporate guarantee for mortgage facilities granted to property buyers	-	474,409	-	-	-	474,409	-
		598,990	-	-	-	598,990	124,581
Other							
Lease liabilities	4.75	-	534	86	60	680	650
		598,990	534	86	60	599,670	125,231

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

c. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values based on discounted cash flows analysis.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Secured bank borrowings	Amount due to a non- controlling interest of subsidiaries	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	–	25,080	729	25,809
Financing cash flows:				
Advance from a non-controlling interest of subsidiaries	–	54,350	–	54,350
Interest paid	–	–	(36)	(36)
Repayment of lease liabilities	–	–	(484)	(484)
Finance costs	–	–	36	36
New leases entered	–	–	405	405
At 31 December 2020	–	79,430	650	80,080
Financing cash flows:				
Advance from a non-controlling interest of subsidiaries	–	14,300	–	14,300
Interest paid	(799)	–	(28)	(827)
Repayment of lease liabilities	–	–	(549)	(549)
Finance costs	–	–	28	28
Capitalised in properties under development	799	–	–	799
New secured bank borrowings raised	40,000	–	–	40,000
New leases entered	–	–	141	141
At 31 December 2021	40,000	93,730	242	133,972



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

38. RELATED PARTY DISCLOSURES

Apart from details disclosed elsewhere in the consolidated financial statements, the Group has entered into the following significant transaction with a related party during the year ended 31 December 2021:

Name of related party	Nature	2021 RMB'000	2020 RMB'000
福建省德泰物業管理有限公司 Detai Property Management Company Limited * ("Detai Property Management")	Property management services fee paid	546	70

* English name is for identification purpose only

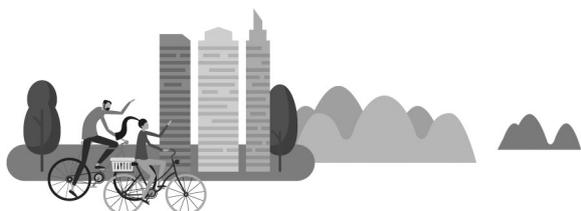
Detai Property Management is beneficially owned by Mr. Shie and Mr. Tsoi and controlled by them acting in concert.

Compensation of key management personnel

The remuneration of directors and other members of key management during the years ended 31 December 2021 and 2020 was as follows:

	2021 RMB'000	2020 RMB'000
Short-term benefits	3,334	3,166
Post-employment benefits	176	112
	3,510	3,278

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals of the Group and market trends.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and fully paid share capital/ paid-up capital/ registered capital	Proportion ownership interest attributable to the Company				Proportion of voting power held by the Company		Principal activities
			Directly		Indirectly		2021	2020	
			2021	2020	2021	2020			
中總(香港)有限公司 China General	Hong Kong	Issued and fully paid share capital HKD488,184,682	100%	100%	-	-	100%	100%	Investment holding
創聯國際控股有限公司 Creative Union Global Holdings Limited	British Virgin Islands	Issued and fully paid share capital United States dollar 100	100%	100%	-	-	100%	100%	Investment holding
駿麗國際投資有限公司 Nice Smart International Investment Limited	Hong Kong	Issued and fully paid share capital HKD1,000	-	-	100%	100%	100%	100%	Investment holding
惠安中總房地產開發有限公司 Hui An China General Real Estate Development Company Limited*	The PRC	Paid-up capital of RMB62,000,000	-	-	98.4%	98.4%	98.4%	98.4%	Property development
福建省厚德企業管理有限公司 Houde Enterprise	The PRC	Paid-up capital of RMB10,000,000	-	-	98.4%	98.4%	98.4%	98.4%	Investment holding
恒德(石獅)投資有限公司 Hengde (Shishi)	The PRC	Paid-up capital of RMB10,000,000	-	-	98.4%	98.4%	98.4%	98.4%	Investment holding
揚州德輝房地產開發有限公司 Yangzhou Dehui Real Estate Development Company Limited*	The PRC	Paid-up capital of RMB100,000,000	-	-	98.4%	98.4%	98.4%	98.4%	Property development
揚州德泰物業服務有限公司 Yangzhou Detai Property Services Company Limited*	The PRC	Paid-up capital of RMB1,000,000	-	-	98.4%	98.4%	98.4%	98.4%	Inactive
富鴻國際集團有限公司 Rich Honour International Group Limited	British Virgin Islands	Issued and fully paid share capital United States dollar 100	100%	100%	-	-	100%	100%	Investment holding
廈門昶勵貿易有限公司 Xiamen Changli Trading Co., Ltd.	The PRC	Paid-up capital of RMB1,000,000	-	-	100%	100%	100%	100%	Inactive
廈門駿燿置業有限公司 Xiamen Junyi Property Co., Ltd.	The PRC	Paid-up capital of RMB10,000,000	-	-	100%	100%	100%	100%	Inactive
息縣德建置業有限公司 Xixian Dejian	The PRC	Paid-up capital of RMB20,000,000	-	-	80%	80%	80%	80%	Property development
廈門建燿德置業有限公司 Xiamen Jianyide Property Co., Ltd	The PRC	Registered capital of RMB10,000,000 and paid-up capital of nil	-	-	75%	75%	75%	75%	Inactive
武岡德建置業有限公司 Wugang Dejian	The PRC	Registered capital of RMB20,000,000 and paid-up capital of nil	-	-	80%	80%	80%	80%	Property development

* English names are for identification purpose only.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

39. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

General information of subsidiaries (Continued)

All PRC established subsidiaries as above are limited liability companies.

All the subsidiaries operate predominantly in their respective places of incorporation/establishment.

None of the subsidiaries had any debt securities subsisting at the end of the reporting periods or at any time during the reporting periods.

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSET		
Investment in subsidiaries	542,101	542,101
CURRENT ASSETS		
Prepayments	388	7
Amount due from a subsidiary	154	127
Bank balances and cash	5,435	4,903
	5,977	5,037
CURRENT LIABILITIES		
Other payables and accruals	1,188	1,434
Amounts due to subsidiaries	31,417	26,553
	32,605	27,987
NET CURRENT LIABILITIES	(26,628)	(22,950)
NET ASSETS	515,473	519,151
CAPITAL AND RESERVES		
Share capital	25,451	25,451
Reserves	490,022	493,700
TOTAL EQUITY	515,473	519,151



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

Movement in the Company's reserves

	Other reserve RMB'000	Share premium RMB'000	Reorganisation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2020	524,285	193,733	37,819	(258,682)	497,155
Loss and total comprehensive expense for the year	–	–	–	(3,455)	(3,455)
At 31 December 2020	524,285	193,733	37,819	(262,137)	493,700
Loss and total comprehensive expense for the year	–	–	–	(3,678)	(3,678)
At 31 December 2021	524,285	193,733	37,819	(265,815)	490,022

41. SUBSEQUENT EVENTS

Subsequent to 31 December 2021, the Group succeeded in a bid of the land use rights of a parcels of land located in Hunan Province in the PRC at the consideration of RMB112 million in January 2022. The land use right grant contract in relation to this transaction was signed on 24 January 2022 and the Group paid the consideration in full in January 2022. This land will be used for development of residential properties for sale.



FIVE YEARS FINANCIAL SUMMARY

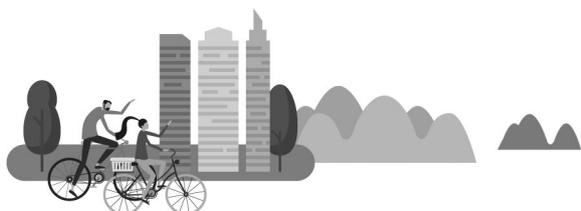
For the year ended 31 December 2021

The consolidated results of the Company for each of the five years ended 31 December 2017, 2018, 2019, 2020 and 2021 and its consolidated assets, liabilities and equity of the Company as at 31 December 2017, 2018, 2019, 2020 and 2021 are those set out in the consolidated financial statements included in this annual report and the Company's annual reports for the four years ended 31 December 2017, 2018, 2019 and 2020.

The summary below does not form part of the audited financial statements included in this annual report.

RESULTS

	For the year ended 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Revenue	105,609	480,024	184,082	159,959	355,869
Cost of sales	(64,966)	(321,638)	(125,418)	(111,795)	(294,767)
Gross profit	40,643	158,386	58,664	48,164	61,102
Other income	4,471	7,732	9,205	4,862	3,257
Other gains and losses	(45)	(244)	36	(44)	(498)
Impairment losses under expected credit loss model, net of reversal	–	16	(655)	–	(2,471)
Net fair value change of investment properties	(1,267)	(1,768)	4,991	751	13,210
Net fair value change upon transfer from properties held for sale to investment properties	–	60	295	–	–
Selling expenses	(5,258)	(8,222)	(6,226)	(4,720)	(8,433)
Administrative expenses	(21,643)	(18,816)	(16,138)	(15,909)	(17,742)
Finance costs	(28)	(36)	(8)	–	(1,435)
Profit before tax	16,873	137,108	50,164	33,104	46,990
Income tax expense	(7,347)	(38,161)	(16,425)	(21,873)	(24,818)
Profit for the year	9,526	98,947	33,739	11,231	22,172
Attributable to:					
Owners of the Company	11,121	98,884	33,144	10,954	21,695
Non-controlling interests	(1,595)	63	595	277	477
	9,526	98,947	33,739	11,231	22,172



FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 December 2021

ASSETS AND LIABILITIES

	As at 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Total assets	1,442,897	1,116,627	1,283,692	1,226,242	1,037,720
Total liabilities	(657,987)	(341,243)	(607,158)	(587,254)	(409,627)
	784,910	775,384	676,534	638,988	628,093
Equity attributable to owners of the Company	772,086	760,965	662,081	628,937	618,319
Non-controlling interests	12,824	14,419	14,453	10,051	9,774
	784,910	775,384	676,534	638,988	628,093



**JIANDE INTERNATIONAL
HOLDINGS LIMITED**
建德國際控股有限公司
