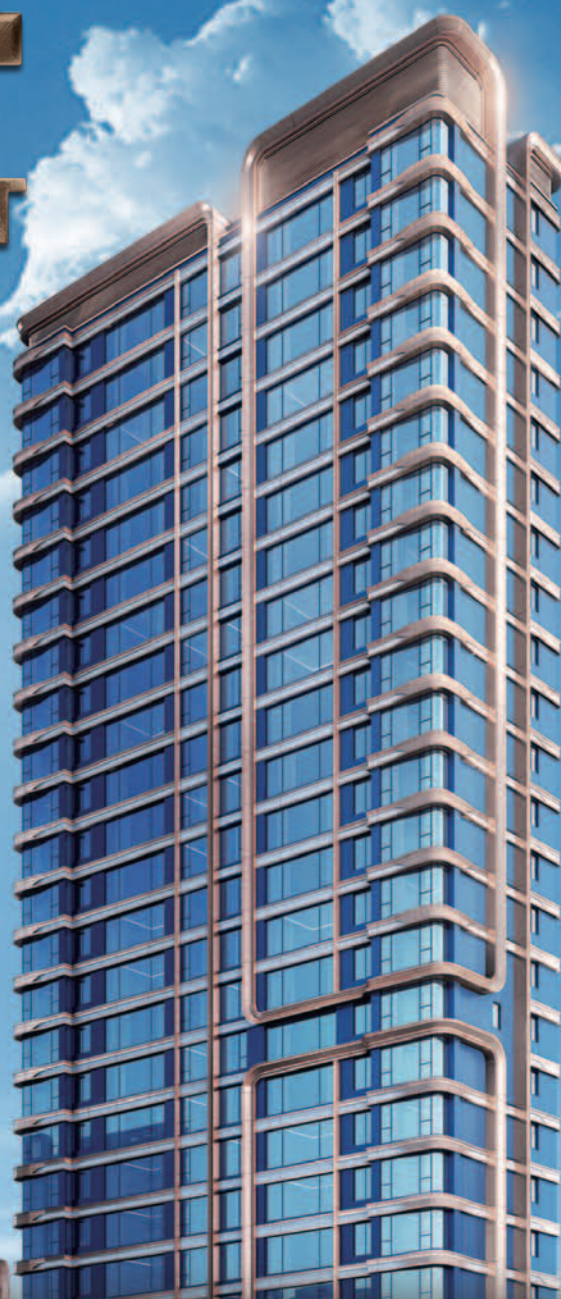


**C&D** 建發國際投資集團有限公司  
C&D International Investment Group Limited

(Incorporated in the Cayman Islands with limited liability)  
Stock Code:1908

# 2022

## ANNUAL REPORT



房地產開發及房地產產業鏈綜合投資服務商  
Real estate development and real estate industry chain investment services

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This annual report is made in English and Chinese. In the case of any inconsistency, the English version shall prevail.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Ms. ZHAO Chengmin (*Chairperson*)  
(appointed as chairperson on 25 August 2022)  
Mr. LIN Weiguo (*Chief Executive Officer*)  
Mr. TIAN Meitan (appointed on 25 August 2022)  
Mr. ZHUANG Yuekai (resigned on 25 August 2022)

### Non-executive Directors

Mr. HUANG Wenzhou  
Ms. YE Yanliu  
Mr. WANG Wenhui

### Independent Non-executive Directors

Mr. WONG Chi Wai  
Mr. WONG Tat Yan, Paul  
Mr. CHAN Chun Yee

## COMPANY SECRETARY

Ms. KAM Mei Ha Wendy (*FCG, HKFCG*)  
(appointed on 9 September 2022)  
Miss LEUNG Ching Ching (*FCG, HKFCG*)  
(resigned on 9 September 2022)

## AUDIT COMMITTEE

Mr. WONG Chi Wai (*Committee Chairman*)  
Mr. WONG Tat Yan, Paul  
Mr. CHAN Chun Yee

## REMUNERATION COMMITTEE

Mr. WONG Tat Yan, Paul (*Committee Chairman*)  
Mr. WONG Chi Wai  
Mr. CHAN Chun Yee

## NOMINATION COMMITTEE

Ms. ZHAO Chengmin (*Committee Chairperson*)  
(appointed as chairperson on 25 August 2022)  
Mr. CHAN Chun Yee  
Mr. WONG Chi Wai  
Mr. WONG Tat Yan, Paul  
Mr. ZHUANG Yuekai (resigned on 25 August 2022)

## INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

## PRINCIPAL BANKERS

(in alphabetical order)  
Agricultural Bank of China Limited  
Bank of Beijing Co., Ltd.  
Bank of China (Hong Kong) Limited  
Bank of China Limited  
Bank of Communications Co., Ltd.  
Bank Of Hangzhou Co., Ltd.  
Bank Of Jiangsu Co., Ltd.  
China Construction Bank Corporation  
China Everbright Bank Company Limited  
China Merchants Bank Co., Ltd.  
China Minsheng Banking Corp., Ltd.  
Industrial and Commercial Bank of China Limited  
Industrial Bank Co., Ltd.  
Ping An Bank Co., Ltd.  
Postal Savings Bank of China  
Shanghai Pudong Development Bank

## REGISTERED OFFICE

Third Floor, Century Yard  
Cricket Square, P.O. Box 902  
Grand Cayman, KY1-1103  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN PRC

C&D International Building  
No.1699 Huandao East Road  
Xiamen, China  
(Postcode: 361008)



# CORPORATE INFORMATION

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office No. 3517  
35th Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road, Hong Kong  
(change of address on 15 August 2022)

## LEGAL ADVISER AS TO HONG KONG LAWS

King & Wood Mallesons

## STOCK CODE

1908

## COMPANY'S WEBSITE

[www.cndintl.com](http://www.cndintl.com)  
(the contents of which do not form part of this annual report)



# CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of C&D International Investment Group Limited ("C&D International Group" or the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2022 (the "Year").

## I. REVIEW OF ECONOMIC LANDSCAPE

In 2022, the downward pressure on the domestic and international economies continued to increase, and the real estate market in China experienced unprecedented challenges. The real estate market sentiment was weak, the scale of commodity housing sales dropped sharply, and consumers' confidence in purchasing houses was weak. Since April 2022, the policy of the industry has entered a loose cycle, and local governments have implemented policies according to their actual situation, aiming to steadily resolve the risks in the real estate sector and boost the confidence in house purchases. According to the National Bureau of Statistics, in 2022, the sales area of commodity housing in China was 1.36 billion sq.m., representing a year-on-year decrease of 24.3%, and the sales amount was RMB13.3 trillion, representing a year-on-year decrease of 26.7%.

In respect of the industry competition landscape, the industry concentration continued to increase, and the development pattern of the industry was further differentiated. Under the major policy of "housing without speculation", real estate enterprises will continue to accelerate the reshuffle, and real estate enterprises with product and service advantages, good operating capabilities and financing advantages will be more competitive.

Regardless of changes in the environment, the Group always adheres to the long-term business philosophy, sticks to quality growth, and maintains a balance between growth, benefits and risks. The Group will enhance the core competence of its property development business, maintain its competitive edge in the real estate industry chain, and continue to create value for customers, the shareholders of the Company (the "Shareholders") and the society. In 2022, the Group achieved quality and steady growth in both revenue and profit on the basis of its sound financial position.

## II. RESULTS AND DIVIDEND

During the Year, the Group achieved operating revenue of approximately RMB99.636 billion (2021: approximately RMB54.565 billion), representing a year-on-year increase of approximately 82.6%; profit for the Year attributable to the equity holders of the Company of approximately RMB4.934 billion (2021: approximately RMB3.553 billion), representing a year-on-year increase of approximately 38.9%.

As of 31 December 2022, the Group's total assets amounted to RMB393.463 billion, of which monetary funds amounted to approximately RMB50.28 billion (accounting for approximately 12.8%) and inventories amounted to approximately RMB256.689 billion (accounting for approximately 65.2%), both accounting for approximately 78.0% of the total assets, maintaining a safe and healthy asset structure.

The board (the "Board") of directors (the "Directors") of the Company recommends the declaration of a final dividend of HK\$1.30 per Share for the Year with scrip dividend election, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "AGM").

# CHAIRMAN'S STATEMENT

## III. BUSINESS REVIEW

In 2022, under the leadership of the Board, the Group focused on the business direction of “improving quality and efficiency, strengthening management, innovating development, and empowering synergy”, and insisted on the development of the Company driven by “products + services”, and all business indicators maintained a growth trend.

### (1) Housing development business: consolidate the foundation of advantages and promote the further improvement of quality and efficiency.

#### 1. *Continue to cultivate core cities and further increase market share.*

Facing the changes in the industry, the Group focused on the three large clusters of Western China, Eastern China and South-eastern China, continued to further develop in core cities, and improved project turnover and quality through effective management of development cycle.

In 2022, the Group achieved total contracted sales of approximately RMB169.1 billion, representing a year-on-year increase of approximately 3%; attributable contracted sales amounted to approximately RMB121.52 billion, representing approximately 72% attributable to the Group. The Group's cash collection from sales was approximately RMB162.2 billion, representing a cash collection ratio of 96%, maintaining high-quality cash collection. According to the third-party sales list, the Group's sales in 32 cities (including county-level cities) ranked top 10 in the local markets, and its competitive advantages and market share in major cities were further enhanced.

#### 2. *Attach importance to the liquidity of assets and continue to replenish high-quality land.*

In 2022, the Group continued to adhere to its prudent investment strategy, focusing on first-tier and second-tier cities. During the Year, the Group acquired 48 new projects with a total amount of RMB82.4 billion. Among them, first-tier and second-tier cities accounted for approximately 91% of the total investment, with a focus on acquiring a number of high-quality projects in Shanghai, Xiamen, Beijing and Hangzhou.

During the Year, the Group had a total land bank of approximately 16.20 million sq.m., of which approximately 76% was attributable to the Group. The land bank is of high quality and has good liquidity.

#### 3. *Adhere to product innovation and research and development, and adhere to high-standard engineering management quality.*

In 2022, the Group continued to increase its efforts in product innovation according to customer needs. While preserving and promoting the traditional Chinese architectural culture and style, the Group also integrated modern building techniques and materials to create a new product series that leads the market, which is beautiful, comfortable and rich in cultural charm. During the Year, the Group launched three new product series, namely “Jianjing Xiandai” (簡精現代), “Shengshi Tangfeng” (盛世唐風) and “Fengya Songyun” (風雅宋韻). During the Year, the Group launched 12 innovative display areas, applied for 81 new patents, and won 57 domestic and foreign architectural product design awards.

# CHAIRMAN'S STATEMENT

## (2) Real estate industry chain: optimize business layout and realize the synergistic growth of industrial value.

The Group adheres to the principle of focusing on real estate development and its business covers the entire real estate industry chain. The Group is committed to becoming a leading “integrated investment service provider for real estate development and real estate industry chain” in China and achieving synergistic growth in the value of the industry chain.

### 1. *C&D Property: eager to share a better life with property owners.*

As a listed company engaged in property management under the Group, C&D Property Management Group Co., Ltd (“C&D Property”, stock code: 2156) has always adhered to the reputation of high-quality services and focused on providing customers with high-quality services. During the Year, the property service satisfaction score of FG Consulting (賽惟) was 93, maintaining the industry benchmark level. As at 31 December 2022, the contracted gross floor area (“GFA”) of property management services of C&D Property was approximately 90.6 million sq.m., representing a year-on-year increase of approximately 22.6%; and the GFA under management of property management services was approximately 46.2 million sq.m., representing a year-on-year increase of approximately 39.8%. On the premise of maintaining service reputation, it achieved continuous improvement in management scale.

Meanwhile, during the Year, C&D Property successfully introduced asset-light commercial property operation management services through resource integration, and explored the formation of a new dual-driven model of “residential + commercial management”. As at 31 December 2022, C&D Property provided services to a total of 20 asset-light business projects through its commercial property operation management platform, with an area of the commercial properties of approximately 0.93 million sq.m.. So far, C&D Property has built an asset-light service system with four areas, namely basic property management services, community value-added and synergy services, value-added services to non-property owners and commercial property operation management services, to steadily achieve quality improvement in scale and efficiency.

### 2. *C&D Holsin: Committed to providing services throughout the entire life cycle of the project.*

In 2021, the Group acquired approximately 29.01% equity interest in A shares of C&D Holsin Engineering Consulting Co., Ltd.\* (建發合誠工程諮詢股份有限公司), (“C&D Holsin”, a company listed on the Shanghai Stock Exchange, stock code: 603909), which improved the Group's layout of the industry chain in the engineering management services.



# CHAIRMAN'S STATEMENT

Since the acquisition, C&D Holsin has fully utilized its own advantages and actively integrated into the Group's real estate industrial chain, especially in the fields of construction, architectural design and construction supervision. In 2022, C&D Holsin provided technical services such as design, supervision and construction for certain of the Group's property development projects, achieving good construction quality control, improving the overall project operation and management efficiency, and laying a foundation for further synergy in the future.

In addition, in respect of the research and development and application of engineering technology, C&D Holsin also gave full play to its advantages in engineering technology standards and project construction experience. During the Year, it promoted 11 key research and development projects, 9 vertical research and development projects and standards, obtained 25 intellectual property rights, obtained the China National Accreditation Service for Conformity Assessment (中國合格評定國家認可委員會) (CNAS) certification for the first time, and won the Zhan Tianyou Railway Science and Technology Award (詹天佑鐵道科學技術獎), the Science and Technology Progress Award of China Local Railway Association (中國地方鐵路協會) and other important awards.

### **(3) Operation management: improve the organization management capability and strengthen the endogenous driving force.**

In respect of management structure, at the beginning of 2022, the Group carried out organizational structure reform and implemented a four-level management structure of "group-cluster-business-project" (集團-集群-事業部-項目). With the goal of jointly promoting business development, the Group enhanced the value creation of the headquarters and strengthened the front-line empowerment; and the rights and responsibilities of each management level were transparent and coordinated to jointly promote the high-quality development of the Company.

In respect of information construction, the Group has been closely following the cutting-edge information technology, and gradually built an information management system covering real estate development, property management services, commercial property operation and management and other fields under the guidance of digitalization, intelligence and marketization, which strongly supported the high-quality development of the Group.

In respect of financial management, the Group further improved the comprehensive utilization efficiency of funds, and reduced the overall finance costs by adjusting the debt maturity structure. As at 31 December 2022, the average finance cost of the Group's existing interest-bearing borrowings was approximately 4.33%, representing a year-on-year decrease of approximately 36 basis points. At the same time, the Group continued to manage and control the scale of debts. As at 31 December 2022, all indicators of the "Three Red Lines" remained green, laying a solid foundation for sustainable development.

Leveraging its high-quality fundamentals and sound financial strategy, during the Year, the Group has won the "Most Growth Award" (最具成長獎), "Most Investment Value Award" (最具投資價值獎), "Best IR Team" (最佳IR團隊) and other awards in the "Gelonghui • Best Listed Company in Greater China" (格隆匯•大中華區最佳上市公司) for four consecutive years. Meanwhile, in September 2022, the stock of the Company was selected into the Hang Seng Composite MidCap Index and the Shanghai-Hong Kong Stock Connect Index, and the premium fundamentals were recognized by the capital market.

# CHAIRMAN'S STATEMENT

## IV. FUTURE DEVELOPMENT PROSPECT

Looking forward, the market space of the real estate industry remains huge and may further show the characteristics of differentiation. Facing the complex and ever-changing market, the Group will adapt to the situation and actively respond to:

**(1) In the face of market and industry differentiation, we will continue to adhere to a prudent investment strategy.**

In the face of the volatile market environment, the Group will always adhere to the layout of asset structure with high liquidity. The Group will continue to adhere to the investment strategy of acquiring "high liquidity + high profit + good location" projects, and deeply cultivate first-tier and second-tier cities with good economic growth and net population inflow and strong third-tier cities.

The Group will continue to strengthen its sales and cash flow management, give full play to its advantages in products and services, and grasp the investment window period. On the basis of adhering to the investment focus and return requirements, the Group will adopt a combination of open market land acquisition and mergers and acquisitions to improve the quality of land reserves, raise the sales safety coefficient, and strive to achieve quality scale growth.

**(2) In the face of severe market competition, the internal operation efficiency will be further improved.**

The domestic real estate industry is undergoing a major reform and challenge, and the industry concentration will continue to increase. In the face of competition from excellent companies in the industry, the Group will further strengthen its internal capabilities, make up for shortcomings, improve capabilities, and promote the optimisation of organisational structure, so as to make the responsibilities clearer, management flattened and decision-making more efficient.

By creating value under its management, the Group will further improve the efficiency of internal operation, increase efficiency and control risks through management, including strengthening monthly operation analysis and timely resolving risks; continuously optimising the operation system and realising the online tracking system; improving the application of digital platforms and accelerating the establishment of shared centres.

Meanwhile, the Group will continue to improve team building capabilities, and continue to promote and create a simple, relaxed and cooperative team spirit. It respects employees and values talents, and attach great importance to providing employees with suitable platforms and space for development.

# CHAIRMAN'S STATEMENT

## **(3) In the face of the gradually improving quality requirements in the industry, we will further build up our core product capabilities.**

In the future, the pursuit of quality by customers, property owners or developers will be the main theme of the industry development. Only enterprises with good reputation in products and services can win in the competition.

The Group will continue to strengthen the system building of core product capabilities (including products + services + brands), optimise research and development mechanism and increase research and development investment; strengthen the management of the entire project business process to ensure product quality; strengthen research on new technologies and enhance scenario application. It will combine traditional business with new technologies and intelligent systems, and continuously optimise and update them to enhance its core competitive advantages.

In 2023, the Group will actively adapt to national policies and directions, adhere to quality growth, and maintain a balance between growth, efficiency and risk. It will enhance the core capabilities of the real estate development business and maintain the competitive advantages of the real estate industry chain. The Group will make joint efforts, give full play to its advantages, adhere to the spirit of innovation and development, pursue excellence in craftsmanship, seize opportunities, and strive to achieve new leapfrog development, in order to continue to create greater value for customers, the Shareholders and the society.

## **APPRECIATION**

I would like to take this opportunity to express my sincere gratitude to the members of the Board and all the staff for their dedication, professionalism and determination to the Company. I would also like to extend my heartfelt appreciation to the Shareholders and business partners for their support and trust.

**C&D International Investment Group Limited**  
**Zhao Chengmin**  
*Chairperson and Executive Director*

Hong Kong, 30 March 2023



# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

In 2022, the downward pressure on the domestic and international economies continued to increase, and the real estate market in China experienced unprecedented challenges. The real estate market sentiment was weak. The scale of commodity housing sales dropped sharply. Consumers' confidence in purchasing houses was weak. Since April 2022, the policy environment of the industry has entered a loose cycle, and local governments have implemented policies according to their actual situation, aiming to steadily resolve the risks in the real estate sector and boost confidence in house purchases. According to the National Bureau of Statistics, in 2022, the sales area of commodity housing in China was 1.36 billion sq.m., representing a year-on-year decrease of 24.3%, and the sales amount was RMB 13.3 trillion, representing a year-on-year decrease of 26.7%.

In terms of the industry competitive landscape, the industry concentration continued to increase, and the development pattern of the industry was further differentiated. Under the policy keynote of "housing without speculation", real estate enterprises will continue to accelerate the reshuffle, and real estate enterprises with product and service advantages, good operation capabilities and financing advantages will be more competitive.

Regardless of changes in the environment, the Group always adheres to the long-term business philosophy and quality growth.

## BUSINESS REVIEW

The Group is principally engaged in the business of property development, real estate industry chain investment services and emerging industry investment. During the Year, the main source of revenue for the Company was property development.

During the Year, the revenue of the Group was approximately RMB99,635.50 million, representing a year-on-year increase of approximately RMB45,070.62 million (approximately 82.6%) as compared with the previous financial year (restated). The gross profit of the Group amounted to approximately RMB15,219.41 million, increased by approximately RMB6,140.66 million (approximately 67.6%) as compared with the previous financial year (restated). Profit for the Year increased from approximately RMB4,149 million for the year ended 31 December 2021 (restated) to approximately RMB5,562 million in the Year. The profit attributable to the equity holders of the Company increased by approximately RMB1,381.45 million (approximately 38.9%) to approximately RMB4,933.97 million as compared with the previous financial year (restated).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Property Development Business

During the Year, the Group's revenue from property development business was approximately RMB96,647.65 million, representing increase of approximately RMB44,072.87 million as compared with the previous financial year and accounting for approximately 97% of the Group's total revenue. During the Year, the GFA of delivered properties was approximately 4.6462 million sq.m., representing an increase of approximately 1.1648 million sq.m. as compared with the previous financial year.

The amount recognised for sales by city in 2021 and 2022 are set out in the following table:

City	Amount (RMB ten thousand)	
	2022	2021
Xiamen	2,710,401	1,085,894
Shanghai	844,021	177,169
Wuxi	673,054	70,433
Fuzhou	621,407	244,940
Hangzhou	574,321	–
Suzhou	546,062	1,173,194
Nanning	501,163	329,419
Zhangzhou	446,249	394,054
Nanjing	401,377	177,047
Putian	388,168	461,333
Ningde	376,076	227,180
Guangzhou	310,600	281,753
Nanping	262,499	193,535
Zhuhai	241,437	44,784
Changsha	183,716	18,609
Longyan	125,523	132,214
Quanzhou	117,956	746
Bengbu	101,040	–
Wuhan	88,751	128,420
Shaoxing	75,940	–
Guiyang	63,614	–
Sydney	6,720	–
Shenzhen	4,670	116,264
Sanming	–	490
<b>Total</b>	<b>9,664,765</b>	<b>5,257,478</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Contracted Sales

During the Year, the Group, together with its joint ventures and associates, achieved the cumulative contracted sales attributable to the Shareholders of approximately RMB121.52 billion, representing a decrease of approximately 6.6% as compared to the previous financial year. As at 31 December 2022, the cumulative contracted sales GFA attributable to the Shareholders was approximately 6.096 million sq.m., representing a decrease of approximately 10.7% as compared to the previous financial year.

The amount and GFA sold for contracted sales attributable to the Shareholders by city in 2021 and 2022 are set out in the following table:

City	2022		2021	
	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)
Xiamen	1,483,684	343,335	2,509,952	698,444
Shanghai	961,565	177,926	789,149	190,605
Beijing	837,205	133,849	220,337	29,395
Hangzhou	705,117	155,588	593,704	244,092
Chengdu	687,103	251,781	873,488	262,580
Fuzhou	621,738	229,447	989,113	499,756
Quanzhou	603,217	525,331	514,501	565,431
Ningbo	578,496	166,331	54,334	21,353
Zhangzhou	541,935	510,281	525,796	484,223
Wuxi	539,965	263,813	858,691	367,105
Changsha	465,253	398,657	317,491	245,001
Nanchang	370,800	220,096	59,078	33,480
Nanning	352,285	269,473	490,688	264,036
Suzhou	345,626	208,062	957,330	647,360
Putian	279,194	191,275	330,080	266,999
Ningde	232,628	195,999	440,959	334,583
Foshan	211,014	127,227	134,463	55,755
Hefei	207,458	90,262	–	–
Longyan	195,479	164,274	190,728	158,681
Guiyang	167,305	169,752	121,688	135,133
Nanjing	166,978	50,852	643,913	315,696
Nanping	152,005	196,064	212,621	256,379
Nantong	140,190	77,587	50,411	26,789
Jinan	105,526	112,985	29,221	28,197
Taizhou	102,393	33,119	–	–
Guangzhou	90,721	22,462	123,409	27,011
Xuzhou	89,515	50,080	–	–
Wenzhou	84,378	33,392	11,026	4,007
Shangrao	82,517	115,358	11,147	16,327
Shaoxing	77,432	19,574	72,487	30,253
Jiangmen	69,298	56,746	–	–



## MANAGEMENT DISCUSSION AND ANALYSIS

City	2022		2021	
	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)	Amount Sold (RMB ten thousand)	GFA Sold (sq.m.)
Zhuzhou	60,145	86,435	110,746	147,118
Bengbu	55,679	44,763	116,404	89,530
Zhuhai	55,288	36,848	183,437	60,854
Liuzhou	55,092	53,265	23,136	20,630
Huai'an	54,910	29,048	84,968	42,092
Suqian	50,612	36,102	50,066	21,653
Yiwu	47,394	12,149	136	149
Yiyang	45,384	69,794	55,903	77,956
Huangshi	41,021	49,285	–	–
Chongqing	37,716	22,288	159,095	91,392
Lu'an	34,110	33,927	18,753	17,912
Jiujiang	30,365	37,423	579	733
Wuhan	25,923	14,892	57,399	40,085
Yancheng	7,647	7,599	4,033	3,734
Shenzhen	2,956	736	18,731	4,355
<b>Total</b>	<b>12,152,262</b>	<b>6,095,532</b>	<b>13,009,191</b>	<b>6,826,864</b>

### Land Reserves

As at 31 December 2022, the aggregate saleable GFA of land reserves of the Group was approximately 16.204 million sq.m., with a total of 251 projects in China.

The amount of saleable GFA and attributable GFA of land reserves by city in 2021 and 2022 are set out in the following table:

City	2022		2021	
	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)
Wuxi	1,157,541	715,071	1,141,113	801,988
Guiyang	950,180	950,180	500,527	450,474
Changsha	908,869	706,301	1,165,958	838,849
Putian	792,105	427,361	1,043,440	569,159
Zhuzhou	779,729	779,729	867,804	867,804
Xiamen	694,516	493,981	709,922	601,463
Fuzhou	691,229	496,935	784,480	484,107

# MANAGEMENT DISCUSSION AND ANALYSIS

City	2022		2021	
	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)	Saleable GFA (sq.m.)	Attributable GFA (sq.m.)
Suzhou	628,977	464,122	739,342	481,884
Shanghai	568,964	510,148	423,834	323,022
Zhangzhou	560,010	357,110	819,550	585,222
Suqian	551,944	551,944	588,103	588,103
Chengdu	463,806	424,553	809,476	723,574
Huangshi	462,546	462,546	515,513	515,513
Ningde	444,488	276,020	349,303	284,240
Huai'an	441,307	353,046	446,716	357,373
Wenzhou	428,276	154,532	529,619	199,588
Nanning	419,308	387,616	711,569	661,753
Quanzhou	398,501	323,200	736,512	635,808
Nanjing	358,957	268,166	314,691	297,773
Nanchang	351,667	182,753	388,707	190,466
Jinan	322,325	322,325	445,020	445,020
Longyan	305,125	254,111	490,767	418,034
Jiangmen	301,023	203,880	368,509	262,598
Chongqing	263,536	173,635	63,267	63,267
Foshan	261,334	197,220	418,902	191,099
Yiyang	256,182	256,182	329,793	329,793
Nanping	252,988	186,130	515,531	389,488
Beijing	240,161	187,098	97,658	85,010
Nantong	200,248	185,240	282,007	203,176
Hefei	171,370	109,273	413,319	257,631
Hangzhou	166,745	93,884	246,408	170,891
Yancheng	165,366	81,029	179,731	88,068
Shangrao	160,241	116,216	306,291	233,561
Bengbu	154,198	154,198	196,559	196,559
Guangzhou	153,583	132,694	227,168	186,626
Wuhan	143,796	117,451	83,721	41,982
Ningbo	118,076	94,461	326,391	261,112
Jiujiang	106,715	68,875	171,734	110,941
Yiwu	102,798	33,923	139,600	46,068
Taizhou	98,577	49,424	158,956	62,275
Xuzhou	70,093	70,093	119,524	119,524
Shaoxing	63,784	33,172	97,923	52,649
Zhuhai	47,383	47,383	84,202	84,202
Liuzhou	18,862	18,862	72,077	72,077
Shenzhen	6,371	3,249	7,815	3,986
Sydney	–	–	7,663	4,598
Sanming	–	–	7,623	3,888
<b>Total</b>	<b>16,203,800</b>	<b>12,475,322</b>	<b>19,444,338</b>	<b>14,842,286</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The following table sets forth the Group's revenue from each of these segments and as a percentage of the total revenue for the relevant financial years:

	2022		2021 (Restated)	
	RMB'000	%	RMB'000	%
Property development	<b>96,647,645</b>	<b>97.00</b>	52,574,784	96.35
Property management and other related services ( <i>Note</i> )	<b>2,987,856</b>	<b>3.00</b>	1,990,094	3.65
<b>Total</b>	<b>99,635,501</b>	<b>100.00</b>	54,564,878	100.00

*Note:* Represents income from property management services, construction management services, entrusted construction services and other related services.

#### *Property development*

Revenue from property development increased by approximately RMB44,072.87 million from approximately RMB52,574.78 million for the year ended 31 December 2021 to approximately RMB96,647.65 million for the Year. Saleable GFA delivered for each of the years ended 31 December 2021 and 2022 were approximately 3.4814 million sq.m. and approximately 4.6462 million sq.m., respectively. The revenue derived from property development for the Year increased mainly due to the increase in saleable GFA delivered.

#### *Property management services*

Upon completion of the transactions contemplated under the share sale and purchase agreement dated 29 March 2022 entered into between the Company and Well Land (the "Share Sale and Purchase Agreement") and the voting rights entrustment agreement dated 29 March 2022 entered into between the Company and Well Land (the "Voting Rights Entrustment Agreement") becoming effective on 23 May 2022 (the "C&D Property Transaction"), revenue from property management services generated by the C&D Property Group is included in the consolidated financial statements of the Group and related comparative figures have been restated. Revenue from property management services for the Year increased by approximately RMB535 million from approximately RMB1,123.02 million for the year ended 31 December 2021 (restated) to approximately RMB1,658.02 million for the Year. As at 31 December 2022, the property management segment of the Group has provided quality services for more than 280,000 households, covering 60 cities across 16 provinces, municipalities and autonomous regions in the PRC, with the contracted GFA was approximately 90.6 million sq.m..

#### *Other related services*

Other related services during the Year mainly included construction management services income, entrusted construction services income and other related services income. The total external income of these remaining segments was approximately RMB1,329.83 million while that of 2021 was approximately RMB867.08 million. The increase was mainly due to the construction management services income contributed by C&D Holsin Engineering Consulting Co., Ltd., the acquisition of which was completed on 22 December 2021, during the Year.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of Sales

Cost of sales increased by approximately RMB38,929.97 million from approximately RMB45,486.12 million for the year ended 31 December 2021 (restated) to approximately RMB84,416.09 million for the Year. This result was primarily attributable to the increase in saleable GFA sold and delivered during the Year.

## Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB9,078.76 million and RMB15,219.41 million for each of the two years ended 31 December 2021 (restated) and 2022 respectively, representing a gross profit margin of approximately 16.6% and 15.3% respectively. The slight decrease in gross profit margin was mainly due to the lower gross profit margin level of projects delivered with income carried forward during the Year as compared with the previous financial year.

## Other Net Gain

Other net gain increased from approximately RMB721.94 million for the year ended 31 December 2021 (restated) to approximately RMB1,474.16 million for the Year. The increase was mainly due to an increase in interest income and gain on derecognition of financial liabilities at amortised cost in the Year.

## Borrowing Costs

Borrowing costs incurred for the construction projects under development were capitalised during the Year. Other borrowing costs were expensed when incurred.

Total borrowing costs (excluding the significant financing component of contract liabilities and the finance charges on lease liabilities) decreased slightly from approximately RMB4,079.29 million for the year ended 31 December 2021 (restated) to approximately RMB4,015.10 million for the Year. The decrease was mainly due to average financing interest rate decreased slightly as compared with the previous financial year.

## Loss on Changes in Fair Value of Investment Properties

The loss on changes in fair value of investment properties was approximately RMB33.89 million for the Year (2021: loss of approximately RMB21.36 million). The loss reflected the adjustments in the value of investment properties during the Year.

## Administrative Expenses

Administrative expenses increased by approximately RMB3,423.03 million to approximately RMB4,442.44 million for the Year from approximately RMB1,019.41 million for the year ended 31 December 2021 (restated). This was primarily due to an increase in the provision for inventories of properties during the Year.

## Selling Expenses

Selling expenses increased by approximately RMB863.56 million to approximately RMB3,563.79 million for the Year from approximately RMB2,700.23 million for the year ended 31 December 2021 (restated). It was mainly due to the increase in labour costs as well as marketing expenses such as advertising and business promotion expenses during the Year.

## Profit before Income Tax

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB8,485.10 million for the Year, representing an increase of approximately RMB2,630.80 million (approximately 44.9%) from a profit of approximately RMB5,854.30 million in the previous financial year (restated).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Income Tax Expense

Income tax expense increased from approximately RMB1,705.22 million in the previous financial year (restated) to approximately RMB2,923.19 million for the Year. The increase in income tax expense was mainly due to the increase in income from property development during the Year.

## Profit for the Year Attributable to the Equity Holders of the Company

The profit attributable to the equity holders of the Company increased by approximately RMB1,381.45 million (approximately 38.9%) from approximately RMB3,552.52 million in the previous financial year (restated) to approximately RMB4,933.97 million for the Year.

## Liquidity and Financial Resources

The long-term funding and working capital required by the Group were primarily derived from income generated from core business operations, bank borrowings, loans from intermediate holding company and cash proceeds derived from receipt in advance from the pre-sale of properties, which were used to finance its business operations and investment in construction projects. The Group's liquidity position was well-managed during the Year.

The Group continued to adopt a prudent financing policy and sustain a sound capital structure with healthy cash flow. As at 31 December 2022, the Group's cash at banks and on hand amounted to approximately RMB50,280.06 million (as at 31 December 2021 (restated): approximately RMB48,351.46 million) while total assets and net assets (after deducting non-controlling interests) were approximately RMB393,463.17 million (as at 31 December 2021 (restated): approximately RMB346,086.50 million) and approximately RMB31,637.22 million (as at 31 December 2021 (restated): approximately RMB26,951.73 million) respectively. As at 31 December 2022, the Group's working capital amounted to approximately RMB133,157.79 million (as at 31 December 2021 (restated): approximately RMB118,561.24 million). As at 31 December 2022, the Group recorded net debt of approximately RMB41,767.35 million (as at 31 December 2021 (restated): approximately RMB37,509.27 million) with net debt to equity ratio of approximately 52.59% (as at 31 December 2021 (restated): approximately 58.36%).

As at 31 December 2022, the Group had (i) interest-bearing borrowings of approximately RMB44.66 million denominated in HK\$ which borne an interest rate at 6.49% (as at 31 December 2021: approximately RMB621.38 million and approximately RMB14.84 million denominated in HK\$ and AUD respectively, with an interest rate ranging from 1.95% to 2.75% and at 4.27% per annum respectively) per annum; (ii) interest-bearing borrowings of approximately RMB41,613.37 million denominated in RMB which borne an interest rate ranging from 1.95% to 6.5% (as at 31 December 2021: approximately RMB43,029.09 million, with an interest rate ranging from 3.8% to 6.5% per annum) per annum; (iii) loans from intermediate holding company of approximately RMB47,679.93 million denominated in RMB which borne an interest rate at 4.81% (as at 31 December 2021: approximately RMB37,637.87 million, with an interest rate at 4.81% per annum) per annum; (iv) the amounts due to non-controlling shareholders of the Company of approximately RMB1,238.59 million denominated in RMB which borne an interest rate ranging from 4.35% to 10% (as at 31 December 2021: approximately RMB12.34 million and approximately RMB3,659.36 million denominated in AUD and RMB respectively, with an interest rate at 6% and ranging from 4.35% to 10% per annum respectively) per annum; and (v) the amounts due to associates of the Company of approximately RMB1,470.86 million denominated in RMB which borne an interest rate ranging from 3.43% to 4.75% (as at 31 December 2021: approximately RMB885.85 million, with an interest rate ranging from 4.35% to 6% per annum) per annum. No particular trend of seasonality was observed for the Group's borrowing requirements for the Year.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group's gearing ratio (total borrowings divided by total equity) as at 31 December 2022 decreased to 115.90% (as at 31 December 2021 (restated): 133.60%) due to an increase in contribution from the non-controlling shareholders of the Group during the Year.

Of the total borrowings, approximately RMB8,599.68 million are repayable within one year while approximately RMB82,714.81 million are repayable after one year but within five years.

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents which the management considers to be adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitors its net current assets/liabilities and the utilisation of borrowings to ensure efficient use of the available banking facilities and compliance with loan covenants.

## Financial Guarantee Contracts

The Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance as at 31 December 2022 was approximately RMB75,072.62 million (as at 31 December 2021: approximately RMB64,588.36 million). The increase in balance was mainly attributable to the increase of pre-sale real estate mortgage loan due to the increase of the sales of property projects in the Year.

## Capital Commitments

Capital commitments were those contracts that were concluded but not provided for leasehold improvement, prepayments for intended projects that were concluded but not provided for allowance, nor for the construction of properties under development. The capital commitment balance was approximately RMB45,242.16 million as at 31 December 2022 (as at 31 December 2021: approximately RMB40,395.96 million). The increase was mainly attributable to the increase in properties under development that were concluded but not provided for allowance during the Year as compared with 2021.

## Pledge of Assets

As at 31 December 2022, the Group's bank loan was secured by legal charges in respect of property, plant and equipment with carrying value of approximately RMB3.94 million (as at 31 December 2021: approximately RMB22.05 million), right-of-use assets with carrying value of approximately RMBNil (as at 31 December 2021: approximately RMB10.93 million), investment properties with a fair value of approximately RMB652.66 million (as at 31 December 2021: approximately RMB684.46 million) and properties under development with carrying value of approximately RMB44,890.94 million (as at 31 December 2021: approximately RMB47,102.44 million).

## Capital Structure

As at 31 December 2022, the Company's issued share capital was HK\$173,802,089.1, divided into 1,738,020,891 ordinary shares (the "Shares") of HK\$0.1 each (as at 31 December 2021: HK\$137,782,020.4, divided into 1,377,820,204 Shares).

## Foreign Currency Exposure

The business operations of the Company's subsidiaries were conducted mainly in the PRC with revenues and expenses denominated mainly in RMB.

As at 31 December 2022, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

# MANAGEMENT DISCUSSION AND ANALYSIS

As the Directors considered the Group's foreign exchange risk to be insignificant, the Group did not use any financial instruments for hedging purposes during the Year.

## Contingent Liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities (as at 31 December 2021: Nil).

## Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Joint Ventures And Associates

During the Year, the Group did not hold any significant investment or significant securities investment as part of its asset portfolio, or had no material acquisition or disposal of subsidiaries, joint ventures and associates.

## Employees and Emolument Policy

As at 31 December 2022, the Group employed a total of 19,594 full-time employees (as at 31 December 2021 (restated): 13,729 full-time employees (including the C&D Property Group)). Total staff costs, including Directors' emoluments, of the Group were approximately RMB3,599.55 million for the Year (2021 (restated): approximately RMB2,833.88 million). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment that commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses are offered to those staff with outstanding performance. A share option scheme and restricted share incentive schemes have been adopted to attract and retain eligible employees to contribute to the Group.

The same remuneration philosophy is also applicable to the Directors. Apart from benchmarking against the market, the Company reviews individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

## KEY RISK FACTORS AND UNCERTAINTIES

The property market in China is affected by a number of factors, such as changes in social, political, economic and legal environment and the government's undertakings of fiscal, economic, monetary, industrial and environmental policies. Changes in macro-economic conditions, consumer confidence, consumption spending, and consumption preferences may also affect the Group's business. As such, the Group, taking into account the market situations, implements locally differentiated investment and marketing strategies and nurtures a number of projects across different regional markets so as to reduce reliance on individual markets. In addition, the Group's operations are exposed to a variety of idiosyncratic risks in property development, property investment, and property related businesses. Default by buyers and partners, manual and systematic negligence or mistake in internal processes, and other external factors may have impact on operation. The Epidemic may also have negative influences on the property industry operations and consumers' property preferences, if there are any changes as to the situation in relation to the Epidemic. In addition to the aforesaid factors, other risk factors and uncertainties may exist.

## EVENTS AFTER REPORTING DATE

Details of the events after the reporting date of the Group are set out in note 48 to the consolidated financial statements contained in this report.



# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK AND PROSPECT

Looking forward, the market space of the real estate industry remains huge and may further show the characteristics of differentiation. Facing the complex and ever-changing market, the Group will adapt to the situation and actively respond to:

**(1) In the face of market and industry differentiation, the Group will continue to adhere to a prudent investment strategy.**

In the face of the volatile market environment, the Group will always adhere to the layout of asset structure with high liquidity. The Group will continue to adhere to the investment strategy of acquiring “high liquidity + high profit + good location” projects, and deeply cultivate first-tier and second-tier cities with good economic growth and net population inflow and strong third-tier cities.

The Group will continue to strengthen its sales and cash flow management, give full play to its advantages in products and services, and grasp the investment window period. On the basis of adhering to the investment focus and return requirements, the Group will adopt a combination of open market land acquisitions and mergers and acquisitions to improve the quality of land reserves, raise the sales safety coefficient, and strive to achieve quality scale growth.

**(2) In the face of severe market competition, the internal operation efficiency will be further improved.**

The domestic real estate industry is undergoing a major reform and challenge, and the industry concentration will continue to increase. In the face of competition from excellent companies in the industry, the Group will further strengthen its internal capabilities, make up for shortcomings, improve capabilities, and promote the optimisation of organisational structure, so as to make the responsibilities clearer, management flattened and decision-making more efficient.

By creating value under its management, the Group will further improve the efficiency of internal operation, increase efficiency and control risks through management, including strengthening monthly operation analysis and timely resolving risks; continuously optimising the operation system and realising the online tracking system; improving the application of digital platform and accelerating the establishment of shared centre.

Meanwhile, the Group will continue to improve team building capabilities, and continue to promote and create a simple, relaxed and cooperative team spirit. It respects employees and values talents, and attaches great importance to providing employees with suitable platforms and space for development.

# MANAGEMENT DISCUSSION AND ANALYSIS

**(3) In the face of the gradually improving quality requirements in the industry, the Group will further build up its core product capabilities.**

In the future, the pursuit of quality by customers, property owners and developers will be the main theme of the industry development. Only enterprises with good reputation in products and services can win in the competition.

The Group will continue to strengthen the system building of core product capabilities (including products + services + brands), optimise research and development mechanism and increase research and development investment, strengthen the management of the entire project business process to ensure product quality, strengthen research on new technologies and enhance scenario application. It will combine traditional business with new technologies and intelligent systems, and continuously optimise and update them to enhance its core competitive advantages.

In 2023, the Group will actively adapt to national policies and directions, adhere to quality growth, and maintain a balance among growth, efficiency and risk. It will enhance the core capabilities of the real estate development business and maintain the competitive advantages of the real estate industry chain. The Group will make joint efforts, give full play to its advantages, adhere to the spirit of innovation and development, pursue excellence in craftsmanship, seize opportunities, and strive to achieve new leapfrog development, in order to continue to create greater value for customers, the Shareholders and the society.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

### **Ms. ZHAO Chengmin (趙呈閩女士) (“Ms. Zhao”)**

Ms. Zhao, aged 54, was appointed as an executive Director on 10 February 2015 and was appointed as the chairperson of the Board (the “Chairman” or “Chairperson”) and the chairperson of the nomination committee of the Board (the “Nomination Committee”) on 25 August 2022. She was appointed as deputy executive officer on 20 March 2015 and resigned the position on 15 March 2016. She was one of the authorised representatives of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Ms. Zhao graduated from Xiamen University with a master’s degree in business administration and is a senior accountant. Ms. Zhao has engaged in financial work for more than 30 years, accumulating a wealth of financial management experience.

Ms. Zhao has joined Xiamen C&D Corporation Limited (“Xiamen C&D”) since September 1990 and worked in C&D Real Estate Corporation Limited (“C&D Real Estate”) for many years. She currently serves as, among others, a director of Xiamen C&D, the chairperson and the secretary of the party committee of C&D Real Estate, a director of Well Land International Limited (益能國際有限公司) (“Well Land”) and Well Honour International Limited (益鴻國際有限公司) (“Well Honour”), etc.. Ms. Zhao worked as finance controller and vice-general manager in Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870).

Xiamen C&D is the holding company of Xiamen C&D Inc., a company listed on the Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate. C&D Real Estate is the holding company of Well Honour which, in turn, is the holding company of Well Land, a controlling shareholder of the Company.

### **Mr. LIN Weiguo (林偉國先生) (“Mr. Lin”)**

Mr. Lin, aged 44, was appointed as an executive Director and the chief executive officer of the Company on 21 March 2019 and was appointed as one of the authorised representatives of the Company under Rule 3.05 of the Listing Rules on 28 December 2022. He was appointed as the financial controller of the Company from 20 March 2015 to 15 March 2016, and the chief operating officer of the Company from 15 March 2016 to 21 March 2019. Before joining the Group, he served as a financial manager, manager, regional sales director of a branch of Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870). He thereafter joined C&D Real Estate in 2007 and served as its financial controller, assistant to general manager and vice general manager. He is currently a director and a general manager and the vice secretary of the party committee of C&D Real Estate, a director and the legal representative of some subsidiaries of C&D Real Estate and the Group. He has been appointed as a member of the party committee of Xiamen C&D since February 2023. He has been a non-executive director of C&D Property since September 2020 and was appointed as the chairman of the board of C&D Property on 25 August 2022. He was appointed as a director of C&D Holsin in December 2021 and was appointed as the chairman of C&D Holsin in August 2022.

Mr. Lin holds a bachelor’s degree in accounting from Anhui University of Finance and Economics in 2010. He is a senior economist and a senior accountant.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## **Mr. TIAN Meitan (田美坦先生) (“Mr. Tian”)**

Mr. Tian, aged 45, was appointed as an executive Director on 25 August 2022. Mr. Tian joined C&D Real Estate in 2012 and served as deputy general manager of Shanghai Business Department, general manager of Suzhou Business Department, general manager and chairman of East-China Branch of C&D Real Estate. He is currently the chairman of East-China Branch of C&D Real Estate. He is currently the deputy general manager of C&D Real Estate, the chairman of East-China Branch of C&D Real Estate, a director and legal representative of some subsidiaries of C&D Real Estate and the Group. He was appointed as a director of C&D Holsin in September 2022.

Mr. Tian graduated from Wuhan University with a bachelor’s degree in Economics and China Europe International Business School with an EMBA degree, and is an intermediate economist.

## **NON-EXECUTIVE DIRECTORS**

### **Mr. HUANG Wenzhou (黃文洲先生) (“Mr. Huang”)**

Mr. Huang, aged 58, was appointed as a non-executive Director on 29 April 2015. Mr. Huang graduated from MBA of Xiamen University majoring in business administration. He is an accountant.

Mr. Huang has been working in Xiamen C&D for many years. He currently serves as the chairperson (appointed in March 2017) and the secretary of the party committee (appointed in January 2018) of Xiamen C&D and a director of C&D Real Estate. Mr. Huang also serves as vice-chairman of Xiamen C&D Inc., a company listed on the Shanghai Stock Exchange (stock code: 600153).

### **Ms. YE Yanliu (葉衍榴女士) (“Ms. Ye”)**

Ms. Ye, aged 51, was appointed as a non-executive Director on 21 March 2019. She joined Xiamen C&D in 1995 and served as its legal affairs director and general legal consultant. She is currently the vice-general manager of Xiamen C&D, a director of Xiamen C&D Inc., a company listed on the Shanghai Stock Exchange (stock code: 600153), a director of C&D Real Estate and a director of some other subsidiaries of Xiamen C&D (not of the Group) and in charge of risk management in general for Xiamen C&D. Ms. Ye holds a bachelor’s degree. She is a qualified corporate legal consultant and a practicing corporate lawyer in the PRC.

### **Mr. WANG Wenhui (王文懷先生) (“Mr. Wang”)**

Mr. Wang, aged 51, was appointed as a non-executive Director on 20 April 2020. He joined Xiamen C&D in August 1998 with extensive experiences in investment and management. He is currently a member of the party committee and the vice general manager of Xiamen C&D, a director of some other subsidiaries of Xiamen C&D (not of the Group), a director of C&D Real Estate, a director of Lianfa Group Company Limited\* (聯發集團有限公司), the chairman of the board of Xiamen C&D Emerging Industries Equity Investment Limited Company\* (廈門建發新興產業股權投資有限責任公司). Currently, Mr. Wang is also a director of Xiamen Faratronic Co., Ltd., a public company whose shares listed on the main board of the Shanghai Stock Exchange (stock code: 600563) and a non-executive director of Red Star Macalline Group Corporation Ltd., a public company whose shares listed on the main board of the Shanghai Stock Exchange (stock code: 601828) and the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1528). Mr. Wang has been a director of Xiamen Juben Information Technology Group Co., Ltd, a public company whose shares listed on the New Third Board (stock code: 835086) from 26 June 2019 to 15 October 2021. Mr. Wang obtained a master’s degree in economics from Xiamen University in June 1998.



# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

## INDEPENDENT NON-EXECUTIVE DIRECTORS

### **Mr. WONG Chi Wai (黃馳維先生)**

Mr. Wong Chi Wai, aged 56, has been an independent non-executive Director since 23 November 2012. He is also the chairman of the audit committee of the Board (the "Audit Committee") and a member of the remuneration committee of the Board (the "Remuneration Committee") and the Nomination Committee. He currently also serves as an independent non-executive director of Kin Yat Holdings Limited (stock code: 638) and Arts Optical International Holdings Limited (stock code: 1120), shares of both companies are listed on the Main Board of the Stock Exchange. He is currently the chairman of the audit committee of Arts Optical International Holdings Limited and the chairman of the nomination committee of Kin Yat Holdings Limited. From June 2003 to September 2020, Mr. Wong Chi Wai served as an independent non-executive director of Bonjour Holdings Limited (stock code: 653), a company listed on the Main Board of the Stock Exchange. Mr. Wong Chi Wai obtained a bachelor's degree in social science from and was awarded a post-graduate certificate in laws by the University of Hong Kong in 1988 and 1993, respectively. He is a practising certified public accountant in Hong Kong and an associate member of the Institute of Chartered Accountants in England and Wales. He has over 32 years of experience in the accountancy profession. Other than holding private practice qualification in accounting, he has been admitted as solicitor at the High Court on 9 March 2019 and practice as consultant lawyer in a law firm.

The United States Public Company Accounting Oversight Board on 18 May 2016 censured Mr. Wong Chi Wai, barring him from being an associated person of a registered public accounting firm which has audit responsibilities for public companies in the United States of America ("U.S."), and imposing a civil money penalty against him of US\$10,000 on the basis of its findings that in connection with the audits of one U.S. issuer client of his firm, AWC (CPA) Limited. Mr. Wong Chi Wai violated certain U.S. laws, rules and standards relating to the audit requirements of a U.S. issuer client. Mr. Wong Chi Wai may file a petition to associate with a registered public accounting firm after two years from the date of the order.

For the same incident, the Hong Kong Institute of Certified Public Accountants ("HKICPA") concluded that Mr. Wong Chi Wai was in breach of sections 100.5(c) and 130.1 of the Code of Ethics for Professional Accountants for failure to act diligently in accordance with applicable technical and professional standards when provided professional services. As such, HKICPA reprimanded Mr. Wong Chi Wai and levied an administrative penalty of HK\$25,000 and costs of HK\$10,000 jointly with other respondents on 27 November 2017.

### **Mr. WONG Tat Yan, Paul (黃達仁先生)**

Mr. Wong Tat Yan, Paul, aged 53, has been an independent non-executive Director since 23 November 2012. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Wong Tat Yan, Paul obtained a bachelor's degree in commerce from James Cook University of North Queensland in Australia in 1993 and a master's degree in business administration from the University of Queensland in Australia in 2004. From May 2015 to June 2017, Mr. Wong Tat Yan, Paul served as an independent non-executive director and the chairman of the audit committee and remuneration committee of Huiyin Holding Group Limited (formerly known as Share Economy Group Limited, stock code: 1178) which is listed on the Main Board of the Stock Exchange ("Huiyin Holdings"). Mr. Wong Tat Yan, Paul is a practising certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a fellow member of the Taxation Institute of Australia. He has over 23 years of experience in auditing, accounting and taxation gained by taking up various positions in a number of accounting firms in Hong Kong and is currently a partner of Paul Wong & Co., a certified public accountants firm in Hong Kong.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Tat Yan, Paul was censured by the Listing Committee of the Stock Exchange on 17 May 2021 in relation to his breach of Rule 3.08(f) of the Listing Rules and his obligation to comply to the best of his ability with the Listing Rules under his declaration and undertaking given to the Stock Exchange in the form set out in Appendix 5B to the Listing Rules, for failing to establish adequate internal controls in Huiyin Holdings to obtain/retain the relevant documentation in respect of an acquisition conducted by Huiyin Holdings in 2016 (the “Censure”). Mr. Wong Tat Yan, Paul is required to attend 16 hours of training on Listing Rules compliance, including at least three hours of training on director’s duties. Mr. Wong Tat Yan, Paul resigned as an independent non-executive director of Huiyin Holdings on 2 June 2017.

The Board has carefully assessed the Censure against Mr. Wong Tat Yan, Paul. In view of that (i) there is no evidence that the Censure involved any act of dishonesty, fraud or cast doubt on Mr. Wong Tat Yan, Paul’s integrity which would affect his suitability as a director of the Company and (ii) taking into account that, to the best knowledge, information and belief of the Board, the Censure did not relate to the affairs of the Group and will not have any impact on the Group, the Board considers that Mr. Wong Tat Yan, Paul is still suitable to act as an independent non-executive Director.

### **Mr. CHAN Chun Yee (陳振宜先生) (“Mr. Chan”)**

Mr. Chan, aged 45, has been an independent non-executive Director since 23 November 2012. He is a member of the Audit Committee, Nomination Committee and the Remuneration Committee. He obtained a bachelor’s degree in laws from the City University of Hong Kong in 1999 and a master’s degree in laws in information technology and intellectual property law from the University of Hong Kong in 2004. Mr. Chan is a member of the Law Society of Hong Kong, associate member of Chartered Institute of Arbitrators and fellow member of Hong Kong Institute of Arbitrators and has been a practising solicitor in Hong Kong for more than 17 years in general legal practice and in different areas of law. Mr. Chan has been working as a solicitor at the law firm of C.T. Chan & Co., Solicitors since 2002 and become a partner of that law firm since April 2015. Mr. Chan has experience in advising on the legal aspects of a broad range of company, commercial and corporate finance matters.

## SENIOR MANAGEMENT

### **Mr. CHEN Shinan (陳詩楠先生) (“Mr. Chen”)**

Mr. Chen, aged 35, has been appointed as the financial controller of the Company since 20 October 2020. He has been engaged in financial field for nearly 7 years, accumulating a wealth of financial management experience. Prior to joining the Group, Mr. Chen worked as auditor in Deloitte Touche Tohmatsu Certified Public Accountants LLP from October 2015 to November 2017. He joined C&D Real Estate in 2017, and served as the manager of the finance department of C&D Real Estate, and the vice general manager (executive) of the finance department of C&D Real Estate. He currently serves as the vice general manager (standing) of the finance and funding department of C&D Real Estate.

Mr. Chen is a postgraduate with a master’s degree, a CPA in the PRC and an intermediate accountant.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

### **Ms. PAN Yanxia (潘燕霞女士) (“Ms. Pan”)**

Ms. Pan, aged 39, has been appointed as the internal audit controller of the Company since 1 April 2018. She has engaged in financial and auditing field for more than 15 years, accumulating a wealth of financial and auditing management experience. Ms. Pan worked in Ernst & Young Hua Ming LLP for seven years. Prior to joining C&D Real Estate, she has been a vice-director of corporate finance in a private company. She joined C&D Real Estate in 2016 and served as the assistant to general manager of the auditing department of C&D Real Estate, the vice-general manager of the auditing & supervision department of C&D Real Estate, the general manager of finance centre of C&D Real Estate, and the general manager of the audit centre of C&D Real Estate. She currently serves as the general manager of the finance department of Haixi enterprise of C&D Real Estate. Ms. Pan is responsible for the internal audit of the Group.

Ms. Pan, with a bachelor’s degree, is a CPA in the PRC and a certified internal audit (CIA).

### **COMPANY SECRETARY**

### **Ms. KAM Mei Ha Wendy (甘美霞女士) (“Ms. Kam”)**

Ms. Kam Mei Ha Wendy, aged 55, has been appointed as company secretary of the Company since 9 September 2022. Ms. Kam is an executive director of Corporate Services Division of Tricor Services Limited. Ms. Kam is a Chartered Secretary and a Fellow of both The Hong Kong Chartered Governance Institute (the “HKCGI”, formerly “The Hong Kong Institute of Chartered Secretaries”) and The Chartered Governance Institute (formerly “The Institute of Chartered Secretaries and Administrators”) in the United Kingdom. She is also a holder of the Practitioner’s Endorsement from HKCGI. She has more than 25 years of experience in the company secretary profession and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

# DIRECTORS' REPORT

The Directors are pleased to present to the Shareholders the annual report and the audited consolidated financial statements of the Group for the Year.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities and other particulars of its subsidiaries are set out in note 21 to the consolidated financial statements.

Further discussion and analysis of the business review required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 10 to 21 of this annual report and the "Environmental, Social and Governance Report" set out on pages 74 to 164 of this annual report. The relevant discussion in the "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" sections forms part of this directors' report.

## RESULTS

The results of the Group for the Year and the state of affairs of the Company and of the Group as at 31 December 2022 are set out in the consolidated financial statements and their accompanying notes on pages 169 to 295 of this annual report.

## FINAL DIVIDEND

The Board recommended payment of a final dividend of HK\$1.3 per Share for the Year (2021: HK\$1.2 per Share). Shareholders whose names appear on the register of members of the Company on Thursday, 8 June 2023, (the "Eligible Shareholders") may select to receive the final dividend in the form of new Shares in lieu of cash in respect of part or all of such dividend (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme is subject to the approval of the resolution relating to the payment of the final dividend at the annual general meeting; and the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Friday, 9 June 2023. If approved by the Shareholders, it is expected that the final dividend and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all of the final dividend in the form of new Shares) will be distributed and dispatched to the Eligible Shareholders on or around Friday, 7 July 2023.

## DIVIDEND POLICY

The Company adopted a dividend policy in December 2018. In recommending on declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the articles of association of the Company (the "Articles of Association") and all applicable laws and regulations and other factors.



# DIRECTORS' REPORT

The Board shall also take into account the factors of the Group when considering the declaration and payment of dividends, including financial results, cash flow situation, business conditions and strategies, future operations and income, capital requirements and budgets, interests of the Shareholders, and restrictions on payment of dividends and any other factors that the Board may consider relevant. Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period. Any final dividend for a financial year will be subject to the Shareholders' approval. The Board will review this dividend policy as appropriate from time to time.

## ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 30 May 2023.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 24 May 2023 to Tuesday, 30 May 2023 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Tuesday, 23 May 2023.

For the purpose of determining the Shareholders' entitlement to the proposed final dividend for the Year, the register of members of the Company will be closed from Monday, 5 June 2023 to Thursday, 8 June 2023 (both days inclusive). In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at the above-mentioned address for registration by 4:30 p.m. on Friday, 2 June 2023.

## FINANCIAL SUMMARY

A summary of the financial results as well as the assets and liabilities of the Group for the last five financial years is set out on page 296 of this annual report.

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 33 to the consolidated financial statements.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

# DIRECTORS' REPORT

## **BORROWINGS**

Details of the borrowings of the Group for the Year are set out in notes 28, 29 and 30 to the consolidated financial statements.

## **INVENTORIES OF PROPERTIES**

Details of the inventories of properties of the Group for the Year are set out in note 22 to the consolidated financial statements.

## **RESERVES**

Details of the movements in the reserves of the Company and the Group during the Year are set out in notes 34 and 36 to the consolidated financial statements.

## **DISTRIBUTABLE RESERVES**

As at 31 December 2022, the Company's reserves available for distribution to equity holders, comprising the share premium, capital reserve and retained earnings, amounted to approximately RMB6,187,009,000.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of approximately RMB5,873,059,000 may be applied for paying distributions or dividends to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands in relation to the issue of new Shares.

## **PROPERTY, PLANT AND EQUIPMENT**

Details of the movements in the property, plant and equipment of the Group for the Year are set out in note 14 to the consolidated financial statements.

## **INVESTMENT PROPERTIES**

Details of the movements in the investment properties of the Group for the Year are set out in note 16 to the consolidated financial statements.

# DIRECTORS' REPORT

## CHARITABLE DONATIONS

During the Year, the Group made charitable donations of RMB33.99 million (2021: RMB14.96 million).

## MAJOR CUSTOMERS AND SUPPLIERS

Sales attributable to the Group's largest customer and five largest customers accounted for less than 30% of the Group's total revenue for the Year.

The purchases made by the Group from its largest supplier and the five largest suppliers accounted for less than 30% of the Group's total purchases for the Year.

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

## BOARD OF DIRECTORS

The Directors who were in office during the Year and up to the date of this annual report are as follows:

### Executive Directors

Ms. Zhao Chengmin (*Chairperson*)<sup>N</sup> (appointed as Chairperson on 25 August 2022)

Mr. Lin Weiguo (*Chief Executive Officer*)

Mr. Tian Meitan (appointed on 25 August 2022)

Mr. Zhuang Yuekai (resigned on 25 August 2022)

### Non-executive Directors (the "NEDs")

Mr. Huang Wenzhou

Ms. Ye Yanliu

Mr. Wang Wenhui

### Independent Non-executive Directors (the "INEDs")

Mr. Wong Chi Wai<sup>A/R/N</sup>

Mr. Wong Tat Yan, Paul<sup>A/R/N</sup>

Mr. Chan Chun Yee<sup>A/R/N</sup>

Notes:

A: Member of the Audit Committee

R: Member of the Remuneration Committee

N: Member of the Nomination Committee

In accordance with Articles 105 and 109 of the Articles of Association, Mr. Tian Meitan, Mr. Huang Wenzhou, Mr. Wang Wenhui and Mr. Wong Chi Wai will retire from office by rotation and being eligible, will offer themselves for re-election at the AGM. For details of the Directors' re-election, please refer to the circular of the AGM.

# DIRECTORS' REPORT

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the Directors and the senior management of the Group are set out on pages 22 to 26 of this annual report.

## CONFIRMATION OF INDEPENDENCE OF INEDS

The Company has received from each of the INEDs, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. As at the date of this annual report, the Company still considered all of them to be independent.

## SERVICE CONTRACTS OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from 10 February 2015, 21 March 2019 and 25 August 2022 respectively, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either party may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the executive Directors is entitled to a director's emolument of HK\$1,200,000 per annum from the time of his/her appointment and such fee is revised to RMB3,000,000 per annum with effect from 1 December 2021 (which was determined by the Board with reference to his/her experience, knowledge, qualification, duties and responsibilities within the Group and the prevailing market conditions), and such management bonus and other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the Remuneration Committee) from time to time.

Each of the NEDs has entered into a service agreement/ letter of appointment with the Company for a term of three years commencing from 29 April 2015, 21 March 2019 and 20 April 2020 respectively, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either party may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the NEDs does not receive any director's emolument but he/she may be entitled to such discretionary bonus and/or other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the Remuneration Committee) from time to time.

Each of the INEDs has entered into a letter of appointment with the Company for a term of one year commencing on 23 November 2012, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either party may terminate the agreement by giving the other party not less than three months' notice in writing. Each of the INEDs is entitled to a director's emolument of HK\$200,000 per annum since 1 January 2019.



# DIRECTORS' REPORT

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 December 2022, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

### Long positions in the shares of the Company

Name of Directors	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Ms. Zhao Chengmin	Founder of a discretionary trust	51,484,506 (Note 2)	2.96%
	Beneficiary of a trust (other than a discretionary interest)	980,000 (Note 3)	0.06%
Mr. Lin Weiguo	Interest of controlled corporation	51,484,506 (Note 2)	2.96%
	Beneficiary of a trust (other than a discretionary interest)	890,000 (Note 3)	0.05%
Mr. Tian Meitan	Beneficial owner	159,000	0.01%
	Interest of spouse	120,000	0.01%
	Beneficiary of a trust	504,600 (Note 2)	0.03%
	Beneficiary of a trust (other than a discretionary interest)	810,000 (Note 3)	0.05%

Notes:

- The percentage of shareholding was calculated based on the Company's total number of 1,738,020,891 Shares in issue as at 31 December 2022.
- These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee Limited ("Tricor Equity Trustee"). Tricor Equity Trustee is a trustee of a discretionary trust and Ms. Zhao Chengmin is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust and Mr. Tian Meitan is one of the beneficiaries of the trust. Therefore, Ms. Zhao Chengmin and Mr. Lin Weiguo are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. As a beneficiary of the trust, Mr. Tian Meitan is deemed to be beneficially interested in the Shares held by Diamond Firetail.
- 35,300,000 Shares were allotted and issued to the trustee of the 2021 restricted share incentive scheme (the "2021 Incentive Scheme"), who held the Shares on behalf of the incentive recipients of the 2021 Incentive Scheme. Being the incentive recipients of the 2021 Incentive Scheme, each of Ms. Zhao Chengmin, Mr. Lin Weiguo and Mr. Tian Meitan is interested in 330,000 Shares, 290,000 Shares and 280,000 Shares held on trust by the trustee under the 2021 Incentive Scheme, respectively, which are subject to vesting. 100,000,000 Shares were allotted and issued to the trustee of the 2022 restricted share incentive scheme (the "2022 Incentive Scheme"), who held the Shares on behalf of the incentive recipients of the 2022 Incentive Scheme. Being the incentive recipients of the 2022 Incentive Scheme, each of Ms. Zhao Chengmin, Mr. Lin Weiguo and Mr. Tian Meitan is interested in 650,000 Shares, 600,000 Shares and 530,000 Shares held on trust by the trustee under the 2022 Incentive Scheme, respectively, which are subject to vesting.

# DIRECTORS' REPORT

## Long positions in the shares of the Company's associated corporations

Name of Directors	Name of associated corporation	Capacity/ Nature of interest	Number of issued shares/ underlying shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Ms. Zhao Chengmin	C&D Property	Founder of a discretionary trust	52,412,000 (Note 2)	3.92%
Mr. Lin Weiguo	C&D Property	Interest of controlled corporation	52,412,000 (Note 2)	3.92%
Mr. Tian Meitan	C&D Property	Beneficiary of a trust (other than a discretionary interest)	513,690 (Note 2)	0.04%

Notes:

1. The percentage of shareholding was calculated based on C&D Property's total number of 1,336,261,106 ordinary shares in issue as at 31 December 2022.
2. These ordinary shares of C&D Property were registered in the name of Diamond Firetail, a company incorporated in the BVI and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust and Ms. Zhao Chengmin is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust and Mr. Tian Meitan is one of the beneficiaries of the said discretionary trust. Therefore, Ms. Zhao Chengmin and Mr. Lin Weiguo are deemed to be interested in the ordinary shares of C&D Property held by Diamond Firetail by virtue of the SFO. As a beneficiary of the trust, Mr. Tian Meitan is deemed to be beneficially interested in the ordinary shares of C&D Property held by Diamond Firetail.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

# DIRECTORS' REPORT

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2022, so far as it was known to any Directors or the chief executive of the Company, the following parties (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares and underlying Shares:

Name of substantial Shareholders	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Well Land	Beneficial owner	973,037,548	55.99%
Well Honour	Interest of controlled corporation	973,037,548 (Note 2)	55.99%
C&D Real Estate	Interest of controlled corporations	973,037,548 (Note 2)	55.99%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporations	973,037,548 (Note 2)	55.99%
Xiamen C&D	Interest of controlled corporations	973,037,548 (Note 2)	55.99%
OceanLink Partners Fund, LP	Beneficial owner	115,795,511 (Note 3)	6.66%
Mr. Richard Li	Interest of controlled corporation	170,893,776 (Note 3)	9.83%
OLP Capital Management Limited	Investment manager	170,893,776 (Note 3)	9.83%
RCWL Inc.	Interest of controlled corporation	170,893,776 (Note 3)	9.83%
Mr. Shen Di Fan	Interest of controlled corporation	170,893,776 (Note 3)	9.83%

Notes:

- The percentage of shareholding was calculated based on the Company's total number of 1,738,020,891 Shares in issue as at 31 December 2022.
- Well Land is a wholly-owned subsidiary of Well Honour. Well Honour is a wholly-owned subsidiary of C&D Real Estate. C&D Real Estate is owned as to 54.65% and 45.35% by Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D, a state-owned group of companies under the supervision of State-owned Assets Supervision and Admission Commission of Xiamen Municipal People's Government, respectively. Xiamen C&D is interested in Xiamen C&D Inc. as to 45.15%. Therefore, each of Well Honour, C&D Real Estate, Xiamen C&D Inc. and Xiamen C&D is deemed to be interested in the Shares held by Well Land by virtue of the SFO.
- As at 31 December 2022, OceanLink Partners Fund, LP and Cassini Partners, L.P. were interested in 115,795,511 and 55,098,265 Shares, respectively. As at 31 December 2022, OLP Capital Management Limited is the investment manager of OceanLink Partners Fund, LP and Cassini Partners, L.P. OLP Capital Management Limited is owned by Mr. Shen Di Fan and RCWL Inc. as to 65% and 35%, respectively. RCWL Inc. is a company wholly owned by Mr. Richard Li. Therefore, each of Mr. Shen Di Fan, Mr. Richard Li, RCWL Inc., and OLP Capital Management Limited is deemed to be interested in the Shares held by OceanLink Partners Fund, LP and Cassini Partners, L.P..

# DIRECTORS' REPORT

## PERMITTED INDEMNITY PROVISION

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Companies Law of the Cayman Islands, every Director is entitled under the Articles of Association to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he or she may sustain or incur in or about the execution or discharge of his or her duties and/or the exercise of his or her powers and/or otherwise in relation to or in connection with his or her duties, powers or office. To the extent permitted by law, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group during the Year and up to the date of this annual report.

## ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as provided under the share option scheme adopted in 2012 (the "Share Option Scheme"), the 2021 Incentive Scheme and the 2022 Incentive Scheme, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable Director to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for those connected transactions and continuing connected transactions set out on pages 36 to 48 of this annual report, there was no transaction, arrangement or contract of significance in relation to the Company's business, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest, nor was there any other transaction, arrangement or contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

## DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this annual report, none of the Directors were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interest.

## MANAGEMENT CONTRACT

No contract 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.

## RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken in the ordinary course of business by the Group during the Year are set out in note 42 to the consolidated financial statements, and save as disclosed in the paragraphs headed "Connected Transactions" and "Continuing Connected Transactions" below, none of them constituted and there were no transactions which constituted a connected transaction (as defined under the Listing Rules) of the Company and was subject to reporting requirement during the Year and as at 31 December 2022.



# DIRECTORS' REPORT

## LITIGATIONS

There were no material litigations and obligations of the Group during the Year.

## CONNECTED TRANSACTIONS

During the Year, the Company entered into the following connected transactions:

### 1. Acquisition of shares of C&D Property (the "C&D Property Shares") involving issue of consideration Shares under specific mandate

On 29 March 2022, the Company entered into the Share Sale and Purchase Agreement with Well Land, pursuant to which the Company agreed to acquire and Well Land agreed to sell 467,691,388 C&D Property Shares (representing approximately 35.00% of the total number of issued shares in C&D Property) for a consideration of HK\$1,641,596,771.88, of which HK\$1,156 million shall be satisfied by the allotment and issuance of the consideration Shares at HK\$14.45 per consideration Share under the specific mandate and the remaining consideration shall be paid by the Company in cash.

On the same date, the Company entered into the Voting Rights Entrustment Agreement with Well Land, pursuant to which Well Land has agreed to irrevocably and unconditionally entrust the Company to exercise the voting rights of 213,801,777 C&D Property Shares that Well Land directly holds in C&D Property (representing approximately 16.00% of the total issued share capital of C&D Property) for an indefinite period. Well Land shall continue to own the 213,801,777 C&D Property Shares as the sole legal and beneficial owner, and except for the voting rights, Well Land shall continue to be entitled to the dividends, distributions and all other rights and benefits attaching to the 213,801,777 C&D Property Shares. No consideration is payable under such entrusted voting arrangement.

Before the completion of the C&D Property Transaction, as C&D Property was a direct subsidiary of Well Land, the controlling shareholder of the Company, each of Well Land and C&D Property was a connected person of the Company. The Share Sale and Purchase Agreement constituted a connected transaction of the Company and the entrusted voting arrangement did not constitute a transaction for the purpose of Rule 14.04 and Rule 14A.24 of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Share Sale and Purchase Agreement were more than 5% but less than 25%, the transactions contemplated under the Share Sale and Purchase Agreement was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. At the annual general meeting of the Company held on 20 May 2022, the resolution approving the transactions contemplated under the Share Sale and Purchase Agreement was passed by the independent shareholders of the Company by way of poll. The transactions under the Share Sale and Purchase Agreement were completed on 23 May 2022 and the Voting Rights Entrustment Agreement became effective on 24 May 2022. Upon the completion of the C&D Property Transaction, C&D Property became a subsidiary of the Company.

# DIRECTORS' REPORT

## 2. Acquisition of C&D Real Estate Group Nanjing Co., Ltd.\* (建發房地產集團南京有限公司) (“C&D Nanjing”)

On 22 April 2022, Xiamen Yi Yue Property Company Limited\* (廈門益悅置業有限公司) (“Yi Yue”) and Xiamen Zhaoyirong Property Development Company Limited\* (廈門兆翊蓉房地產開發有限公司) (“Xiamen Zhaoyirong”), indirect wholly-owned subsidiaries of the Company, entered into the equity transfer agreements (the “C&D Nanjing Equity Transfer Agreements”) with C&D Real Estate and Xiamen Liyuan Investment Company Limited (廈門利源投資有限公司) (“Xiamen Liyuan”), pursuant to which C&D Real Estate and Xiamen Liyuan agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in C&D Nanjing, respectively. The aggregate cash consideration under the C&D Nanjing Equity Transfer Agreements shall be RMB20,487,075.61, of which Yi Yue and Xiamen Zhaoyirong shall contribute RMB19,462,721.83 and RMB1,024,353.78, respectively. Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder’s loan (principal and interest) in the amount of RMB1,828,265,974.58 (as at 22 April 2022 and subject to adjustment) previously advanced by C&D Real Estate to C&D Nanjing and project companies in accordance with the proportion of the respective equity interests in C&D Nanjing to be held by Yi Yue and Xiamen Zhaoyirong. Upon completion of the transactions contemplated under the C&D Nanjing Equity Transfer Agreements, C&D Nanjing will become an indirect wholly-owned subsidiary of the Company.

As Xiamen Liyuan is a wholly-owned subsidiary of C&D Real Estate and C&D Real Estate is a controlling shareholder of the Company, the transactions contemplated under the C&D Nanjing Equity Transfer Agreements constitute connected transactions of the Company and are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 22 July 2022, the resolution approving the transactions contemplated under the C&D Nanjing Equity Transfer Agreements was passed by the independent shareholders of the Company by way of poll.

C&D Nanjing owns 51% of the land located in the Yushan Wan, Yunting Road, Jiangyin, Jiangsu Province, the PRC (the “Jiangyin Land”). Given that the Jiangyin Land is surrounded by complete facilities, is situated at a good location and has relatively higher development potential, the entering into of the C&D Nanjing Equity Transfer Agreements will further expand the Group’s land bank and enhance the Group’s brand influence in the PRC market.

## 3. Issue of Shares under the 2022 Incentive Scheme to connected persons pursuant to the specific mandate

On 2 November 2022, the Board resolved to grant an aggregate of not more than 100,000,000 restricted Shares to certain incentive recipients, including the granting of 30,540,000 restricted Shares (the actual number is subject to the actual subscription) to Directors and senior management of the Company and directors, former directors, supervisors and general managers of the Company’s subsidiaries who are connected persons of the Company. The allotment and issue of the restricted Shares to such connected persons constitutes connected transactions of the Company, which is subject to reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The restricted Shares were allotted pursuant to a specific mandate obtained at the extraordinary general meeting of the Company held on 23 December 2022. Upon issuance and allotment of the restricted Shares, BOCI Trustee (Hong Kong) Limited will hold the restricted Shares on trust for the incentive recipients. On 29 December 2022, the Company completed the allotment and issue of 100,000,000 restricted Shares.

Further details about the 2022 Incentive Scheme are set out in the section headed “Restricted Share Incentive Scheme” under the Directors’ Report in this annual report.

# DIRECTORS' REPORT

## 4. Acquisition of Fujian Zhaorun Real Estate Co., Ltd.\* (福建兆潤房地產有限公司) (“Fujian Zhaorun”)

On 6 December 2022, Yi Yue and Xiamen Zhaoyirong entered into the equity transfer agreements (the “Fujian Zhaorun Equity Transfer Agreements”) with C&D Real Estate and Xiamen Liyuan, pursuant to which C&D Real Estate and Xiamen Liyuan agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Fujian Zhaorun, respectively. The total cash consideration under the Fujian Zhaorun Equity Transfer Agreements shall be RMB10,062,849.77, of which Yi Yue and Xiamen Zhaoyirong shall contribute RMB9,559,707.28 and RMB503,142.49, respectively. Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder’s loan (principal and interest) in the amount of RMB1,552,127,195.78 (as at 6 December 2022 and subject to adjustment) previously advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun and the project companies in proportion to the equity interests of Yi Yue and Xiamen Zhaoyirong in Fujian Zhaorun.

As Xiamen Liyuan is a wholly-owned subsidiary of C&D Real Estate and C&D Real Estate is a controlling shareholder of the Company, the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements constitute connected transactions of the Company and are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 10 February 2023, the resolution approving the transactions contemplated under the Fujian Zhaorun Equity Transfer Agreements was passed by the independent shareholders of the Company by way of poll.

Fujian Zhaorun owns 49% of two land parcels located in Pujin Street, Minhang District, Shanghai, the PRC (the “Shanghai Lands”). Given that the Shanghai Lands have good development potential due to their comprehensive ancillary facilities and prime location, the entering into of the Fujian Zhaorun Equity Transfer Agreements can further expand the Group’s land reserve and enhance its brand influence in the real estate market of the PRC.

## CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions were recorded during the Year, details of these transactions are set out below:

### 1. Lease of properties

On 18 July 2017, Shanghai C&D Zhaoyu Asset Management Company Limited\* (上海建發兆昱資產管理有限公司) (“Shanghai Zhaoyu”) entered into a lease (the “Yangpu Lease”) with Shanghai Zhaoyu Investment Development Company Limited\* (上海兆御投資發展有限公司) (“Shanghai Zhaoyu Investment Development”), pursuant to which Shanghai Zhaoyu Investment Development agreed to lease certain properties located in Yangpu District\* (楊浦區), Shanghai to Shanghai Zhaoyu.

The term of the Yangpu Lease is 10 years commencing from 1 July 2017 to 30 June 2027. An independent financial advisor has been appointed by the Company to opine on the term of the Yangpu Lease, which is more than three years and confirmed that it is a normal business practice for agreements of this type to be of such duration.

# DIRECTORS' REPORT

The rent payable under the Yangpu Lease shall be calculated on a daily basis. For the two years from 1 July 2017 to 30 June 2019, the rent shall be calculated daily at RMB1.00 per sq.m.; for the year from 1 July 2019 to 30 June 2020, the rent shall be calculated daily at RMB2.00 per sq.m.; for the two years from 1 July 2020 to 30 June 2022, the rent shall be calculated daily at RMB2.10 per sq.m.; for the two years from 1 July 2022 to 30 June 2024, the rent shall be calculated daily at RMB2.21 per sq.m.; for the two years from 1 July 2024 to 30 June 2026, the rent shall be calculated daily at RMB2.32 per sq.m.; and for the year from 1 July 2026 to 30 June 2027, the rent shall be calculated daily at RMB2.44 per sq.m. The rate was determined based on arm's length basis by reference to the prevailing market rates of the rental charge of properties in Shanghai. Shanghai Zhaoyu is required to pay the quarterly rent to Shanghai Zhaoyu Investment Development at the beginning of each quarter in advance.

The annual caps of the transactions contemplated under the Yangpu Lease were as follows:

<b>Financial Year</b>	<b>Annual caps under the Yangpu Lease</b>
Year ended 31 December 2017	RMB1,700,000
Year ended 31 December 2018	RMB3,500,000
Year ended 31 December 2019	RMB5,200,000
Year ended 31 December 2020	RMB7,200,000
Year ended 31 December 2021	RMB7,300,000
Year ended 31 December 2022	RMB7,500,000
Year ending 31 December 2023	RMB7,700,000
Year ending 31 December 2024	RMB7,900,000
Year ending 31 December 2025	RMB8,100,000
Year ending 31 December 2026	RMB8,300,000
Year ending 31 December 2027	RMB4,200,000

The Yangpu Lease was entered into to allow the Group to accumulate experience of commercial management and operation for the establishment of commercial management and operation brand in Shanghai.

As Shanghai Zhaoyu Investment Development is a wholly-owned subsidiary of Xiamen C&D which is a controlling shareholder of the Company, Shanghai Zhaoyu Investment Development is a connected person of the Company, hence the entering into of the Yangpu Lease constitutes continuing connected transactions under the Listing Rules, and is subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules

During the Year, the rent payable of Shanghai Zhaoyu under the Yangpu Lease amounted to approximately RMB3,286,000.



# DIRECTORS' REPORT

## 2. Leasing framework agreement

On 28 April 2020, the Company entered into the framework agreement (the "Leasing Framework Agreement") with Xiamen C&D, pursuant to which Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies agreed to lease certain office premises, which are held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies, to the Group for office use.

The rent, property management fees, utilities and energy costs shall be calculated and paid in the following manner:

1. In principle, the rent is calculated based on the gross floor area of the subject properties multiplied by the rent per unit area which shall be determined with reference to the rent of similar office premises in the vicinity and the local market rental level, subject to adjustment by the parties in accordance with the actual condition of the subject properties.
2. The Group shall pay the property management fees, public maintenance fund, utilities, air-conditioning fees in respect of the subject properties.
3. In principle, the Group shall make rental payment on a quarterly basis, and the specific payment and settlement could be arranged by negotiation between the parties to the lease.

For each of the three years ended 31 December 2022, the proposed annual caps of the rent to be received by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies under the Leasing Framework Agreement are RMB30 million, RMB40 million and RMB50 million. In determining the proposed annual caps, the Board has considered the following key factors, including but not limited to: (1) the area and rental level of the office premises held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies which the Group currently intends to lease; (2) the rental level of similar properties in the vicinity and the general market rental level of the office premises held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies which the Group currently intends to lease; (3) the historical figures of rent paid by the Group to Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies; and (4) the Group's anticipated future demand for leasing the office premises held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies and the rental level.

The Leasing Framework Agreement was entered into as the office premises leased or to be leased to the Group by Xiamen C&D, will be used as daily office for the Group's staff which would satisfy the normal operation needs of the Group.

Xiamen C&D is a controlling shareholder of the Company and, therefore, a connected person of the Company. Accordingly, the entering into of the Leasing Framework Agreement constitutes a continuing connected transaction under Chapter 14A of the Listing Rules. The transactions contemplated under the Leasing Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the fees payable under the Leasing Framework Agreement amounted to approximately RMB6,557,000.

# DIRECTORS' REPORT

### 3. Provision of entrusted construction management services

On 28 January 2022 (after trading hours), Xiamen C&D Construction Operation and Management Company Limited\* (廈門建發建設運營管理有限公司, formerly known as 廈門建發兆誠建設運營管理有限公司) ("C&D Construction") entered into the framework agreement (the "Entrusted Construction Framework Agreement") with C&D Real Estate for the period from 28 January 2022 to 31 December 2024, pursuant to which C&D Construction shall provide entrusted construction management services for a variety of construction and property development projects, etc. of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies.

Entrusted construction management services to be provided by C&D Construction mainly include:

- (i) Entrusted construction: the overall construction services of a project, ranging from design and construction to completion and delivery of the project, to be provided during the period commencing from the obtainment of the project to its completion and delivery; and
- (ii) Entrusted operating construction: the overall management and sale services in respect of the development and construction of a project, ranging from plot design, operation, sale, completion and delivery of the project, to be provided during the period commencing from the obtainment of the project to its completion and delivery.

Entrusted construction management service fees for each of the abovementioned service are as follows:

- (i) the basic construction management fees for entrusted construction shall be not less than 4% of the "direct development costs" (land costs, public maintenance fees and contracts managed by C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies will be excluded as part of the basis when calculating management fees) of the project. The "direct development costs" is subject to adjustment according to the actual settlement amount of all contracts under management of C&D Construction;
- (ii) the basic construction management fees for entrusted operating construction shall be not less than 5% of the "total sales" of the project. The "total sales" represent the total revenue to be obtained by C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies from the project (i.e. the amount of receivables with legal basis (including output value added tax), including the amounts received and the expected income of the relevant outstanding receivables from certain legal documents including signed sales and lease contracts and other contracts); and
- (iii) other fees: may be determined and otherwise agreed by the parties according to the actual status of the project, including but not limited to the construction incentive and the construction management incentive. The specific fees charged can be a certain percentage of the "direct development costs", while the rate and the payment method can be determined by the parties after negotiation.

The aforementioned entrusted construction management service fees may be adjusted according to the actual construction situation of the project upon unanimous consent by both parties after negotiation.

# DIRECTORS' REPORT

The annual caps of the entrusted construction management service fees to be received by C&D Construction under the Entrusted Construction Framework Agreement for each of the three years ended/ending 31 December 2024 are RMB150,000,000. In determining the annual caps, the Board has considered, among other things, the following main factors: (1) the historical fees received by C&D Construction from C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies for the provision of entrusted construction management services; (2) the anticipated rise in labor costs, management fees, etc.; (3) the service demand of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies arising from their daily operations; and (4) the relevant taxes and a reasonable profit margin.

The Entrusted Construction Framework Agreement was entered into to better manage the entrusted construction management services to be provided by C&D Construction to C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies, and is conducive to expanding C&D Construction's business scale and enhancing the performance of the Company's entrusted construction management segment.

C&D Real Estate is a controlling shareholder of the Company and, therefore, a connected person of the Company. Accordingly, the transactions contemplated under the Entrusted Construction Framework Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules. The transactions contemplated under the Entrusted Construction Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the total entrusted construction management service fees receivable under the Entrusted Construction Framework Agreement amounted to approximately RMB39,065,000.

#### 4. Commercial project management services

On 7 September 2022, C&D Real Estate, the Company and Xiamen Yuefa Commercial Management Company Limited\* (廈門悅發商業管理有限公司) (subsequently renamed as Xiamen C&D Commercial Management Company Limited\* (廈門建發商業管理有限公司), "C&D Commercial"), a wholly-owned subsidiary of C&D Property, entered into the framework agreement (the "Commercial Services Framework Agreement"), pursuant to which C&D Commercial shall provide commercial property operation management services for a variety of commercial assets projects, etc. of C&D Real Estate and its subsidiaries, joint ventures and associates (excluding the Group) (the "Remaining C&D Real Estate Group") and the Group (excluding the C&D Property Group), for the period from 7 September 2022 to 31 December 2024.

Commercial property operation management services to be provided by C&D Commercial mainly include:

- (i) Pre-positioning and design consultancy: providing pre-positioning, planning and design consultancy services for commercial projects that have not commenced operation; and
- (ii) Operation management: providing services including investment management, operation management and marketing planning for commercial projects that have commenced operation.

# DIRECTORS' REPORT

Commercial property operation management service fees for each of the abovementioned services are as follows:

- (i) Pre-positioning and design consultancy management fee is calculated at RMB50 per square metre of project management area (including car parks) per annum. The fee is calculated by multiplying the above rate by the actual time between the introduction of the project to C&D Commercial and the official commencement of the project; and
- (ii) Commercial property operation management service fee is calculated according to the type of fees charged, including:
  - (1) commercial property operation management service fee, of which the basic management service fee rate is calculated based on 3% of the "Full-calibre Project Operating Income" and the commission management service fee rate is calculated based on 5% of the "Project Operating Profit";
  - (2) branding fee, which is RMB1 million and RMB500,000 per annum for projects with management area (including car parks) of over 50,000 square metres and under 50,000 square metres, respectively;
  - (3) platform output management service fee, calculated at a rate of 0.5% of the "Full-calibre Project Operating Income"; and
  - (4) remuneration for the operating period of commercial project, calculated at a monthly rate of RMB1.2 per square metre of management area (including car parks).

"Full-calibre Project Operating Income" refers to the sum of the project rental income and other commercial income, and "Project Operating Profit" refers to the "Full-calibre Project Operating Income" less business tax and project operating costs (excluding the commission management service fee).

The commercial property operation management service fees may be adjusted according to the actual situation of the project upon unanimous consent by the parties after negotiation.

The proposed annual caps for the fees for commercial property operation management services to be received by C&D Commercial from the Remaining C&D Real Estate Group under the Commercial Services Framework Agreement for each of the three years ended/ending 31 December 2024 are RMB16,000,000, RMB55,000,000 and RMB60,000,000, respectively.

In determining the proposed annual caps, the following main factors, among other things, have been considered: (i) the business environment and market conditions of the commercial projects proposed to be entrusted for the three years ended/ending 31 December 2024; (ii) the location, number and management area of the commercial projects proposed to be entrusted; (iii) new commercial projects that may be acquired in the future and the demand for commercial property operation management services; (iv) the pricing and charge level of commercial property operation management services in comparable markets; and (v) the operation model and the income and cost structure of the commercial property operation management business of the representative enterprises in the same industry.



# DIRECTORS' REPORT

As the Company is mainly engaged in real estate development, entering into the Commercial Services Framework Agreement to entrust the management of the operation of its commercial projects and assets held to its subsidiary, C&D Property, will enable the Company to focus on the development and operation of its main business and improve the efficiency of the management and operation of its commercial assets.

C&D Real Estate is the controlling shareholder of the Company, and C&D Property has become a subsidiary of the Company since 23 May 2022. Accordingly, the transactions contemplated under the Commercial Services Framework Agreement entered into between C&D Real Estate and C&D Property constitute continuing connected transactions of the Company under the Listing Rules and are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the service fees payable by the Remaining C&D Real Estate Group to C&D Commercial under the Commercial Services Framework Agreement amounted to approximately RMB14,537,000.

## 5. Inventory Property Underwriting Agreement

On 4 October 2021, the Company and C&D Property entered into an inventory property underwriting agreement (the "Inventory Property Underwriting Agreement"), pursuant to which the C&D Property Group shall provide inventory property sales agency services to the Group for first-hand residential properties and/or parking spaces developed by the Group. The C&D Property Group shall pay the Group the full amount representing the market value of the inventory properties contemplated under the Inventory Property Underwriting Agreement to buy out the selling right of the inventory properties and obtain sole and exclusive rights for providing inventory property sales agency services to the Group in relation to the inventory properties.

Pursuant to the Inventory Property Underwriting Agreement, the maximum market value of the unsold residential inventory properties for underwriting entrusted by the Group to the C&D Property Group for sales per year shall not exceed RMB1 billion. After the C&D Property Group completes the sale of a property to purchaser(s) and the Group receives the purchase price of such property, the purchase price of that property prepaid by the C&D Property Group (including the corresponding capital cost tentatively fixed to be 5% annually (subject to adjustment but no less than 5% annually)) shall be refunded to the C&D Property Group. As such, based on the maximum capital costs to be received by the C&D Property Group annually being RMB50 million, the proposed annual cap is RMB1.05 billion for each of the three years ended/ending 31 December 2023.

The Inventory Property Underwriting Agreement was entered into as it could accelerate the sale of the first-hand inventory properties of the Group; and the C&D Property Group is familiar with the property owners and residents, which enables the C&D Property Group to prepare tailor-made sales agency services to these property owners and residents so as to enhance the sales volume.

As C&D Property has become the subsidiary of the Company since 23 May 2022, the transactions contemplated under the Inventory Property Underwriting Agreement between the Group and the C&D Property Group ceased to constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules since 23 May 2022. From 1 January to 22 May 2022, the service fee payable by the Group under the Inventory Property Underwriting Agreement was approximately RMB17,486,000.

# DIRECTORS' REPORT

## 6. Business Framework Agreement

On 23 December 2020, C&D Real Estate, the Company and C&D Property entered into a business framework agreement (the "Business Framework Agreement"), pursuant to which, among other things, C&D Property Group and its joint ventures shall provide certain services to (i) the Group (excluding C&D Property Group and its joint ventures) (the "Remaining Group"); and (ii) Xiamen C&D and its subsidiaries (excluding the Group and C&D Property Group) and their joint ventures and associates (the "Remaining Xiamen C&D Group"), for the period from the listing date of C&D Property (i.e. 31 December 2020) until 31 December 2022. Subsequently, on 4 October 2021, C&D Real Estate, the Company and C&D Property entered into a supplemental agreement (the "Supplemental Agreement") to revise the existing annual caps as approved under the Business Framework Agreement. On 19 October 2022, C&D Real Estate, the Company and C&D Property entered into the renewed business framework agreement in order to renew the Business Framework Agreement, which was expired on 31 December 2022, for a term of three years commencing on 1 January 2023 and ending on 31 December 2025. At the extraordinary general meeting held on 20 December 2022, the resolution approving the transactions contemplated under the renewed business framework agreement was passed by the independent shareholders of C&D Property by way of poll.

Under the Business Framework Agreement, C&D Property Group shall provide the following services to (i) the Remaining Xiamen C&D Group; and (ii) the Remaining Group: (a) property management services, mainly including greening, gardening and order maintenance for public areas, cleaning, security, parking management, repair and maintenance services for public facilities, etc. to unsold and sold but undelivered commodity housing and office properties; (b) community value-added and synergy services, mainly including (i) home living services; (ii) home beauty services; (iii) real estate brokerage and asset management services; (iv) value-added services for public areas; (v) elderly-care & health value-added services; and (vi) smart community services; and (c) value-added services to non-property owners, mainly including (i) consultancy services to property developers during the property development and construction phases; and (ii) reception, order maintenance, cleaning and security and maintenance services to property developers during both pre-sales and post-sales phases.

The pricing basis of the abovementioned services is as follows:

- 1 Property management services: property management fees shall be determined after arm's length negotiations by the parties after taking into account a number of factors, including: (i) the types of the properties, such as residential and non-residential, and the location of the projects such as the tier of city; (ii) the scope and quality of the services provided; (iii) the expected operational costs (including, among other things, staff costs, material costs, subcontracting costs and operational administrative expenses); (iv) the target profit margins of C&D Property; (v) profiles of the property owners and residents; (vi) the local government's guidance price on property management fees (where applicable); and (vii) the property management fees for similar services and similar types of projects in the market. Pursuant to the property management services contracts, the property management fees are calculated based on area multiplied by unit price. The specific unit price is calculated based on the prevailing market price in the location of the projects and approved by the relevant local authorities, as the case may be.
- 2 Community value-added and synergy services: the service fees shall be determined after arm's length negotiations with reference to the prevailing market prices of similar services in the open market and historical charges for each of the three years ended 31 December 2019 and the six months ended 30 June 2020.

## DIRECTORS' REPORT

- 3 Value-added services to non-property owners: the service fees shall be determined after arm's length negotiations based on the calculation of "cost (calculated in accordance with the actual costs incurred, such as materials and labour) + indirect management fee (calculated by tax-exclusive income x 10–15%) + taxes". The abovementioned tax will be subject to adjustment in accordance with relevant rules and regulations.

Pursuant to the Business Framework Agreement and the Supplemental Agreement, the annual caps of the service fees payable to the C&D Property Group by the Remaining Xiamen C&D Group for each of the three years ended 31 December 2022 are as follows:

	For the year ended 31 December					
	2020		2021		2022	
	RMB million	%	RMB million	%	RMB million	%
Property management services	35	35	50	25	60	24
Community value-added and synergy services	5	5	40	20	60	24
Value-added services to non-property owners	60	60	110	55	130	52
<b>Total</b>	100	100	200	100	250	100

Pursuant to the Business Framework Agreement and the Supplemental Agreement, the annual caps of the service fees payable to the C&D Property Group by the Group for each of the three years ended 31 December 2022 are as follows:

	For the year ended 31 December					
	2020		2021		2022	
	RMB million	%	RMB million	%	RMB million	%
Property management services	6	2.2	35	6.4	50	6.7
Community value-added and synergy services	4	1.5	55	10.0	90	12.1
Value-added services to non-property owners	260	96.3	460	83.6	605	81.2
<b>Total</b>	270	100.0	550	100.0	745	100.0

The Business Framework Agreement was entered into as the C&D Property Group has continued to provide the Remaining Xiamen C&D Group and the Remaining Group with property management services, the community value-added and synergy services and the value-added services to non-property owners; and the Remaining Xiamen C&D Group, the Remaining Group and the C&D Property Group work in a long-term and good relationship that can create a positive synergy effect.

# DIRECTORS' REPORT

Before the completion of the C&D Property Transaction on 23 May 2022, as C&D Property was a direct subsidiary of Well Land, the controlling shareholder of the Company, and thus an associate of the Company, the transactions contemplated under the Business Framework Agreement (as supplemented by the Supplemental Agreement) between the Remaining Group and the C&D Property Group constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Business Framework Agreement (as supplemented by the Supplemental Agreement) between the Remaining Group and the C&D Property Group were subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. At the extraordinary general meeting of C&D Property held on 30 December 2021, the resolution approving the transactions contemplated under the Supplemental Agreement was passed by the independent shareholders of C&D Property by way of poll.

Upon completion of the C&D Property Transaction, C&D Property has become a subsidiary of the Company on 23 May 2022. Since then, the transactions contemplated under the Business Framework Agreement (as supplemented by the Supplemental Agreement) between the Remaining Group and the C&D Property Group have ceased to constitute continuing connected transactions for the Company and the transactions contemplated under the Business Framework Agreement (as supplemented by the Supplemental Agreement) between the Remaining Xiamen C&D Group and the C&D Property Group have constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

From 1 January to 22 May 2022, the service fees payable by the Remaining Group to the C&D Property Group under the Business Framework Agreement (as supplemented by the Supplemental Agreement) amounted to approximately RMB240,083,000.

During the Year, the service fees payable by the Remaining Xiamen C&D Group to the C&D Property Group under the Business Framework Agreement amounted to approximately RMB117,273,000, of which the service fees payable under (i) property management services; (ii) community value-added and synergy services; and (iii) value-added services to non-property owners amounted to approximately RMB58,167,000, RMB15,039,000 and RMB44,067,000, respectively.

## **Review by independent non-executive Directors and the auditor of the Company**

Pursuant to Rule 14A.55 of the Listing Rules, the INEDs of the Company have reviewed the abovementioned continuing connected transactions and confirmed that such transactions have been conducted:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the relevant agreements governing the relevant transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.



## DIRECTORS' REPORT

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

- a. nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions have not been approved by the Company's Board of Directors;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

Save as disclosed above, a summary of material related party transactions made during the Year is disclosed in note 42 to the consolidated financial statements. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

# DIRECTORS' REPORT

## PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 12 July 2022, the Company, Well Land, China International Capital Corporation Hong Kong Securities Limited ("CICC") and China Industrial Securities International Capital Limited entered into a placing and capital subscription agreement. The net proceeds from the placing of 30,000,000 new ordinary Shares (the aggregate nominal value of which was HK\$3,000,000) to not less than six placees who are independent third parties under general mandate (as set out in the announcement of the Company dated 12 July 2022) was approximately HK\$500 million (representing a net placing price of approximately HK\$16.67 per placing Share), which was based on the placing price of HK\$17.00 per placing Share (the closing price as quoted on the Stock Exchange as at 12 July 2022 was HK\$18.46 per Share) after deducting the actual expenses relating to the placing. Such net proceeds were used in accordance with the intention disclosed in the announcement of the Company dated 12 July 2022. The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2022:

Use of proceeds	Planned applications (HK\$ million)	Percentage of total net proceeds	Actual usage up to 31 December 2022 (HK\$ million)
Repayment of loans	400	80%	400
General working capital	100	20%	100

On 30 November 2022, the Company, Well Land, CICC and Citigroup Global Markets Limited entered into a placing and subscription agreement. The net proceeds from the placing of 45,000,000 new ordinary Shares (with an aggregate nominal value of HK\$4,500,000) to not less than six independent third parties under general mandate (as set out in the announcement of the Company dated 30 November 2022), after deducting the actual expenses relating to the placing, amounted to approximately HK\$800 million (representing a net placing price of approximately HK\$17.78 per placing Share) which was based on the placing price of HK\$17.98 per placing Share (the closing price was HK\$19.86 per Share as quoted on the Stock Exchange as at 29 November 2022). Such net proceeds were used according to the intention disclosed in the announcement of the Company dated 30 November 2022. The table below sets out the planned applications of the net proceeds and actual usage up to 31 December 2022:

Use of proceeds	Planned applications (HK\$ million)	Percentage of total net proceeds from the Placing	Actual usage up to 31 December 2022 (HK\$ million)
Repayment of loans	640	80%	640
General working capital <i>(Note)</i>	160	20%	105
	800		745

Note: The remaining proceeds for general working capital in the sum of approximately RMB55 million were used in the first quarter of 2023.

# DIRECTORS' REPORT

## EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme, the 2021 Incentive Scheme and the 2022 Incentive Scheme as stated below, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the Year or subsisted at the end of the Year.

## DEBENTURES

Yi Yue entered into a renewable term loan agreement with C&D Real Estate on 1 December 2020 and 16 June 2021, details of which is disclosed in note 35 to the consolidated financial statements.

## SHARE OPTION SCHEME

The Company adopted the Share Option Scheme in 2012 for the purpose of providing incentives and rewards to eligible participants who have contributed or may contribute to the success of the Group's operations. The Share Option Scheme totally complies with the requirements of Chapter 17 of the Main Board Listing Rules after the listing of the Company's Shares has been transferred from the GEM Board to the Main Board in 2014. The Share Option Scheme is still effective after the transfer but it expired on 22 November 2022. The principal terms of the Share Option Scheme are set out below:

### Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for the Shares in the Company:

- (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of the subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of the subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; or
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

# DIRECTORS' REPORT

## Maximum number of Shares under the Share Option Scheme

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue from 14 December 2012 (the GEM listing date), that is 30,000,000 Shares, representing approximately 2.18% of the total issued Shares as at the date of this annual report.

## Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of the Company.

Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates must be approved by INEDs (excluding INED who or whose associates is the proposed grantee of the options). In addition, any grant of options to a substantial shareholder or an INED or any of their respective associates in aggregate over 0.1% of the Shares in issue or with an aggregate value, based on the closing price of the Shares at the date of each offer, in excess of HK\$5 million, in the 12-month period up to and including the date of such grant, must be approved by the Shareholders in general meeting of the Company.

## Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option to be accompanied by the payment of consideration of HK\$1, being acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

## Subscription price for the Shares and consideration for the option

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.



# DIRECTORS' REPORT

## Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on 23 November 2012, being the adoption date of the Share Option Scheme. On 22 November 2022, the Share Option Scheme expired.

No share options were granted, exercised or cancelled by the Company or lapsed under the Share Option Scheme during the Year and there were no outstanding share options under the Share Option Scheme as at 1 January and 31 December 2022.

## RESTRICTED SHARE INCENTIVE SCHEME

### 2021 Incentive Scheme

As approved at the extraordinary general meeting of the Company on 9 June 2021, the Company allotted and issued 35,300,000 restricted Shares under the 2021 Incentive Scheme on 29 June 2021. Details of 2021 Incentive Scheme have been disclosed in the announcements of the Company dated 31 March 2021 (the "Announcement") and 9 June 2021 and the circular of the Company date 20 May 2021. The principal terms are as follows:

(i) *Purpose*

To establish and improve the Company's medium to long-term incentive mechanism to collectively integrate interests of the Shareholders, the Company and the Company's core team, fully motivate the management and core staff of the Company and achieve high-quality development of the Company.

(ii) *Incentive Recipients*

Directors and senior management of the Group who play a vital role in the medium to long-term development of the Company and the core staff of the Group who have made direct contribution to the operating results and sustainable development of the Company (excluding independent Directors, Shareholders or de facto controllers of the Company who individually or collectively hold more than 5% of the issued Shares of the Company and their respective spouses, parents or children).

(iii) *Shares Available under the 2021 Incentive Scheme*

The 2021 Incentive Scheme intends to allot and issue a total of up to 35,300,000 restricted Shares to the incentive recipients, representing approximately 2.03% of the total issued Shares as at 31 December 2022.

(iv) *Maximum Entitlement of Each Participant*

The total number of Shares to be granted to each of the incentive recipients under the 2021 Incentive Scheme shall not exceed 1% of the total share capital of the Company.

(v) *Validity Period*

The validity period of the 2021 Incentive Scheme shall commence from the date of the approval (i.e. 9 June 2021) and end on the date on which all lock-up restrictions imposed on the restricted Shares to be granted to the incentive recipients are lifted or all the restricted Shares to be granted to the incentive recipients are repurchased, which shall be no more than ten years (no later than 8 June 2031).

# DIRECTORS' REPORT

(vi) *Lock-up Period*

The lock-up periods of the 2021 Incentive Scheme are 24 months, 36 months and 48 months from the date of allotment and issue of the restricted Shares, and 40%, 30% and 30% of the restricted Shares will be unlocked after each of the three lock-up period expires, but subject to fulfillment of the conditions pursuant to the 2021 Incentive Scheme, respectively. The restricted Share shall not be transferred, used as guarantee or for repayment of debts during the lock-up period.

(vii) *Grant Price*

The grant price under the 2021 Incentive Scheme is HK\$7.22 per Share. Pursuant to the 2021 Incentive Scheme, the restricted Shares shall be granted at a price not less than the par value of the Shares and not less than the higher of:

- (i) 50% of the closing price of the Shares as quoted on the Stock Exchange on the price benchmark date (i.e. the date of the Announcement); and
- (ii) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the price benchmark date (i.e. the date of the Announcement).

Grant Price was determined with reference to the Notice on Further Improving the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2019] No. 102) 《關於進一步做好中央企業控股上市公司股權激勵工作有關事項的通知》(國資發考分規[2019]102號) and Guidelines for the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2020] No. 178) 《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號).

Pursuant to the 2021 Incentive Scheme and the agreement for grant of restricted Shares entered into between the Company and each of the incentive recipients, the incentive recipients shall pay the subscription funds for the restricted Shares granted to the Company's designated account within the time period as prescribed by the Company. There is no additional amount payable on application or acceptance of the restricted Shares awarded.

(viii) *Completion of the Grant*

On 29 June 2021, the Company completed allotment and issue of 35,300,000 restricted Shares under the 2021 Incentive Scheme. The closing price of the Shares immediately before the grant date was HK\$13.82 per Share.

# DIRECTORS' REPORT

## 2022 Incentive Scheme

During the Year, the 2022 Incentive Scheme was adopted by the Company and was approved at the extraordinary general meeting of the Company on 23 December 2022. Details of 2022 Incentive Scheme have been disclosed in the announcements of the Company dated 2 November 2022 and 23 December 2022 and in the circular of the Company dated 6 December 2022. The principal terms are as follows:

(i) *Purpose*

To establish and improve the Company's medium to long-term incentive mechanism to collectively integrate interests of the Shareholders, the Company and the Company's core team, to recognise the contributions made by incentive recipients; provide incentives to them in order to retain them for the continuous operation and development of the Group; and fully motivate the management and core staff of the Company and enabling the incentive recipients to work towards achieving high-quality and long-term development of the Company.

(ii) *Incentive Recipients*

Directors and senior management of the Group who play a vital role in the medium to long-term development of the Company and core staff and employees of the Group who have made long-term contributions to the Group (including members of medium management but excluding independent Directors, Shareholders or de facto controllers of the Company who individually or collectively hold more than 5% of the issued Shares of the Company and their respective spouses, parents or children).

(iii) *Shares Available under the 2022 Incentive Scheme*

The 2022 Incentive Scheme intends to allot and issue up to 100,000,000 restricted Shares (the exact number is subject to the actual subscription) to the incentive recipients, representing 5.75% of the total issued Shares as at 31 December 2022.

(iv) *Maximum Entitlement of Each Participant*

The total number of Shares to be granted to each of the incentive recipients under the 2022 Incentive Scheme shall not exceed 1% of the total share capital of the Company.

(v) *Validity Period*

The validity period of the Incentive Scheme shall commence from the date of the approval (i.e. 23 December 2022) and end on the date on which all conditions for lockup release are lifted or all the restricted Shares to be granted to the incentive recipients are repurchased, which shall be no more than ten years (no later than 22 December 2032).

(vi) *Lock-up Period*

The lock-up periods of the 2022 Incentive Scheme are 24 months, 36 months and 48 months from the date of allotment and issue of the restricted Shares and 40%, 30% and 30% of the restricted Shares will be unlocked and vested after each of the three lock-up period expires, but subject to fulfillment of the conditions pursuant to the 2022 Incentive Scheme, respectively. The restricted Shares shall not be transferred, used as guarantee or for repayment of debts during the lockup period.

## DIRECTORS' REPORT

(vii) *Grant Price*

The grant price under the 2022 Incentive Scheme is HK\$7.01 per Share. Pursuant to the 2022 Incentive Scheme, the restricted Shares shall be granted at a price not less than the par value of the Shares and not less than the higher of:

- (i) 50% of the closing price of the Shares as quoted on the Stock Exchange on the price benchmark date (i.e. 2 November 2022, the date of the announcement); and
- (ii) 50% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the price benchmark date (i.e. 2 November 2022, the date of the announcement).

Grant Price was determined with reference to the Notice on Further Improving the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2019] No. 102) 《關於進一步做好中央企業控股上市公司股權激勵工作有關事項的通知》(國資發考分規[2019]102號) and Guidelines for the Implementation of Equity Incentive Schemes by Central SOE-controlled Listed Companies (Guo Zi Fa Kao Fen Gui [2020] No. 178) 《中央企業控股上市公司實施股權激勵工作指引》(國資考分[2020]178號).

Pursuant to the 2022 Incentive Scheme and the agreement for grant of restricted Shares entered into between the Company and each of the incentive recipients, the incentive recipients shall pay the subscription funds for the restricted Shares granted to the Company's designated account within the time period as prescribed by the Company. There is no additional amount payable on application or acceptance of the restricted Shares awarded.

(viii) *Completion of the Grant*

On 29 December 2022, the Company completed allotment and issue of 100,000,000 restricted Shares under the 2022 Incentive Scheme. The closing price of the Shares immediately before the grant date was HK\$22.6 per Share. The net proceeds received under the 2022 Incentive Scheme was approximately HK\$700 million (representing a net price of approximately HK\$7.00 per restricted Share). Such net proceeds were intended for general working capital and were fully used in accordance with the intention disclosed in the announcement of the Company dated 2 November 2022.

Details of the accounting standard and policy adopted for the 2021 and 2022 Incentive Scheme are set out in note 2 "2.21 Share-based Payments" to the consolidated financial statements contained in this report. Details of the share-based payments under the 2021 and 2022 Incentive Scheme are set out in note 12 "Employment Benefit Expense (Including Directors' Emoluments)" to the consolidated financial statements contained in this report.



# DIRECTORS' REPORT

The details of the movement of the Restricted Shares under both 2021 Incentive Scheme and 2022 Incentive Scheme during the Year are as follows:

Name of the incentive recipient	Position within the Group	Number of Restricted Shares as at		Granted during the Year	Vested during the Year	Cancelled during the Year	Lapsed during the Year	Number of Restricted Shares as at	
		1 January 2022	Date of grant					31 December 2022	Vesting Period
Ms. Zhao Chengmin	Executive Director	330,000	29 December 2022	650,000	-	-	-	980,000	See notes
Mr. Lin Weiguo	Executive Director and chief executive officer of the Company	290,000	29 December 2022	600,000	-	-	-	890,000	See notes
Mr. Tian Meitan	Executive Director	280,000	29 December 2022	530,000	-	-	-	810,000	See notes
Sub-total		900,000		1,780,000				2,680,000	See notes
<b>Employees of the Group</b>									
Senior management of the Company, directors, former directors, supervisor and general managers of the Company's subsidiaries	-	12,410,000	29 December 2022	28,760,000	-	-	-	41,170,000	See notes
Other employees of the Group	-	21,990,000	29 December 2022	69,460,000	-	-	(490,000)	90,960,000	See notes
Total		35,300,000		100,000,000	-	-	(490,000)	134,810,000	

Notes:

- These are restricted Shares granted by the Group on 29 June 2021 under the 2021 Incentive Scheme, which are unlocked in three tranches with lock-up periods of 24 months, 36 months and 48 months from the grant date of the restricted Shares, and 40%, 30% and 30% of the restricted Shares will be unlocked in each tranche, respectively.
- These are restricted Shares granted by the Group on 29 December 2022 under the 2022 Incentive Scheme, which are unlocked in three tranches with lock-up periods of 24 months, 36 months and 48 months from the grant date of the restricted Shares, and 40%, 30% and 30% of the restricted Shares will be unlocked in each tranche, respectively.
- During the Year, a total of 490,000 restricted Shares expired due to the resignation of incentive recipients.
- As at 31 December 2022, none of the restricted Shares under the 2021 Incentive Scheme and the 2022 Incentive Scheme were vested.
- During the Year, the composition of this category of employees of the Group changed due to personnel adjustment of the Group. As such, the relevant composition presented above is with reference to the circulars of the Company dated 20 May 2021 and 6 December 2022, respectively.

# DIRECTORS' REPORT

## RETIREMENT BENEFIT SCHEMES/PENSION SCHEME

Retirement benefits to employees are provided through defined contribution plans.

The retirement benefits costs charged in the income statement represent the contributions payable in respect of the current year to the retirement benefits scheme managed by respective local social security bureau in accordance with government regulations in different jurisdictions. The forfeited contributions (by us on behalf of employees who leave the scheme prior to vesting fully in such contributions) will not be used by us to reduce the existing level of contributions. Please refer to note 2.21 to the consolidated financial statements for the Year for more information.

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

Save for the Shares issued pursuant to the Placing, the 2021 Incentive Scheme and the 2022 Incentive Scheme, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

## CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 59 to 73 of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float (i.e. at least 25% of the issued Shares were held by the public) as required by Rule 8.08 of the Listing Rules.

## ADDITIONAL DISCLOSURES

### Registration of lease agreements in the PRC

As disclosed in the prospectus of the Company dated 30 November 2012 (the "Prospectus"), some lease agreements in respect of certain investment properties in the PRC held or leased by the Group, which are required to be registered under the PRC laws, were not registered nor registrable.

As at 31 December 2022, 43 lease agreements were still pending to be registered due to the fact that the merchants shall bring their ID cards and go to the competent Real Estate Bureau together with relevant staff of the Group to complete the registration. However, the merchants did not actively assist the Company in completing such registration.

The Company will keep monitoring the registration status of these lease agreements with the aim of completing their registration as early as practicable.

# DIRECTORS' REPORT

## **Property ownership certificate of Wan Guo Plaza\* (萬國廣場) (formerly known as Yu Feng High Street)**

As disclosed in the Prospectus, following the refurbishment and renovation of Wan Guo Plaza\* (萬國廣場) (formerly known as Yu Feng High Street), the property ownership certificate was issued on 11 May 2012 in respect of the refurbished Wan Guo Plaza and covered a GFA of 7,484 sq.m. It was later transpired that there was a shortfall in GFA of approximately 770 sq.m., which was yet to be covered under the property ownership certificate. The Group has delegated a senior management staff to keep liaising with the relevant PRC authorities and following up on the application procedure for a new property ownership certificate of Wan Guo Plaza.

As at 31 December 2022, the application process for the new property ownership certificate was still ongoing. Given that the application for a new property ownership certificate under the above special circumstance is not one which is usually taken out before the relevant PRC authorities, the Group expects that the processing time would be longer than is normally required. There was no indication from the PRC authorities as to how long such process would take. The Group will maintain its communication with the relevant PRC authorities closely so as to obtain the up-to-date status of the application progress until the new property ownership certificate covering the shortfall in GFA is issued.

## **REVIEW BY AUDIT COMMITTEE**

The Audit Committee (comprising all three INEDs, namely Mr. Wong Chi Wai (committee chairman), Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee) has reviewed with the management the audited consolidated financial statements of the Company for the Year.

## **INDEPENDENT AUDITOR**

The Group's consolidated financial statements for the Year have been audited by Grant Thornton Hong Kong Limited which will retire and, being eligible, offer itself for re-appointment at the AGM. Having approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint Grant Thornton Hong Kong Limited and to authorise the Directors to fix its remuneration will be proposed at the AGM.

There has been no change in auditor in any of the preceding three years as at 31 December 2022.

On behalf of the Board

**ZHAO Chengmin**

*Chairperson and executive Director*

Hong Kong, 30 March 2023

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the Year.

## CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately; and
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

The Board is of the view that throughout the Year, the Company has complied with all the code provisions as set out in the CG Code.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company.



# CORPORATE GOVERNANCE REPORT

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Year.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Year.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

## BOARD COMPOSITION

During the Year and up to the date of this annual report, the Board comprises the following Directors:

### Executive Directors

Mr. Zhuang Yuekai <sup>(1)</sup>

Ms. Zhao Chengmin (*Chairperson*)<sup>(2)</sup>

Mr. Lin Weiguo (*Chief Executive Officer*)

Mr. Tian Meitan <sup>(3)</sup>

### Non-executive Directors

Mr. Huang Wenzhou

Ms. Ye Yanliu

Mr. Wang Wenhui

### Independent Non-executive Directors

Mr. Wong Chi Wai

Mr. Wong Tat Yan, Paul

Mr. Chan Chun Yee

Notes:

(1) Mr. Zhuang Yuekai resigned as an executive Director and chairman of the Board with effect from 25 August 2022.

(2) Ms. Zhao Chengmin was appointed as the Chairperson with effect from 25 August 2022.

(3) Mr. Tian Meitan was appointed as an executive Director with effect from 25 August 2022.

The biographical information of the Directors is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 22 to 26 of this annual report.

None of the members of the Board is related to one another.

# CORPORATE GOVERNANCE REPORT

## Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Year, four Board meetings, one annual general meeting and two extraordinary general meetings (the "EGM") were held. Details of the attendance of the Directors are as follows:

Name of Directors	Attendance of Board meeting	Attendance of annual general meeting	Attendance of EGM
Mr. Zhuang Yuekai (resigned on 25 August 2022)	2/2	1/1	1/1
Ms. Zhao Chengmin	4/4	1/1	2/2
Mr. Lin Weiguo	4/4	1/1	2/2
Mr. Tian Meitan (appointed on 25 August 2022)	2/2	N/A	1/1
Mr. Huang Wenzhou	4/4	1/1	2/2
Ms. Ye Yanliu	4/4	1/1	2/2
Mr. Wang Wenhui	4/4	1/1	2/2
Mr. Wong Chi Wai	4/4	1/1	2/2
Mr. Wong Tat Yan, Paul	4/4	1/1	2/2
Mr. Chan Chun Yee	4/4	1/1	2/2

Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of other Directors for compliance with provision C.2.7 of the CG Code.

## Chairman and Chief Executive Officer

The position of the Chairperson was held by Ms. Zhao Chengmin. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. With effect from 25 August 2022, Mr. Zhuang Yuekai resigned as Chairman. Ms. Zhao Chengmin has been appointed as the Chairperson. Mr. Lin Weiguo is the chief executive officer of the Company who is responsible for the Company's business development and daily management and operations.

## Independent Non-executive Directors

During the Year, 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 one-third of the Board) with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Under code provision B.2.3 (formerly code provision A.4.3) of the Listing Rules, further appointment of independent non-executive director who serve more than nine years should be subject to a separate resolution to be approved by the shareholders. Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee has served as independent non-executive Director for more than nine years since November 2012. Further appointments of them should be subject to separate resolutions to be approved by the Shareholders.

# CORPORATE GOVERNANCE REPORT

The Board has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules, and has assessed and reviewed the annual confirmation of independence and is satisfied with the independence of each of Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee based on the criteria set out in Rule 3.13 of the Listing Rules and affirmed that each of Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee remained independent of management and free of any relationship which could materially interfere with the exercise of their independent judgment. In view of the aforesaid factors and the fact that the experience and knowledge of the relevant individuals in the business sectors in which the Company operates, the Board would recommend each of Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee for re-election at the forthcoming AGM.

## **Board Independence Evaluation**

The Company has established a Board Independence Evaluation Mechanism during the Year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the Year, all Directors has completed the independence evaluation in the form of a questionnaire individually and supplemented by individual interviews. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the Year, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

## **Appointment and Re-election of Directors**

The non-executive Directors are appointed for a specific term of three years from their respective date of appointment, subject to renewal after the expiry of the then current term and retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

Each of the independent non-executive Directors has been appointed for an initial term of one year commencing on 23 November 2012, which is renewable automatically for successive terms of one year each from the day immediately after the expiry of the then current term, subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

The Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting after appointment. On 25 August 2022, Mr. Tian Meitan has been appointed as an executive Director. In accordance with Article 109 of the Articles of Association of the Company, Mr. Tian Meitan will retire and being eligible, offer himself for re-election at the AGM.

# CORPORATE GOVERNANCE REPORT

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, (or if their number is not three or a multiple of three, 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 by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Moreover, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company. Accordingly, Mr. Huang Wenzhou, Mr. Wang Wenhui and Mr. Wong Chi Wai will retire from office by rotation at the AGM, and being eligible, have offered themselves for re-election. None of the Directors who is proposed for re-election or any other Directors has a service contract that is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

## **Responsibilities, Accountabilities and Contributions of the Board and Management**

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

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

All Directors (including non-executive Directors and independent non-executive Directors) have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

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

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.



# CORPORATE GOVERNANCE REPORT

## Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development ("CPD") to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The record of CPD relating to director's duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2022 are summarized as follows:

<b>Name of Directors</b>	<b>Type of Training<sup>(1)</sup></b>
<b>Executive Directors</b>	
Mr. Zhuang Yuekai <sup>(2)</sup>	A/B
Ms. Zhao Chengmin ( <i>Chairperson</i> ) <sup>(3)</sup>	A/B
Mr. Lin Weiguo ( <i>Chief Executive Officer</i> )	A/B
Mr. Tian Meitan <sup>(4)</sup>	A/B
<b>Non-executive Directors</b>	
Mr. Huang Wenzhou	A/B
Ms. Ye Yanliu	A/B
Mr. Wang Wenhui	A/B
<b>Independent Non-executive Directors</b>	
Mr. Wong Chi Wai	A/B
Mr. Wong Tat Yan, Paul	A/B
Mr. Chan Chun Yee	A/B

Notes:

(1) Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

(2) Mr. Zhuang Yuekai resigned as executive Director and Chairman with effect from 25 August 2022.

(3) Ms. Zhao Chengmin was appointed as Chairperson with effect from 25 August 2022.

(4) Mr. Tian Meitan was appointed as executive Director with effect from 25 August 2022.

# CORPORATE GOVERNANCE REPORT

## BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on pages 2 to 3 of this annual report.

### Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee. Mr. Wong Chi Wai is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Year, the Audit Committee held two meetings to review the annual financial results and report in respect of the year ended 31 December 2021, the interim results and report for the six months ended 30 June 2022, and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

The attendance of the members of the Audit Committee are as follows:

<b>Name of Members of the Audit Committee</b>	<b>Attendance</b>
Mr. Wong Chi Wai ( <i>Chairman</i> )	2/2
Mr. Wong Tat Yan, Paul	2/2
Mr. Chan Chun Yee	2/2

# CORPORATE GOVERNANCE REPORT

## Remuneration Committee

The Remuneration Committee consists of three independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee. Mr. Wong Tat Yan, Paul is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, approving the terms of executive directors' service contracts; and reviewing and/or approving matters relating to share schemes.

During the Year, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

The attendance records of the members of the Remuneration Committee are as follows:

<b>Name of Members of the Remuneration Committee</b>	<b>Attendance</b>
Mr. Wong Tat Yan, Paul ( <i>Chairman</i> )	1/1
Mr. Wong Chi Wai	1/1
Mr. Chan Chun Yee	1/1

Details of the remuneration of the Directors and the senior management of the Company by band are set out in the note 13 to the Financial Statements for the year ended 31 December 2022.

## Nomination Committee

The Nomination Committee consists of four members, namely Ms. Zhao Chengmin, executive Director, Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee, independent non-executive Directors. Mr. Zhuang Yuekai was the chairman of the Nomination Committee. On 25 August 2022, Mr. Zhuang Yuekai resigned as the chairman of Nomination Committee. Ms. Zhao Chengmin has been appointed as the chairperson of the Nomination Committee with effect from 25 August 2022.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

# CORPORATE GOVERNANCE REPORT

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the terms of reference of the Nomination Committee and Board Diversity Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendations to the Board.

During the Year, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for re-election at the AGM, to review the Board Diversity Policy and Director Nomination Policy. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board Diversity Policy.

The attendance records of the members of the Nomination Committee are as follows:

<b>Name of Members of the Nomination Committee</b>	<b>Attendance</b>
Mr. Zhuang Yuekai (resigned on 25 August 2022)	1/1
Ms. Zhao Chengmin ( <i>Chairperson</i> ) (appointed on 25 August 2022)	N/A
Mr. Wong Chi Wai	1/1
Mr. Wong Tat Yan, Paul	1/1
Mr. Chan Chun Yee	1/1

## **Board Diversity Policy**

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Board pays attention to diversity (including gender diversity) across all levels of the Group. The employee gender ratio of the Group as at 31 December 2022 is 1 male: 0.58 female. The Group is in the view that the gender ratio is relatively satisfactory.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.



# CORPORATE GOVERNANCE REPORT

## Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings as below:

### (i) *Appointment of New Director*

- The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

# CORPORATE GOVERNANCE REPORT

## (ii) *Re-election of Director at General Meeting*

- The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

### **Corporate Governance Functions**

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the Year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

### **RISK MANAGEMENT AND INTERNAL CONTROLS**

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including risk identification, risk analysis, risk response, risk monitoring and risk reporting processes.

# CORPORATE GOVERNANCE REPORT

The objectives of the Company's risk management systems are to ensure that the Company operates an effective risk management system, to introduce the established risk management policy into the daily operations of the Company's business units, to cultivate and encourage awareness of risk management within the Group and to measure different risks, to monitor and control risks effectively and to ensure effective mitigation of risks, and the reduction of impact of risks.

The Company encourages employees to adopt a proactive risk management approach to further strengthen the Group's risk awareness culture. The risk management system is incorporated into the business processes of our business units within the Group in order to mitigate the impact of risks with effective risk management policies. Evaluation has been conducted at least annually to confirm that risk management procedures and control policies are properly complied with. The Company also has engaged external professional firm for performing independent review of the adequacy and effectiveness of the risk management and internal control systems.

The Company has an internal audit function to focus on the adequacy and effectiveness of its risk management and internal control systems.

The management assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems. The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2022.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2022, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has in place the Whistleblowing Policy for employees of the Company and those who deal with the Company to raise concerns, in anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal audit function, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

# CORPORATE GOVERNANCE REPORT

The Company has taken various measures on integrity practices. On the one hand, it established rules and regulations to strengthen the construction of a clean and honest Party. The Group and its subordinate units signed the Letter of Responsibility for Integrity Construction, and cadres at all levels and personnel related to cost bidding and procurement of the Group signed the Letter of Commitment on Integrity and Self-discipline, requiring cadres at all levels to take the lead in adhering to the practice of “one post with two responsibilities”, strictly requiring in responsibilities, management and supervision, so that the sense of responsibility is consciously and normalized. Secondly, the Group clarified the red line, bottom line and integrity and self-discipline requirements in the system and increased publicity. The Company strengthened the integrity and self-discipline education for cadres and employees, committed to integrity education for cadres before taking office, and took examples around them as warning or education. By watching videos, learning and testing knowledge related to integrity and other forms of education, the Company strengthened the bottom line requirements of integrity and self-discipline for cadres and employees, and built a strong awareness of integrity. On the other hand, the Company strengthened the construction of informatization, standardized business processes, regulated various business operations, and further prevented and controlled risks relating to integrity.

The Company has developed its disclosure policy which provides a general guide to the Company’s Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

## DIRECTORS’ RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor’s Report on pages 165 to 168.

## AUDITOR’S REMUNERATION

The remuneration paid and payable to the Company’s external auditor in respect of non-audit services and audit services for the year ended 31 December 2022 amounted to approximately HKD170,000 and HKD3,240,000 respectively.

An analysis of the remuneration paid and payable to the external auditor of the Company, Grant Thornton Hong Kong Limited, in respect of audit services and non-audit services for the year ended 31 December 2022 is set out below:

Service Category	Fees Paid/Payable
Audit Services	Nil/HK\$3,090,000
Non-audit Services	
— risk management review and internal control review services (Paid to Grant Thornton Advisory Services Limited)	HK\$170,000/HK\$150,000
	HK\$170,000/HK\$3,240,000



# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

On 9 September 2022, Miss Leung Ching Ching resigned as the Company's company secretary and Ms. Kam Mei Ha Wendy was appointed to fill the vacancy left by Miss Leung Ching Ching. Ms. Kam Mei Ha Wendy is an executive director of the Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Lu Jinwen, the general manager of the Investment and Capital Center of the Company has been designated as the primary contact person at the Company which would work and communicate with Ms. Kam Mei Ha Wendy on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2022, Ms. Kam Mei Ha Wendy has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

### Convening an Extraordinary General Meeting

Shareholders are encouraged to attend all general meetings of the Company. According to Article 64 of the Articles of Association, shareholders holding not less than 10% of the paid up capital of the Company having the right of voting at general meetings can request to convene an EGM by depositing a requisition in writing to the Directors or the Company Secretary for such purpose. The written requisition shall be deposited to the Company's office located at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

### Putting Forward Proposals at General Meetings

There are no provisions allowing Shareholders to put forward new resolutions at the general meetings under the Cayman Islands Companies Law (2013 Revision) or the Articles of Association. However, Shareholders who wish to put forward proposal at general meetings may make a requisition to convene an EGM following the procedures set out above.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wan Chai, Hong Kong  
(For the attention of the Board of Directors)  
Fax: (852) 2525 7890  
Tel: (852) 2525 7922

# CORPORATE GOVERNANCE REPORT

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## **Procedures for Shareholders to propose a person for election as a Director**

The following procedures are subject to the Articles of Association and the applicable legislation and regulations.

If a Shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the member himself/herself) for election as a director at that meeting, he/she/it can deposit a written notice at either of the following addresses:

*Head office and principal place of business of the Company in Hong Kong*

Office No. 3517  
35th Floor  
Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

*Hong Kong branch share registrar and transfer office of the Company*

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

In order for the Company to inform all Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned together with a written notice of the person proposed for election as a director indicating his/her willingness to be elected.

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTORS**

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

### **Policies relating to Shareholders**

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The policy is regularly reviewed to ensure its effectiveness. The Company reviewed communication activities with Shareholders in 2022 and was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy which allowed Shareholders to engage actively with the Company.

### **Constitutional Documents**

There was no change to the Company's Articles of Association during the Year. An up to date version of the Articles of Association is available on the Company's website and the Stock Exchange's website.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## I. ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1. Introduction of the Report

The Group is pleased to release its 2022 Environmental, Social and Governance (hereinafter referred to as “ESG”) Report (hereinafter referred to as the “Report”) to disclose the vision and concept of sustainable development of the Group, as well as to convey the Group’s sustainable development practices and performance during the Year to stakeholders and the community.

### 2. Scope of the Report

The Report covers the business of property development, real estate industry chain investment services and investment in emerging industries of the Group from 1 January 2022 to 31 December 2022. In particular, the number of employees and training data in this report include C&D Property Management Group Co., Ltd (“C&D Property”), a subsidiary of C&D International Group. Unless otherwise specified, the remaining data in this report does not include C&D Property. If more ESG performance of C&D Property is required, please refer to the ESG Report disclosed in its annual report.

### 3. Preparation basis of the Report

The Report has met all the “comply or explain” provisions as set out in Appendix 27 Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “ESG Reporting Guide”) under the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The content index of the ESG Reporting Guide is set out in Appendix 1 of the Report for users’ quick search.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Report has been prepared in accordance to four major principles of materiality, quantification, balance, and consistency, striving to fully manifest the management and achievements of the Group on the aspect of ESG.

Reporting Principles	Definition	The Group's Response
Materiality	The issues covered in the Report should reflect the Group's significant impact on the economy, environment and society, or the areas that affect the assessments and decisions by stakeholders.	Through continuous communication with stakeholders, combined with the Group's strategic development and business operations, identify current major sustainable development issues, and disclose the Group's ESG risks and management measures.
Quantification	The Report should disclose key performance indicators in a measurable manner.	Quantitative disclosure is made in respect of the Group's environmental and social key performance indicators, while textual explanation is performed against the quantitative information.
Balance	The Report should reflect the overall sustainability performance of the Group in an impartial manner.	The Group has explained in detail the sustainable development matters that have a significant impact on the business, including the results of the work and the challenges it faces.
Consistency	The Group should ensure that consistent information disclosure principles are used in the Report.	The Group will ensure that the disclosure scope and reporting method of the Report are generally consistent from year to year, so that stakeholders can compare the Group's performance.

#### 4. Source of reporting data

The information disclosed in the Report is derived from the Group's formal documents, reports or relevant public information. All data used in the Report comes from relevant functional departments of the Company and its selected subsidiaries. Unless otherwise stated, the data in the Report has been presented in RMB.

#### 5. Publication of the Report

The Report is available in both Chinese and English, and is distributed in electronic form. In case of discrepancy between the English and Chinese versions of the Report, the Chinese version shall prevail. The electronic version of the Report can be accessed on the official website of the Group ([www.cndintl.com](http://www.cndintl.com)) or website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).





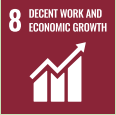







# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## II. CONCEPT AND GOVERNANCE OF SUSTAINABLE DEVELOPMENT

The Group adheres to the corporate core value of “proactive and aggressive, win-win cooperation”, takes “exploring new values, making more people live a better life” as the mission and vision of sustainable development, and actively fulfils its corporate social and environmental responsibilities in the course of development. By establishing a sound governance structure for sustainable development, the Group strengthens the identification and management of ESG risks, and listens attentively to the demands and expectations of stakeholders on the Group’s sustainable development, integrates the concept of sustainable development into the daily work operation and decision-making of each business segment, and pursues a balanced development in terms of environmental, social and economic benefits.

The Group supports the United Nations Sustainable Development Goals (SDGs) and integrates the concept of sustainable development into the Group’s business development and operation. Among the 17 sustainable development goals of the United Nations, the Group has selected the following 10 goals that are most relevant to its business, which are used as guidelines to formulate action strategies, actively promote low-carbon environmental protection, industry development and social prosperity, and combine the expectations and demands of stakeholders on the Group’s environmental, social and governance work, continue to improve the sustainable development management mechanism and enhance management capabilities, earnestly fulfil environmental and social responsibilities, and establish an industry benchmark image.

<p><b>SDG 1: No poverty</b></p> 	<p><b>SDG 3: Good health and well-being</b></p> 	<p><b>SDG 5: Gender equality</b></p> 
<p><b>SDG 6: Clean water and sanitation</b></p> 	<p><b>SDG 8: Decent work and economic growth</b></p> 	<p><b>SDG 9: Industry, Innovation and Infrastructure</b></p> 
<p><b>SDG 11: Sustainable Cities and Communities</b></p> 	<p><b>SDG 12: Responsible consumption and production</b></p> 	<p><b>SDG 13: Climate action</b></p> 
<p><b>SDG 16: Peace, justice and strong institutions</b></p> 		

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

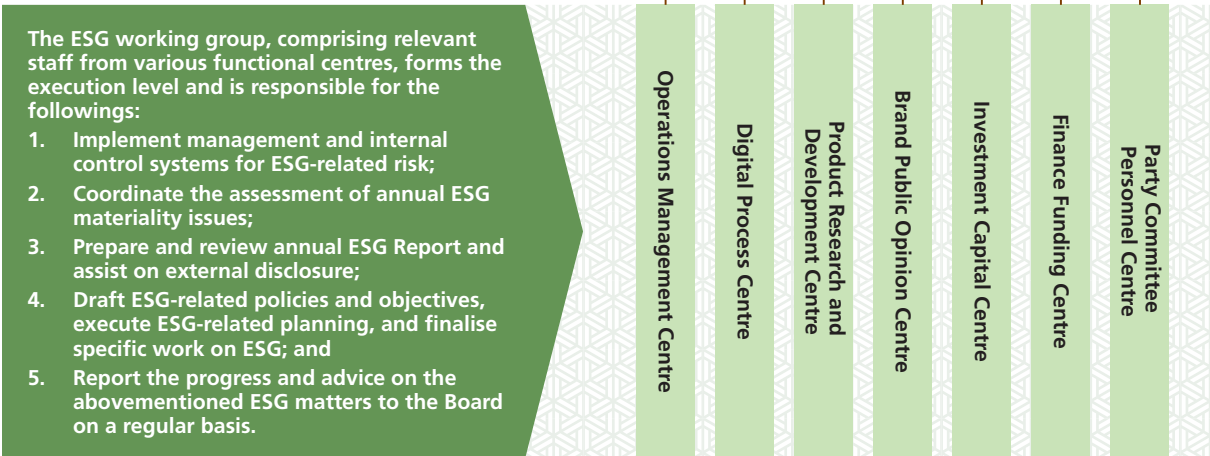
The Board of the Group is fully liable for the ESG strategies and reporting, which is responsible for reviewing and formally approving its annual ESG Report. The Board acknowledges and discusses the ESG related work progress through Board meetings and general meetings of the Company, and gives further instructions on related matters according to the specific circumstances. The Group continues to strengthen its ESG risk management, and monitors ESG related risks based on the current risk management and internal control systems to ensure stable and sustainable development. For more details on the Group’s risk management and internal control, please refer to the information disclosed in the section headed Corporate Governance Report of the 2022 Annual Report of C&D International Investment Group Limited.

During the Year, the Group further clarified the composition and responsibilities of decision makers and executors of various levels in respect of ESG related management tasks according to the business operation, internal and external market environment. The Group continued to integrate the concept of ESG management into daily management of each functional department in order to improve performance of ESG management continuously. It also ensured the effectiveness of ESG management through regular reporting of ESG related risk management, ESG related work plans and relevant implementation to the Company’s directors and senior management for their acknowledgement.

### Decision-making Level



### Execution Level



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## III. PARTICIPATION OF STAKEHOLDERS

The Group continues to optimise and improve the communication mechanism with stakeholders, carefully listens to the suggestions of stakeholders on the Company's business and sustainable development related issues, and makes timely and effective feedback. At the same time, based on the expectations and demands of stakeholders, the Group continues to optimise the sustainable development strategy, and works with all parties to continuously improve the sustainable development level of the Group.

Stakeholders	Major communication channel	Expectations and Appeals	Communication and Response
Shareholders and investors	General meetings Referral and introduction sessions Communication with investors by phone/mail Push notification of official website	Investment returns Interests protection Corporate transparency Risk control	Enhance profitability Convene general meetings Disclosure of day-to-day information Optimise internal control and risk management
Government and regulators	Submission of regulatory information to relevant department	Operation in compliance with the law Response to the national call Support local development	Continuously strengthen corporate compliance and management Actively implement national policies Actively assume social responsibilities
Employees	Worker congress meetings Employee care activities Employee suggestion box Employee satisfaction surveys	Career development platform Remuneration and benefits Occupational health and safety Listening to the voice of employees	Optimise career promotion mechanism Competitive salary and benefits Implement management system for health and safety Equal communication and complaint mechanism

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Major communication channel	Expectations and Appeals	Communication and Response
Property owners and customers	Nationwide customer service hotline Service satisfaction surveys Official WeChat account Community activities	Product quality and price/performance ratio Customer service quality Customer information security Customer rights protection	Implement the “Diamond” brand concept Comprehensive and considerate services Improve the relevant system for confidentiality of customer information Marketing compliance
Suppliers and partners	Visits to suppliers Training on suppliers’ technique Supplier conference Supplier feedback mechanism	Integrity cooperation Experience sharing Win-win cooperation Business ethics and reputation	Create supplier management system Promote daily communication Carry out project cooperation Perform contracts under the laws and perform assessment of suppliers
Society and the public	Official website Official WeChat account Press and media reports	Actively fight against the pandemic Support social welfare Protect natural environment Promote social advancement	Establish anti-pandemic mechanism Take part in charity Adhere to green operations Share development achievements



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## IV. MATERIALITY ASSESSMENT OF ESG ISSUES

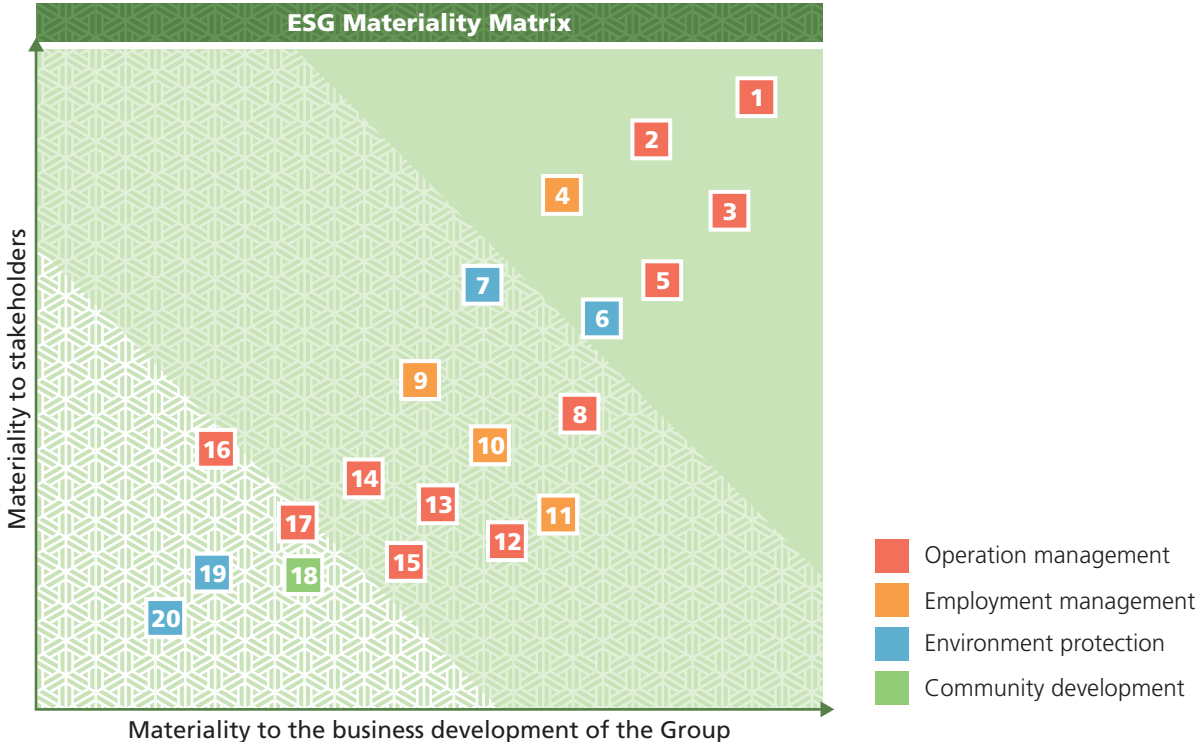
### 1. ESG Materiality Assessment Steps

The Group communicates with stakeholders through various ways including WeChat account, official website, face-to-face interviews, properties owners’ satisfaction survey, and employees’ meetings, so as to deeply understand the level of concern of stakeholders in respect of all materiality issues. Based on the level of concern of stakeholders on material ESG issues and the actual situation of the Group’s business development, the Group has prioritised the materiality of ESG issues comprehensively to determine the disclosure focus of the 2022 ESG Report. The materiality assessment process of ESG issues for the year is illustrated in the following chart:



### 2. Diagram of ESG Materiality Matrix

Set out below are the results of ESG Materiality Matrix in 2022:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Serial No.	Issues of materiality	Level of materiality
1	Product quality management	<b>Issues of high materiality</b>
2	Safe and civilised construction	
3	Service quality and customers' satisfaction	
4	Rights and care for employees	
5	Compliance management and building up of integrity	
6	Energy saving, emission reduction and green operation	
7	Green construction	
8	Response to public crises	<b>Issues of moderate materiality</b>
9	Occupational health and safety for employees	
10	Employee training and development	
11	Prohibition of child labour and forced labour	
12	Customers' information security and privacy protection	
13	Intellectual property protection	
14	Compliant marketing and promotion	
15	Charity and social services	
16	Assessment and supervision for suppliers	
17	Supplier chain environment and social risk management	
18	Community development and communication	<b>Issues of general materiality</b>
19	Waste disposal and recycling	
20	Address to climate change	

Compared with the previous year, the results of the Group's ESG materiality assessment for the Year indicated that product quality management, safe and civilised construction, service quality and customers' satisfaction, compliance operation, rights and care for employees, green construction and other issues were the key issues of concern to stakeholders. Based on the results of this assessment, the Group will continue to improve the Group's ESG management strategy, enhance the level of ESG management, and actively promote the fulfillment of ESG responsibilities.

## V. CREATING WARM HOME WITH QUALITY

Product quality is an important support for the Group to seek long-term development. The Group adheres to the spirit of craftsmanship and ingenuity, and continues to develop high-quality products through in-depth research on traditional Chinese culture, living needs and construction techniques. Meanwhile, the Group has established a standardised quality management system and safety management system, and carefully grasped the details of service and service efficiency, striving to create a safe and comfortable home for customers.

### 1. Innovative Product Design

#### 1) *Innovative product system*

When designing its products, the Group extracts elements from Chinese traditional culture and local customs, and integrates them with modern architectural spatial design, focusing on the inheritance and application of traditional Chinese culture, and creating a series of products such as “Emperor Chinese (王府中式)”, “Zen Chinese (禪境中式)”, “Shengshi Tangfeng (盛世唐風)” and “Fengya Songyun (風雅宋韻)”.

Among which, “Emperor Chinese (王府中式)”, which is the Group’s signature product, has gone through many iterations. It features dense and full-bodied, natural imagery, rich and complex, and graceful luxury, providing the city and its owners with high-quality luxury living. “Zen Chinese (禪境中式)” series incorporates Oriental Zen thoughts into the product design, advocating “an empty but not extremely empty mood, an image but not extremely image flavor, a simple but not as simple aesthetics, and a simple but not extremely simple choice” to provide the city and its owners with a pleasant Chinese life.

During the Year, the Group newly launched innovative product series of “Shengshi Tangfeng (盛世唐風)”, “Fengya Songyun (風雅宋韻)” and “Jianjing Xiandai (簡精現代)” to further enrich its product lines. In particular, the creative inspiration of “Shengshi Tangfeng (盛世唐風)” series originates from Datang (大唐), and its products use the design concept of “Rigid and Soft Vermilion (剛柔朱青)” to present the humanistic sentiments of the Tang Feng, providing the city and its property owners with artistic conception residences with exquisite landscape and environment. “Fengya Songyun (風雅宋韻)” series combines life aesthetics with spiritual aesthetics, emphasizing the pursuit of true mountains and waters in architectural space, and the integration of Song style in architectural form, providing cities and property owners with an elegant life of Song charm. “Jianjing Xiandai (簡精現代)” series is a design concept developed by designers after sorting out the development history of modern architecture. It presents the characteristics of simplicity, details and refinement in architectural form and spatial connotation design, and provides cities and property owners with a simple and genuine life.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



“Shengshi Tangfeng (盛世唐風)”: Shanghai•Guantangfu (上海•觀唐府)



“Fengya Songyun (風雅宋韻)”: Hangzhou Manyun (杭州縵雲)



“Jianjing Xiandai (簡精現代)”: Xiamen Hupan Runjing (廈門湖畔潤璟)



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has highly recognised and widely acclaimed in architectural design. During the Year, the Group won a total of 57 honorable awards in the design category:

Award-winning clusters	Serial no.	Award-winning project & Award	Awarding unit(s)
Western China Cluster	1	Changsha Jianfa Yangyun (長沙建發養雲): 2022 MUSE Design Awards (season2) — Platinum Award	MUSE Design Award Organising Committee
	2	Changsha Jianfa Yangyun (長沙建發養雲): 2022 BLT Built Design Award	BLT Built Design Award Organising Committee
	3	Changsha Jianfa Yangyun (長沙建發養雲): New York Design Award 2022 — Commercial Building Category Silver Award	New York Design Award Organising Committee
	4	Xiamen Jianfa Island Marketing Centre (廈門建發島內行銷中心) : The 17th Kinpan Award — Best Pre-sale Property (Mingui Qiong Region) + National Region	Kinpan.com, Times House Magazine
	5	Xiamen Jianfa • Wuyuan Wenxi (廈門建發 • 五緣灣壘): The 17th Kinpan Award — Best Pre-sale Property (Mingui Qiong Region)	Kinpan.com, Times House Magazine
	6	Xiamen Jianfa Wuyuanwan Hupanjiujing (廈門建發五緣灣湖畔九境): The 17th Kinpan Award — Best Large-size Space of the Year (South China) + National Region	Kinpan.com, Times House Magazine
	7	Zhangpu Jianfa • Xiyuan (漳浦建發 • 壘院): The 17th Kinpan Award — Best Pre-sale Property (Mingui Qiong Region)	Kinpan.com, Times House Magazine
	8	Longyan Yunzhu North Marketing Centre (龍岩雲著北行銷中心): The 17th Kinpan Award — Best Sales Space of the Year (South China)	Kinpan.com, Times House Magazine
	9	Nanning Jianfa Yangxi (南寧建發央壘): The 17th Kinpan Award — Best Residential (Mingui Qiong Region) + National Region	Kinpan.com, Times House Magazine
	10	Nanning Jianfa Heyue Project Villa Sample Unit (南寧建發和悅項目別墅樣板間): The 17th Kinpan Award — Best Villa Space of the Year (South China) + National Region	Kinpan.com, Times House Magazine
	11	Nanning Jianfa Yangyun Sales Centre (南寧建發養雲銷售中心): The 17th Kinpan Award — Best Sales Space of the Year (Southern China) + National Region	Kinpan.com, Times House Magazine
	12	Jianfa & Jiulongcang Yangxi (建發&九龍倉央壘): The 17th Kinpan Award — Best Residential Property of the Year (Guangdong Region) + National Region	Kinpan.com, Times House Magazine

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Award-winning clusters	Serial no.	Award-winning project & Award	Awarding unit(s)
Western China Cluster	13	Guangzhou Jianfa Mingzhu Wenxi (廣州建發明珠灣壘): The 17th Kinpan Award — Best Main Home Space of the Year (Southern China) + National Region	Kinpan.com, Times House Magazine
	14	Foshan Jianfa Heming Villa (佛山建發和鳴疊墅): The 17th Kinpan Award — Best Villa Space of the Year (South China) + National Region	Kinpan.com, Times House Magazine
	15	Foshan Jianfa Heming Sample Unit (佛山建發和鳴樣板間): The 17th Kinpan Award — Best Main Home Space of the Year (South China) + National Region	Kinpan.com, Times House Magazine
	16	Jiangmen Jianfa Hexi (江門建發和壘): The 17th Kinpan Award — Best Main Home Space of the Year (Southern China) + National Region	Kinpan.com, Times House Magazine
	17	Jiangmen Jianfa Hexin (江門建發和壘): The 17th Kinpan Award — Best Pre-sale Property of the Year (Guangdong Region) + National Region	Kinpan.com, Times House Magazine
	18	Guiyang Jianfa Shuxiangfu 109 Brick-and-Mortar Sample Unit (貴陽建發書香府109實體樣板房): The 17th Kinpan Award Best Soft Space Award in Southwest Northwest Space Category + National Region	Kinpan.com, Times House Magazine
	19	Guiyang Jianfa Shuxiangfu 124 Brick-and-Mortar Sample Unit (貴陽建發書香府124實體樣板房): The 17th Kinpan Award Best Soft Space Award in Southwest Northwest Space Category	Kinpan.com, Times House Magazine
	20	Changsha Jianfa Jiuzhou Hexi (長沙建發玖洲和壘): The 17th Kinpan Award — Best Pre-sale Property of the Year (Two Lakes Areas)	Kinpan.com, Times House Magazine
	21	Changsha Jianfa Jiuzhou Guanlan (長沙建發玖洲觀瀾): The 17th Kinpan Award — Best Pre-sale Property of the Year (Two Lakes Regions) + National Region	Kinpan.com, Times House Magazine
	22	Changsha Jianfa Yangyun (長沙建發養雲): The 17th Kinpan Award — Best Pre-sale Property of the Year (Two Lakes Areas)	Kinpan.com, Times House Magazine
	23	Jianfa Jiaomei Heyue (建發角美和悅) (Exhibition Area): The 8th CREDAWARD Real Estate Design Award Excellence Award Residential Exhibition Area (Architectural Design)	DJSER.com (中國地產建築師網)
	24	Jianfa Jiaomei Heyue (建發角美和悅) (Exhibition Area): The 8th CREDAWARD Real Estate Design Award Excellence Award Residential Exhibition Area (Landscape Design)	DJSER.com (中國地產建築師網)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Award-winning clusters	Serial no.	Award-winning project & Award	Awarding unit(s)
Western China Cluster	25	Zhangpu Jianfa Xiyuan Marketing Centre (漳浦建發璽院行銷中心): The 8th CREDAWARD Real Estate Design Award Excellence Award Residential Demonstration Area (Interior Design)	DJSER.com (中國地產建築師網)
	26	Nanning Jianfa Yangzhu Sales Centre (南寧建發央著銷售中心): The 8th CREDAWARD Real Estate Design Award Excellence Award Residential Exhibition Area (Interior Design)	DJSER.com (中國地產建築師網)
	27	Xiamen Wuyuan Tangyue Marketing Centre (廈門五緣樑月行銷中心): The 7th REARD Global Real Estate Design Awards "Landscape Design Special Silver Award"	www.REARDatChina.com
	28	Liuzhou Jianfa Panlongfu108 Sample (柳州建發磐龍府108樣板間): Silver Award of Interior Design/Soft Decoration of the 7th REARD Global Real Estate Design Award	www.REARDatChina.com
	29	Nanning Jianfa Beida Apartment Sample Unit (南寧建發北大公寓樣板間): The 7th REARD Global Real Estate Design Award Silver Award for Interior Design/Soft Decoration	www.REARDatChina.com
	30	Nanning Jianfa Heyue Villa Sample Unit (南寧建發和悅別墅樣板間): The 7th REARD Global Real Estate Design Award Silver Award for Interior Design/Soft Decoration	www.REARDatChina.com
	31	Nanning Jianfa Yangyun Sales Centre (南寧建發養雲銷售中心): The 7th REARD Global Real Estate Design Award Building Planning • Construction Exhibition Area Special Silver Award	www.REARDatChina.com
	32	Nanning Jianfa Heming Sales Centre (南寧建發和鳴銷售中心): The 7th REARD Global Real Estate Design Award	www.REARDatChina.com
	33	Nanning Jianfa Heyue Sales Centre (南寧建發和悅銷售中心): Honorary Award of the 7th REARD Global Real Estate Design Award	www.REARDatChina.com
	34	Nanning Jianfa Yangxi Project (南寧建發央璽項目): The 7th REARD Global Real Estate Design Award	www.REARDatChina.com
	35	Nanning Jianfa Yangyun Sales Centre (南寧建發養雲銷售中心): Honorary Award of the Seventh REARD Global Real Estate Design Award Landscape Design — Construction of Exhibition Area	www.REARDatChina.com
	36	Nanning Jianfa Heyue Sales Centre (南寧建發和悅銷售中心): The 7th REARD Global Real Estate Design Award Building Planning • Construction Exhibition Area Special Silver Award	www.REARDatChina.com

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Award-winning clusters	Serial no.	Award-winning project & Award	Awarding unit(s)
Western China Cluster	37	Pengjiang Jiuyunfu (蓬江玖雲府): The 7th REARD Global Real Estate Design Award	www.REARDatChina.com
	38	Jianfa Jinhui Heming (建發金輝和鳴): The 4th LIA Gardener Cup International Competition (Outstanding Landscape Award of Real Estate Exhibition Area of the Year)	cnlandscaper.com, Gardener Cup Organizing Committee
	39	Nanning Jianfa Yangyun Sales Centre (南寧建發養雲銷售中心): 2022 Aesthetics Vogue Award with the Best Collection Value	Xunmei Technology Limited (上海尋美科技有限公司), Aesthetics Vogue Award Committee
	40	Nanning Jianfa Yangxi Project (南寧建發央璽項目): 2022 Aesthetics Vogue Award — Humanity Luxury House	Xunmei Technology Limited (上海尋美科技有限公司), Aesthetics Vogue Award Committee
	41	Nanning Jianfa Heyue Villa Sample Unit (南寧建發和悅別墅樣板間): 2022 Aesthetics Vogue Award Interior Design Project	Xunmei Technology Limited (上海尋美科技有限公司), Aesthetics Vogue Award Committee
	42	Guiyang Jianfa Yangzhu (貴陽建發央著): The 10th (2021-2022) "Guangsha Award" candidate project	China Real Estate Association, Housing Industry Promotion Centre of the Ministry of Construction
	43	Wenlan Chunxiao (文瀾春曉) (whole-process BIM technology at design stage): Second Prize of Design Group of the First Building Information Modelling Technology Application Competition in Xiamen	Xiamen Civil Construction Association, Xiamen Construction Engineering Quality and Safety Management Association, Xiamen Construction Industry Association, Xiamen Survey and Design Association
	44	Wuyuan Haoyue (五緣灝月) (Prefabricated Building BIM Technology): Third Prize of Design Group of the First Construction Information Modelling Technology Application Competition in Xiamen	Xiamen Civil Construction Association, Xiamen Construction Engineering Quality and Safety Management Association, Xiamen Construction Industry Association, Xiamen Survey and Design Association



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Award-winning clusters	Serial no.	Award-winning project & Award	Awarding unit(s)
Western China Cluster	45	Xiyue (璽樾): 2022 China Civil Engineering Zhan Tian You Award Excellent Residential Community Gold Award	China Civil Engineering Society, Beijing Zhan Tian You Civil Engineering Science and Technology Development Fund
	46	Huangshi Hexi Exhibition Area (黃石和璽展示區): CREDAWARD Property Design Award Excellence Award	DJSER.com (中國地產建築師網)
East China Cluster	47	Changan Hexi Exhibition Centre (長安和璽展示中心): GHDA Global Habitat Design Award — Gold Award	GHDA Global Habitat Design Award Organising Committee
	48	Huai'an Tianxiwan (淮安天璽灣): Silver Award of GHDA Global Habitat Design Award	GHDA Global Habitat Design Award Organising Committee
South-eastern China Cluster	49	Hangzhou Jianfa Yangyun (杭州建發縵雲): 2022 French DNA design award	DNA Paris Design Award Organising Committee
	50	Hangzhou Jianfa Yangyun (杭州建發縵雲): 2022 German Landmark Architectural Design Award	German Landmark Architecture Design Council
	51	Hangzhou Jianfa Yangyun (杭州建發縵雲): The 17th Kinpan Award won the first place of "Best Pre-sale Property"	Kinpan.com, Times House Magazine
	52	Hangzhou Jianfa Yangyun (杭州建發縵雲): 2022 REARD Global Real Estate Design Award — Silver Award for "Residential" Real Estate	www.REARDatChina.com
	53	Hangzhou Jianfa Yangyun (杭州建發縵雲): 2022 Light Design Awards	Light Design Awards Organising Committee
	54	Hangzhou Jianfa Yangyun (杭州建發縵雲): 2022 MUSE Gold Winner	MUSE Design Award Organising Committee
	55	Wenzhou Yueqing Junlan Hezhu (溫州樂清君蘭和著): Best Pre-sale Property at the 17th Kinpan Award	Kinpan.com, Times House Magazine
	56	Ningde Jianfa Wangchaofu (寧德建發望潮府): Best Pre-sale Property of the 17th Kinpan Award (Mingui Qiong District)	Kinpan.com, Times House Magazine
	57	Fuzhou Jianfa Yangzhu (福州建發央著): Best Residential Award of the 17th Kinpan Award (Mingui Qiong District)	Kinpan.com, Times House Magazine

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2) *Focus on product research and development*

The Group attaches great importance to the research and development and innovation of its products, and constantly iterate and upgrade its products to meet the increasingly diversified living needs of people. Through market research and analysis, community visits, questionnaires and other methods, the Group fully understands the needs of property owners, and is committed to research and development in the fourth-generation residential buildings, classical landscape, architectural culture integration, community supporting facilities construction, interior design innovation and home decoration improvement details, and continuously promotes the serialisation and standardisation of products, aiming to provide customers with ultimate living experience.

### Fourth-generation residential

The design concept of energy saving and greening has gradually become the mainstream of urban buildings. The fourth-generation residential buildings developed by the Group have incorporated the concept of green ecology into the practise of urban buildings. Through the construction of air garden, the construction pattern of “greening at all levels and courtyard for households” has been formed. The fourth-generation residential buildings can provide owners with a leisure and greening platform, while providing functions such as energy conservation and emission reduction, changing small climate and creating a beautiful environment.



**Jianfa Yangyun (建發縵雲): the first “city forest garden residence” in Fuzhou, presenting a unique product pattern**

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Classic Landscape

In terms of landscape design, the Group combines the cultural value and nature spirit to extract the core concept of the new Chinese style (i.e. the “Daoyuan (道園)”). By overlapping hills with water and through the elements such as the pavilion, corridor and bridge, the landscape has been transformed to provide a playful space for the community. Currently, the Group develops several new landscape garden products with regional Chinese style, which have been implemented on a pilot basis.



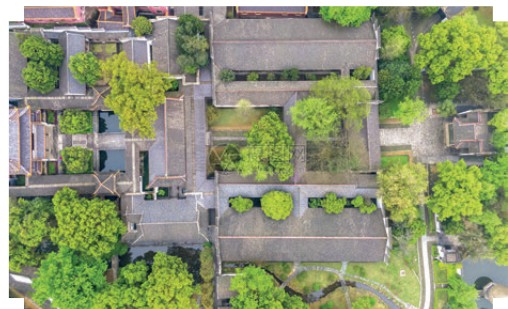
**Classic Landscape: Creation of poetic and artistic conception by overlapping hills with water**

## Integration of Architectural Culture

The Group has researched the local urban context and human spirit to create a Chinese design that fits the local environment. Meanwhile, the Group has chosen building materials that combine the local culture and environment, so that the overall project reflects the local cultural characteristics from the external shape of the space to the internal function of the space, allowing people to feel the impact of cultural elements from the visual form to the spatial experience.



**Beijing Changping Jianfa Junhefu (北京昌平建發珺和府):** inspired by the Summer Palace in Beijing, it is built on the classical garden style to create a modern emperor mansion with a sense of politeness and elegance.



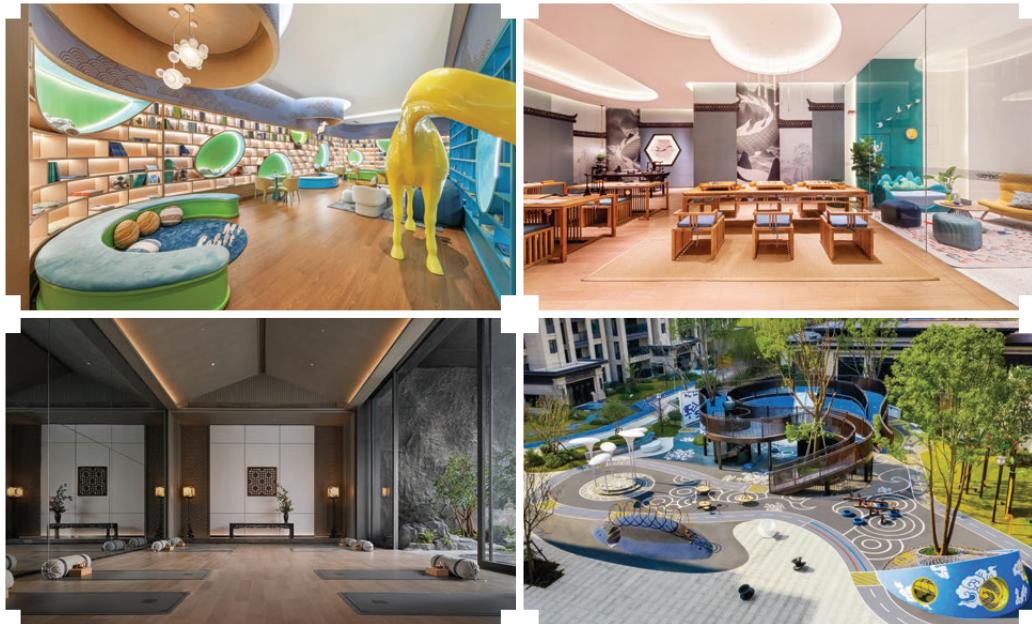
**Changsha Jiuzhou Guanlan (長沙九洲觀瀾):** Following the Changsha tradition of living by the water, the space is restored to the Xiaoxiang Shuiyun (瀟湘水韻) and incorporates the traditional residential layout of Yuelu College (岳麓書院).



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Construction of community supporting facilities

In 2022, the Group focused on upgrading reading rooms, elderly activity centres, gymnasiums, children's outdoor theme parks, etc., to standardise its site layout, design points and configuration standards, and strived to create a modern community that better meets the modern living concept and covers the needs of all age groups for communication, sharing, interaction, play and fitness.



Reading room, elderly activity centre, gymnasium, children's outdoor theme park



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Innovation in interior design

The Group launched the latest interior design products through exploration of excellent suppliers, obtaining more than 80 sets of innovative design plans and sampling of implementation. During the Year, the Group innovated and developed three types of display zone styles, namely Tangfeng (唐風), Songyun (宋韻) and Xiandai (i.e. Modern) (現代). Meanwhile, the Group has also developed a variety of Sample Unit product styles such as modern Nanyang style, modern precision style and French style. Currently, the Group's interior design style is widely adopted across the country.



**Modern Nanyang style**



**Modern precision style**

## Home Furnishing Detail Enhancement

The Group has put forward strict regulations on style and positioning, construction and quality, compliance with relevant regulations, space and movement, function and layout, proportion and scale, materials and colours, components and parts, details and craftsmanship, requiring that the use of interior space should be maximised and the colour temperature of lighting should be in line with the theme of the decoration.



**Functions and layout:** Reasonable partition design and storage innovation maximises space utilisation and meets living needs



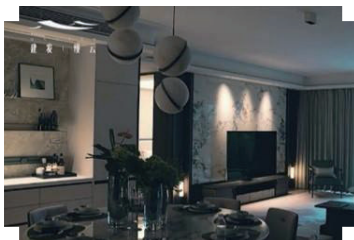
**Material and colour:** A combination of the main colour of light and bright colour of small accessories and green plants to enrich the visual effect

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3) Smart construction

The Group continued to promote the smart construction of residential buildings. Relying on modern communication technology, the Group actively developed smart home objects and systems such as lighting control, smart security and air quality testing, so as to empower the intelligence of residential buildings and promote the development of new Chinese-tech residential buildings, so as to provide customers with smart and convenient living experience.

During the Year, the Group integrated technology with space organically and innovatively launched whole-house smart home, including smart application systems such as scenario control system, smart security system, air quality monitoring system, smart fresh air system and smart voice system, striving to provide owners with smart living experience.



### Scenario control system

An indoor environment is created through lighting control, curtain control and power control. The property owners can switch the scene mode with one click, such as bright mode, audio-visual mode, dining mode, meeting mode, entertainment mode, etc.



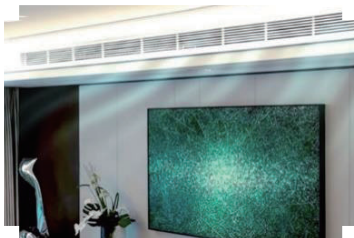
### Smart security system

The gas alarm is sensitively monitored and alarmed in time. The property owners can remotely log in to the central server by using their computer or mobile phone to check the security situation at home and prevent problems before they happen.



### Air Quality Monitoring System

The air box monitors the indoor air quality in real time. The monitoring parameters include temperature and humidity, PM2.5, CO<sub>2</sub>, etc., showing the healthy air index to the property owners directly, and connects the home air conditioners, air purifiers and other home appliances to purify the indoor air at any time.



### Smart fresh air system

The fresh air system covering the whole house is connected with the air box to conduct statistical analysis of air humidity, temperature and pollutant conditions, and can automatically adjust the air intake to improve air quality.



### Smart voice system

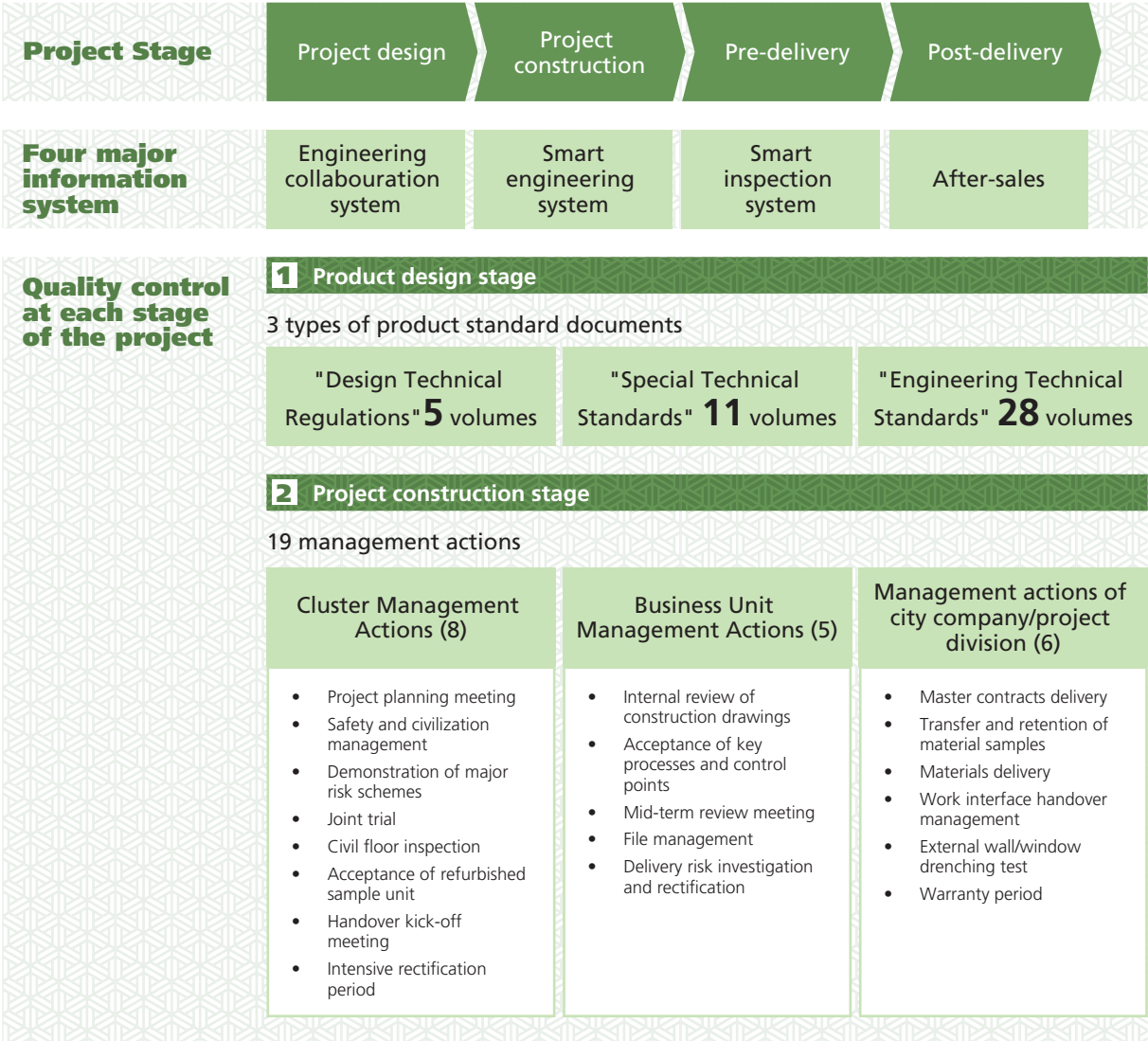
Through the 4-inch smart voice screen and the linkage with the whole-house equipment, the equipment control, group control and scenario control of smart home can be realised.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Strictly Control Product Quality

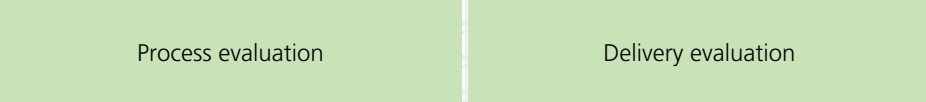
The Group strictly abides by the Construction Law of the People’s Republic of China and other laws and regulations, and continuously improves the construction of product quality management system. In order to strengthen the quality management of various groups and projects of the Group, the Group has formulated and implemented internal management systems such as the Project Operation System, the Design Work Standards, the Engineering Quality and Safety Work Standards, the Delivery Work Standards and the Project Operation Inspection and Evaluation Standards to guide the management and acceptance of important processes, and improved the standardised quality management system consisting of four major information systems, 3 types of product standard documents, 19 management actions, two evaluation systems and after-sales inspection to further standardise the construction quality and safety production management work standards and realise the whole process control of product quality.



**Quality control at each stage of the project**

**3 Pre-delivery stage**

Two Assessment Systems



**Process evaluation**

The Group conducted random inspections and re-inspections throughout the Year, and the clusters/business units conduct monthly flight inspections. The inspection covers anti-leakage risks and comprehensive quality in the basic stage, main stage (including public area decoration), bulk fine decoration stage (including public area decoration), as well as the evaluation of management actions such as key processes, engineering planning, sample acceptance, drawing construction, material management and file management.



On-site photo of process evaluation

**Delivery evaluation**

The Group has established the 9A delivery system and engaged a third-party company to conduct preliminary inspection (20 days before) and final inspection (3 days before) before the project is formally delivered to the owner. The system comprehensively investigates six major risk items (commitment consistency, product comfort, external acceptance and progress, appearance of the facade, one house inspection, public area acceptance inspection) and three major items (anti-leakage, appearance, hollow drum/cracking), and formulates a special rectification plan to ensure the completion of rectification before delivery.

**4 Post-delivery stage**

**After-sales inspection**

Within 90 days after the delivery of the project, the Group conducts regular self-inspection on the maintenance of the public area of the project and the operation of facilities and equipment as well as irregular inspections by third parties. Meanwhile, the Group has built a maintenance team to quickly respond to the owners' maintenance needs.

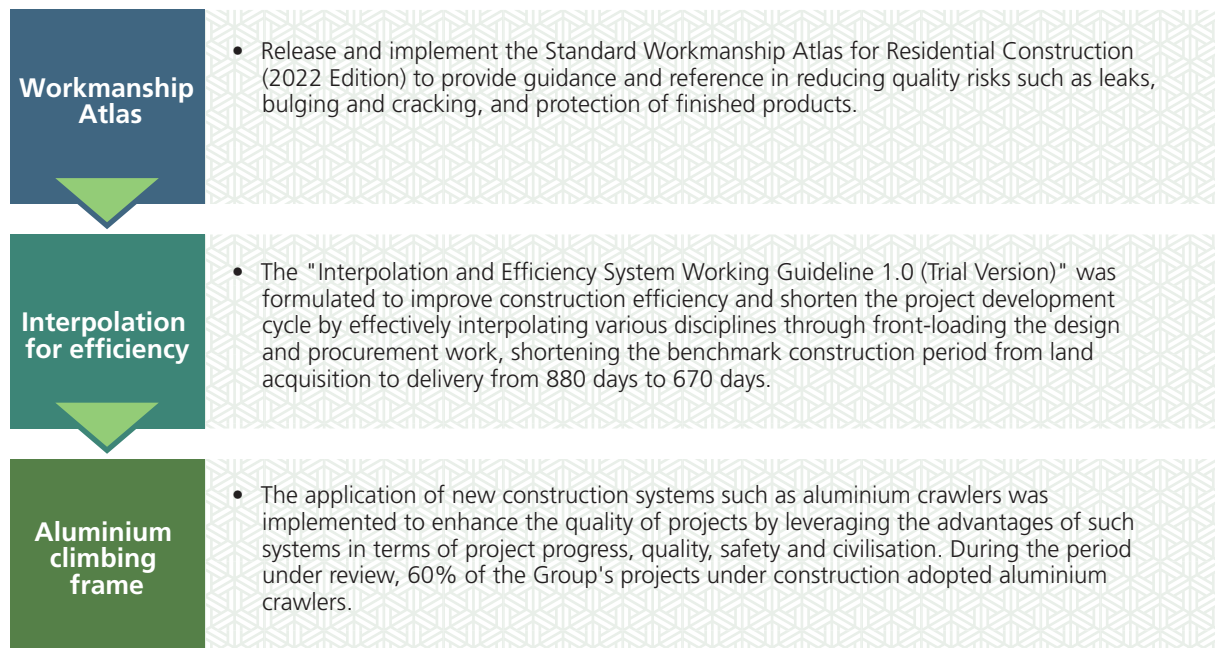


Photo of after-sales



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, in order to facilitate design, engineering management and other personnel to quickly and comprehensively master design, construction and other standards and requirements, and ensure that the construction quality is up to standard, the Group has effectively improved the construction quality and efficiency by formulating standard process drawings and actively innovating construction techniques and tools.



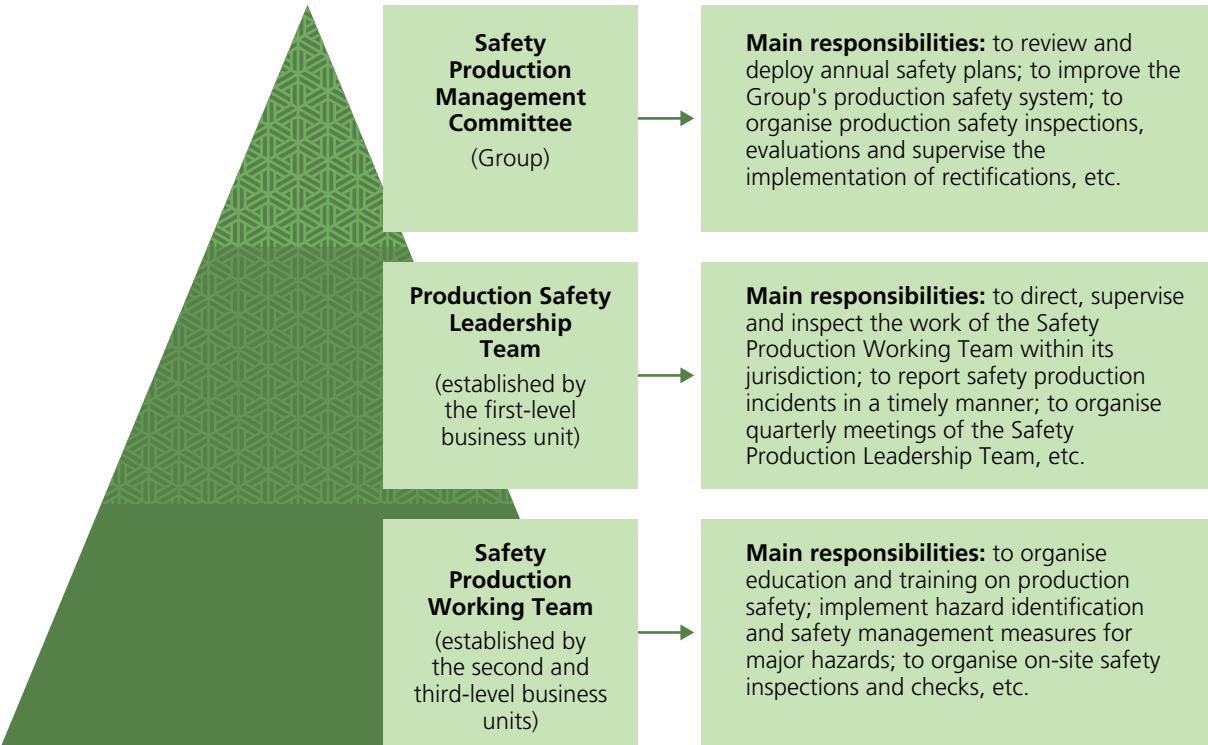
### 3. Safe and Civilised Construction

The Group always puts employee safety first, strictly abides by the Work Safety Law of the People's Republic of China and other laws and regulations, continuously strengthens work safety, formulates and implements internal rules and regulations such as the Regulations on Work Safety Management, the Guidelines for Standardisation of Safe and Civilised Construction, and the Manual for Inspection of Potential Safety Hazards in Engineering Projects, clarifies the work process of work safety, and standardises and guides safe construction. Meanwhile, the Group continued to improve the safety management structure, formulated safety management objectives, actively adopted engineering safety management measures, and promoted the construction of smart chemical sites to ensure construction safety in an all-round way.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1) *Safety Management System*

The Group has established a top-down three-level safety management structure to strictly implement the disclosure of safety production technology and preventive measures for projects. The Safety Production Management Committee is responsible for the Group’s production safety management, and supervises and manages production safety-related matters with the assistance of the production safety leading group and working group. Meanwhile, the Group has formulated and implemented the “Project Operation Inspection and Evaluation Standards”, established a safety inspection system, and conducted daily self-inspection by the business division, city company/projects division according to the safety construction standards. The Group and the masses have introduced third-party agencies to conduct irregular inspections to strengthen the safety management of construction sites and effectively ensure construction safety.



Safety management structure

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



**Safety inspection system**

Meanwhile, the Group divides the problems found in the safety inspection into bottom-line clauses, key clauses and general clauses according to the degree of risk and importance, so as to timely discover and eliminate the sources of danger that may easily lead to safety accidents and ensure zero accidents in safe production.

2) *Safety management objectives*

The Group adheres to the principle of “safety first, prevention-oriented, and comprehensive management”, and formulates safety management objectives from the following six aspects:

Road traffic accident indicator



- Maga accidents and major traffic accidents of enterprises: 0
- Fatal accident caused by driver and employee violating traffic rules: 0
- Coverage of traffic accident prevention education for drivers and employees: 100%

Safety production control indicator



- Maga accidents and major accidents: 0
- Accidents with direct economic losses exceeding 1 million: 0
- General accident fatality rate: 0
- Food safety accidents involving more than 10 injuries or fatalities: 0

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Fire prevention indicator



- Maga accidents and major fire accidents: 0
- Fire accident mortality: 0
- The construction of “four capabilities” complies with relevant government regulations: 100%
- Rectification rate of “three-in-one” of the unit: 100%
- Timely rectification rate of fire hazards: 100%
- Passing rate of fire safety in crowded places: 100%

Safety production indicator



- Matters criticised by superiors: 0
- Each unit presides over safety production meetings and resolves major issues not less than: 4 times
- Signing rate of safety production target management responsibility letter: 100%
- Annual appraisal, rewards and punishments: 100%
- Operation and safety record of production safety management institutions at all levels: 100%
- Incident and timely settlement rate: 100%

Environmental protection control indicator



- Environmental incidents reported and criticised by superiors and ordered to be rectified: 0
- Environmental pollution caused by the discharge of pollutants: 0
- Included in the “blacklist” by environmental protection authorities: 0

Vocational health and vocational diseases prevention indicator



- Occurrence of vocational diseases: 0
- Management System Development: 100%



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 3) Construction Safety Management

The Group attaches great importance to project safety management, and fully guarantees the safety management of construction sites through project safety operation procedures and smart site construction.

#### Work safety procedures

Production safety is an important part of the Group's operation and management. In order to strengthen work safety, prevent accidents and ensure the safety of the Company's employees and properties, the Group has formulated a work safety manual and adopted measures such as plan approval, safety training, hidden danger investigation and reporting major events to strengthen the project safety management.

 <p><b>Scheme approval</b></p>	<p>The construction plan of a major risk item must be organised by the cluster to hold internal and external special program demonstrations, and construction can only be carried out after approval and filing by the cluster.</p>
 <p><b>Safety training</b></p>	<p>Through training, improve the safety quality and awareness of the main person in charge of the unit, safety production management personnel, other employees and employees of supplier units (construction and supervision units).</p>
 <p><b>Verification of potential hazards</b></p>	<p>Referring to the "Handbook of Safety Hidden Potential Investigation of Engineering Projects (工程項目安全隱患排查手冊)", use the function of smart engineering to check the safety hazards of the construction site, complete the rectification in time, and eliminate the potential safety hazards</p>
 <p><b>Reporting of major events</b></p>	<p>In the event of a production safety incident, a quality incident or a major customer complaint, the general manager of the unit concerned should make a verbal report to his superior at the earliest opportunity, and make a written report within 24 hours to understand the cause of the incident.</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Construction of Smart Sites

In order to implement refined management of construction safety, the Group continued to promote the construction of smart sites, improved and optimised the smart engineering system, engineering collaboration system and smart inspection system, and transformed business scenarios, such as personnel management, project management and project inspection, from traditional paper-based data transmission into online process records, and realise visual management of project processes.

## Construction of Smart Sites

### Smart Engineering System

#### Personnel management system:

Assist in the registration of information of personnel entering the site, pre-job training for all employees, identification and education of personnel in violation of regulations, etc., and standardise safe production behaviour.

**Eagle Eye Video:** Use the panoramic eagle eye time-lapse video to view the project site construction situation in real time through the remote video function of computer terminal or cell phone APP, and enhance the level of handling of safety emergencies.

#### Close the loop on safety hazards:

Through the mobile phone app, we can record the safety hazards on site and send them to the main contractor for rectification until they are put in place.

### Engineering Collaboration System

**Project management:** Record construction logs, daily quality inspections and other management actions to support the supervision of hydropower projects and improve project management efficiency.

**Project Acceptance:** Record the key process reporting and acceptance of the project, add the acceptance photo watermark function, process ledger and process acceptance completion report system export function to help improve the quality and efficiency of the acceptance work.

**Process guidance:** Understand and collect the demands of the front line, and add a process guidance function to facilitate the front line to understand the acceptance requirements and standard practices of the learning group for various processes.

### Smart Inspection System

**Project inspection:** Support the risk investigation and rectification of the one-room-one-inspection and public area inspection of the project before delivery, provide complete acceptance data, and realize evidence-based risk issues.

During the Year, the Group's main control performance in safe and civilised construction included but not limited to:

## Performance in Safety Management

### Educational training



Safety training and drill:  
**2,467** times

Participation of safety training and drills:  
**151,000** people



Coverage of safety training and drill:  
**100%**

### Security check



Safety and civilized construction inspections:  
**357** times



Resolved rate of safety issues:  
**100%**

### Safety in construction



Certificate possession rate of project construction specialised operators:  
**100%**

Safety performance inspection coverage for mechanical equipment in construction sites:  
**100%**



Construction safety accidents:  
**0** case

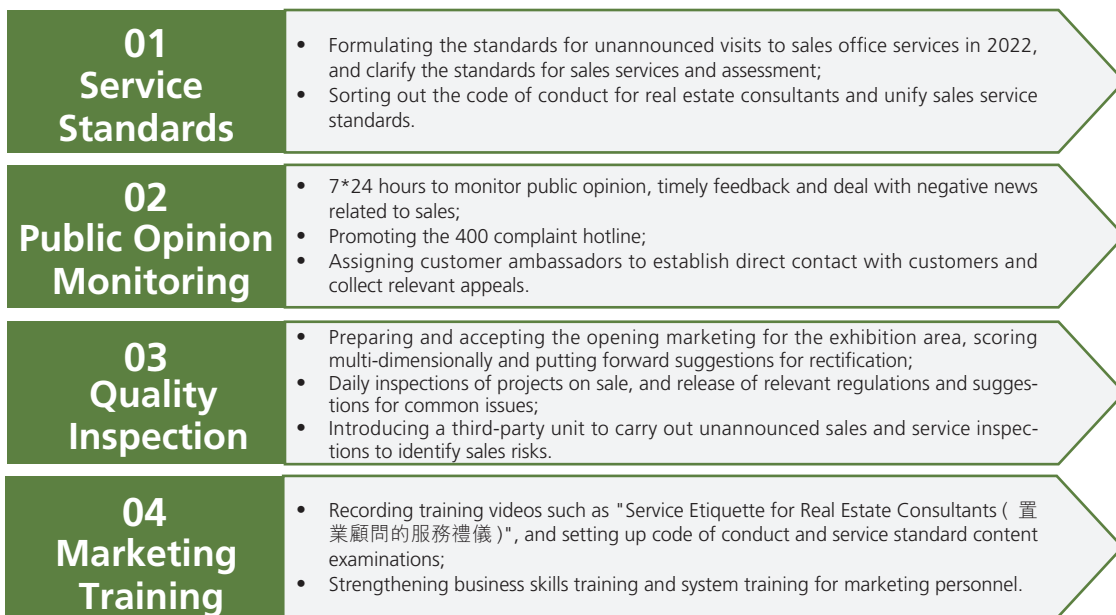
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4. Customer rights protection

The Group always adheres to the principle of “customer-centric”, strictly implements “Law of the People’s Republic of China on the Protection of Consumer Rights and Interests”, “Advertising Law of the People’s Republic of China” and other laws and regulations, and continuously improves the quality of customer service through improving service standards, public opinion monitoring, quality inspection, and carrying out marketing training. Meanwhile, the Group has established a sound complaint handling mechanism, continued to listen to customers’ opinions through customer satisfaction surveys, paid attention to customer information security protection and customer health and safety protection, implemented compliance marketing, and effectively protected the basic rights and interests of customers.

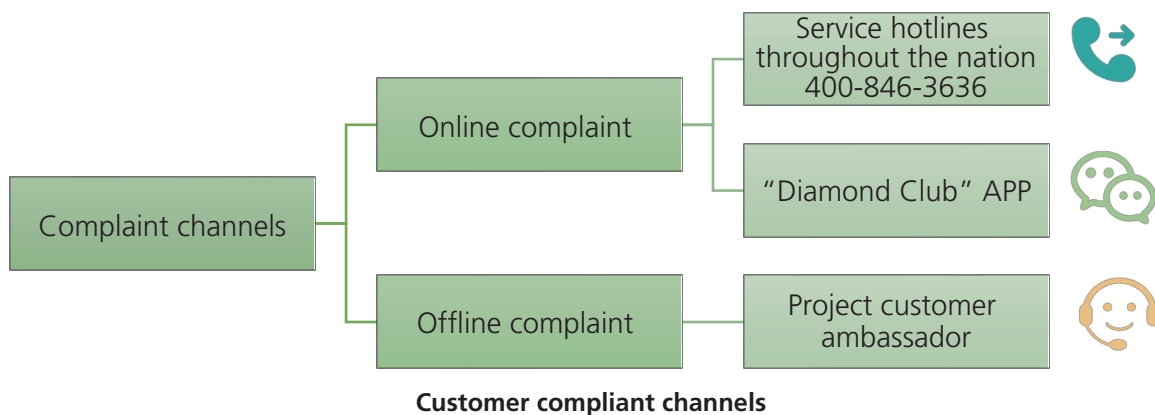
### 1) Improvement of customer service quality

The Group attaches great importance to the improvement of customer service quality. During the Year, in order to further improve the quality of customer service and enhance customer experience, the Group focused on the following four aspects to carry out optimisation work:



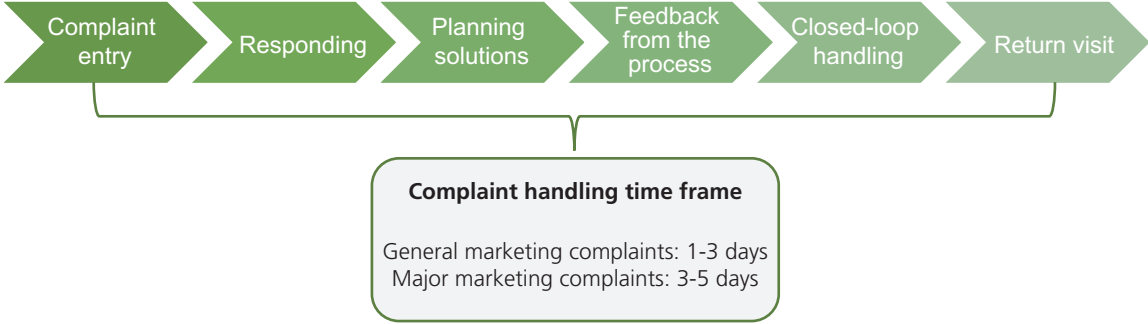
### 2) Customers’ Complaint Handling

The Group actively listens to customers’ voices and demands, pays close attention to customer complaint management, unblocks online and offline complaint channels, standardises the complaint handling process, receives customer feedback in a timely manner, and improves the quality and efficiency of customer complaint handling.





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



### Customer complaint handling procedures

During the Year, the Group received a total of 2,905 customer requests, which were 100% handled and returned by the end of the Year, with a 90.0% customer feedback satisfaction rate. After receiving customer complaints, the Group prepares monthly reports based on the number of customer complaints of each category, the changing trend of common complaint issues and the completion of customer complaint handling, and reminds and follows up the groups/business units that show poor customer complaint handling in the monthly reports to avoid repeated problems and actively improve customer complaint experience.

- 3) *Customer satisfaction survey*  
 During the Year, the Group continued to engage third-party institutions to conduct monthly customer satisfaction visits to understand the real needs of property owners and their suggestions on the Group’s products and management, and made continuous improvement based on the survey results.

## Customer satisfaction survey

**Method of Survey**

A third-party company conducted monthly surveys through telephone interviews.




**Scope of Survey**

From newly contracted to delivered property owners, the sampling ratio was approximately 10%, and 25,205 samples were sampled in 2022.



**Contents and Dimensions of Survey**

The Group set 11 indicators, including overall evaluation, product and service, and set more than 100 detailed indicators under 11 indicators to conduct satisfaction interviews with property owners, and recorded the specific opinions and suggestions of property owners on various products



**Results of Survey**

The Group sorted out the assessment indicators of each unit of the Group based on the monthly satisfaction survey results. In 2022, the overall customer satisfaction of the Group was 93.5 points.








# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4) *Information and Privacy Protection*

The Group attaches great importance to the protection of customer privacy throughout the life cycle. In order to prevent the leakage of customer information, the Group strictly complies with the Cybersecurity Law of the People’s Republic of China, the Personal Information Protection Law of the People’s Republic of China and other laws and regulations, and has formulated and implemented internal management requirements such as the Digital Process Management System. Through dedicated personnel information security management and employee confidentiality requirements and awareness training, the Group regulates the scenarios and permissions of the use of customer personal information throughout the Group, eliminates the abuse of personal information, and comprehensively protects customer personal information and privacy security.

To strengthen information security management, the Group has taken measures including but not limited to:

## Information and privacy protection

 <p><b>Information security management system</b></p> <ul style="list-style-type: none"> <li>• Conduct data and company information confidentiality training for new recruits;</li> <li>• Require new employees to sign a confidentiality contract.</li> </ul>	 <p><b>Acquisition and management of customer data</b></p> <ul style="list-style-type: none"> <li>• Use the internal online system to collect and summarize customer information to avoid information disclosure incidents caused by poor storage of offline paper-based materials.</li> </ul>	 <p><b>Management of system information permissions</b></p> <ul style="list-style-type: none"> <li>• If there is a need to transfer customer information from one business unit to another, it should go through the internal application process and only after strict approval and consent;</li> <li>• After the information has been accessed, we require the timely destruction of customer information to protect the confidentiality of the flow of customer information.</li> </ul>
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For violations of the Group’s information security and privacy protection regulations, the Group will punish the non-compliant units and individuals based on the actual situation. In serious cases, the Group will terminate the labour relationship and pursue their economic compensation and legal responsibilities.

5) *Integrity promotion and marketing*

The Group attaches great importance to the commitment to customers, strictly abides by the Advertising Law of the People’s Republic of China, the Law of the People’s Republic of China on the Protection of Consumer Rights and Interests and other regulations, and revises internal systems such as the Marketing Operation Manual and the Brand Management Regulations to clearly stipulate marketing behaviour, strictly controls the information calibre of output channels such as radio and television, paper media, and portal websites, to avoid negative social impact and legal risks caused by improper output to the brand.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of marketing promotion and advertising, the Group strictly reviews the authenticity and compliance of relevant information and materials, conducts sales with integrity, and fully protects customers' right to know, fair trade and other legitimate rights and interests. For any violations of laws and regulations in the marketing process, customers can call the reporting hotline provided by the Group for reporting. The Group will handle them in a timely, fair and open manner in accordance with internal management policies.

Measures taken by the Group to implement responsible marketing principles include but are not limited to:

## Sales risk investigation

- All clusters unify the "Sales Risk Assessment Standards (銷售風排評估標準)" to conduct sales risk investigation on the display areas of new projects entering the market;
- Classify the risk level of the problems found in the inspection, and remind the management personnel to pay attention to and make rectification;
- Issued the "Summary Report on Sales Risk Control Assessment (銷售風控測評總結報告)" on a quarterly basis to gather internal traffic circle;
- After the inspection, the Group will urge the business division and city customer relations to take the lead in the rectification. The Group will conduct random inspection on the rectification results from time to time.

## Risk warning

- Conduct risk warning at sales sites, display areas, display units and other places;
- Demonstrate adverse factors inside and outside the red line in a prominent position;
- At the reception desk in the negotiation area, risk reminders are given to the salesperson's verbal promises.

## Formulation of internal systems

- Revise the Group's "Marketing Operation Manual (營銷作業手冊)" to clarify the bottom line, principle requirements and responsibility interface of marketing management;
- Carry out system promotion and implementation to clusters and business division, and then carry out transfer training from clusters to cities and projects under their jurisdiction.

## Compliance marketing training

- Carry out compliance marketing training such as marketing red line presentations, contract management systems and operation manuals.

## Compliance marketing audit

- Review the supplier selection method, supplier qualification, contract signing, business execution and settlement of the channel distribution of housing development projects;
- Focus on spot checks on supplier selection, contract signing, business execution, acceptance payment, etc. for project marketing and promotion fees.

## Third party unannounced visits

- Each cluster introduces a third party organization on its own, and based on the Group's 2022 unannounced visit index for sales case services, after adding the cluster requirements, conduct unannounced visits and inspections for sales services.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6) *Protecting Customer Health and Safety*  
 The Group issued and implemented the “Guidelines for Health and Epidemic Prevention (健康防疫工作指引)” and other epidemic prevention systems to standardise the epidemic prevention and control requirements on marketing sites. Meanwhile, the Group established an epidemic prevention and control working group to improve the epidemic prevention and control capabilities through measures such as access management control and comprehensive disinfection to ensure the health and safety of customers.

<p><b>Before reception of clients</b></p>	<ul style="list-style-type: none"> <li>• Prepare masks, disposable gloves, hand sanitizer and other anti-epidemic materials in advance;</li> <li>• All staff will measure body temperature and wear masks throughout the process;</li> <li>• Disinfect public areas such as negotiation areas, garden areas, and restrooms without dead ends, and maintain ventilation throughout the day.</li> </ul>
<p><b>Reception of clients in progress</b></p>	<ul style="list-style-type: none"> <li>• Maintain a safe distance of one metre;</li> <li>• Provide customers with disposable epidemic prevention materials and disinfect the handlebars;</li> <li>• All utensils are sterilized at high temperature and individually sealed in plastic.</li> </ul>
<p><b>After reception of clients</b></p>	<ul style="list-style-type: none"> <li>• Fully disinfect the seating area, reception desk, water bar and other areas;</li> <li>• Prepare for the next group of customers to visit and form a good epidemic prevention cycle.</li> </ul>



**On-site COVID-19 prevention**

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5. Intellectual property protection

The Group strictly abides by the Patent Law of the People’s Republic of China, the Copyright Law of the People’s Republic of China, the Trademark Law of the People’s Republic of China and other laws and regulations, formulates and implements the requirements of “intellectual property management” in the Administrative Measures for Legal Affairs, and strengthens the standardisation of intellectual property management of the Group’s registered trademarks, patents and proprietary technologies. The brand public opinion Centre of the Group is responsible for the registration of trademarks, the party committee personnel Centre is responsible for the registration of enterprise names, the digital process Centre is responsible for the registration of information-related patents, proprietary technologies and domain names, the product research and development Centre is responsible for the application and registration of product-related patents and copyrights, and the legal department is responsible for the legal protection of registered intellectual property rights to jointly safeguard the Group’s intellectual property rights.

As of 31 December 2022, the Group was granted a total of 376 intellectual property rights, including 197 patents, 179 software copyrights and trademark rights.

The intellectual property protection measures adopted by the Group include but are not limited to:

<b>Raising intellectual property awareness</b>	<ul style="list-style-type: none"><li>• Incorporate popularization of intellectual property content into employee training;</li><li>• Organize employees to participate in the "2022 Intellectual Property Publicity Week" organized by the Group.</li></ul>
<b>Emphasis on intellectual property rights</b>	<ul style="list-style-type: none"><li>• For the behavior of external developers copying the Group's new Chinese-style buildings, the Group will send letters and sue to defend their rights.</li></ul>
<b>Risk warning for intellectual property</b>	<ul style="list-style-type: none"><li>• Emphasize the use of contract texts with intellectual property liability clauses;</li><li>• Strictly control the copyright ownership of the materials used, and prohibit the use of materials without copyright or whose ownership is unknown.</li></ul>



## VI. RESPONSIBILITY • PURSUING INTEGRITY AND WIN-WIN SITUATION

The Group advocates integrity and has zero tolerance for corruption. During the Year, the Group continued to strengthen the construction of integrity system and was committed to creating an open and fair working environment to improve the corporate governance efficiency. Meanwhile, the Group continues to build a cooperation platform with integrity and fairness, and pays attention to the environmental and social responsibility performance of suppliers to promote the sustainable development of the supply chain.

### 1. Anti-corruption

The Group strictly abides by the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery and other laws and regulations, and has implemented internal management systems such as "Provisions on Integrity and Self-discipline of Employees of Xiamen C&D Corporation Limited (廈門建發集團有限公司關於員工廉潔自律的若干規定)", solidly promoting anti-corruption and anti-corruption work, and resolutely preventing bribery, extortion, fraud and money laundering. During the Year, there was no legal case regarding corrupt practises brought against the Group or its employees.

#### 1) Promote integrity construction throughout the process

The Group is committed to promoting the construction of a clean and honest administration from the three aspects of source prevention, process control and end-to-end governance, and strives to create a clean and upright working environment.

### Prevention at source

- 1) Signing the "Letter of Responsibility for Integrity Construction (廉政建設工作責任書)" with business units at all levels;
- 2) Signing the "Integrity and Self-discipline Commitment(廉潔自律承諾書)" with cadres, and conducting pre-integrity education for newly promoted and newly introduced cadres;
- 3) Signing integrity commitment letters or notification letters to partners, customers and merchants in the fields of engineering, marketing and business.

### Process control

- 1) Attaching importance to the construction of internal control, improve the structure of the internal control department, add an internal control department in the first-level operating unit (group), and assign full-time internal auditors;
- 2) Establishing internal supervision and inspection mechanism, strictly implement the "one post with two responsibilities" and achieve the supervision over all levels;
- 3) Organising anti-corruption training.

### End-to-end governance

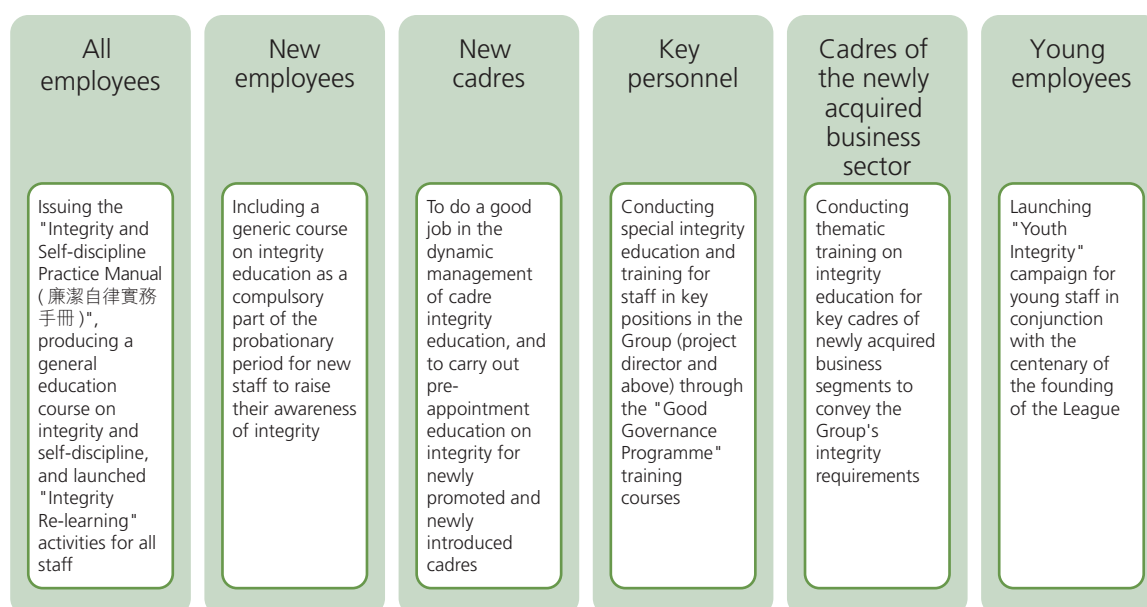
- 1) To open and establish anonymous reporting and receiving channels such as mailbox and mail;
- 2) To keep the information of the whistle-blower and the content of the report confidential and strictly control the scope of knowledge of the reported incident;
- 3) If any fraud or illegal transaction is found in the work, it shall be dealt with in strict accordance with relevant regulations. For serious cases, corresponding penalties shall be imposed and the right to pursue relevant legal responsibilities shall be reserved.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2) Construction of integrity cultural

The Group actively organises directors and employees to participate in anti-corruption training, promotes the construction of daily integrity culture, and promotes the spirit of integrity. Meanwhile, the Group continuously enriches the courses related to integrity education, and formulates corresponding integrity training courses according to the different stages of employee development. By carrying out special training on integrity and self-discipline, watching integrity education videos, organising visits to integrity cultural exhibitions and other activities, the Group has targeted to improve the integrity awareness of employees.

During the Year, the Group organised diversified integrity education based on different types of employees, including:



During the Year, the Group carried out integrity education as follows:

Classification	Number of trainings	Number of participants	Total training hours
Directors	5	6	30
Employees	140	14,000	28,000
Total	145	14,006	28,030

## Case “Clean C&D, Walk with Me” Integrity Culture Educational Activities

In July 2022, the party organizations at all levels of the Group actively carried out “Clean C&D, Walk with Me” Integrity Culture Educational Activities, with more than 800 participants. Among them, the group team organized to visit and study the “July 1st” Incorruptible Culture Thematic Calligraphy and Painting Exhibition. Through the use of paintings as a mirror and positive guidance, the awareness of party members and cadres in performing their duties honestly and their ability to resist corruption and prevent change have been continuously enhanced.



The site of Integrity Culture Educational Activities

## Case Teaching activities of “Keeping the Bottom Line and Promoting the Breeze — Special Education on Integrity and Self-discipline”

From April to May 2022, the Disciplinary Committee of the Group carried out special education and training on integrity and self-discipline in Chengtou Company (城投公司) and Hecheng Company (合誠公司) respectively, and produced general courseware for integrity and self-discipline education, and carried out education and examinations for all employees through the “Zhangjianshi (掌建識)” platform. This event further clarified the requirements for honesty and self-discipline at work, and enhanced the awareness of honesty and self-discipline and bottom-line thinking of cadres and employees.



On-site pictures of teaching activities

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Supply Chain Management

The Group strictly abides by the Bidding Law of the People’s Republic of China, the Government Procurement Law of the People’s Republic of China and other relevant laws and regulations, earnestly implements internal systems such as the Bidding Management System, the Bidding Management Guidance Branch, and the Cost Work Standards, and clearly stipulates the process of supplier qualification review, evaluation and management. The Group is committed to creating an open and transparent procurement environment, building a sustainable supply chain, and achieving win-win cooperation. In 2022, the Group had a total of 213 major suppliers. The number of suppliers by region is shown in the table below:

By geographical region	Number of suppliers
Western China	118
South-eastern China	56
Eastern China	69

Note: In order to manage supplier resources in a more scientific way, the Group re-divides suppliers into regions according to the places where the suppliers operate, and some suppliers are repeatedly divided into different regions due to the provision of services for multiple city companies of the Group.

### 1) Supplier admission and evaluation

The Group recruits suppliers through bidding and other methods, and sets up bidding management committee at all levels of the Group, clusters, business divisions and city companies to ensure the fairness and openness of recruitment. The specific supplier recruitment process is shown in the following diagram:





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to strengthen the dynamic management of suppliers and ensure the quality of cooperation, the Group conducts qualification review in the supplier selection process and set up a strict supplier evaluation and control mechanism:

### Qualification reviews

- Specify the qualification requirements for suppliers in the bidding documents and announce them to the public;
- In the bidding stage, the qualifications of suppliers who sign up to participate in the bidding are strictly reviewed, and there is no supplier resource pool.

### Supplier evaluation and management

- Establish a supplier restraint mechanism and set up a "blacklist" system. The general manager of the project evaluates the supplier on a monthly basis, and the evaluation dimensions include engineering dimensions, warranty progress, cooperation dimensions and other special matters;
- Once a supplier is found to have accompanied a tender, falsified a tender, or caused a major quality incident or complaint for its own reasons, the Group will pursue the legal responsibility of the person responsible and include them in the blacklist of suppliers.

## 2) *Supply chain environmental and social risk management*

The Group attaches great importance to the environmental and social risk management of the supply chain, and actively promotes the Group's ESG management concept to suppliers to promote the sustainable development of the supply chain. The Group tracks and evaluates the supply chain from the dimensions of integrity construction, environmental protection, quality and labour rights protection, gives priority to high-quality and environmentally friendly suppliers, eliminates unqualified suppliers with high environmental and social risks, and continuously promotes the procurement and application of green and environmentally friendly products in each link of the supply chain. In addition, the Group adopts relevant management and control measures in the stages of bidding, contract signing and construction cooperation to supervise the suppliers' performance of environmental and social responsibilities. The details are as follows:

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ◆ Tendering Stage

### Clean and transparent supply chain

- All suppliers participating in the tender are required to sign an undertaking of honesty and legal compliance, which requires the supplier not to solicit or give any financial or various nominal rebates or handling fees to any entity or person.

### Environmental safety and protection

- Suppliers shall provide solutions for on-site safety, civilization and environmental management as well as product certification and inspection reports, with preference given to suppliers certified to ISO 9001 quality management system, ISO 14001 environmental management system and ISO 4500 occupational health system;
- Actively promote green procurement and continuously improve the environmental protection standards for material procurement.

## ◆ Contracting Stage

### Strict control of material quality

- The contract stipulates the quality, duration, material, safety and management requirements of the project, requiring that the quality should comply with the relevant national technical regulations and environmental standards, and that the incoming materials should be provided with product certificates, inspection reports and manufacturer's qualifications.

### Protection of occupational health and safety

- Suppliers are required to obtain life and property insurance for their own personnel and third party personnel in the construction works and construction sites before the commencement of the works, while the Group takes out "All Risks Insurance for Construction Works" to enhance protection for the works.

### Protection of labour rights

- Establish a project-based coordination mechanism to ensure wage payment of migrant workers and a wage arrears prevention mechanism, urge construction general contractors to strengthen labour management, and properly handle related conflicts and disputes;
- Set up a special account for migrant workers' wages, allocate project funds in a timely manner in accordance with the contract, and strengthen supervision of construction general contractors paying migrant workers' wages in full and on time.

## ◆ Construction cooperation stages

### Third party evaluation inspection

- Adopting the "flying inspection + accompanying inspection expert system" to carry out inspections of projects under construction in strict accordance with national standards, or even higher than national standards, and ranking and publicising the inspection results;
- The Supervisor and the projects division conduct sampling and inspection of materials at the construction site, regulate the various aspects of material entry, reporting and acceptance, and rectify any problems that arise in the process in a timely manner, and withdraw unqualified materials from the site and impose penalties.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## VII. SINCERE • BOOSTING TALENT DEVELOPMENT

The Group adheres to the people-oriented development concept, continuously strengthens the construction of human resources management system, and continuously improves the training system and assessment and promotion mechanism. Meanwhile, the Group actively builds a humanised and diversified communication platform, fully cares for the physical and mental health of employees, and is committed to creating a harmonious and stable working environment and a broad career development platform for employees.

### 1. Employment and Rights Management

The Group strictly abides by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Minimum Wage Regulations and other laws and regulations, and earnestly implements internal management systems such as the "Human Resources System" and the "Human Resources Operation Manual (人力資源作業手冊)" to fully protect the legitimate rights and interests of employees in terms of employment, promotion and remuneration.

#### 1) *Employment compliance*

The Group always adheres to the employment principle of "suitable positions for qualified employees" and "recruiting talents and avoiding recruitment of persons with specific family relationships", clearly states the requirements, procedures and specifications of recruitment, and stipulates that the recruitment information shall not contain the gender, ethnicity, physical health and other contents required for the recruitment position to avoid potential employment discrimination, and ensure the recruitment is legal, compliant, equal and fair.

In addition, the Group strictly complies with the "Provisions on the Prohibition of Using Child Labour" and other policies, and implements the internal system of the "Human Resources Operation Manual (人力資源作業手冊)". In the recruitment process, the age of candidates is strictly reviewed through ID cards, academic certificates and other materials, and can only be used after approval by the management at all levels, so as to eliminate the employment of employees under the legal working age; Adhering to the principle of both parties' voluntariness, the Company enters into employment contracts or agreements with employees, which fully and accurately lists information such as the employment location, time, labour remuneration and overtime-related regulations to avoid forced labour. The Group resolutely prohibits the employment of child labour, forced labour and other illegal acts. Once discovered, the relevant departments and units will be held accountable. During the Year, the Group did not employ any child labour or forced labour.

The Group actively carries out talent introduction and cooperation and explores the construction of a diversified talent pool. The Group formulates recruitment plans based on business needs and attract outstanding talents through social recruitment, campus recruitment and school-enterprise cooperation every year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Social recruitment

- Formulating recruitment principles such as internal before external, avoidance of relatives, and matching of ability and position, and clarifying the recruitment execution and approval procedures for key positions, and each operating unit and subsidiary company performs normalized recruitment according to these principles to continuously bring in first-class talents from various industries.

## Campus recruitment

- Operating a number of school recruitment brands, including “Banner Student” and “Sales Banner Student” for fresh graduates;
- The “Build Student” brand (summer internship) for current students meets the diverse needs of young talents for different business segments and positions.

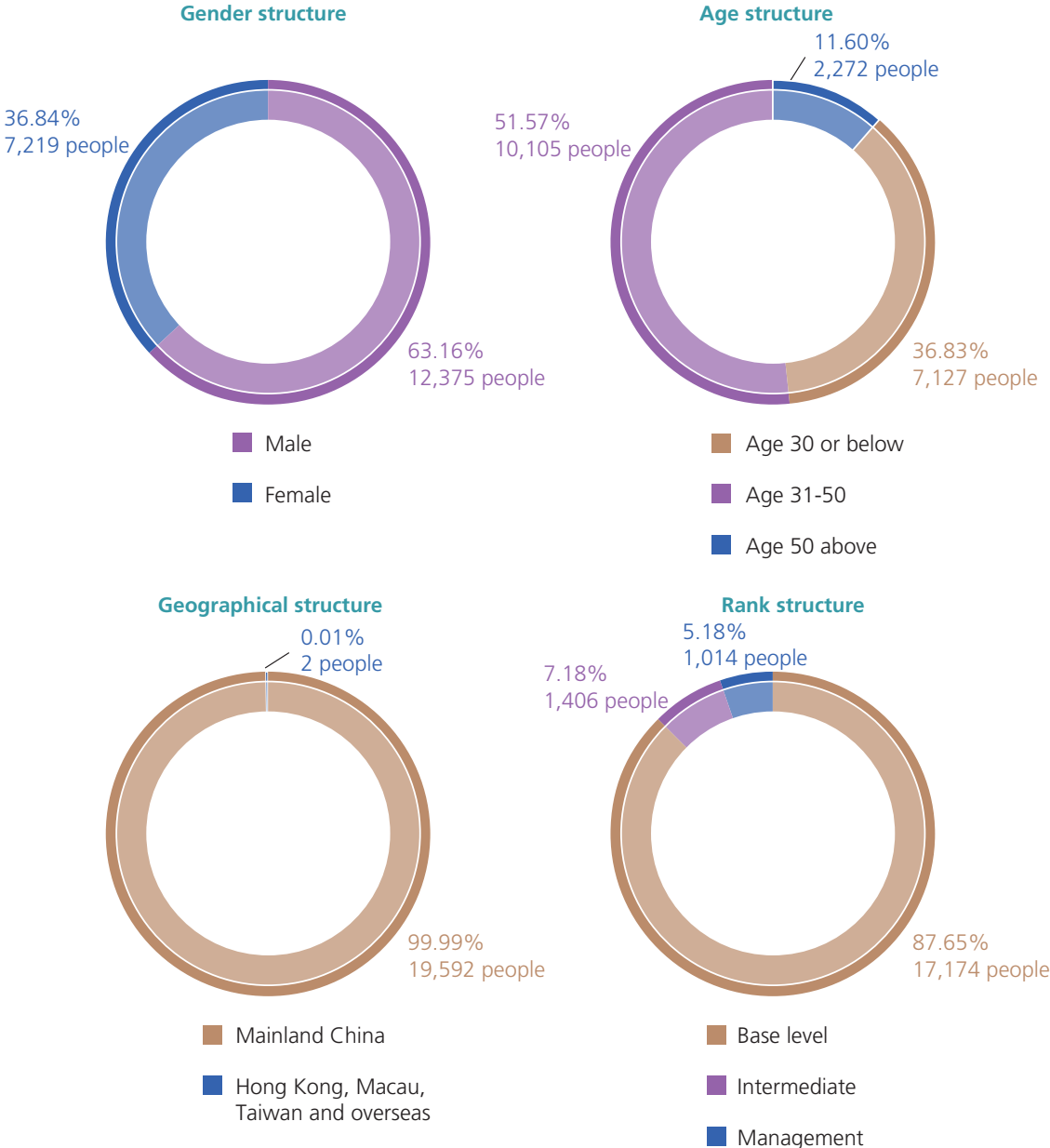
## School-enterprise cooperation

- Cooperation with Fuzhou University, Southeast University and other universities to establish internship bases, industry-academic research bases, etc. to promote students’ early contact with enterprises and join the growth of young talents.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of 31 December 2022, all employees of the Group were full-time employees, with a total number of 19,594. The gender, employment type, age group and geographical region of employees are as follows:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2) *Employee rights*

The Group determines the basic salary of employees with reference to the market salary level and the characteristics of the position, and provides employees with fair and competitive remuneration packages; the Group also adheres to the principle of fair and impartial performance assessment, and pays performance-based salary and bonuses based on the actual performance of employees to ensure that employees' remuneration matches their capabilities and performance, so as to motivate employees to take the initiative and effectively attract and retain outstanding talents. In addition, the Group provides employees with statutory benefits and multi-level and diversified welfare protection.

- Statutory benefits: medical insurance, unemployment insurance, maternity insurance, work injury insurance, pension insurance, provident fund, paid annual leave.
- Corporate benefits: official transport subsidies, subsidies for work in other places, management trainee subsidies, learning subsidies, special post subsidies, holiday subsidies, birthday subsidies, high temperature and cold protection subsidies, title/certificate subsidies, group business insurance for employees, enterprise annuity, employee health management, union group activities, etc.

The Group attaches great importance to team stability, collects and analyses employee turnover every month, and regularly tracks employees' actual needs and thoughts. For employees who intend to resign, the Group retains key talents through internal transfer and other means, and improves the retention rate of high-potential talents, core business backbones or management cadres. For resigned employees, the Group will assist the employee to complete termination procedures such as job handover and transfer of household register in accordance with the internal "Human Resources System". A certificate of release (termination) of labour contract shall be issued, and official release notice, file transfer and social security funds transfer shall be completed according to laws when the employee duly resigned.

During the Year, the turnover rate of the Group's male employees was 13.92%, and the turnover rate of female employees was 14.79%. The turnover rate of employees aged 30 or below was 19.32%, the turnover rate of employees aged 31 to 50 was 11.10%, and the turnover rate of employees aged over 50 was 15.71%. The turnover rate of employees in Mainland China was 15.34%, and there was no employee turnover in Hong Kong, Macau, Taiwan and overseas.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Training and Development

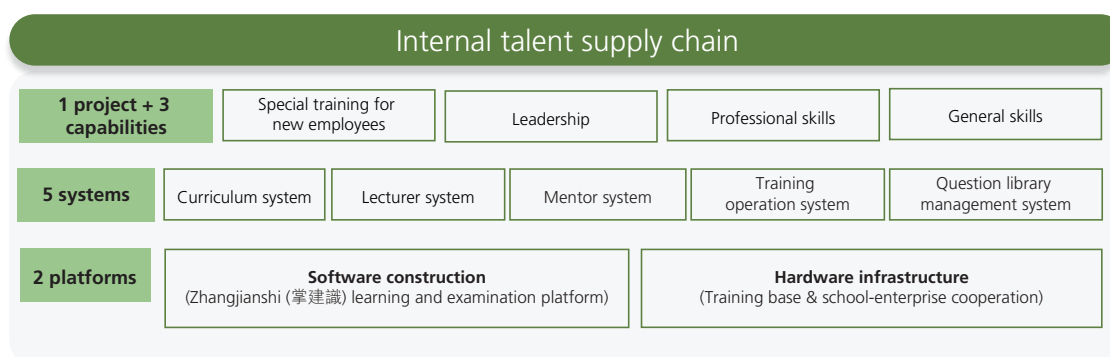
The Group attaches great importance to the construction of talent teams, formulates and implements internal systems such as the Training Management System, continuously improves the training mechanism, and systematically promotes talent development and management. Meanwhile, the Group actively explores innovative training tools and platforms to provide employees with diversified training methods in order to support employees to improve their professional competitiveness, thereby achieving a virtuous cycle of personal growth of employees and development of the enterprise.

In 2022, the training of the Group's employees was as follows:

		Percentage of employees trained (%)	Average hours of trainings received per person (hour/person)
By gender	Male	90.57%	297.66
	Female	94.62%	351.92
By employee category	Base level	85.47%	599.13
	Intermediate level	99.17%	57.87
	Management level	99.17%	39.03

### 1) *Emphasis on diversified training*

The Group continues to sort out the talent training system, build a "3-1-5-2" internal talent pool chain oriented by business value, build a talent training system based on 1 project, 3 capabilities, 5 systems and 2 platforms, and provide new employees with special training, leadership training, special ability training and general ability training to comprehensively improve the professional skills and integrated quality of employees, so as to achieve the growth of both the Group and employees.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, for the key training projects of the internal talent supply chain, the Group carried out a total of 418 training courses with a total of 500 hours. A total of 187 lecturers and 125,340 employees participated in the training. The specific training details are as follows:

## Special training for new employees

Special training for new employees is provided through pre-job training and training for first-level operating units to help new employees improve their understanding and application of the Group's corporate culture and business standards, details of which are as follows:

### Pre-job training (completed within one week of employment)

- **General courses:** training on corporate culture, products, general system and system operation for all employees;
- **Professional courses:** training on the systems, manuals, standards and bottom lines required for new employees' professional positions;
- **Training requirements:** After completing the course study and examination of pre-job training, new employees can officially take up their posts.



Pre-job learning content

### Training for first-level operating units (completed within the probation period)

- **Content of training:** corporate culture, briefing on business, professional training and communication, project visits, seminars, etc.;
- **Requirements for training assessment:** new employees are required to pass the corresponding examination, and those who fail the examination (including make-up examination) will be terminated.



Group photo of 2022 new employee training



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, in order to accelerate the training of the Group's management trainee team and the reserve of integrated management cadres and technical backbones, the Group continued to promote the flagship construction plan for management trainees, so as to strengthen their understanding of the Group's overall situation and culture, and help them quickly complete role transformation and corporate integration.

## Case “Flagship Construction Plan” — management trainee training

In July 2022, the Group organised 171 new management trainees to participate in the induction training. The training focused on general contents such as corporate culture, brand concept and business foundation. Through various training such as lecturer teaching, senior management sharing, project visits and team development, the management trainees were able to understand the corporate culture of the Company and learn the necessary knowledge and skills for their positions. During the Year, the “Flagship Construction Plan” has accumulated 2,814 training hours.



2022 “Flagship Construction Plan” activity

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Leadership training

Leadership training mainly helps management cadres at all levels and reserve cadres of reserve echelon to systematically cultivate and improve their project management capabilities.

### Case Training for operation and management cadres in 2022

From 4 to 5 July 2022, the Group held an operation and management cadre training in Xiamen, which was attended by the Group's directors, functional centre leaders, executive deputy general managers of the business division and other management cadres. The training was conducted by the senior management of the Group, covering professional knowledge such as financial management and project management. Through this training, the operation and management cadre deeply understood the methods to improve the operation quality of the project, and further strengthened the management ability and professional ability.



Training for management cadres in 2022

### Case Training for general and reserve cadres in 2022

The Group carried out training for general and reserve cadres from August to November 2022. The training was conducted through online learning, centralised teaching, Q&A assessment, etc., focusing on role cognition, production management, operation management, risk control, operation management, etc. Through this training, the production management and team management capabilities of the general and reserve cadres have been improved.



Training for general and reserve cadres in 2022

## Professional skills training

Professional skills training is provided for the business backbone of various business segment and various professional sequence, covering design, marketing, engineering and other business specific training, aiming to improve the professional capabilities of employees in different positions.

### Case First round of training for new design staff in 2022

From 20 to 22 April 2022, the Group conducted the first round of new design staff training in Xiamen, with a total of 61 design staff participated. This training was conducted in the form of a combination of centralised lectures and seminars, covering design technology regulations, professional bottom line and key control content, the Group's requirements for design management personnel, etc., aiming to strengthen the design staff's understanding and mastery of the Group's design management requirements and consolidate the professional foundation of business.



First round of training for new design staff in 2022

### Case Training for project marketing leaders in 2022

From 14 to 15 June 2022, the Group carried out a special training for 2022 project marketing leaders at the Hubin Training Base. The new project marketing leaders participated in the training, with a total of 51 people. The training was conducted in the form of centralised lectures, focusing on the marketing red line, the Group's requirements for marketing leaders, the coordination of sales and planning, team motivation and management, etc. Through this training, the professional quality of project marketing leaders has been improved.



Training for project marketing leaders in 2022

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## General skills training

General skills training is provided to address the Group's current situation of many new employees and newly promoted cadres. The Group added corporate culture courses and corporate culture visits to various training programmes to deepen employees' understanding and integration of corporate culture. During the Year, 21 training sessions for general skills were held, covering 1,584 participants, with a total of 1,778 training hours and an average satisfaction score of 9.9 (full score of 10).

The Group carries out the construction and management of the internal trainer system. Through the establishment of the internal trainer score assessment mechanism, employees are encouraged to regularly share, learn and communicate internally to ensure the construction of a high-quality internal trainer team. Meanwhile, the Group provides professional skills training for internal trainers to improve their teaching ability and stimulate the vitality and potential of the internal training mechanism.

### Internal lecturer score assessment mechanism



- Setting requirements on course development and teaching hours and annual scores for lecturers at different positions;
- The annual scores are linked to the rank promotion, and the lecturers who exceed the scores requirements will be given incentives such as teaching remuneration and special activities on Teachers' Day as incentives.

### Case Training for internal trainer in 2022 to improve teaching skills

In order to improve the professional skills of lecturers and instructors, as well as the teaching and mentoring skills of these teachers, the Group carried out internal trainer training from 5 to 18 September 2022, which was participated by lecturers and new teachers. This training was an online class, covering curriculum development, courseware production, teaching skills, speech expression, common scenes of teaching and response methods, etc. Through this training, the teaching skills and presentation methods of the internal trainers were improved.



Online learning interface for training of internal trainers in 2022



## 2) *Supporting Employee Development*

The Group systematically promotes talent development and management in terms of training performance assessment mechanism and curriculum system construction, and creates career development opportunities for employees.

### **Training performance assessment mechanism**

In order to improve the training awareness of employees, promote the enthusiasm of employees for training, and ensure the effectiveness of training, the Group has established a sound training performance assessment mechanism.

#### **Training performance assessment mechanism**



- For all training, 80-scores pass line is set;
- Internal notification of examination status. Those who fail the make-up examination or are absent from the examination need to re-study and participate in the make-up examination;
- Training records, examination records and assessment results of trainees will be compiled into training documents as an important reference for assessment and promotion.

### **Curriculum System Construction**

The Group organises various business units to participate in curriculum system construction, professional and functional course development, and guides various units to integrate business key points and solutions and business experience in curriculum design, so as to comprehensively improve the systematic and practical applicability of the Group's training knowledge base. During the Year, the Group and its business units developed a total of 307 online and offline professional courses and 97 functional courses. The Group conducts review on newly developed courses. The approved courses are included in the Group's course library and application plans are formulated. According to the application scenarios of the courses, the courses are divided into three categories, namely live courses and recorded courses of the Group and internal courses of the units.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Among them, the Group's recorded courses were launched on the "Zhangjianshi (掌建識)" platform. "Zhangjianshi (掌建識)" is an online learning platform of the Group. The content includes program centre, question database, etc., and is open to all employees for practise and feedback. In addition, the Group also revised the interface classification of the "Zhangjianshi (掌建識)" platform to build a modular curriculum system, and allocated relevant training courses based on the key capabilities required by employees at each stage of career development. At the same time, it strengthened the construction of question database to help improve the quality of training.

- A total of 414 online courses were newly developed. In particular, the Group developed a total of 317 courses, accounting for 77%; and each business unit developed 97 courses, accounting for 23%.

## Online Course Development

- **Module classification:** general module, professional module, new employee module, cadre module, etc.;
- **Functional classification:** program centre, question database, examination zone, business video zone, my task, etc.

## Interface Classification Modified version

- **System unified examination:** the Group completed the system unified examination for all employees on the standards of the 2022 system manual in June;
- **Professional unified examination:** the Group completed the professional unified examination relating to positive and negative cases in work inspection in October.

## Construction of question database

### Construction of the "Zhangjianshi (掌建識)" platform

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

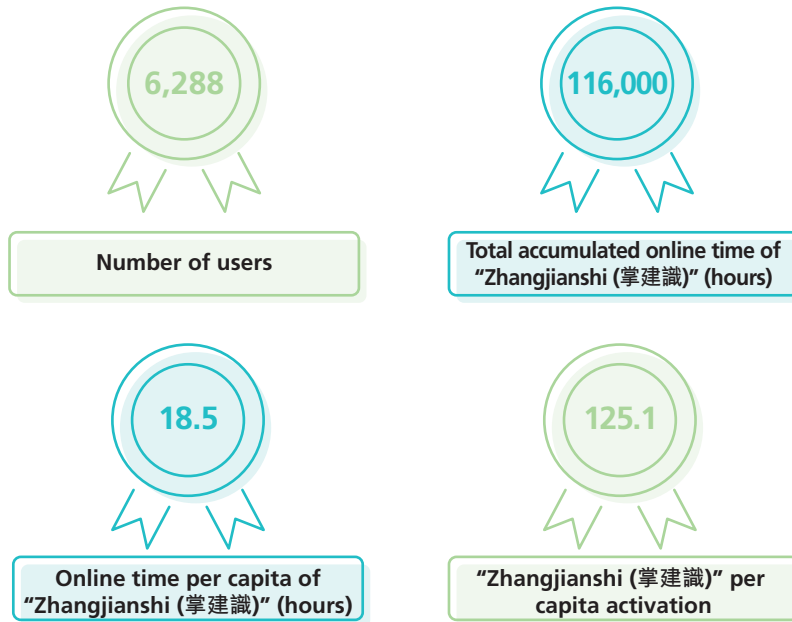


Diagram of the “Zhangjianshi (掌建識)” online course



Diagram of the interface classification of “Weshare”

During the Year, the operation of the online learning platform of “Zhangjianshi (掌建識)” was as follows:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3. Appraisals and Promotion

The Group adheres to the principle of “fairness, justice and openness” to carry out performance assessment and employee promotion, so as to create a broad development platform and diversified promotion opportunities for employees, stimulate the potential of talents, and provide talent guarantee for the sustainable development of the Group.

As for performance appraisal, the Group has formulated and implemented internal regulations such as the Human Resources System, and conducted performance appraisal through a combination of process appraisal and annual appraisal. The results of the performance appraisal served as an important basis for evaluation and appreciation, position appointment, salary adjustment and subsequent training. At the same time, the Group sorted out backup managers with cultivation potential at various levels and in various professional fields through performance appraisal and talent review, and improved the quality of employees by holding reserve training courses and professional skills training, so as to establish a channel of “selection-training-on-the-job practise” to fully explore talents and provide them with development opportunities.

As for the promotion of employees, the Group has established a value distribution mechanism with more pay for more work, and set up a dual-channel career development system of “management” and “professional” to promote the employees with strong capabilities and potential and accelerate the growth of outstanding employees. The Group implemented a post appointment system, which in principle made appointment once a year, and provided promotion opportunities for employees by combining their performance in the previous year and the business needs of the Group. The promotion list is clarified during the annual employment. At the same time, the Group adopted a self-recommendation mechanism for internal competition and required each unit to support employees to participate in internal competition, and conducted investigation on the candidates according to the principle of “main focus on job suitability and development potential”, so as to provide a fast promotion channel for outstanding talents.

## 4. Health and Safety

The Group places the health and safety of employees as its top priority and strictly complies with the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, the Provisions on the Administration of Occupational Health at Work Sites and other laws and regulations, and has formulated internal management systems such as the Administrative Regulations on Work Safety to continuously improve the occupational health and safety management of employees, conduct daily supervision and training, and is committed to creating a healthy, safe and comfortable working environment for employees. In each of the past three years (including the Year), the Group did not have any work-related fatalities. During the Year, the Group’s lost days due to work injury was 0 day.

### 1) *Normalised epidemic prevention and control*

Against the backdrop of the normalisation of COVID-19 prevention and control, the Group actively cooperated with relevant national and local policies, strictly implemented various epidemic prevention measures, and ensured the normal operation of business on the premise of ensuring the health and safety of employees.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Before the epidemic prevention measures were lifted, the Group took the following precautionary measures, including but not limited to:

## Protective equipment

Provide employees with sufficient epidemic prevention supplies, including alcohol, hand sanitizers, masks, etc.

## Pandemic prevention publicity

We actively carried out various anti-epidemic publicity campaigns, such as tips on the prevention of COVID-19 and tips on wearing masks, to strengthen employees' awareness of epidemic prevention.

## Temperature measurement and disinfection

Strict temperature measurement and registration are carried out for all personnel entering and leaving the office, and the cleaning and disinfection work of the office is strictly implemented to completely eliminate hidden dangers

## Catering by meal

Through separate meal system and other measures, the epidemic prevention and control risks in public dining places such as canteens are eliminated in a timely manner.

In December 2022, with the changes in the national epidemic prevention and control policies, the Group actively adjusted its own epidemic prevention and control policies and measures. On the one hand, the Group carried out disinfection work in the office and provided medical protective masks, medical alcohol and other epidemic prevention materials for employees on duty to ensure the health and safety of such personnel; on the other hand, the Group respects the wishes of employees and allows employees with infection risks or infected employees to work remotely to reduce the infection risks caused by employees' foreign contact. At the same time, the Group provides all employees with essential anti-epidemic drugs such as antigen test kits, antipyretic drugs and cold drugs, popularises the basic knowledge of the COVID-19 pandemic, and helps employees respond to the COVID-19 pandemic in a scientific and effective manner.

## Case Set up special disposal points for epidemic prevention waste

During the pandemic, in order to regulate waste disposal, cut off the effective ways to spread the virus, and avoid secondary pollution, the Group implemented waste classification management, provided waste bins for lunch boxes, and strengthened the classification and disposal of waste masks.

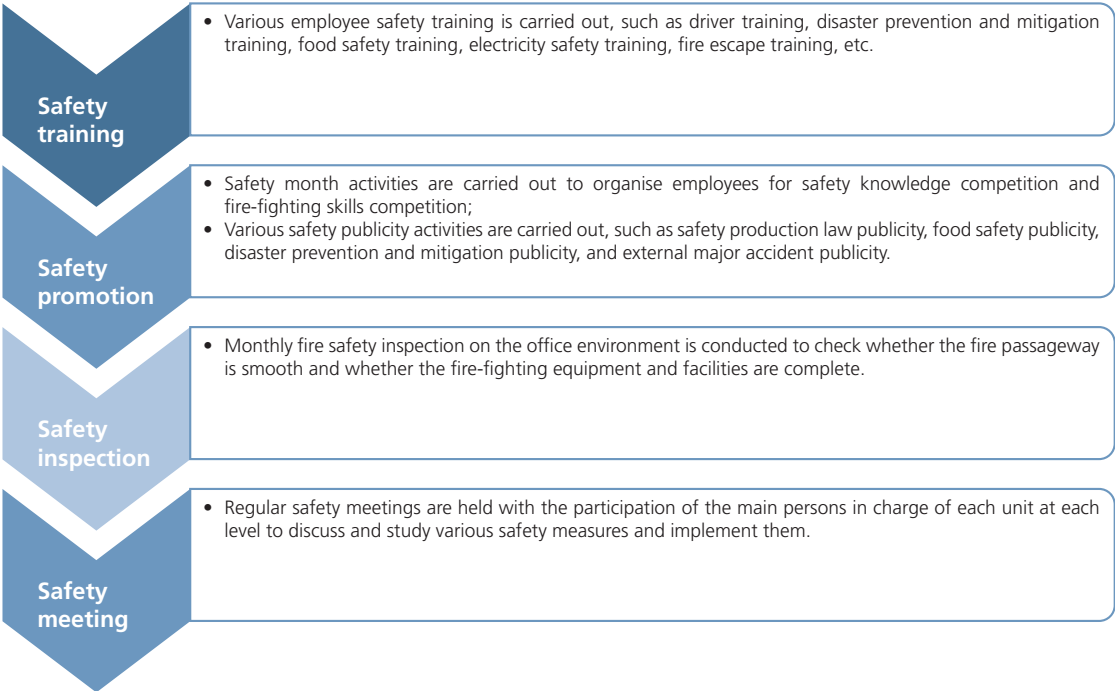


Waste classification and disposal area

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2) Protection of occupational health and safety

In order to ensure the health and safety of employees, the Group clearly defines the safety management responsibilities and authorities of each unit, actively carries out safety training, safety publicity, safety inspection and safety meetings, encourages employees to actively participate in safety knowledge training activities, continuously strengthens employees' safety awareness, and strictly prevents the occurrence of safety accidents.



## Case Safety production training in 2022 to clarify the safety production requirements

In order to enhance employees' safety awareness, the Group organises safety production-related training, covering office safety, fire safety, and professional safety training. Among them, the engineering line of the Group carried out online system training on Major Safety Issues and Emergency Handling of Engineering Structure, produced training videos such as Impact of Groundwater on the Safety of Underground Engineering Structure and Video on the Inspection of Safety Hazards and Construction Standards of Engineering Projects, and uploaded them to the "Zhangjianshi (掌建識) Learning Platform". A total of 1,010 employees of the engineering line participated in the safety production training.



On-site safety production training in 2022

## Case Fire safety drill in 2022 to improve employees' fire emergency capabilities

In order to enhance employees' awareness of fire safety and improve their ability of safety and deal with emergencies, the Group conducts fire drills for all employees. Through careful planning and strict organisation in the early stage, the drill team clarified the drill steps and evacuation routes, effectively improved the ability of employees to deal with emergencies, and enhanced the knowledge and skills of employees' self-safety protection.



On-site fire safety drill in 2022

## 5. Employee Care

The Group advocates the work concept of “combining work and rest”, encourages employees to “work happily and live healthily”, pays attention to the physical and mental health of each employee, and is committed to providing employees with warm care and solid support from the enterprise. At the same time, the Group actively carries out a variety of employee care and team building activities, continuously enhances the cohesion and sense of belonging of employees, and guides employees to pursue a better life in a healthy and sustainable way.

### Employee Care Activities



#### Consolation for expatriate cadres

- During the Spring Festival, various units visited cadres' families or distributed gifts for the Spring Festival;
- On the birthday, the Group sent birthday greetings to the expatriate cadres engaged by the Group.



#### Consolation for female employees

- March was the “Care Month for Female Employees” of the Group, and the Group sent good blessings to female employees through activities such as welfare distribution, spring trip and handicraft.



#### Family Caring Activities

- Family-themed activities on Children's Day were carried out;
- A series of thanksgiving activities were carried out during Thanksgiving Day.



#### Holiday caring and keycaring for business milestones

- On Labour Day, we carried out employee caring activities with the theme of “5.1 We are together” and sent greetings and care to the frontline employees who stayed at their posts during festivals.



#### Sports and cultural activities

- Fitness season and other activities were carried out;
- The corporate culture book “Striving for the Light” was compiled;
- Rich corporate culture activities were carried out.



Caring month event for female employees



Family caring activities



## Case “5.1 We Are Together” employee care activity

During the Labour Day in 2022, the Federation of Trade Unions of the Group and more than 50 trade unions under the Group jointly carried out the “5.1 We Are Together” employee caring activity to express gratitude to everyone for their courage to move forward in their positions. Among them, the Nanning Labour Union carried out the activity of “paying tribute to the most beautiful workers” and sent protective materials to front-line employees; The Labour Union of Wenzhou and Ningde Shuxiang Fudi carried out creative consolation activities, and organised overtime personnel to participate in the card-playing activity of internet celebrities to encourage employees to combine work and rest.



“5.1 We Are Together” employee caring activity

## Case 2022 Fitness for All Season Activities

In response to appeal for the national fitness, the Group carried out fitness for all season activities, including the 10th Sports Day (main event) and extension activities carried out in various regions. In this fitness season, the Group actively guided its employees to participate in various sports events such as basketball, tug-of-war, badminton, table tennis, cycling and drought curling, so as to enhance their physical fitness and promote a healthy and positive corporate culture.



2022 Fitness for All Season Activities

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 6. Employee communication and exchange

The Group advocates a simple, equal and result-oriented corporate culture and communication atmosphere, and builds a communication bridge between employees and the management through a diversified communication mechanism. At the same time, the Group actively listens to employees' opinions and suggestions, encourages employees to put forward opinions and feedback, and fully protects employees' right to know, participate, express and supervise.

The Group's communication channels with employees include but not limited to:

<b>Cadre evaluation and communication mechanism</b>	<ul style="list-style-type: none"><li>• We regularly held 360° assessment and evaluation for management cadres to collect employees' multi-dimensional comments and suggestions on team building, cadre ethics and style, team management, etc.</li><li>• Interviews with management and employees are organised from time to time to strengthen the communication between the Group's management and employees.</li></ul>
<b>Management communication mechanism during the probationary period</b>	<ul style="list-style-type: none"><li>• We set up a mentor for new employees and established a "1-3-6" probation interview mechanism, i.e. to arrange interviews with employees, mentors, leaders and other personnel in the first, third and sixth months of employee induction, care about the working status and mentality of new employees, and collect suggestions from new employees.</li></ul>
<b>Senior Management Interviews</b>	<ul style="list-style-type: none"><li>• Organise the Group's cadres who have been employed during the probation period to conduct interviews with the Group's leaders to understand the progress of front-line work and the adaptation of cadres;</li><li>• If necessary, the Company will organise cadres and employees to conduct interviews and exchanges with the Company's management team from time to time to promote team integration.</li></ul>
<b>Working Meeting Mechanism</b>	<ul style="list-style-type: none"><li>• The Group has established a regular/non-regular working meeting mechanism and arranges management and employees to attend the meetings when necessary. The mechanism makes decisions on the Group's operational matters through face-to-face meetings and video conferences.</li></ul>
<b>Interviews and satisfaction surveys</b>	<ul style="list-style-type: none"><li>• The labour union and the Youth League Committee irregularly carry out interviews with young employees and satisfaction surveys to understand employees' thoughts and suggestions to the Group.</li></ul>
<b>Forum and exchange mechanism</b>	<ul style="list-style-type: none"><li>• Activities such as exchange of new and old management trainees and exchange and integration of new employees are carried out.</li></ul>
<b>Anonymous communication channels</b>	<ul style="list-style-type: none"><li>• We set up anonymous communication channels such as leadership mailbox and employee mailbox to encourage employees to voice out their opinions.</li></ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group attaches great importance to the smooth communication channels of employees, and actively carries out employee ideological dynamic research, satisfaction research and other work. During the Year, the Group conducted interviews with more than 300 cadres and employees at all levels to understand the overall satisfaction of employees, performance management, training and promotion, team atmosphere, etc. At the same time, the Group conducted a logistics support satisfaction survey to collect opinions and suggestions on employee care, canteen security, vehicle security and other aspects, and issued more than 2,800 questionnaires in total, with an effective questionnaire recovery rate of more than 85%. According to the survey results, the Group's employees are highly satisfied, and they can receive professional training and guidance, master the skills required for their positions, have a clear outlook for the Group's personal development, and have a good working atmosphere and environment. The opinions and suggestions of employees collected in the survey provided an effective reference for the Group to improve the overall logistics support level in a refined, scientific and humanised manner.

In addition, the Group held the first meeting of the sixth session of the employee representative meeting in November 2022, at which 126 employee representatives covering all units of the Company assisted in collecting nearly 100 opinions from the majority of employees. After summary and sorting, 20 reasonable suggestions involving canteen and logistics support were adopted.

## 8. LOW-CARBON • SAFEGUARDING GREEN SPACE

In order to actively respond to the national call for environmental protection, the Group continues to promote energy conservation, emission reduction and environmental protection, and is committed to protecting a green and low-carbon living space. The Group strictly abides by the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution and other laws and regulations, and implements internal systems such as the Administrative Measures on Daily Safety, Energy Saving and Environmental Sanitation of Xiamen C&D International Building to provide clear guidelines for energy management within the Group.

The Group has always adhered to green operation and adopted various measures to improve the efficiency of resource use in daily office and business operation. At the same time, the Group vigorously promotes the use of green construction methods and the application of green buildings, aiming to fully fulfil its environmental protection responsibilities. In addition, the Group pays attention to the challenges and opportunities brought by climate change to its business operations, actively responds to climate change-related risks, and continuously improves its risk resistance capacity.

In order to strengthen the tracking and control of environmental management efficiency, the Group has formulated three major green development goals, namely energy conservation and emission reduction, water conservation and waste reduction, and has taken actions in three aspects, namely green operation, green construction and green building, to promote the achievement of these goals.



## Energy Conservation and Emission Reduction Targets

Actively implement energy conservation and consumption reduction measures to improve energy efficiency and reduce carbon emissions.



## Water Saving Targets

Actively strengthen the awareness of water conservation among stakeholders and improve the efficiency of water use.



## Waste reduction targets

Actively implement waste classification and promote waste reduction, recycling and harmlessness.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. Green Operation

The Group insists on advocating green and low-carbon operation, and has formulated and implemented internal requirements such as the “Office Environment Optimisation and Energy Conservation Plan” and the “Guidelines for Energy-saving Mode Setting of Office Computers”, and established a green office working group to further optimise low-carbon operation management. Meanwhile, the Group continued to promote the sustainable development of the Group by strengthening the management of online marketing, water and electricity conservation, and low-carbon office and travel. The resource conservation measures adopted by the Group include but are not limited to:

Measures adopted	Specific practices
Online Marketing	<ul style="list-style-type: none"> <li>Actively promote online marketing tools, replace traditional materials such as paper patterns and building books with electronic books, and reduce manual publicity costs;</li> </ul>
	<ul style="list-style-type: none"> <li>Exploring and developing permanent sales office to realise reuse of equipment in order to reduce waste of resources.</li> </ul>
Saving water and electricity	<ul style="list-style-type: none"> <li>Reduce unnecessary use of mineral water and disposable cups in public areas, post water conservation signs, and strengthen employees’ awareness of water conservation;</li> </ul>
	<ul style="list-style-type: none"> <li>Promote the use of self-own cups for meetings and use of eco-friendly degradable cups for external meetings;</li> </ul>
	<ul style="list-style-type: none"> <li>Strengthen the management and control of electricity consumption, reasonably set the temperature and use hours of air conditioners, and allocate the lighting tapes in public areas for inspection and supervision.</li> </ul>
Waste management	<ul style="list-style-type: none"> <li>Focus on daily garbage classification inspection, conduct classified management, set up lunch box garbage bins and special waste mask recycling bins;</li> </ul>
	<ul style="list-style-type: none"> <li>Set up a garbage classification publicity platform card and introduce a third party to regularly check the effect of garbage classification.</li> </ul>
Low-carbon travel	<ul style="list-style-type: none"> <li>Advocate employees to take the Group’s shuttle buses to reduce the use of private cars;</li> </ul>
	<ul style="list-style-type: none"> <li>Build an information-based business travel platform, integrate various travel methods, introduce the concept of digital travel, and reduce the utilisation rate of non-local travel.</li> </ul>
Green Office	<ul style="list-style-type: none"> <li>The employee induction materials are basically completed and electronically confirmed online, and the online office coverage is wider;</li> </ul>
	<ul style="list-style-type: none"> <li>Paper is printed on both sides or reused.</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Garbage classification and daily inspection



Garbage classification promotion card set up in the public area of each office floor

## Case Promote “Diamond Club Points” and advocate green marketing

During the Year, the Group comprehensively promoted the “Diamond Club” platform of C&D and implemented the “Diamond Club Points” to replace offline physical gifts. Customers can exchange or purchase gifts on the platform by themselves through the Diamond Club Points. The Group has established a low-cost and efficient communication channel with customers through such points, and customers can choose suitable gifts according to their personal preferences to avoid waste caused by inappropriate gifts presented offline, so as to achieve the coordination and unity of consumer interests and ecological environment interests.



Online “Diamond Club Points” System

The Group’s water consumption in operation mainly comes from the municipal pipe network. During the Year, the Group did not have any issue in sourcing water that is fit for purpose.

## 2. Green Construction

During the Year, the Group continued to comply with laws and regulations such as the Regulations on the Administration of Construction Project Environmental Protection, formulated and implemented internal systems such as the Guidelines for Standardisation of Safe and Civilised Construction, improved the assessment system for civilised construction, strengthened the management of civilised construction on construction sites, and continuously improved the awareness of safe and civilised construction of construction workers. At the same time, the Group always implements green construction measures such as energy conservation and emission reduction, water conservation, dust control, noise reduction and waste management during the construction process, actively adopts green technologies such as prefabricated buildings, and sets green construction indicators to reduce the impact of construction on the surrounding environment and residents.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1) *Green construction*

The Group pays attention to the energy utilisation efficiency during the construction process, and strives to maximise resource conservation and reduce environmental pollution. On the premise of ensuring product quality and personnel health, the Group insists on implementing green construction to reduce the adverse impact of construction activities on the environment.

**01 Dust Control**

- Implement closed management on the construction site and set up a “combination of dynamic and static” sprinkler system;
- Dust monitoring system and dust reduction system are promoted at project sites.

**02 Waste disposal**


- Centralised disposal of construction waste and set up closed garbage room;
- Pilot application of waste centralised processing device.

**03 Water recycled**

- Design rainwater and sewage diversion and drainage system, and achieve secondary recycling after filtering. The treated water source can be used for washing vehicles and roads, irrigation of green plants, while achieving dual effects of dust reduction and water conservation.

**04 Noise reduction treatment**

- Noise reduction treatment of construction equipment;
- The construction site management and supervision system shall be established to strictly control the noise level.

 **Green Construction Performance**

Number of projects or accumulated days of suspension due to environmental compliance issues such as construction dust during the Year

**0**



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Case Sponge city technology promotes water recycling and reduces water waste

In order to promote the coordinated and unified effect of urban green space and water ecology, water environment, water resources and water safety, the Group will conduct in-depth discussions on the implementation plan of sponge city in the early stage of obtaining the construction project planning permit to ensure that the plan can be integrated with community buildings and landscape design. During the construction process, the project will prioritise the use of sunken green space or sunken greenbelt and set up rainwater storage facilities according to local conditions to achieve the ecological and structural rationality of plant configuration. At the same time, the construction project is equipped with rainwater collection and utilisation facilities. Rainwater from the hardening areas such as rooftops and roads is introduced into sponge facilities by using rainwater pipes to connect and optimise the vertical direction, and the comprehensive utilisation of rainwater and various water resources is comprehensively considered. At present, the sponge city technology has been widely used in various projects of the Group, effectively reducing the waste of water resources.



Sunken greenbelt

## Case Projects under construction vigorously promote civilised construction

In 2022, the Group established a civilised construction management organisation to strengthen the management and control of civilised construction of projects under construction in Xiamen, strictly implemented dust control measures, and regularly inspected the civilised construction and garbage disposal on site. The Group required all projects under construction in Xiamen to set up a project civilised construction self-inspection and self-correction team, which was mainly responsible for the management of the schedule of civilised construction on the project site, and to rectify the existing problems at any time according to the Group. In addition, the Group required each unit to have a clear division of responsibilities and established a reward and punishment mechanism for civilised construction, so as to urge the construction unit to standardise the implementation of various civilised construction measures, assign responsible persons for civilised construction, establish a civilised construction inspection system and form relevant records, so that civilised construction can become a conscious action.

## Case “tailor-made” construction site — regular processing of materials

The Group attaches great importance to the generation of construction waste on the construction site, and strives to achieve “customization” of material processing by encouraging the application of customised processing technology to improve product standardisation. For example, in the process of civil engineering and fine decoration construction, the application of this technology can make the construction site on the floor without secondary processing and cutting, and after the standardisation and layout of the wall floor tiles, the size factory can be cut in one time. In addition, the Group advocates the use of finished doping lines to reduce material loss and waste during the construction process, which greatly reduces the generation of construction waste during the construction of the main body and masonry, and can avoid painting in the process, greatly reducing construction dust.

### 2) *Green technology*

The Group adheres to the promotion of prefabricated construction and new green construction processes, and has formulated technical guidelines such as the “ALC Construction Standards for Wall” to guide the application of prefabricated technology in the three stages of preliminary project design, process specification and construction management and control, so as to reduce resource consumption, improve project efficiency and achieve centralised and efficient application of energy.

### Prefabricated interior partition board technology



- Adopt light weight, fire prevention, heat preservation and high-efficiency energy-saving materials to effectively reduce the thickness of plastering layer;
- Well-established technology with fast construction speed, which facilitates interpolation construction and improves the construction progress of the main structure;
- The high degree of mechanisation of component transportation and installation which is conducive to safe production.

### Precast composite floor panel technology



- Industrialization and integrated production to improve quality and efficiency, and achieve centralised and efficient use of energy;
- Separating components production from on-site construction to reduce waste of resources;
- This technology has changed the raised pouring construction to the ground or flat pouring, further ensuring the safety of construction and production.

## **Case Application of prefabricated construction technology in Xiamen Wuyuan Tangyue (廈門五緣樑月) Project**

The total gross floor area of the Group's Wuyuan Tangyue (廈門五緣樑月) project in Xiamen is 167,000 m<sup>2</sup>, and the prefabricated area is approximately 120,000 m<sup>2</sup>. The project uses ready-mixed concrete without a large amount of cast-in-place coagulation, and the floor slabs adopt the prefabricated lamination process (PC) to save water consumption and reduce the generation of construction waste. At the same time, the project was implemented in combination with drawings, and the autoclaved aerated concrete wall panel technology (ALC) was used to fill the wall surface to achieve the environmental protection effect of reducing the amount of wet work.



Precast lamination process (PC) and autoclaved aerated concrete wall panel process (ALC)

In 2022, the Group continued to promote the application of green construction technology. A total of 124 projects under construction adopted prefabricated construction technology. The gross floor area of prefabricated construction technology reached 12,540,000 sq.m., with an average assembly rate of 56%, and the assembly rate of individual projects adopting prefabricated construction technology was up to 91%. Some projects responded to the policy by implementing prefabricated steel structure residential buildings.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 3. Green building

The Group adheres to the path of green and sustainable development, gives priority to green building materials and focuses on the development and application of green buildings. In the process of project design and operation, the Group actively adopts national and local green building standards such as the Green Building Evaluation Standard GB/T 50378-2019, Code for Thermal Industrial Design of Civil Buildings GB50176-2016, the Energy-saving Design Standard for Public Buildings GB50189-2015, Green Design Standard for Civil Buildings JGJ/T 229-2010, continuously promotes the research and practise of green buildings, and strives to achieve harmonious coexistence between man and nature. In order to comply with the requirements of national and local green building standards, the Group has put forward the following five design concepts for green building projects:

<b>Safety and durability</b> <ul style="list-style-type: none"><li>• Establish and strictly enforce safety regulations;</li><li>• Optimise the “service life combination” of materials and equipment and improve product quality.</li></ul>	<b>Healthy and comfortable</b> <ul style="list-style-type: none"><li>• Focus on indoor air quality, and regard “green products” and “green building materials” as key indicators;</li><li>• Test indoor pollutants and absorbable particulate matter;</li><li>• Increase the planting proportion of trees to improve “light comfort”.</li></ul>	<b>Convenience of life</b> <ul style="list-style-type: none"><li>• Set up slow-down transition to create barrier-free access to improve the convenience of the elderly and the disabled;</li><li>• Reasonable arrangement of public facilities such as fitness and children’s entertainment.</li></ul>
<b>Resource Conservation</b> <ul style="list-style-type: none"><li>• Use “sponge city” technology to rationally use underground space and improve comfort;</li><li>• Improve and optimise the energy-saving design of buildings, select good insulation materials, adopt energy-efficient equipment, and set up energy consumption monitoring system;</li><li>• Set up rainwater reuse system to replace tap water for greening irrigation and road watering;</li><li>• Reasonably select industrialised interior decoration parts and adopt BIM technology to improve construction efficiency and reduce costs.</li></ul>	<b>Livable environment</b> <ul style="list-style-type: none"><li>• Use the sponge facilities of “sunken greenbelt” and “rainwater garden” to control rainwater runoff, reduce the pressure of rainwater pipe network, block the surface source pollution of the land, and reduce the heat island intensity;</li><li>• Simulate the outdoor wind environment and gave feedback on the architectural layout and landscape design to enhance the good indoor and outdoor feelings.</li></ul>	



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's new green building projects in 2022 were as follows:

Cities	Item	Green Building Certification Level
Changsha	Jianfa Yangyun (建發養雲)	One-star green building
Changsha	Yiyang Jianfa • Yangzhu (益陽建發 • 央著)	One-star green building
Suzhou	Jianfa • Yunjinwan (建發 • 雲錦灣)	Two-star green Building
Zhangjiagang	Jianfa Hexi (建發和壘)	Two-star green Building
Wuxi	Jianfa Jinyuewan (建發金玥灣)	Two-star green Building
Wuxi	Jianfa Shangyuan (建發上院)	Two-star green Building
Wuxi	Jian Fa Jingxue Heming (建發靜學和鳴)	Two-star green Building
Nanjing	Jianfa Hezhang (建發和章)	Two-star green Building
Jinan	Jianfa Jiuxifu (建發玖熙府)	Two-star green Building

## Case Two-star Green Building — Wuxi Jingxue Heming Yayuan (無錫靜學和鳴雅苑) Project

The Group's Wuxi Jingxue Heming Yayuan (無錫靜學和鳴雅苑) project deeply integrates green building standards into architectural design. Through measures such as improving the natural lighting effect of buildings, using water-saving appliances and energy-saving products, the Group has achieved the improvement of water-saving and energy-saving effects of buildings and the optimisation of living environment. The two-star green building certification has been obtained, and its characteristics mainly include:

### Water Conservation:

- Select water-saving appliances with water-saving efficiency not lower than the second level, and all water-using appliances meet the requirements of GB/T18870, the prevailing national standard "General Principles for Technical Conditions and Management of Water-saving Products";
- Rainwater is recycled and reused, and after treatment, it is used for greening and irrigation and road and square washing, with an annual rainwater utilisation of 8,088.6 m<sup>3</sup>/year.

### Energy saving:

- Adopt energy-saving and efficient elevators, air conditioners, lighting and other products;
- The daily lighting hours of main functional rooms are  $\geq 2$  hours, which meets the Code for Planning and Design of Urban Residential Area (GB 50180-93 2002), ensures the natural lighting effect of indoor space, and reduces the energy consumption of day lighting;
- Design solar water heating system, with renewable energy hot water accounting for 50.42% of the total hot water;
- The energy-saving design of buildings meets the requirements of energy-saving specifications, and the insulation performance of the enclosure structure is improved by 15%.

### Environmental protection and safety:

- Set up a carbon monoxide concentration monitoring device that is linked to the exhaust equipment in the closed parking garage;
- The proportion of green building materials used in total building materials shall not be less than 50%.



Aerial View of Wuxi Jingxue Heming Yayuan (無錫靜學和鳴雅苑) Project

## Case Two-star Green Building — Nanjing C&D Hezhangfu (南京建發和章府) Project

The Group's Nanjing C&D Hezhangfu (南京建發和章府) project has obtained two-star green building certification, which mainly includes:

### Water Conservation:

- The water-saving appliances adopted are in line with the current industry standard of Water-saving Domestic Water Appliances, and the water-saving efficiency meets the level 2 requirement;
- The greening irrigation adopts sprinkling irrigation or micro-sprinkling irrigation to irrigate, and sets up water-saving control measures.

### Energy saving:

- Adopt energy-saving control measures such as timing and induction for lighting systems in corridors, staircases and underground car parks;
- The energy-saving design of buildings meets the requirement of energy-saving specifications, and the insulation performance of the enclosure structure is improved by more than 10%;
- High-rise building roofs are thermal insulated.

### Material saving:

- The aggregate of the quantity of reusable materials and recyclable materials accounts for more than 10% of the total quantity of construction materials;
- Take measures to reduce the loss of ready-mixed concrete, reducing the loss rate to 1.0%;
- Take measures to reduce the loss of on-site processed steel bars and reduce the loss rate to 1.5%;
- The proportion of green building materials used in total building materials shall not be less than 50%.

### Healthy and livable:

- Carry out outdoor wind environment optimisation design through site wind environment simulation. Under the normal wind speed and wind direction in the transition season and summer, there is no turbine or wind zone in the human activity area of the site;
- The total area of sunken green space and water bodies with rainwater storage function, such as sunken greenbelt and rainwater garden, accounts for 30% of the green space area, and the proportion of permeable paving area in hard paving ground other than the mechanical lane, accounts for 60%;
- Construction and deployment of intelligent security property management platform in the community.



Aerial View of Nanjing C&D Hezhangfu (南京建發和章府) Project


# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 4. Responding to Climate Change

The Group continues to respond to the national “dual carbon” goal, strictly abides by the “13th Five-Year Plan for Greenhouse Gas Emission Control”, and strengthens the management, identification and assessment of climate change-related risks and opportunities in the operation process. In order to mitigate the impact of extreme weather on its own operations, the Group has actively formulated emergency plans related to extreme weather to gradually improve its ability to respond to and resist climate risks. The climate risks identified by the Group and their potential impacts are as follows:


**Physical risk**

Acute physical risks caused by climate change include extreme weather such as severe precipitation, hurricanes, extreme cold and high temperature. These physical risks may cause an increase in the Group’s operating costs and may seriously affect the progress of project construction.



**Policy risk**

With the strengthening of the national carbon reduction policy and strategy, the environmental policies related to construction will gradually become more stringent. Such risks may affect the Group’s operating policies, and the Group may need to incur significant costs to revise the internal system and upgrade the workflow.



**Market risk**

With the improvement of customers’ awareness of environmental protection, customers may choose products with lower climate damage and better resistance to extreme weather. Such market risks may lead to a decrease in the Group’s market share and in turn affect the Group’s revenue.



**Technology investment risk**

In order to mitigate climate change, the Group will consider replacing the technology, causing more harm to the climate with causing less harm the technology. This process may require the Group to incur certain costs and may lead to changes in the Group’s technology, which may have a greater impact on the existing business and mature technology.



In order to effectively control and prevent the above climate change risks, the Group has issued internal regulations such as the Notice on Work Safety in Extreme High Temperature Weather and the Emergency Response Measures for High Slope Safety Control, and formulated emergency plans for extreme weather to continuously improve the Group’s risk prevention awareness of extreme weather. For example, in response to extreme weather such as typhoons, droughts and floods, snowstorms, the Group strengthened risk inspection and held emergency drills to reduce the negative impact of extreme weather events on the Company’s operations and project development.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The preventive measures adopted by the Group against different extreme weather include but not limited to:

- 01 Extreme high temperature**  
Reasonably arrange the operation time, strictly comply with the requirements of local government authorities, reserve heatstroke prevention materials and take temperature reduction measures, and strengthen the publicity and education of on-site staff.
- 02 Extreme Cold**  
Formulate standards for external wall thermal insulation practises and design of doors and windows, and strengthen the thermal insulation to avoid local cold bridges, so as to improve the thermal performance of buildings and improve the comfort of living.
- 03 Strong Convective weather**  
In response to strong convective weather such as typhoons and rainstorms, during the Year, the Group formulated relevant systems such as the Design and Construction Requirements for Anti-leakage of Residential Buildings and the Anti-water-accumulation Design Standard (2022), and issued the Emergency Response Measures for Safety Control and Management of High Slope, requiring the project to complete the analysis of high slope hazard sources and stability before construction, and to respond to the prevention of strong convective weather in advance.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5. Environmental Key Performance Indicators (KPI)

The 2022 Environmental Key Performance Indicators calculated by the Group in accordance with the ESG Reporting Guide are shown in table below:

No.	Environmental Key Performance Indicators	Unit	Consumption/ Emission
A1.1	Sulphur oxides	Kilogram	0.11
	Nitrogen oxides	Kilogram	5.06
	Particulate matter	Kilogram	0.36
A1.2	Greenhouse gas emissions (Scope 1)	Tonnes	23.76
	Greenhouse gas reduction (Scope 1)	Tonnes	5.47
	Greenhouse gas emissions (Scope 2)	Tonnes	1,578.23
	Total greenhouse gas emissions (Scope 1 + Scope 2)	Tonnes	1,596.52
A1.3	Hazardous waste	Tonnes	0.30
A1.4	Non-hazardous waste	Tonnes	4.45
A2.1	Petrol	Litre	7,561.30
	Liquefied petroleum gas	Kilogram	1,080.00
	Diesel	Litre	150.00
	Electricity Consumption	Kilowatt hour	1,992.46
	Direct energy consumption	Kilowatt hour	85.42
	Indirect energy consumption	Kilowatt hour	1,992.46
	Total energy consumption (Direct energy consumption + Indirect energy consumption)	Kilowatt hour	2,077.88
	Energy intensity	Kilowatt hour/revenue of RMB (ten thousand)	0.70
—	Office paper consumption	Kilogram	1,064.70
A2.2	Water consumption	Cubic metre	313,592.00
	Water consumption intensity	Cubic metre/revenue of RMB (ten thousand)	0.11

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Notes to 2022 Environmental Data:*

1. Time scope of the data: 1 January to 31 December 2022.
2. The scope of data disclosure includes the energy and resources consumption of office areas, sales offices and non-outsourced staff canteens of six projects of the Group, namely Shanghai Yunjinwan (上海雲錦灣), Nanjing Junhefu (南京珺和府), Fuzhou Yangyun (福州養雲), Xiamen Hexi (廈門和壘), Xiamen Wuyuan Yingyue (廈門五緣映月) and Xiamen Yangyun (廈門養雲). The five projects disclosed in 2021 have been basically completed and delivered by the end of 2021, so they are not included in the scope of this year's data disclosure.
3. Non-hazardous wastes were mainly office wastes. Hazardous wastes were mainly waste electronic products, waste cells, waste ink cartridges and toner cartridges. Emission was the result of the use of vehicles. Greenhouse gas emissions (Scope 1) were mainly due to energy consumption such as fuel from non-outsourced staff canteens and moving vehicles. Greenhouse gas emissions (Scope 2) were generated from purchased electricity.
4. Emission factors of greenhouse gas of purchased electricity are based on the Ministry of Ecology and Environment's "China Regional Power Grid Baseline Emission Factor for Emission Reduction Project for 2017". Other emission factors are based on the "ESG Reporting Guide" of the Hong Kong Stock Exchange.
5. The types of energy consumed by the Group included liquefied petroleum gas used by non-outsourced staff canteens, purchased electricity and petrol used by vehicles; Energy consumption coefficient refers to the national GBT2589-2008 General Principles of Comprehensive Energy Consumption Calculation (GBT2589-2008綜合能耗計算通則).
6. Energy consumption intensity = Total energy consumption/operating revenue; water consumption intensity = water consumption/operating revenue; of which, scope of statistics of operating revenue is in line with the scope of environmental data collection.
7. As the C&D International Group's business does not involve packaging materials, the packaging materials covered by KPI A2.5 are not applicable.

## 9. HARMONY • SHARING A BETTER SOCIETY

The Group actively participates in public welfare undertakings and diligently fulfils its corporate social responsibilities. During the Year, the Group supported the front line of anti-epidemic to protect the safety of the community, and actively participated in various charity activities to provide necessary assistance to the disadvantaged groups in the society and give back to the society with practical actions. Meanwhile, the Group continued to explore the integration of traditional culture and architectural design to promote the inheritance and innovation of excellent traditional culture in China.

### 1. Combating the epidemic and overcoming difficulties together

In 2022, when the COVID-19 pandemic broke out in Xiamen, Shanghai and other places, the Group quickly responded to the requirements of the local governments, and worked together with its units to make every effort to fight the pandemic, quickly coordinated employees, carried out pandemic prevention and control services, and built a solid defence line for the pandemic.

#### Contribution to Pandemic Prevention

- Completed the construction of isolation sites from 3 to 5 days, and provided 5,773 sets of isolation rooms required to cope with the epidemic;
- Organised employees to assist in epidemic prevention activities, and a total of 673 employees participated in the activities;
- Organised 225 special training sessions on epidemic prevention and control at quarantine sites, with a total of 4,668 participants;
- Optimised the management and control process inside and outside the isolation sites, and carried out 40 special drills such as cross-border protective clothing, garbage removal, nucleic acid collection, and prevention and control disinfection;
- Provided services such as procurement of materials, distribution of materials, coordination of maternal visits and care for the elderly living alone;
- Carried out activities such as birthday consolation, donating school supplies, and customised nutritional meals.



The Group's employees coordinated food procurement



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Anti-pandemic Honours

- During the period of helping epidemic prevention and control, no employee of the Group was infected in Xiamen;
- Received 65 inspections and 59 verbal commendations from governments at all levels;
- Received a total of 6 thank-you letters, 1 brocade flag and 6 positive reports from media at all levels.



Customer brocade flag received by the Group

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Public welfare and charity to deliver warmth

While pursuing its own development, the Group did not forget to participate in charitable activities and contribute to the society. The Group continued to launch public welfare activities based on the charity fund of C&D Real Estate (hereinafter referred to as the “Fund”), and organised volunteers to visit families in need, help orphans and children in need, and help deliver warmth; In addition, the Group also carried out targeted poverty alleviation and party member activities to promote rural revitalization.

### Case “Warm heart and help the poor” charity activity

In January 2022, the Group participated in the charity activity of “Warm Hearts for the Needy (暖心助困)” in the 2022 New Year held by the Fund in Xiang’ an District, Xiamen City. The Group organised party member volunteers to visit families in need, and distributed supplies and money to express consolation and help people in need during Spring Festival. The activity funded a total of 180 families in need in Xiang’ an District with a total donation of RMB180,000. During the Year, the Group donated a total of RMB226,000 in a series of charity activities of “Warm Hearts for the Needy” for 45 hours by volunteers.



“Warm Hearts for the Needy (暖心助困)” charity activity

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Case “Yurun Qingmiao (雨潤青苗)” charity event

In May 2022, the Group participated in the “Yurun Qingmiao (雨潤青苗)” assistance activity held by the Fund in Xiang’ an District, Xiamen, and organised 20 party member volunteers to go to villages and towns to carry out home visit activities, sending consolation and money to orphans and poor children, and helping students in difficulties to successfully complete their studies. The activity funded a total of 100 orphans and poor children in Xiang’ an District and Siming District, and donated approximately RMB250,000. As of 31 December 2022, the “Yurun Qingmiao” project supported more than 700 children.



“Yurun Qingmiao (雨潤青苗)” charity event

## Case Supporting Yunyang Village for Rural Revitalization

In July 2022, the Group participated in the assistance of Yunyang Village in Tong’ an District, visited the representatives of poor households, and conducted field research on rural revitalization projects such as “Handmade Noodle Workshop”, “Yunyang Primary School” and “Lupiaochong Vegetable Planting Base” in Yunyang Village. The on-site participants provided assistance and guidance for the difficulties of the project and provided assistance funds of RMB30,000. This activity broadened the income source for people in Yunyang Village and helped rural revitalization.



Poverty alleviation activities in Yunyang Village

## Case Hubin Yili Community Consolation Activities

In July 2022, the Group participated in the community consolation activities in Hubin Yili, and jointly carried out the Party Day activities with the Party Committee of the community under the themes of “Celebrating the 20 New Era of Construction” and “1 July”, and donated RMB5,000 to the people in need in Hubin Yili Community to encourage them to overcome difficulties and rebuild their confidence in life.



Visiting the Hubin Yili Community



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3. Preservation of traditional crafts and culture

The Group continues to explore the inheritance and development of Chinese traditional culture in products. In the project design, the Group absorbs the essence of local ethnic culture, integrates modern architecture and traditional architecture, and protects China's excellent traditional craftsmanship and culture while complying with modern appreciation standards.

Measures taken by the Group to protect and inherit the traditional Chinese culture include but are not limited to:

Cultural category	Cultural inheritance	Photo display
Han Culture	Changsha Hezhu (長沙和著) Project is in close proximity to the ancient heritage park of the Han Changsha State. Therefore, the project focuses on the inheritance of Han culture and is inspired by the splendid cultural heritage of the ancient Han Xiang State. The main layout of the site is designed as one axis and four gardens.	
Chuanxi Culture	A century-old Gingko was retained in the exhibition area of Chengdu Yangxi (成都央璽), integrating the beautiful romance story of the local Zhuo wenjun and Sima Xiangru in Chengdu, creating an ancient guqin platform, and creating a local sishui guitang courtyard with artistic conception and humanistic connotation.	
Minnan Culture	In the Shuxiangbo Boyue (書香泊月) project, the "New Minnan" elements were extracted from the traditional Minnan buildings, and elements such as the roofs, cornices and carved windows with the Minnan style were integrated into the architectural design.	
Xiang Culture	In the Jiuzhou Guanlan (玖洲觀瀾) project, following the principle of living by the river of Changsha people, the project will restore Xiaoxiang Shuiyun, integrate into the traditional residential layout of Yuelu College, and reflect the traditional residential layout of Changsha.	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX 1: CONTENT INDEX OF THE ESG REPORTING GUIDE

ESG Indicators		Disclosure	Corresponding Chapters
A1 General Disclosure	Information on the policies, compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A1.1	The types of emissions and respective emissions data.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable	The Group is a non-manufacturing enterprise and does not use packaging materials

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Chapters
A3 General Disclosure	Policies to minimise the issuer's significant impact on the environment and natural resources.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A4 General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	LOW-CARBON • SAFEGUARDING GREEN SPACE
B1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B2.2	Lost days due to work injury.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Chapters
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	SINCERE • BOOSTING TALENT DEVELOPMENT
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	RESPONSIBILITY • PURSUING INTEGRITY AND WIN-WIN SITUATION
B5.1	Number of suppliers by geographical region.	Disclosed	RESPONSIBILITY • PURSUING INTEGRITY AND WIN-WIN SITUATION
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	RESPONSIBILITY • PURSUING INTEGRITY AND WIN-WIN SITUATION
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	RESPONSIBILITY • PURSUING INTEGRITY AND WIN-WIN SITUATION
B5.4	Description of practices used to promote environmentally-preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	RESPONSIBILITY • PURSUING INTEGRITY AND WIN-WIN SITUATION
B6 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	CREATING WARM HOME WITH QUALITY
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	—
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	CREATING WARM HOME WITH QUALITY
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	CREATING WARM HOME WITH QUALITY
B6.4	Description of quality assurance process and recall procedures.	Disclosed	CREATING WARM HOME WITH QUALITY
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	CREATING WARM HOME WITH QUALITY



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Chapters
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	RESPONSIBILITY • PURSUING INTEGRITY AND WIN-WIN SITUATION
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	RESPONSIBILITY • PURSUING INTEGRITY AND WIN-WIN SITUATION
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	RESPONSIBILITY • PURSUING INTEGRITY AND WIN-WIN SITUATION
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	RESPONSIBILITY • PURSUING INTEGRITY AND WIN-WIN SITUATION
B8 General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	HARMONY • SHARING A BETTER SOCIETY
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	HARMONY • SHARING A BETTER SOCIETY
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	HARMONY • SHARING A BETTER SOCIETY

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX 2: LIST OF COMPLIANCE WITH MAJOR LAWS, REGULATIONS AND INTERNAL POLICIES

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies of C&D International
A1 Emissions	Information on the policies, compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	<p>“Environmental Protection Law of the People’s Republic of China”</p> <p>“Environmental Noise Pollution Prevention and Control Law of the People’s Republic of China”</p> <p>“Law of the People’s Republic of China on Prevention and Control of Air Pollution”</p> <p>“Water Pollution Prevention and Control Law of the People’s Republic of China”</p>	<p>“Administrative Measures on Daily Safety, Energy Saving and Environmental Sanitation of Xiamen Jianfa International Building”</p> <p>“Control Standards of Energy Conservation in Public Area”</p>
A2 Use of resources	Policies on the efficient use of resources, including energy, water and other raw materials.	<p>“Marine Environmental Protection Law of the People’s Republic of China”</p> <p>“Regulations of the People’s Republic of China on the Prevention and Control of Pollution Damage to the Marine Environment by Land-based Sources of Pollutants”</p>	
A3 Environment and natural resources	Policies to minimise the issuer’s significant impact on the environment and natural resources.	<p>“Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”</p> <p>“Administrative Measures for Transfer of Hazardous Materials”</p> <p>“Management of Hazardous Waste Transfer Coupons”</p> <p>“The 13th Five-Year Plan to Control Greenhouse Gas Emissions”</p> <p>“Regulations on Environmental Protection Management of Construction Projects (revised in 2017)”</p>	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies of C&D International
B1 Employment	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	<p>“Labor Law of the People’s Republic of China”</p> <p>“Law of the People’s Republic of China on Trade Unions”</p> <p>“Labor Contract Law of the People’s Republic of China”</p> <p>“Law of the People’s Republic of China on Employment Promotion”</p> <p>“Social Insurance Law of the People’s Republic of China”</p> <p>“Minimum Wage Regulations”</p> <p>“Law of the People’s Republic of China on Prevention and Control of Occupational Diseases”</p>	<p>“Administrative Regulations on Work Safety”</p> <p>“Human Resources Operation Manual”</p> <p>“Administrative System on Training”</p> <p>“Safe and Civilized Construction Standards (2022 edition)”</p> <p>“Engineering Quality, Safety and Cultural Inspection and Evaluation Standards”</p> <p>“Administrative Operation Manual”</p> <p>“Human Resources System”</p> <p>“Administrative System”</p>
B2 Health and Safety	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	<p>“Law of the People’s Republic of China on Work Safety”</p> <p>“Fire Services Law of the People’s Republic of China”</p> <p>“Law of the People’s Republic of China on Emergency Response”</p> <p>“Regulations on the Safe Management of Hazardous Chemicals”</p> <p>“Regulations on the Reporting and Investigation of Production Safety Accidents”</p>	<p>“Guidance Manual for Project Quality and Safety Management”</p> <p>“Manual for Marketing”</p>
B3 Development and Training	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	<p>“Interim Regulations on the Investigation and Management of Hidden Dangers in Safety Production”</p>	
B4 Labour Standards	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	<p>“Regulations of the People’s Republic of China on Work-Related Injury Insurance”</p> <p>“Workplace Occupational Health Management Regulations”</p> <p>“Classification and Catalogue of Occupational Diseases”</p> <p>“Regulations on the Prohibition of Child Labour”</p>	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies of C&D International
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	<p>"Bidding Law of the People's Republic of China"</p> <p>"Government Procurement Law of the People's Republic of China"</p>	<p>"Tender Management System"</p> <p>"Guidance Manual for "Tender Management Guidance Manual (including sub-register of engineering, design and marketing objective brand, comprehensive category and informatization)"</p> <p>"Cost Standards"</p>
B6 Product Responsibility	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	<p>"Law of the People's Republic of China on the Protection of Consumer Rights and Interests"</p> <p>"Civil Code of the People's Republic of China"</p> <p>"Personal Information Protection Law of the People's Republic of China"</p> <p>"Network Security Law of the People's Republic of China"</p> <p>"Advertising Law of the People's Republic of China"</p> <p>"Construction Law of the People's Republic of China"</p>	<p>"Marketing Manual"</p> <p>"Product Development System"</p> <p>"Brand Management Regulations"</p> <p>"Standards for Secret Visits by Third-party Mystery Customers"</p> <p>"Digital Process Management System"</p> <p>"Management System on Tender"</p> <p>"Engineering Quality, Safety and Cultural Inspection and Evaluation Standards"</p> <p>"Project Management System of C&amp;D Real Estate Corporation Limited"</p> <p>"Full-cycle Operation Manual for Housing Development Projects"</p> <p>"Design Working Standards"</p> <p>"Cost Standards"</p> <p>"Standards for Housing Delivery"</p>



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies of C&D International
B7 Anti-corruption	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery extortion, fraud and money laundering.	<p>“Law of the People’s Republic of China Against Unfair Competition”</p> <p>“Interim Provisions on the Prohibition of Commercial Bribery”</p> <p>“Anti-Monopoly Law of the People’s Republic of China”</p> <p>“Supervision Law of the People’s Republic of China”</p> <p>“Regulations on Disciplinary Punishment of the Communist Party of China”</p>	<p>“Provisions on Integrity and Self-discipline of Employees of Xiamen C&amp;D Corporation Limited”</p> <p>“Responsibility rule for Integrity Construction of Party Building and Party Conduct of Xiamen C&amp;D Corporation Limited”</p> <p>“Petition Work Practice Manual of Xiamen C&amp;D Corporation Limited”</p> <p>“Practice Manual for Party Disciplinary Actions of Xiamen C&amp;D Corporation Limited”</p> <p>“Xiamen Charity Federation Administrative Measure for Relief Funds of C&amp;D Group”</p> <p>“Administrative Measures on External Donation of Xiamen C&amp;D Corporation Limited”</p>
B8 Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	—	

# INDEPENDENT AUDITOR'S REPORT



**To the members of C&D International Investment Group Limited  
(incorporated in the Cayman Islands with limited liability)**

## **OPINION**

We have audited the consolidated financial statements of C&D International Investment Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 169 to 295, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the 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 matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

# INDEPENDENT AUDITOR'S REPORT

## **Valuation of inventories of properties**

Refer to notes 2.12, 4.1 and 22 to the consolidated financial statements.

### **The Key Audit Matter**

### **How the matter was addressed in our audit**

As at 31 December 2022, the Group had inventories of properties amounting to approximately RMB256,654,577,000, net of provision for inventories of RMB4,596,787,000, representing approximately 65% of the total assets of the Group. These properties are carried at the lower of cost and net realisable value. Significant management judgement is required in determining the estimated net realisable values of these properties with reference to the latest selling prices of the properties and the budgeted costs to be incurred until completion and sale.

Accordingly, the valuation of inventories of properties is considered to be a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgement associated with determining the net realisable values.

Our procedures in relation to management's valuation of inventories of properties included:

- assessed the reasonableness of the assumptions basis for impairment assessment and tested the calculation for the impairment assessment performed by management;
- compared the carrying amounts of the properties under development taking into account the estimated amounts to completion with the related net realisable value;
- reconciled the estimated costs to completion to the budgets approved by management and examined, on a sample basis, the signed construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group; and
- compared the estimated selling price to the prevailing market price of the comparable properties with similar size, usage and location.

## **OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises all the information in the 2022 annual report of the Company, 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.

# INDEPENDENT AUDITOR'S REPORT

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



# INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong

30 March 2023

### **Han Pui Yu**

Practising Certificate No.: P07101

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated) (Note 2.1)
Revenue	5	99,635,501	54,564,878
Cost of sales		(84,416,087)	(45,486,123)
<b>Gross profit</b>		<b>15,219,414</b>	9,078,755
Other net gain	6	1,474,158	721,937
Loss on changes in fair value of investment properties	16	(33,893)	(21,359)
Administrative expenses		(4,442,440)	(1,019,410)
Selling expenses		(3,563,790)	(2,700,228)
Provision for expected credit losses allowance		(378,995)	(40,648)
Finance costs	7	(801,078)	(612,167)
Share of results of associates	18	645,451	435,646
Share of results of joint ventures	19	366,269	11,776
<b>Profit before income tax</b>	8	<b>8,485,096</b>	5,854,302
Income tax expense	9	(2,923,193)	(1,705,219)
<b>Profit for the year</b>		<b>5,561,903</b>	4,149,083
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences		(203,503)	58,102
<b>Total comprehensive income for the year</b>		<b>5,358,400</b>	4,207,185
<b>Profit for the year attributable to:</b>			
— Equity holders of the Company		4,933,968	3,552,523
— Non-controlling interests		627,935	596,560
		<b>5,561,903</b>	4,149,083
<b>Total comprehensive income for the year attributable to:</b>			
— Equity holders of the Company		4,709,817	3,610,374
— Non-controlling interests		648,583	596,811
		<b>5,358,400</b>	4,207,185

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 RMB	2021 RMB (Restated) (Note 2.1)
<b>Earnings per share for profit attributable to the equity holders of the Company</b>			
Basic	11	<b>RMB2.84</b>	RMB2.45
Diluted	11	<b>RMB2.60</b>	RMB2.38

The notes on pages 179 to 295 are an integral part of these consolidated financial statements. Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out on note 10.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated) (Note 2.1)	2020 RMB'000 (Restated) (Note 2.1)
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	14	347,188	350,497	143,348
Right-of-use assets	15	290,841	304,903	249,257
Investment properties	16	1,308,134	1,310,153	1,328,060
Intangible assets	17	738,590	692,296	578
Interests in associates	18	17,498,188	13,095,495	5,927,351
Interests in joint ventures	19	4,530,846	660,294	668,417
Other financial assets	20	118,604	245,700	377,840
Deposits for land acquisitions	25	64,166	64,166	64,166
Deferred tax assets	31	5,875,310	4,404,331	2,595,728
		<b>30,771,867</b>	21,127,835	11,354,745
<b>Current assets</b>				
Inventories of properties, other inventories and other contract costs	22			
— Properties under development		248,861,831	222,892,485	113,191,414
— Properties held for sale		7,792,746	7,058,250	5,690,644
— Other inventories		34,229	24,270	102
— Other contract costs		1,815,745	1,240,009	601,477
Contract assets		177,447	166,378	—
Trade and other receivables	23	11,591,287	9,250,822	5,610,158
Amounts due from non-controlling interests	28	35,453,040	26,462,676	12,591,609
Other financial assets	20	5,000	280,500	25,840
Deposits for land acquisitions	25	2,860,999	7,038,796	5,915,970
Prepaid taxes		3,818,914	2,193,016	639,181
Cash at banks and on hand	26	50,280,062	48,351,462	28,899,244
		<b>362,691,300</b>	324,958,664	173,165,639
<b>Total assets</b>		<b>393,463,167</b>	346,086,499	184,520,384



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated) (Note 2.1)	2020 RMB'000 (Restated) (Note 2.1)
<b>Current liabilities</b>				
Trade and other payables	27	25,909,986	33,097,667	16,569,542
Contract liabilities	24	177,604,681	148,905,438	66,294,080
Amounts due to related companies	28	11,126,370	7,946,002	3,942,122
Amounts due to non-controlling interests	28	4,413,995	6,388,232	3,011,547
Interest-bearing borrowings	30	5,890,230	4,859,455	3,272,636
Income tax liabilities		4,529,116	3,146,399	3,261,784
Lease liabilities	32	59,133	55,882	33,239
Receipts under securitisation arrangements	29	–	1,998,346	–
		<b>229,533,511</b>	206,397,421	96,384,950
<b>Net current assets</b>		<b>133,157,789</b>	118,561,243	76,780,689
<b>Total assets less current liabilities</b>		<b>163,929,656</b>	139,689,078	88,135,434
<b>Non-current liabilities</b>				
Loans from intermediate holding company	28	47,679,925	37,637,867	24,421,624
Lease liabilities	32	141,173	149,122	147,569
Receipts under securitisation arrangements	29	–	–	1,993,583
Interest-bearing borrowings	30	35,767,801	36,807,502	23,520,939
Deferred tax liabilities	31	920,269	827,730	285,497
		<b>84,509,168</b>	75,422,221	50,369,212
<b>Total liabilities</b>		<b>314,042,679</b>	281,819,642	146,754,162
<b>Net assets</b>		<b>79,420,488</b>	64,266,857	37,766,222

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated) (Note 2.1)	2020 RMB'000 (Restated) (Note 2.1)
<b>EQUITY</b>				
Share capital	33	<b>148,689</b>	117,215	100,636
Reserves	34	<b>16,988,531</b>	12,334,514	8,356,059
<b>Equity attributable to the equity holders of the Company</b>				
		<b>17,137,220</b>	12,451,729	8,456,695
<b>Equity attributable to the subscriber of the perpetual loans</b>				
		<b>14,500,000</b>	14,500,000	9,500,000
<b>Equity attributable to owners of the parent</b>				
		<b>31,637,220</b>	26,951,729	17,956,695
<b>Non-controlling interests</b>				
		<b>47,783,268</b>	37,315,128	19,809,527
<b>Total equity</b>		<b>79,420,488</b>	64,266,857	37,766,222

**ZHAO Chengmin**  
Director

**LIN Weiguo**  
Director

The notes on pages 179 to 295 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>8,485,096</b>	5,854,302
Adjustments for:			
Depreciation of property, plant and equipment	14	<b>31,503</b>	26,993
Depreciation of right-of-use assets	15	<b>80,123</b>	47,918
Amortisation of intangible assets	17	<b>7,418</b>	1,475
Loss on changes in fair value of investment properties	16	<b>33,893</b>	21,359
Gain on changes in fair value of financial assets measured at FVTPL, net		<b>(15,400)</b>	(920)
(Gain on disposal)/Written off of property, plant and equipment and intangible assets		<b>(1,022)</b>	161
Provision for ECL allowance on loans to associates and joint ventures	8	<b>312,709</b>	2,717
Provision for ECL allowance on trade and other receivables	8	<b>57,287</b>	24,046
Provision for ECL allowance on amounts due from non-controlling interests	8	<b>8,999</b>	13,885
Provision for inventories of properties and other inventories	8	<b>3,790,687</b>	614,226
Reversal of provision for inventories of properties and other inventories	8	<b>(107,132)</b>	–
Share-based payments	12	<b>133,030</b>	42,043
Interest expense		<b>801,078</b>	612,167
Interest income		<b>(704,782)</b>	(546,879)
Share of results of associates		<b>(645,451)</b>	(435,646)
Share of results of joint ventures		<b>(366,269)</b>	(11,776)
Loss on disposal of subsidiaries	41	<b>97</b>	27,388
Operating profit before working capital changes		<b>11,901,864</b>	6,293,459
Increase in inventories of properties, other inventories and other contract costs		<b>(22,625,523)</b>	(83,617,406)
Decrease/(Increase) in deposit paid for acquisition of land use rights		<b>4,177,797</b>	(1,122,826)
Increase in trade and other receivables		<b>(2,570,089)</b>	(2,089,225)
Increase in contract assets		<b>(11,069)</b>	–
Increase in trade and other payables		<b>(2,213,720)</b>	15,070,251
Increase in contract liabilities		<b>20,694,443</b>	78,391,699
Increase in restricted bank deposits		<b>(1,408,707)</b>	(858,273)
Cash from operations		<b>7,944,996</b>	12,067,679
Income tax paid		<b>(4,425,835)</b>	(4,628,468)
<b>Net cash from operating activities</b>		<b>3,519,161</b>	7,439,211

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	14	(75,277)	(72,862)
Purchase of intangible assets	17	(6,200)	(222)
Subsequent expenditure of investment properties	16	(31,874)	(27,659)
Proceeds from disposal of financial assets		424,000	25,000
Investment in associates		(3,038,113)	(4,205,763)
Investment in joint ventures		(2,529,531)	–
Increase in loans to associates		(1,099,759)	(2,713,799)
(Increase)/Decrease in loan to joint ventures		(1,009,995)	134
Increase in amounts due from non-controlling interests		(8,999,363)	(13,884,952)
Dividend received from investment in joint ventures		2,055	18,330
Dividend received from investment in associates		103,649	184,351
Net cash (outflow)/inflow on disposal of subsidiaries	41	(610,350)	185,406
Net cash inflow/(outflow) on acquisition of subsidiaries	40	715,872	(246,497)
Interest received		704,782	546,879
Investment in financial assets		(6,004)	(143,000)
Payment for additional interest in subsidiaries without change of control	44	(915,477)	(148,244)
<b>Net cash used in investing activities</b>		<b>(16,371,585)</b>	<b>(20,482,898)</b>



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000 (Restated)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital, net of transaction costs	33(a)	1,160,120	777,546
Proceeds from issuance of shares in respect of restricted share incentive scheme	33(b)	627,907	212,008
Proceeds from new borrowings	43	19,022,965	30,531,379
Repayments of borrowings	43	(20,763,792)	(17,096,309)
Addition of loans from intermediate holding company	43	21,673,648	29,660,737
Repayments of loans from intermediate holding company	43	(11,631,590)	(16,444,494)
Capital contribution from non-controlling interests		14,598,003	16,769,823
Capital reduction of subsidiaries		(2,951,221)	(384,000)
Increase in amounts due to non-controlling interests	43	2,015,836	16,586,743
Repayments of amounts due to non-controlling interests	43	(4,172,492)	(13,509,155)
Increase in amounts due to related companies	43	797,228	–
Repayments of amounts due to related companies	43	–	(17,253,628)
Dividends paid to non-controlling interests		(921,428)	(148,990)
Dividends paid		(145,560)	(141,905)
Interest paid		(2,715,495)	(2,951,947)
Distributions to holders of perpetual loans		(713,891)	(345,216)
Issuance of a perpetual loan		–	5,000,000
Payment of lease liabilities	43	(78,952)	(71,886)
Repayments of receipts under securitisation arrangements	43	(1,998,346)	–
Business combination under common control		(413,342)	445,302
<b>Net cash from financing activities</b>		<b>13,389,598</b>	<b>31,636,008</b>
<b>Net increase in cash and cash equivalents</b>		<b>537,174</b>	<b>18,592,321</b>
<b>Cash and cash equivalents as at 1 January</b>		<b>46,847,984</b>	<b>28,254,039</b>
<b>Effect of foreign exchange rates changes on cash and cash equivalents</b>		<b>(17,281)</b>	<b>1,624</b>
<b>Cash and cash equivalents as at 31 December</b>	26	<b>47,367,877</b>	<b>46,847,984</b>

The notes on pages 179 to 295 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Equity attributable to owners of the parent											
	Equity attributable to the equity holders of the Company					Non-controlling interests						
	Share capital RMB'000 (note 33)	Share premium* RMB'000 (note 34)	Shares held for restricted share incentive scheme* RMB'000 (note 34)	Statutory reserve* RMB'000 (note 34)	Exchange reserve* RMB'000 (note 34)	Capital reserve* RMB'000 (note 34)	Revaluation reserve* RMB'000 (note 34)	Retained earnings* RMB'000	Total RMB'000 (note 34)	Perpetual loans RMB'000 (note 34)	Total RMB'000	Total equity RMB'000
Balance at 1 January 2021 (as previously reported)	100,636	2,447,947	-	834,574	65,518	(41,207)	2,692	4,905,205	8,315,365	9,500,000	17,815,365	37,351,569
Effect on business combination under common control (note 2.1(c))	-	-	-	9,676	72	33,515	-	98,067	141,330	-	141,330	414,653
<b>Balance at 1 January 2021 (as restated)</b>	100,636	2,447,947	-	844,250	65,590	(7,692)	2,692	5,003,272	8,456,695	9,500,000	17,956,695	37,766,222
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	3,552,523	3,552,523	-	3,552,523	4,149,083
Profit for the year	-	-	-	-	-	-	-	3,552,523	3,552,523	-	3,552,523	4,149,083
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
— Currency translation differences	-	-	-	-	57,851	-	-	-	57,851	-	57,851	58,102
<b>Total comprehensive income (as restated)</b>	-	-	-	-	57,851	-	-	3,552,523	3,610,374	-	3,610,374	4,207,185
<b>Transactions with owners (as restated)</b>	5,366	772,180	-	-	-	-	-	-	777,546	-	777,546	777,546
Issuance of shares upon placing, net of transaction costs	5,366	772,180	-	-	-	-	-	-	777,546	-	777,546	777,546
Issuance of shares in respect of restricted share incentive scheme	2,936	209,072	(212,008)	-	-	-	-	-	-	-	-	-
Share-based payment expense of the Company, net of taxation	-	-	-	-	-	39,436	-	-	39,436	-	39,436	39,436
Share-based payment expense of subsidiaries, net of taxation	-	-	-	-	-	932	-	-	932	-	932	1,675
Issuance of a perpetual loan	-	-	-	-	-	-	-	-	-	5,000,000	5,000,000	5,000,000
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	16,769,823
Capital reduction of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(384,000)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(283,789)
Distributions to holders of perpetual loans, net of taxation	-	-	-	-	-	-	-	(345,216)	(345,216)	-	(345,216)	(345,216)
Change in ownership interests in subsidiaries without change of control	-	-	-	-	-	(105,430)	-	-	(105,430)	-	(105,430)	(148,244)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(148,990)
Issuance of shares in respect of scrip dividend of 2021 interim dividend	8,277	1,003,213	-	-	-	-	-	-	-	-	1,011,490	1,011,490
2021 interim dividend approved and paid (note 10)	-	(1,153,395)	-	-	-	-	-	-	(1,153,395)	-	(1,153,395)	(1,153,395)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	710,880
Effect on acquisition of subsidiaries under common control	-	-	-	-	-	159,297	-	-	159,297	-	159,297	286,005
Transfer to statutory reserve	-	-	-	623,794	-	-	-	(623,794)	-	-	-	-
<b>Total transactions with owners (as restated)</b>	16,579	831,070	(212,008)	623,794	-	94,235	-	(969,010)	384,660	5,000,000	5,384,660	22,293,450
<b>Balance at 31 December 2021 (as restated)</b>	117,215	3,279,017	(212,008)	1,468,044	123,441	86,543	2,692	7,586,785	12,451,729	14,500,000	26,951,729	64,266,857

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Equity attributable to owners of the parent										Non-controlling interests RMB'000	Total equity RMB'000	
	Equity attributable to the equity holders of the Company												
	Share capital RMB'000 (note 33)	Share premium* RMB'000 (note 34)	Share incentive scheme* RMB'000 (note 34)	Statutory reserve* RMB'000 (note 34)	Exchange reserve* RMB'000 (note 34)	Capital reserve* RMB'000 (note 34)	Revaluation reserve* RMB'000 (note 34)	Retained earnings* RMB'000	Total RMB'000	Perpetual loans RMB'000 (note 34)			Total RMB'000
Balance at 1 January 2022 (as previously reported)	117,215	3,279,017	(212,008)	1,446,000	123,254	(110,178)	2,692	7,465,321	12,111,313	14,500,000	26,611,313	36,645,507	63,256,820
Effect on business combination under common control (note 2.1(b))	-	-	-	22,044	187	196,721	-	121,464	340,416	-	340,416	669,621	1,010,037
<b>Balance at 1 January 2022 (as restated)</b>	117,215	3,279,017	(212,008)	1,468,044	123,441	86,543	2,692	7,586,785	12,451,729	14,500,000	26,951,729	37,315,128	64,266,857
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	4,933,968	4,933,968	-	4,933,968	627,935	5,561,903
Profit for the year	-	-	-	-	-	-	-	4,933,968	4,933,968	-	4,933,968	627,935	5,561,903
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
— Currency translation differences	-	-	-	-	(224,151)	-	-	-	(224,151)	-	(224,151)	20,648	(203,503)
<b>Total comprehensive income</b>	-	-	-	-	(224,151)	-	-	4,933,968	4,709,817	-	4,709,817	648,583	5,358,400
<b>Transactions with owners</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of shares in respect of the acquisition of C&D Property (note 33)	6,805	976,244	-	-	-	-	-	-	983,049	-	983,049	-	983,049
Issuance of shares upon placing, net of transaction costs (note 33)	6,665	1,153,455	-	-	-	-	-	-	1,160,120	-	1,160,120	-	1,160,120
Issuance of shares in respect of restricted share incentive scheme (note 33)	8,957	618,950	(627,907)	-	-	-	-	-	-	-	-	-	-
Share-based payment expense of the Company, net of taxation	-	-	-	-	-	154,939	-	-	154,939	-	154,939	-	154,939
Share-based payment expense of subsidiaries, net of taxation	-	-	-	-	-	7,093	-	-	7,093	-	7,093	13,067	20,160
Restricted share forfeited	-	-	3,118	-	-	-	-	-	3,118	-	3,118	-	3,118
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	14,598,003	14,598,003
Capital reduction of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,951,221)	(2,951,221)
Disposal of subsidiaries (note 41)	-	-	-	-	-	-	-	-	-	-	-	(19,998)	(19,998)
Distributions to holders of perpetual loans, net of taxation (note 34)	-	-	-	-	-	-	-	(713,891)	(713,891)	-	(713,891)	-	(713,891)
Change in ownership interests in subsidiaries without change of control (note 44)	-	-	-	-	-	(76,803)	-	-	(76,803)	-	(76,803)	(838,674)	(915,477)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(921,428)	(921,428)
2021 final dividend approved and paid (note 10)	-	(1,504,348)	-	-	-	-	-	-	(1,504,348)	-	(1,504,348)	-	(1,504,348)
Issuance of shares in respect of scrip dividend (note 33)	9,047	1,340,741	-	-	-	-	-	1,358,788	1,358,788	-	1,358,788	(60,192)	1,358,788
Acquisition of subsidiaries	-	-	-	-	-	(1,396,391)	-	-	(1,396,391)	-	(1,396,391)	-	(1,396,391)
Business combination under common control (note 2.1)	-	-	-	427,413	-	-	-	(427,413)	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total transactions with owners</b>	31,474	2,594,042	(624,789)	427,413	(100,710)	(1,311,162)	-	(1,141,304)	(24,326)	-	(24,326)	9,819,557	9,795,231
<b>Balance at 31 December 2022</b>	148,689	5,873,059	(836,797)	1,895,457	(100,710)	(1,224,619)	2,692	11,379,449	17,137,220	14,500,000	31,637,220	47,883,268	79,420,488

\* These reserve accounts comprise the Group's reserves of RMB16,988,531,000 (2021: RMB12,334,514,000 (restated)) in the consolidated statement of financial position.

The notes on pages 179 to 295 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 1. GENERAL INFORMATION

C&D International Investment Group Limited (the “Company”) was incorporated in the Cayman Islands on 18 February 2011 as an exempted company with limited liability under Companies Law (Cap 22 of the Cayman Islands). The address of the Company’s registered office is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business in Hong Kong is located at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 May 2014.

The Company’s functional currency is Hong Kong Dollars (“HK\$”). However, the consolidated financial statements are presented in Renminbi (“RMB”), as the Directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the Group’s transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in thousands of RMB (“RMB’000”) unless otherwise stated.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are set out in note 21 to the consolidated financial statements.

Well Land International Limited (“Well Land”) is the Company’s immediate holding company which was incorporated in the British Virgin Islands (“BVI”) with limited liability; C&D Real Estate Corporation Limited\* (建發房地產集團有限公司) (“C&D Real Estate”) which was incorporated in the People’s Republic of China (“PRC” or “China”) with limited liability is the Company’s intermediate holding company and Xiamen C&D Corporation Limited\* (廈門建發集團有限公司) (“Xiamen C&D”) which was incorporated in the PRC with limited liability is the Company’s ultimate holding company.

The consolidated financial statements for the year ended 31 December 2022 were approved for issue by the Board on 30 March 2023.

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These annual consolidated financial statements on pages 169 to 295 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”), if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis, except that the following assets are stated at fair value as explained in the accounting policies set out below:

- investment properties (see note 2.7)
- financial assets at fair value through profit or loss (“FVTPL”) (note 2.10)

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

#### *Business combination under common control*

On 29 March 2022, the Company entered into the share sale and purchase agreement with Well Land, pursuant to which the Company agreed to acquire and Well Land agreed to sell 467,691,388 shares in C&D Property Management Group Co., Ltd (“C&D Property”) at a total consideration of approximately HK\$1,641,596,000 (equivalents to RMB1,396,391,000), of which HK\$1,156,000,000 (equivalents to RMB983,049,000) is satisfied by the allotment and issuance of 80,000,000 shares at the issue price of HK\$14.45 per consideration share and the remaining consideration of HK\$485,596,000 (equivalents to RMB413,342,000) shall be paid in cash by the Company (“Acquisition”). On the same date, the Company entered into the voting rights entrustment agreement with Well Land, pursuant to which Well Land agreed to irrevocably and unconditionally entrust the Company to exercise the voting rights of 213,801,777 shares in C&D Property that Well Land directly holds in C&D Property for an indefinite period. The Acquisition is completed on 23 May 2022 (“Completion Date”) and thereafter the Company is entitled to exercise or control the exercise of voting rights in respect of a total of 681,493,165 shares in C&D Property, representing approximately 51.00% voting rights at general meetings of C&D Property.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### *Business combination under common control (Continued)*

C&D Property and its subsidiaries (“C&D Property Group”) is principally engaged in the provision of the property management services, commercial property operation management services, community value-added and synergy services and the value-added services to non-property owners in the PRC, and its shares are listed on the Stock Exchange.

Following the Acquisition on 23 May 2022, since each of the Company and C&D Property Group were controlled by Xiamen C&D, the ultimate controlling shareholder of the Company, before and after the Acquisition which is regarded as common control combination. Accordingly, the Group has applied merger accounting to account for the Acquisition in respect of C&D Property Group in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG5”) issued by the HKICPA. The consolidated financial statements have been prepared in accordance with AG5 as if the Acquisition had been completed at the beginning of the earliest period presented or combining entities first came under the control of the controlling party.

Accordingly, C&D Property Group was included in the consolidated financial statements from the beginning of the earliest period presented as if C&D Property Group had always been part of the Group. As a result, the Group has restated certain 2021 comparative amounts of the consolidated financial statements by including the operating results, changes in equity and cash flows of C&D Property Group, as if the Acquisition had been completed on the earliest date of periods being presented, i.e. 1 January 2021. The consolidated statements of financial position of the Group as at 1 January 2021 and 31 December 2021 were restated to include the assets and liabilities of C&D Property Group. The net assets of the companies comprising C&D Property Group have been consolidated using the existing book values from the perspective of Xiamen C&D. No amount is recognised in consideration for goodwill or excess of acquirer’s interest in the net fair value of acquirer’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest.

Comparative amounts in the consolidated financial statements are presented as if the entities or business had been combined at the beginning of the comparative period.

The consolidated statement of profit or loss and other comprehensive income include the results of combining entities or businesses from the earliest date presented. The consolidated statement of profit or loss and other comprehensive income also take into account the profit or loss attributable to the non-controlling interests recorded in the consolidated financial statements of the controlling party. The effects of all transactions between the combining entities or business, whether occurring before or after the Acquisition, are eliminated.

A uniform set of accounting policies is adopted when preparing the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### Business combination under common control (Continued)

The effects of the application of merger accounting for business combination under common control occurred during the year ended 31 December 2022 on the Group's financial position as at 31 December 2021 and 1 January 2021 and the results for the year ended 31 December 2021 are summarised as follows:

- (a) The effects of consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021:

	As previously reported RMB'000	Business combination of entities under common control RMB'000	Adjustments RMB'000	As restated RMB'000
Revenue	53,441,863	1,556,645	(433,630)	54,564,878
Cost of sales	(44,705,412)	(1,167,289)	386,578	(45,486,123)
Gross profit	8,736,451	389,356	(47,052)	9,078,755
Other net gain	687,156	33,034	1,747	721,937
Loss on changes in fair value of investment properties	(21,359)	–	–	(21,359)
Administrative expenses	(806,540)	(212,870)	–	(1,019,410)
Selling expenses	(2,713,442)	(3,796)	17,010	(2,700,228)
Provision for expected credit losses allowance	(40,180)	(468)	–	(40,648)
Finance costs	(611,563)	(604)	–	(612,167)
Share of results of associates	435,246	400	–	435,646
Share of results of joint ventures	11,776	–	–	11,776
<b>Profit before income tax</b>	<b>5,677,545</b>	<b>205,052</b>	<b>(28,295)</b>	<b>5,854,302</b>
Income tax expense	(1,668,143)	(44,150)	7,074	(1,705,219)
<b>Profit for the year</b>	<b>4,009,402</b>	<b>160,902</b>	<b>(21,221)</b>	<b>4,149,083</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

*Business combination under common control (Continued)*

- (a) The effects of consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021: (Continued)

	As previously reported RMB'000	Business combination of entities under common control RMB'000	Adjustments RMB'000	As restated RMB'000
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences	57,779	323	–	58,102
<b>Total comprehensive income for the year</b>	4,067,181	161,225	(21,221)	4,207,185
<b>Profit for the year attributable to:</b>				
— Equity holders of the Company	3,516,758	159,374	(123,609)	3,552,523
— Non-controlling interests	492,644	1,528	102,388	596,560
	4,009,402	160,902	(21,221)	4,149,083
<b>Total comprehensive income for the year attributable to:</b>				
— Equity holders of the Company	3,574,494	159,697	(123,817)	3,610,374
— Non-controlling interests	492,687	1,528	102,596	596,811
	4,067,181	161,225	(21,221)	4,207,185
<b>Earnings per share for profit attributable to the equity holders of the Company</b>				
Basic	RMB2.54			RMB2.45
Diluted	RMB2.54			RMB2.38



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

*Business combination under common control (Continued)*

(b) The effects of consolidated statement of financial position at 31 December 2021:

	As previously reported RMB'000	Business combination of entities under common control RMB'000	Adjustments RMB'000	As restated RMB'000
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	319,838	30,659	–	350,497
Right-of-use assets	283,868	21,035	–	304,903
Investment properties	1,310,153	–	–	1,310,153
Intangible assets	651,522	40,774	–	692,296
Interests in associates	13,093,625	1,870	–	13,095,495
Interests in joint ventures	660,294	–	–	660,294
Other financial assets	245,700	–	–	245,700
Deposits for land acquisitions	64,166	–	–	64,166
Deferred tax assets	4,390,144	7,113	7,074	4,404,331
	21,019,310	101,451	7,074	21,127,835
<b>Current assets</b>				
Inventories of properties, other inventories and other contract costs				
— Properties under development	222,920,780	–	(28,295)	222,892,485
— Properties held for sale	7,058,250	–	–	7,058,250
— Other inventories	17,592	6,678	–	24,270
— Other contract costs	1,234,427	5,582	–	1,240,009
Contract assets	166,378	–	–	166,378
Trade and other receivables	9,076,538	201,467	(27,183)	9,250,822
Amounts due from non-controlling interests	26,462,676	–	–	26,462,676
Other financial assets	280,500	–	–	280,500
Deposits for land acquisitions	7,038,796	–	–	7,038,796
Prepaid taxes	2,192,838	178	–	2,193,016
Cash at banks and on hand	46,054,130	2,297,332	–	48,351,462
	322,502,905	2,511,237	(55,478)	324,958,664
<b>Total assets</b>	343,522,215	2,612,688	(48,404)	346,086,499

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

*Business combination under common control (Continued)*

(b) The effects of consolidated statement of financial position at 31 December 2021: (Continued)

	As previously reported RMB'000	Business combination of entities under common control RMB'000	Adjustments RMB'000	As restated RMB'000
<b>Current liabilities</b>				
Trade and other payables	32,392,098	732,752	(27,183)	33,097,667
Contract liabilities	148,118,139	787,299	–	148,905,438
Amounts due to related companies	7,944,227	1,775	–	7,946,002
Amounts due to non-controlling interests	6,388,232	–	–	6,388,232
Interest-bearing borrowings	4,859,455	–	–	4,859,455
Income tax liabilities	3,108,306	38,093	–	3,146,399
Lease liabilities	49,598	6,284	–	55,882
Receipts under securitisation arrangements	1,998,346	–	–	1,998,346
	204,858,401	1,566,203	(27,183)	206,397,421
<b>Net current assets</b>	117,644,504	945,034	(28,295)	118,561,243
<b>Total assets less current liabilities</b>	138,663,814	1,046,485	(21,221)	139,689,078
<b>Non-current liabilities</b>				
Loans from intermediate holding company	37,637,867	–	–	37,637,867
Lease liabilities	141,236	7,886	–	149,122
Interest-bearing borrowings	36,807,502	–	–	36,807,502
Deferred tax liabilities	820,389	7,341	–	827,730
	75,406,994	15,227	–	75,422,221
<b>Total liabilities</b>	280,265,395	1,581,430	(27,183)	281,819,642
<b>Net assets</b>	63,256,820	1,031,258	(21,221)	64,266,857

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

*Business combination under common control (Continued)*

(b) The effects of consolidated statement of financial position at 31 December 2021: (Continued)

	As previously reported RMB'000	Business combination of entities under common control RMB'000	Adjustments RMB'000	As restated RMB'000
<b>EQUITY</b>				
Share capital	117,215	11,286	(11,286)	117,215
Reserves	11,994,098	1,000,123	(659,707)	12,334,514
<b>Equity attributable to the equity holders of the Company</b>	12,111,313	1,011,409	(670,993)	12,451,729
<b>Equity attributable to the subscriber of the perpetual loans</b>	14,500,000	–	–	14,500,000
<b>Equity attributable to owners of the parent</b>	26,611,313	1,011,409	(670,993)	26,951,729
Non-controlling interests	36,645,507	19,849	649,772	37,315,128
<b>Total equity</b>	63,256,820	1,031,258	(21,221)	64,266,857

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

*Business combination under common control (Continued)*

(c) The effects of consolidated statement of financial position at 1 January 2021:

	As previously reported RMB'000	Business combination of entities under common control RMB'000	Adjustments RMB'000	As restated RMB'000
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	116,020	27,328	–	143,348
Right-of-use assets	227,842	21,415	–	249,257
Investment properties	1,328,060	–	–	1,328,060
Intangible assets	–	578	–	578
Interests in associates	5,927,351	–	–	5,927,351
Interests in joint ventures	668,417	–	–	668,417
Other financial assets	377,840	–	–	377,840
Deposits for land acquisitions	64,166	–	–	64,166
Deferred tax assets	2,591,854	3,874	–	2,595,728
	11,301,550	53,195	–	11,354,745
<b>Current assets</b>				
Inventories of properties, other inventories and other contract costs				
— Properties under development	113,191,414	–	–	113,191,414
— Properties held for sale	5,690,644	–	–	5,690,644
— Other inventories	–	102	–	102
— Other contract costs	599,440	2,037	–	601,477
Trade and other receivables	5,475,040	135,118	–	5,610,158
Amounts due from non-controlling interests	12,591,609	–	–	12,591,609
Other financial assets	25,840	–	–	25,840
Deposits for land acquisitions	5,915,970	–	–	5,915,970
Prepaid taxes	639,181	–	–	639,181
Cash at banks and on hand	27,992,866	906,378	–	28,899,244
	172,122,004	1,043,635	–	173,165,639
<b>Total assets</b>	183,423,554	1,096,830	–	184,520,384



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

*Business combination under common control (Continued)*

(c) The effects of consolidated statement of financial position at 1 January 2021: (Continued)

	As previously reported RMB'000	Business combination of entities under common control RMB'000	Adjustments RMB'000	As restated RMB'000
<b>Current liabilities</b>				
Trade and other payables	16,122,619	446,923	–	16,569,542
Contract liabilities	66,115,894	178,186	–	66,294,080
Amounts due to related companies	3,936,789	5,333	–	3,942,122
Amounts due to non-controlling interests	3,011,547	–	–	3,011,547
Interest-bearing borrowings	3,272,636	–	–	3,272,636
Income tax liabilities	3,229,140	32,644	–	3,261,784
Lease liabilities	28,325	4,914	–	33,239
	95,716,950	668,000	–	96,384,950
<b>Net current assets</b>	76,405,054	375,635	–	76,780,689
<b>Total assets less current liabilities</b>				
	87,706,604	428,830	–	88,135,434
<b>Non-current liabilities</b>				
Loans from intermediate holding company	24,421,624	–	–	24,421,624
Lease liabilities	138,327	9,242	–	147,569
Receipts under securitisation arrangements	1,993,583	–	–	1,993,583
Interest-bearing borrowings	23,520,939	–	–	23,520,939
Deferred tax liabilities	280,562	4,935	–	285,497
	50,355,035	14,177	–	50,369,212
<b>Total liabilities</b>	146,071,985	682,177	–	146,754,162
<b>Net assets</b>	37,351,569	414,653	–	37,766,222

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

*Business combination under common control (Continued)*

(c) The effects of consolidated statement of financial position at 1 January 2021: (Continued)

	As previously reported RMB'000	Business combination of entities under common control RMB'000	Adjustments RMB'000	As restated RMB'000
<b>EQUITY</b>				
Share capital	100,636	9,982	(9,982)	100,636
Reserves	8,214,729	393,821	(252,491)	8,356,059
<b>Equity attributable to the equity holders of the Company</b>	8,315,365	403,803	(262,473)	8,456,695
<b>Equity attributable to the subscriber of the perpetual loans</b>	9,500,000	–	–	9,500,000
<b>Equity attributable to owners of the parent</b>	17,815,365	403,803	(262,473)	17,956,695
Non-controlling interests	19,536,204	10,850	262,473	19,809,527
<b>Total equity</b>	37,351,569	414,653	–	37,766,222

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Basis of consolidation (Continued)

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 “Financial Instruments” (“HKFRS 9”) or when applicable, the cost on initial recognition of an investment in an associate or joint ventures.

In the Company’s statement of financial position, subsidiaries are carried at cost less any impairment loss (see note 2.20) unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee’s pre or post-acquisition profits are recognised in the Company’s profit or loss.

#### *Acquisition of a subsidiary not constituting a business*

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Business combinations

#### *Merger accounting for common control combinations*

The transfer/acquisition of equity interests in subsidiaries which are regarded as common control combinations are accounted for in a manner similar to a uniting of interests. Assets and liabilities are transferred at book value, adjusted only to harmonise accounting policies, and no goodwill arises. Any difference between the consideration given and the aggregate book value of the assets and liabilities acquired (as of the date of the transaction) is included in equity. The consolidated financial statements incorporate the acquired entity's results as if both entities (acquirer and acquiree) had always been combined. Consequently, the consolidated financial statements reflects both entities' full year's results, even though the business combinations may have occurred part of the way throughout the year. In addition, the corresponding amounts for the previous year also reflect the combined results of both entities, even though the transaction did not occur until the current year.

#### *Acquisition method of accounting for non-common control combinations*

Acquisitions of subsidiaries and businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

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

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Associates and joint ventures

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

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

In the consolidated financial statements, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of associates or joint ventures' profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interests in associates or joint ventures are carried at cost and adjusted for the post-acquisition changes in the Group's share of associates or joint ventures' net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of associates or joint ventures for the year, including any impairment loss on the interests in associates or joint ventures recognised for the year. The Group's other comprehensive income for the year includes its share of associates or joint ventures' other comprehensive income for the year.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in associates or joint ventures. Where unrealised losses on assets sales between the Group and its associates or joint ventures are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Associates and joint ventures *(Continued)*

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or joint venture.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

### 2.5 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Foreign currency translation *(Continued)*

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

### 2.6 Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are stated at cost less accumulated depreciation and accumulated impairment losses (see note 2.20). The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided to write off the cost of assets (other than construction in progress) over their estimated useful lives, using the straight-line method, at the following rates per annum:

Land and buildings	2.5%
Leasehold improvement	5 years or over the lease term, whichever is shorter
Furniture and fixtures	9 to 33 $\frac{1}{3}$ %
Plant and machinery	9 to 20%
Motor vehicles	12.5 to 20%

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Construction in progress is stated at cost less accumulated impairment losses. Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category. No depreciation is provided in respect of construction in progress until it is completed and available for use.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2.16) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

On initial recognition, investment property is measured at cost and subsequently at fair value, unless its fair value cannot be reliably determined at that time.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised at the reporting date reflect the prevailing market conditions at the reporting date.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories of properties, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

### 2.8 Goodwill

Goodwill arising from a business combination is recognised as an asset at the date that control is acquired (i.e. the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, if any, over the Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

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

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising from a business combination is allocated to each cash-generating unit or groups of cash-generating units, which is expected to benefit from the synergies of the combination and is tested at least annually for impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Intangible assets (other than goodwill) and research and development activities

#### *Intangible assets (other than goodwill)*

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses (see note 2.20). Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives of 2 to 20 years. Amortisation commences when the intangible assets are available for use (i.e. when it is in the location and condition necessary for it to be capable of operation).

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

#### *Research and development costs*

Costs associated with research activities are expensed in profit or loss as they occur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Group's ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

The cost capitalised include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial instruments

#### *Recognition and derecognition*

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### *Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”), all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost; or
- FVTPL.

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except provision for expected credit losses (“ECL”) allowance of trade and other receivables which is presented as a separate line item on the consolidated statement of profit or loss and other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial instruments (Continued)

*Subsequent measurement of financial assets*

#### **Debt investments**

##### **Financial assets at amortised cost**

Non-equity investments held by the Group are classified into amortised cost, if the investment is held within a business model whose objective is to hold the investment and collect its contractual cash flows and the contractual terms of the investment give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from the investment is calculated using the effective interest method (note 2.19).

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in "Other net gain" in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's amounts due from non-controlling interests, cash at banks and on hand, trade and other receivables, loans to associates and joint ventures and debt investment fall into this category of financial assets.

##### **Financial assets at FVTPL**

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

##### **Equity investments**

An investment in equity securities is classified as financial assets measured at FVTPL, unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends from an investment in equity securities are recognised in profit or loss as "Other net gain".



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial instruments (Continued)

#### **Financial liabilities**

Classification and measurement of financial liabilities

The Group's financial liabilities include lease liabilities, trade and other payables, loans from intermediate holding company, amounts due to related companies and non-controlling interests, interest-bearing borrowings and receipts under securitisation arrangements. They are separately shown on the face of the consolidated statement of financial position.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated and effective as hedging instruments and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.22).

Accounting policies of lease liabilities are set out in note 2.16.

#### **Interest-bearing borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

#### **Other financial liabilities**

Other financial liabilities including trade and other payables, amounts due to related companies and non-controlling interests and loans from intermediate holding company, which are recognised initially at their fair value and subsequently measured at, amortised cost, using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Financial instruments (Continued)

#### Financial liabilities (Continued)

Classification and measurement of financial liabilities (Continued)

#### Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred. Receipts under securitisation arrangements are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method. Transaction costs are included in the carrying amount of the receipts under securitisation arrangements and amortised over the period of the arrangements using the effective interest method.

### 2.11 Impairment of financial assets and contract assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Impairment of financial assets and contract assets *(Continued)*

#### *Trade receivables and contract assets*

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. To measure ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the past due status.

#### *Other financial assets measured at amortised cost*

The Group measures the loss allowance for other receivables, loans to associates and joint ventures and amounts due from non-controlling interests equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets 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.

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; and
- 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.11 Impairment of financial assets and contract assets (Continued)

#### *Other financial assets measured at amortised cost (Continued)*

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 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at each reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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 collateral held by the Group).

Detailed analysis of the ECL assessment of trade receivables and contract assets and other financial assets measured at amortised cost are set out in note 45.5.

#### *Financial guarantee contracts*

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 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.

### 2.12 Inventories of properties, other inventories and other contract costs

#### (i) *Inventories of properties*

Inventories of properties comprise properties under development and properties held for sale. Properties under development are investments in land and buildings on which construction work has not been completed and which, upon completion, management intends to hold for sale purposes. Inventories of properties are initially recognised at cost, and subsequently at the lower of cost and net realisable value. The costs of inventories of properties consist of acquisition cost of interests in leasehold land, development expenditures including construction costs, borrowing costs and other direct costs attributable to the development of such properties. Net realisable value is determined on the basis of anticipated sales proceeds in the ordinary course of business less estimated cost to completion and estimated selling expenses.

The amount of any write-down of inventories of properties to net realisable value is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories of properties is recognised as a reduction in the amount of inventories of properties recognised as an expense in the period in which the reversal occurs.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Inventories of properties, other inventories and other contract costs *(Continued)*

(ii) *Other inventories*

Other inventories, comprising consumables and construction materials, are stated at the lower of cost and net realisable value. Costs of other inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(iii) *Other contract costs*

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2.12(i)) or property, plant and equipment (see note 2.6).

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, e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory or property, plant and equipment are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

The Group applies the practical expedient in paragraph 94 of HKFRS 15 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 within the same reporting periods as the date of entering into the contract.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2.19.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.14 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.11 and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2.19).

### 2.15 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) 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.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within "Trade and other payables". The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under HKFRS 9 as set out in note 2.11 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Leases

#### (i) *Definition of a lease and the Group as a lessee*

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

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

#### ***Measurement and recognition of leases as a lessee***

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Except for those right-of-use assets meeting the definition of investment properties, the Group depreciates the right-of-use assets, including leasehold lands and leased properties, on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Leases (Continued)

#### (i) Definition of a lease and the Group as a lessee (Continued)

##### **Measurement and recognition of leases as a lessee (Continued)**

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of twelve months or less.

Refundable rental deposits paid 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 and included in the cost of right-of-use assets.

Right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2.7.

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

#### (ii) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of certain portion of its leasehold land and building. Rental income is recognised on a straight-line basis over the term of lease.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 2.18 Equity instruments

#### *Share capital*

Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares (net of any related income tax benefit) are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

#### *Shares held for restricted share incentive scheme*

Shares held for restricted share incentive scheme are determined using the difference between the grant price of restricted shares that have been granted and held by the Group's trustee and the market price of the Company's shares.

#### *Perpetual loan*

Perpetual loan with no contractual obligation to repay its principal or to pay any distributions are classified as part of equity.

### 2.19 Revenue and other income

Revenue arises mainly from the sale of properties and the provision of different kinds of services in the ordinary course of the Group's business.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Revenue and other income (Continued)

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than twelve months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is twelve months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) *Property development*

Revenue arising from the property development in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities (see note 2.14).

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the revenue recognition date. This accrual increases the amount of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed in profit or loss as accrued unless it is eligible to be capitalised under HKAS 23 "Borrowing Costs" ("HKAS 23") in accordance with the policies set out in note 2.22.

Revenue from the provision of property development's related service is recognised at a point in time when the service is completed, being at the point that the customer obtains the control of the outcome from the service and the Group has a present right to payment and collection of the consideration is probable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Revenue and other income (Continued)

(ii) *Services income from construction management services*

For construction management services for which the Group's performance does not create an asset with an alternative use to the customer and the Group has an enforceable right to payment for performance completed to date, the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the reporting date as a percentage of total estimated costs for each contract.

(iii) *Rental income*

Accounting policy for rental income are set out in note 2.16.

(iv) *Dividends*

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2.10).

(iv) *Property management services*

Revenue from property management services is recognised when services are rendered.

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group entitles to revenue at the value of property management services fee received or receivable. The revenue of the property management services income is primarily generated from properties managed under lump sum basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.20 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, intangible assets (including goodwill arising on acquisition of a subsidiary) and interests in subsidiaries in the Company's statement of financial position are subject to impairment testing. They are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognised in respect of cash-generated unit are allocated first to reduce the carrying amount of any goodwill and then are charged pro-rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.21 Employee benefits

#### *Retirement benefits*

Retirement benefits to employees are provided through defined contribution plans.

The group entities established in the PRC make monthly contributions to a state-sponsored defined contribution scheme for the local staff. The contributions are made at a specific percentage on the standard salary pursuant to laws of the PRC and relevant regulation issued by local social security authorities.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Employee benefits (Continued)

#### *Retirement benefits (Continued)*

In addition, the group entities incorporated in Hong Kong contribute to a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee for those employees who are eligible to participate in the MPF Scheme. The Group makes contributions based on a percentage of the eligible employees' salaries funded by the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable to these plans.

#### *Short-term employee benefits*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

#### *Share-based payments*

For grant of restricted shares, the amount to be expensed as share-based compensation expenses is determined by reference to the fair value of the restricted shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods, with a corresponding credit to a capital reserve under equity.

For grant of restricted shares, during the vesting periods, the Group revises its estimates of the number of restricted shares that are expected to ultimately vest based on the vesting conditions at each reporting date. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to employee share-based payment expenses in the current year, with a corresponding adjustment to the capital reserve.

For grant of restricted shares, shares held by the Group's trustee are disclosed as "Shares held for restricted share incentive scheme" and deducted from equity.

### 2.22 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless 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.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Accounting for income taxes *(Continued)*

Current tax assets and current tax liabilities are presented in net if, and only if:

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 2.24 Segment reporting

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

### 2.25 Distribution of dividend

Distribution of dividend to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors of the Company, where appropriate.

### 2.26 Government grants

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

Government grant relating to property, plant and equipment are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to income is presented in gross under "Other net gain" in the consolidated statement of profit or loss and other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.27 Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group and the sponsoring employers are also related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 3. ADOPTION OF NEW AND AMENDED HKFRSs

### (i) Amended HKFRSs that are effective for annual periods beginning on 1 January 2022

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2022:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

### (ii) Issued but not yet effective HKFRSs

At the date of authorisation of the consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective date not yet determined

The directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the new and amended HKFRSs. These new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 4.1 Key sources of estimation uncertainties

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### *Fair value measurement of investment properties*

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation reports, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions.

As at 31 December 2022, the fair value of investment properties was RMB1,308,134,000 (2021: RMB1,310,153,000). For more details, please refer to note 16.

#### *Estimated net realisable value of inventories of properties*

Management reviews the net realisable value of inventories of properties at each reporting date. The net realisable value is the estimated selling price of the properties less estimated cost to complete and estimated costs to sell. Management determines the net realisable value of inventories of properties by using prevailing market data such as most recent sale transactions, estimated net sales value based on prevailing market conditions and internally available information, as bases for evaluation.

These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs of completion of properties, the legal and regulatory framework and general market conditions.

As at 31 December 2022, the carrying amount of the inventories of properties was RMB256,654,577,000 (2021: RMB229,950,735,000 (restated)) (note 22).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### 4.1 Key sources of estimation uncertainties (Continued)

#### *Income tax and deferred taxation*

As detailed in note 9, the Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the periods in which such estimate is changed. The outcome of their actual utilisation may be different.

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of PRC subsidiaries to be repatriated and distributed by way of dividends as the directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. If those undistributed earnings of the PRC subsidiaries are considered to be repatriated and distributed by way of dividends, deferred tax liabilities of approximately RMB1,895,211,000 (see note 31) would be provided as at 31 December 2022 (2021: RMB1,070,221,000 (restated)).

As at 31 December 2022, the carrying amounts of deferred tax assets and deferred tax liabilities were RMB5,875,310,000 (2021: RMB4,404,331,000 (restated)) and RMB920,269,000 (2021: RMB827,730,000 (restated)), respectively (note 31).

#### *PRC land appreciation tax*

As detailed in note 9, the Group is subject to land appreciation tax ("LAT") in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised certain of its LAT calculation and payments with any local tax authorities in the PRC for most of its property development projects. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expenses and tax provision in periods in which such taxes have been finalised with local tax authorities.

#### *Estimated impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.20, where the recoverable amounts of the cash-generating unit is determined based on value-in-use calculations. Details of impairment assessment are disclosed in note 17.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### 4.1 Key sources of estimation uncertainties (Continued)

*Estimated impairment of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and interests in subsidiaries in the Company's statement of financial position*

Property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and interests in subsidiaries in the Company's statement of financial position are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2022, the carrying amounts of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and interests in subsidiaries in the Company's statement of financial position, are RMB347,188,000 (2021: RMB350,497,000 (restated)), RMB290,841,000 (2021: RMB304,903,000 (restated)), RMB48,357,000 (2021: RMB43,475,000) and RMB2,216,881,000 (2021: RMB762,799,000) respectively (notes 14, 15, 17 and 36). No impairment loss have been recognised in respect of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill) and interests in subsidiaries in the Company's statement of financial position at 31 December 2022 and 2021.

*Estimation of impairment of trade and other receivables, contract assets, loans to associates, loans to joint ventures and amounts due from non-controlling interests within the scope of ECL under HKFRS 9*

The Group follows the guidance of HKFRS 9 to make allowances on items subjects to ECL including trade and other receivables, contract assets, loans to associates, loans to joint ventures and amounts due from non-controlling interests, based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at each reporting date as set out in note 2.11. Where the expectation is different from the original estimate, such difference will impact the carrying amounts of trade and other receivables, contract assets, loans to associates, loans to joint ventures and amounts due from non-controlling interests and provision for impairment in the periods in which such estimate has been changed.

As at 31 December 2022, the carrying amounts of trade and other receivables (excluding prepayments and value-added-tax receivables) are RMB5,207,417,000 (2021: RMB3,549,980,000 (restated)), carrying amounts of contract assets is RMB177,447,000 (2021: RMB166,378,000), the carrying amounts of loans to associates are RMB5,407,620,000 (2021: RMB4,584,842,000), the carrying amounts of loans to joint ventures are RMB978,737,000 (2021: RMB4,470,000) and the carrying amounts of amounts due from non-controlling interests are RMB35,453,040,000 (2021: RMB26,462,676,000). Details of the provision for ECL allowance of trade and other receivables, loans to associates, loans to joint ventures and amounts due from non-controlling interests are set out in notes 23, 18, 19 and 28 respectively.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### 4.2 Critical judgements in apply the entity's accounting policies

*Control over subsidiaries with equity interests equal to or less than 50%*

As at 31 December 2022 and 2021, the Group has control over certain subsidiaries in which the Group's equity interests are equal to or less than 50%.

The Group considered they have control over unlisted subsidiaries because the Group has the power to appoint and remove the majority members of the respective board of directors of those companies and holds more than half of the voting rights by virtue of an agreement with other investors. The management of the Group concluded that the Group has sufficient dominant voting interests to direct the relevant activities of those companies and therefore has control over those companies. As a result, those companies are classified as subsidiaries of the Company.

The Group considered they have control over listed subsidiaries based on whether the Group has the practical ability to direct the relevant activities of listed subsidiaries unilaterally. Key judgements adopted in concluding the Group has obtained control are: (i) the Group has held a majority of the voting rights exercised at listed subsidiaries' shareholders' meetings and no other single shareholder directly or indirectly controls more voting rights than the Group; (ii) the shareholding of other non-controlling interests is dispersed and the chance of all other shareholders getting together to vote against the Group is remote; and (iii) the Group has obtained effective control over majority of the board of listed subsidiaries.

*Business combinations versus acquisition of assets*

As detailed in note 40.1 the Group had acquired a number of subsidiaries engaged in property development during the year. The directors of the Company assessed whether or not these acquisition constituted an acquisition of a business under HKFRS 3 "Business Combination". In making their judgements, the directors considered the status of the property projects of these subsidiaries, the stage of making pre-sale of properties and the extent of workforce in place. After assessment, the directors concluded that those acquisition of subsidiaries engaged in property development are considered as acquisition of assets during the year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 5. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segment based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

The Group is principally engaged in the businesses of property development and property management and other related services. The property development and property management and other related services businesses has been identified as a single segment on the basis for internal management reports that are regularly reviewed by the chief operating decision-maker. No separate analysis is presented.

As the chief operating decision-maker of the Company considers most of the Group's revenue and results are attributable to the market in the PRC, the Group's assets are substantially located inside the PRC, no geographical information is presented.

For the year ended 31 December 2022, none of customers contributed 10% or more of the Group's revenue. For the year ended 31 December 2021, revenue from transaction with a single external customer amounted to about 12% of the Group's revenue.

An analysis of the Group's revenue is as follows:

	<b>2022</b> <b>RMB'000</b>	2021 RMB'000 (Restated)
Property development	<b>96,647,645</b>	52,574,784
Property management services and other related services (note)	<b>2,987,856</b>	1,990,094
	<b>99,635,501</b>	54,564,878

Note: The balance mainly comprises revenue from property management services of RMB1,658,022,000 (2021: RMB1,123,015,000), construction management services and entrusted construction services of RMB1,061,275,000 (2021: RMB437,893,000) and rental income from property leasing of RMB66,031,000 (2021: RMB94,066,000) of which rental income does not fall within the scope of HKFRS 15.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue is as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Timing of revenue recognition		
— A point in time	96,759,522	52,672,286
— Over time	2,875,979	1,892,592
	<b>99,635,501</b>	54,564,878

## 6. OTHER NET GAIN

	2022 RMB'000	2021 RMB'000 (Restated)
Interest income from:		
— Banks	493,526	341,368
— Loans to associates	141,313	157,462
— Loans to joint ventures	53,360	–
— Financial assets at amortised cost	7,448	8,079
— Others	9,135	39,970
	<b>704,782</b>	546,879
Government subsidy income	96,289	75,961
Compensation income	89,666	97,041
Gain on changes in fair value of financial assets measured at FVTPL	15,400	920
Loss on disposal of subsidiaries (note 41)	(97)	(27,388)
Gain on derecognition of financial liabilities at amortised cost (note)	551,991	–
Sundry income	16,127	28,524
	<b>1,474,158</b>	721,937

Note: For the year ended 31 December 2022, gain on derecognition of financial liabilities measured at amortised cost attributed to extinguishment of certain amounts due to non-controlling interests.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 7. FINANCE COSTS

	2022 RMB'000	2021 RMB'000 (Restated)
Interest charges on:		
— Bank borrowings	2,573,662	2,449,267
— Loans from intermediate holding company	1,171,972	828,248
— Amounts due to non-controlling interests	182,419	299,097
— Receipts under securitisation arrangements	87,045	502,680
— Significant financing component of contract liabilities	6,198,877	3,595,899
— Finance charges on lease liabilities	8,179	8,350
Total borrowing costs	10,222,154	7,683,541
Less: Interest capitalised	(9,421,076)	(7,071,374)
	<b>801,078</b>	612,167

Borrowing costs have been capitalised at various applicable rates ranging from 1.95% to 10% per annum (2021: 3.8% to 11.5% per annum).

## 8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2022 RMB'000	2021 RMB'000 (Restated)
Auditor's remuneration		
— Audit services	2,980	2,470
— Non-audit services	275	274
Cost of properties sold	83,335,699	38,489,491
Depreciation:		
— Owned assets (note 14)	31,503	26,993
— Right-of-use assets (note 15)	80,123	47,918
Amortisation of intangible assets (note 17)	7,418	1,475
Provision for ECL allowance on loans to associates and joint ventures	312,709	2,717
Provision for ECL allowance on trade and other receivables	57,287	24,046
Provision for ECL allowance on amounts due from non-controlling interests	8,999	13,885
Net foreign exchange (gain)/loss	(19,632)	6,781
Lease charges on short-term leases	40,553	40,859
Outgoings in respect of investment properties that generated rental income	4,302	4,672
Provision for inventories of properties and other inventories	3,790,687	614,226
Reversal of provision for inventories of properties and other inventories	(107,132)	—



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 9. INCOME TAX EXPENSE

	2022 RMB'000	2021 RMB'000 (Restated)
<b>Current income tax</b>		
PRC corporate income tax ("CIT")		
— Current year	3,837,940	2,842,624
— (Over)/Under provision in respect of prior years	(7,034)	156
<b>Current tax — overseas</b>	<b>1,876</b>	–
	<b>3,832,782</b>	2,842,780
PRC LAT	<b>477,756</b>	95,120
	<b>4,310,538</b>	2,937,900
<b>Deferred tax</b> (note 31)	<b>(1,387,345)</b>	(1,232,681)
<b>Total income tax expense</b>	<b>2,923,193</b>	1,705,219

The difference between the actual income tax charge in the consolidated statement of profit or loss and other comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Profit before income tax	8,485,096	5,854,302
Tax on profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	2,121,274	1,463,211
Tax effect of non-deductible expenses	20,761	32,504
Tax effect of non-taxable income	(262,353)	(115,649)
Tax effect on unrecognised tax losses	–	634
Tax effect on LAT charges	(119,439)	(23,780)
Tax effect of temporary differences not recognised	826,622	279,410
LAT charges	477,756	95,120
Utilisation of tax loss previously not recognised	–	(195)
(Over)/Under provision in respect of prior years	(7,034)	156
Recognition of withholding tax in current year	–	19
Others	(134,394)	(26,211)
Income tax expense	<b>2,923,193</b>	1,705,219

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 9. INCOME TAX EXPENSE (CONTINUED)

Notes:

**(a) Hong Kong profits tax**

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the years ended 31 December 2022 and 2021.

**(b) PRC CIT**

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC CIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2021: 25%) for the year ended 31 December 2022.

**(c) PRC LAT**

Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including cost of land use rights, borrowing costs, business tax and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

**(d) PRC withholding income tax**

Pursuant to the Detailed Implementation Regulations for implementation of the new CIT Law issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

**(e) Cayman Islands corporate tax**

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any corporate tax in Cayman Islands for the years ended 31 December 2022 and 2021.

**(f) British Virgin Islands ("BVI") profits tax**

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI for the years ended 31 December 2022 and 2021.

**(g) Australia corporate tax**

Australia's corporate tax has been provided on the estimated assessable profits of the subsidiary operating in Australia at 25% for the year ended 31 December 2022. No Australia corporate tax has been provided as the Group did not derive any assessable profit arising in Australia during the year ended 31 December 2021.

## 10. DIVIDENDS

**(a) Dividends attributable to the year**

	Note	2022 RMB'000	2021 RMB'000
Proposed final dividend after the reporting date of HK\$1.3 per ordinary share (2021: HK\$1.2)	(i)	2,018,278	1,351,809
Interim dividend of HK\$Nil per ordinary share (2021: HK\$1.1)	(ii)	–	1,153,395
		<b>2,018,278</b>	<b>2,505,204</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 10. DIVIDENDS (CONTINUED)

### (a) Dividends attributable to the year (Continued)

Notes:

- (i) Subsequent to 31 December 2022, the Board recommended the payment of a final dividend of HK\$1.3 per share for the year ended 31 December 2022, totalling HK\$2,259,427,000 (equivalent to RMB2,018,278,000) with the eligible Shareholders being given an option to elect to receive the final dividend all in new shares, or partly in new shares and partly in cash, or all in cash. Such dividend is subjected to be approved by the shareholders at the forthcoming Annual General Meeting. The final dividend proposed after the reporting date has not been recognised as a liability as at 31 December 2022.
- (ii) The board of directors did not recommend the payment of any interim dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$1.1 per share (equivalent to RMB0.9 per share), totalling RMB1,153,395,000).

### (b) Dividends attributable to the previous financial year, approved and paid during the year

	2022 RMB'000	2021 RMB'000
Final dividend in respect of the previous financial year, of HK\$1.2 (2021: HK\$Nil) per ordinary share	<b>1,504,348</b>	–

The final dividend for the year ended 31 December 2021 totalling RMB1,504,348,000 has been paid partly in new shares of the Company and partly in cash in July 2022. The number of ordinary shares settled and issued as scrip dividends were 105,200,687 ordinary shares and the total amount of dividend paid as scrip dividends was RMB1,358,788,000 while cash dividend amounted to RMB145,560,000.

## 11. EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by adjusting the profit for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022 RMB'000	2021 RMB'000 (Restated)
<b>Earnings</b>		
Profit for the year attributable to the equity holders of the Company	<b>4,933,968</b>	3,552,523
Distributions to the subscriber of perpetual loans, net of taxation	<b>(713,891)</b>	(345,216)
Profit used to determine basic earnings per share	<b>4,220,077</b>	3,207,307
Weighted average number of ordinary shares in issue (thousands)	<b>1,488,202</b>	1,310,101
<b>Earnings per share (expressed in RMB per share)</b>	<b>RMB2.84</b>	RMB2.45

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 11. EARNINGS PER SHARE (CONTINUED)

### (b) Diluted earnings per share

The restricted shares granted by the Company have potential dilutive effect on earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from restricted shares granted by the Company (collectively forming the denominator for computing the diluted earnings per share). In addition, the profit attributable to equity holders of the Company (numerator) has been adjusted by the effect of the restricted shares granted by the Company's non wholly-owned subsidiary.

	2022 RMB'000	2021 RMB'000 (Restated)
<b>Earnings</b>		
Profit for the year attributable to the equity holders of the Company	4,933,968	3,552,523
Dilution effect arising from restricted shares issued by non wholly-owned subsidiary	(1,929)	(1,211)
Distributions to the subscriber of perpetual loans, net of taxation	(713,891)	(345,216)
Profit attributable to equity holders of the Company for the calculation of diluted earnings per share	4,218,148	3,206,096
<b>Shares</b>		
Weighted average number of ordinary shares in issue (thousands)	1,488,202	1,310,101
Adjustments for restricted shares (thousands)	134,810	35,300
Weighted average number of ordinary shares for the calculation of diluted earnings per share (thousands)	1,623,012	1,345,401
<b>Earnings per share (expressed in RMB per share)</b>	<b>RMB2.60</b>	RMB2.38

## 12. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2022 RMB'000	2021 RMB'000 (Restated)
Salaries, wages and other benefits	3,247,911	2,625,573
Contributions to defined contribution retirement plan	218,606	166,264
Share-based payments (note 35)	133,030	42,043
Less: Employee benefit expenses capitalised in properties under development	(2,022,628)	(1,035,206)
	<b>1,576,919</b>	1,798,674



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Fees RMB'000	Salaries and benefits in kind RMB'000	Retirement scheme contribution RMB'000	Share-based payments RMB'000	Total RMB'000
<b>Year ended 31 December 2022</b>					
<b>Executive directors:</b>					
Mr. Lin Weiguo (Chief executive)	3,000**	659	94	785	4,538
Mr. Zhuang Yuekai (resigned on 25 August 2022)	2,000*	–	–	288	2,288
Ms. Zhao Chengmin (appointed as Chairperson on 25 August 2022)	3,000**	–	–	881	3,881
Mr. Tian Meitan (appointed on 25 August 2022)	1,000	–	–	740	1,740
	9,000	659	94	2,694	12,447
<b>Non-executive directors:</b>					
Ms. Ye Yanliu	–	–	–	–	–
Mr. Wang Wenhui	–	–	–	–	–
Mr. Huang Wenzhou	–	–	–	–	–
<b>Independent non-executive directors:</b>					
Mr. Wong Chi Wai	172	–	–	–	172
Mr. Wong Tat Yan, Paul	172	–	–	–	172
Mr. Chan Chun Yee	172	–	–	–	172
	516	–	–	–	516
<b>Total emoluments</b>	<b>9,516</b>	<b>659</b>	<b>94</b>	<b>2,694</b>	<b>12,963</b>

\* The executive director has agreed to waive the emoluments for the period from 1 January 2022 to 31 March 2022.

\*\* The executive directors have agreed to waive the emoluments for the year ended 31 December 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

### (a) Directors' and chief executive's emoluments (Continued)

	Fees RMB'000	Salaries and benefits in kind RMB'000	Retirement scheme contribution RMB'000	Share-based payments RMB'000	Total RMB'000
Year ended 31 December 2021					
<b>Executive directors:</b>					
Mr. Lin Weiguo (Chief executive)	1,163***	650	81	294	2,188
Mr. Zhuang Yuekai (resigned on 25 August 2022)	1,163***	–	–	334	1,497
Ms. Zhao Chengmin (appointed as Chairperson on 25 August 2022)	1,163***	–	–	334	1,497
	3,489	650	81	962	5,182
<b>Non-executive directors:</b>					
Ms. Ye Yanliu	–	–	–	–	–
Mr. Wang Wenhui	–	–	–	–	–
Mr. Huang Wenzhou	–	–	–	–	–
<b>Independent non-executive directors:</b>					
Mr. Wong Chi Wai	166	–	–	–	166
Mr. Wong Tat Yan, Paul	166	–	–	–	166
Mr. Chan Chun Yee	166	–	–	–	166
	498	–	–	–	498
Total emoluments	3,987	650	81	962	5,680

\*\*\* The executive directors have agreed to waive the emoluments for the year ended 31 December 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

### (b) Five highest paid individuals

The five highest paid individuals in the Group do not include (2021: do not include) any directors of the Company whose emoluments are included in the disclosures in note 13(a) above.

	2022 RMB'000	2021 RMB'000
Salaries and benefits in kind	3,254	2,744
Discretionary bonuses	15,395	21,029
Retirement scheme contributions	734	665
Share-based payments	3,835	1,165
	<b>23,218</b>	25,603

The above emoluments were within the following bands:

	No. of individuals	
	2022	2021
Emolument bands		
HK\$3,500,001–HK\$4,000,000	1	–
HK\$4,000,001–HK\$4,500,000	1	1
HK\$5,500,001–HK\$6,000,000	–	2
HK\$6,000,001–HK\$6,500,000	3	1
HK\$7,500,001–HK\$8,000,000	–	1
	<b>5</b>	5

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. The two existing executive directors have agreed to waive the emoluments for the year ended 31 December 2022 (2021: three) and one resigned executive director has agreed to waive the emoluments for the period from 1 January 2022 to 31 March 2022 and none of five highest paid individuals have waived or agreed to waive any emoluments during the years ended 31 December 2022 and 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 13. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

### (c) Senior management personnel

The emoluments paid or payable to members of senior management were within following bands:

Emolument bands	No. of individuals	
	2022	2021
Nil to HK\$1,000,000	6	6
HK\$1,000,001–HK\$1,500,000	2	2
HK\$1,500,001–HK\$2,000,000	–	2
HK\$2,000,001–HK\$2,500,000	1	–
HK\$2,500,001–HK\$3,000,000	1	1
HK\$4,000,001–HK\$4,500,000	1	–
HK\$4,500,001–HK\$5,000,000	1	–

## 14. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Leasehold land and buildings RMB'000	Leasehold improvement RMB'000	Furniture and fixtures RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>At 1 January 2021 (restated)</b>							
Cost	56,455	12,639	127,216	63,521	1,506	16,454	277,791
Accumulated depreciation	–	(3,491)	(94,430)	(29,000)	(904)	(6,618)	(134,443)
<b>Net book amount</b>	56,455	9,148	32,786	34,521	602	9,836	143,348
<b>Year ended 31 December 2021 (restated)</b>							
Opening net book amount	56,455	9,148	32,786	34,521	602	9,836	143,348
Additions	5,131	–	17,099	40,419	21	10,192	72,862
Disposals	–	(278)	(1,732)	(3,010)	(2,238)	(317)	(7,575)
Depreciation	–	(355)	(18,638)	(12,832)	(39)	(1,976)	(33,840)
Acquisition of subsidiaries	–	104,932	15,999	9,309	21,936	25,249	177,425
Disposal of subsidiaries	–	–	–	(960)	–	(745)	(1,705)
Exchange differences	–	–	(18)	–	–	–	(18)
<b>Closing net book amount</b>	61,586	113,447	45,496	67,447	20,282	42,239	350,497
<b>At 31 December 2021 (restated)</b>							
Cost	61,586	116,880	151,707	102,909	20,808	50,844	504,734
Accumulated depreciation	–	(3,433)	(106,211)	(35,462)	(526)	(8,605)	(154,237)
<b>Net book amount</b>	61,586	113,447	45,496	67,447	20,282	42,239	350,497



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Construction in progress RMB'000	Leasehold land and buildings RMB'000	Leasehold improvement RMB'000	Furniture and fixtures RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>At 1 January 2022</b>							
Cost	61,586	116,880	151,707	102,909	20,808	50,844	504,734
Accumulated depreciation	-	(3,433)	(106,211)	(35,462)	(526)	(8,605)	(154,237)
<b>Net book amount</b>	<b>61,586</b>	<b>113,447</b>	<b>45,496</b>	<b>67,447</b>	<b>20,282</b>	<b>42,239</b>	<b>350,497</b>
<b>Year ended 31 December 2022</b>							
Opening net book amount	61,586	113,447	45,496	67,447	20,282	42,239	350,497
Additions	-	1,094	25,559	28,870	14,059	5,695	75,277
Disposals	(2,745)	-	(85)	(5,970)	(5,847)	(1,275)	(15,922)
Depreciation	-	(4,745)	(20,021)	(20,422)	(4,682)	(8,127)	(57,997)
Acquisition of subsidiaries	-	-	463	1,471	9	58	2,001
Disposal of subsidiaries	-	(2,261)	-	(570)	(3,698)	(139)	(6,668)
<b>Closing net book amount</b>	<b>58,841</b>	<b>107,535</b>	<b>51,412</b>	<b>70,826</b>	<b>20,123</b>	<b>38,451</b>	<b>347,188</b>
<b>At 31 December 2022</b>							
Cost	58,841	115,080	179,180	124,252	21,478	58,671	557,502
Accumulated depreciation	-	(7,545)	(127,768)	(53,426)	(1,355)	(20,220)	(210,314)
<b>Net book amount</b>	<b>58,841</b>	<b>107,535</b>	<b>51,412</b>	<b>70,826</b>	<b>20,123</b>	<b>38,451</b>	<b>347,188</b>

The bank borrowings are secured by property, plant and equipment with a net book amount of approximately RMB3,942,000 as at 31 December 2022 (2021: RMB22,046,000) (note 30).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation charges have been included in:

	2022 RMB'000	2021 RMB'000 (Restated)
Consolidated statement of financial position		
— Capitalised in inventories of properties, other inventories and other contract costs	26,494	6,847
Consolidated statement of profit or loss and other comprehensive Income		
— Cost of sales	2,238	1,260
— Selling expenses	14,329	17,780
— Administrative expenses	14,936	7,953
	<b>31,503</b>	26,993

## 15. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
Carrying amounts at 1 January 2021 (restated)	88,697	160,560	249,257
Additions	–	86,105	86,105
Depreciation	(3,870)	(44,048)	(47,918)
Acquisition of subsidiaries	10,928	6,531	17,459
Carrying amounts at 31 December 2021 and 1 January 2022 (restated)	<b>95,755</b>	<b>209,148</b>	<b>304,903</b>
Additions	–	<b>88,237</b>	<b>88,237</b>
Depreciation	<b>(3,927)</b>	<b>(76,196)</b>	<b>(80,123)</b>
Acquisition of subsidiaries	–	<b>509</b>	<b>509</b>
Termination of leases	–	<b>(22,685)</b>	<b>(22,685)</b>
<b>Carrying amounts at 31 December 2022</b>	<b>91,828</b>	<b>199,013</b>	<b>290,841</b>

The right-of-use assets represented leases of lands and offices in the PRC. The leases of offices in the PRC typically run for an initial period of 2 to 20 years. None of the leases includes variable lease payments. Certain leases include an option to renew the lease for an additional period after the end of the contract term. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and concluded that it is not reasonably certain to exercise the extension options. Accordingly, the future lease payments during the extension periods are not included in the measurement of the right-of-use assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 15. RIGHT-OF-USE ASSETS (CONTINUED)

The analysis of the net carrying amounts of right-of-use assets in respect of the leasehold lands according to lease periods are as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
In PRC:		
Leases of between 10 to 50 years	<b>91,828</b>	95,755

The bank borrowings are secured by right-of-use assets with a net book amount of approximately RMBNil as at 31 December 2021 (2021: RMB10,928,000) (note 30).

## 16. INVESTMENT PROPERTIES

Movements of the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount at 1 January	<b>1,310,153</b>	1,328,060
Change in fair value of investment properties	<b>(33,893)</b>	(21,359)
Subsequent expenditures	<b>31,874</b>	27,659
Acquisition of subsidiaries	–	73,793
Disposal of subsidiaries	–	(98,000)
Carrying amount at 31 December	<b>1,308,134</b>	1,310,153

The bank borrowings are secured by investment properties with a net book amount of approximately RMB652,656,000 as at 31 December 2022 (2021: RMB684,462,000) (note 30).

The analysis of the net carrying amounts of investment properties according to lease periods are as follows:

	2022 RMB'000	2021 RMB'000
In PRC:		
Leases of between 10 to 50 years	<b>1,308,134</b>	1,310,153

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 16. INVESTMENT PROPERTIES (CONTINUED)

### Valuation process and methodologies

Investment properties were valued at 31 December 2022 by an independent professional qualified valuer, Cushman & Wakefield International Property Advisers (Guangzhou) Co., Ltd., who has the relevant experience in the location and category of properties being valued. There was no change to the valuation techniques during the year.

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

### Fair value hierarchy

Fair value adjustment of investment properties is recognised in the line item "Loss on changes in fair value of investment properties" on the face of the consolidated statement of profit or loss and other comprehensive income.

The following table shows the Group's investment properties measured at fair value in the consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The levels are based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

As at 31 December 2022 and 2021, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers into or out of Level 3 during the year (2021: Nil).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 16. INVESTMENT PROPERTIES (CONTINUED)

### Fair value hierarchy (Continued)

The fair value of investment properties is determined using the direct capitalisation method by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate and factors adjustment, and negatively correlated to capitalisation rate.

	Valuation techniques	Significant unobservable inputs	Range	
			As at 31 December 2022	2021
Investment properties (Nanning District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	<b>35–1,900</b>	30–1,850
		Capitalisation rate of reversionary income	<b>3.5%–7.0%</b>	3.5%–7.0%
Investment properties (Shanghai District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	<b>221–491</b>	212–471
		Capitalisation rate of reversionary income	<b>5.50%–6.00%</b>	5.50%–6.00%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 17. INTANGIBLE ASSETS

	Goodwill RMB'000	Intangible assets RMB'000	Total RMB'000
<b>Cost</b>			
As at 1 January 2021 (restated)	578	–	578
Additions	–	222	222
Acquisition of subsidiaries	648,243	44,728	692,971
As at 31 December 2021 and 1 January 2022 (restated)	<b>648,821</b>	<b>44,950</b>	<b>693,771</b>
Additions	–	6,200	6,200
Disposal	–	(956)	(956)
Acquisition of subsidiaries (note 40)	41,412	6,364	47,776
Disposal of subsidiaries	–	(2)	(2)
<b>As at 31 December 2022</b>	<b>690,233</b>	<b>56,556</b>	<b>746,789</b>
<b>Accumulated amortisation</b>			
As at 1 January 2021 (restated)	–	–	–
Amortisation	–	(1,475)	(1,475)
As at 31 December 2021 and 1 January 2022 (restated)	–	(1,475)	(1,475)
Amortisation	–	(7,418)	(7,418)
Disposal	–	694	694
<b>As at 31 December 2022</b>	<b>–</b>	<b>(8,199)</b>	<b>(8,199)</b>
<b>Net book amount</b>			
<b>As at 31 December 2022</b>	<b>690,233</b>	<b>48,357</b>	<b>738,590</b>
As at 31 December 2021 (restated)	648,821	43,475	692,296

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 17. INTANGIBLE ASSETS (CONTINUED)

The carrying amount of goodwill is allocated to the following CGUs:

	2022 RMB'000	2021 RMB'000 (Restated)
C&D Holsin (note (a))	618,116	618,116
Others	72,117	30,705
	<b>690,233</b>	648,821

Notes:

**(a) Impairment tests for goodwill arising from business combinations in prior years**

Management performed an impairment assessment on the goodwill at 31 December 2022. The recoverable amounts of the CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the cash-generating units. The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. Based on management's assessment on the recoverable amounts of the CGUs acquired in prior year, no impairment provision was considered necessary as at 31 December 2022.

**(b) Impairment tests for goodwill arising from business combinations in current year**

Goodwill of RMB41,412,000 has been allocated to the respective CGUs of the subsidiaries acquired during the year for impairment testing. Management performed an impairment assessment on the goodwill in 2022. These calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the cash-generating units. The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Based on management's assessment on the recoverable amounts of the subsidiaries acquired during the year, no impairment provision was considered necessary as at 31 December 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 18. INTERESTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000 (Restated)
Unlisted shares, at cost	<b>11,058,083</b>	8,019,970
Unrealised profits in respect of disposal of a subsidiary	<b>(8,482)</b>	(8,482)
Share of post-acquisition results and other comprehensive income, net of dividend received	<b>1,040,967</b>	499,165
	<b>12,090,568</b>	8,510,653
Loans to associates	<b>5,689,190</b>	4,589,431
Less: Loss allowance	<b>(281,570)</b>	(4,589)
	<b>17,498,188</b>	13,095,495

As at 31 December 2022, the loans to associates are unsecured, interest free and would not be repayable within one year, except for an amount of RMB1,719,092,000 (2021: RMB2,008,745,000) which is interest-bearing ranging from 3.65% to 10% per annum (2021: 4.35% to 10% per annum).

Management considers that none of the associates of the Group will have a significant impact to the financial position and performance of the Group individually.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 18. INTERESTS IN ASSOCIATES (CONTINUED)

	<b>2022</b> <b>RMB'000</b>	2021 RMB'000 (Restated)
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	<b>17,498,188</b>	13,095,495

	<b>2022</b> <b>RMB'000</b>	2021 RMB'000 (Restated)
Aggregate amounts of the Group's share of those associates' profit and total comprehensive income for the year	<b>645,451</b>	435,646

The Group has not incurred any contingent liabilities or other commitments relating to its interests in associates.

Movements of the Group's loss allowance on loans to associates are as follows:

	<b>2022</b> <b>RMB'000</b>	2021 RMB'000 (Restated)
Balance at 1 January	<b>4,589</b>	1,876
Provision for of ECL allowances during the year	<b>276,981</b>	2,713
<b>Balance at 31 December</b>	<b>281,570</b>	4,589

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method on loans to associates to provide for ECL prescribed by HKFRS 9. As at 31 December 2022, the Group has made provision of ECL allowances for loans to associates of approximately RMB281,570,000 (2021: RMB4,589,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 19. INTERESTS IN JOINT VENTURES

	2022 RMB'000	2021 RMB'000 (Restated)
Cost of investments in joint ventures	3,212,104	682,573
Share of post-acquisition results and other comprehensive income, net of dividend received	340,537	(23,677)
Exchange differences	(532)	(3,072)
	3,552,109	655,824
Loans to joint ventures	1,014,469	4,474
Less: Loss allowance	(35,732)	(4)
	4,530,846	660,294

As at 31 December 2022, the loans to joint ventures are unsecured, interest free and would not be repayable within one year, except for an amount of RMB733,651,000 (2021: RMBNil) which is interest-bearing ranging from 6% to 10% per annum (2021: Nil).

Particulars of the Group's principal unlisted joint ventures as at 31 December 2022 are as follows:

Name	Form of business structure	Country/ place of incorporation and operation	Particulars of registered capital	Proportion of effective interest held	Principal activities
Hangzhou Huayu Enterprise Management Co., Ltd. (Hangzhou Huayu)* (杭州鐳裕企業管理有限公司) (note)	Incorporated	PRC	RMB3,192,000,000	51% (2021: Nil)	Property development

Note:

Hangzhou Huayu, newly incorporated in 2022, is a joint venture company of the Group and its financial results were accounted for in the consolidated financial statements of the Group using the equity method because unanimous resolution of all directors for certain key corporate matters is required.

\* The English translation of the name of the company established in the PRC is for reference only. The official name of this company is in Chinese.

All joint ventures have a reporting date of 31 December.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 19. INTERESTS IN JOINT VENTURES (CONTINUED)

Set out below are the summarised financial information of the material joint venture, Hangzhou Huayu, which is accounted for using the equity method:

	<b>Hangzhou Huayu 2022 RMB'000</b>
Current assets	57
Non-current assets	3,134,937
Current liabilities	–
Non-current liabilities	–
Net assets	3,134,994

	<b>From 12 July 2022 (the date of incorporation) to 31 December 2022 RMB'000</b>
Revenue	–
Loss for the period	(57,063)
Other comprehensive expense for the period	–
Total comprehensive expense for the period	(57,063)
Dividend received from the joint venture	–

A reconciliation of the above summarised financial information to the carrying amount of Hangzhou Huayu is set out below:

	<b>Hangzhou Huayu 2022 RMB'000</b>
Total net assets of the joint venture	3,134,994
Proportion of ownership interests held by the Group	51%
Carrying amount of the interests in the joint venture in the consolidated financial statements	1,598,847

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 19. INTERESTS IN JOINT VENTURES (CONTINUED)

Aggregate information of the joint ventures that are not individually material:

	2022 RMB'000	2021 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	2,931,999	660,294
Aggregate amounts of the Group's share of those joint ventures' profit and total comprehensive income for the year	395,371	11,776

The Group has not incurred any contingent liabilities or other commitments relating to its interests in joint ventures (2021: Nil).

Movements of the Group's loss allowance on loans to joint ventures are as follows:

	2022 RMB'000	2021 RMB'000
Balance at 1 January	4	–
Provision for of ECL allowances during the year	35,728	4
<b>Balance at 31 December</b>	<b>35,732</b>	<b>4</b>

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method on loans to joint ventures to provide for ECL prescribed by HKFRS 9. As at 31 December 2022, the Group has made provision of ECL allowances for loans to joint ventures of approximately RMB35,732,000 (2021: RMB4,000).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 20. OTHER FINANCIAL ASSETS

	2022 RMB'000	2021 RMB'000
<b>Other current financial assets:</b>		
<b>Financial assets measured at fair value through profit or loss</b>		
Subordinated tranche securities (notes i & ii)	5,000	280,500
<b>Other non-current financial assets:</b>		
<b>Financial assets at amortised cost</b>		
Debt investment	–	21,000
<b>Financial assets measured at fair value through profit or loss</b>		
Subordinated tranche securities (notes i & ii)	–	109,100
Unlisted equity securities (note ii)	118,604	115,600
	<b>118,604</b>	224,700
	<b>118,604</b>	245,700

Notes:

- (i) As at 31 December 2022, the amount comprises 5 (2021: 11) non-tradable subordinated tranche securities, which have no fixed coupon rate and an entitlement to residual returns upon maturity, with the maturity date on 2 March 2023, 24 March 2023, 26 May 2023, 23 June 2023 and 23 September 2023.
- (ii) The fair value of the Group's subordinated tranche securities and unlisted equity securities have been measured as described in note 45.7.

## 21. SUBSIDIARIES

Particulars of the principal subsidiaries, each of which is a limited liability company, as at 31 December 2022, were as follows:

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Xiamen Yiyue Real Estate Co., Ltd.* (廈門益悅置業有限公司)	Limited liability company	PRC 18 May 2015	RMB2,000,000,000	100% (2021: 100%)	Property development
Xiamen Zhaoyue Investment Co., Ltd.* (廈門兆樾投資有限公司)	Limited liability company	PRC 27 September 2021	RMB5,000,000,000	85% (2021: 85%)	Property investment

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Xiamen Jianyirong Real Estate Co., Ltd.* (廈門建益融房地產有限公司) ("Xiamen Jianyirong")	Limited liability company	PRC 25 December 2019	RMB6,000,000,000	51% (2021: 51%)	Property development
Xiamen Yaoze Investment Co., Ltd.* (廈門壹澤投資有限公司)	Limited liability company	PRC 25 August 2021	RMB5,000,000,000	73% (2021: 73%)	Property investment
Xiamen Zhaohesheng Real Estate Development Co., Ltd.* (廈門兆和盛房地產開發有限公司)	Limited liability company	PRC 3 March 2021	RMB5,000,000,000	73% (2021: 73%)	Property development
Shanghai Zhaokai Enterprise Management Co., Ltd.* (上海兆開企業管理有限公司)	Limited liability company	PRC 18 June 2021	RMB4,000,000,000	51% (2021: 51%)	Property investment
Xiamen Hegang Investment Co., Ltd.* (廈門禾港投資有限公司) <sup>#</sup>	Limited liability company	PRC 10 June 2022	RMB3,900,000,000	85% (2021: Nil)	Property investment
Xiamen Zhaoheyuan Real Estate Development Co., Ltd.* (廈門兆和源房地產開發有限公司)	Limited liability company	PRC 2 July 2021	RMB3,900,000,000	85% (2021: 100%)	Property development
Hangzhou Zhaoyue Real Estate Co., Ltd.* (杭州兆越房地產有限公司) <sup>#</sup>	Limited liability company	PRC 7 May 2022	RMB3,800,000,000	50.78% (2021: Nil)	Property development
Xiamen Hengcanchen Real Estate Development Co., Ltd.* (廈門恒璨晨房地產開發有限公司)	Limited liability company	PRC 15 September 2020	RMB3,600,000,000	80% (2021: 80%)	Property development
Xiamen Yigang Investment Co., Ltd.* (廈門怡港投資有限公司) <sup>#</sup>	Limited liability company	PRC 10 June 2022	RMB3,400,000,000	56.44% (2021: Nil)	Property investment
Beijing Zhaoxin Real Estate Development Co., Ltd.* (北京兆新房地產開發有限公司) <sup>#</sup>	Limited liability company	PRC 11 October 2022	RMB3,400,000,000	100% (2021: Nil)	Property development
Xiamen Zhaotengda Real Estate Development Co., Ltd.* (廈門兆騰達房地產開發有限公司)	Limited liability company	PRC 2 July 2021	RMB3,400,000,000	56.44% (2021: 100%)	Property development

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Xiamen Yuehequan Investment Co., Ltd.* (廈門悅禾全投資有限公司)†	Limited liability company	PRC 13 May 2022	RMB3,315,000,000	84.40% (2021: Nil)	Property investment
Hangzhou Zhaoqian Enterprise Management Co., Ltd.* (杭州兆潛企業管理有限公司)†	Limited liability company	PRC 12 July 2022	RMB3,300,000,000	50.10% (2021: Nil)	Property investment
Xiamen Tianxu Investment Co., Ltd.* (廈門添旭投資有限公司)	Limited liability company	PRC 29 October 2021	RMB3,000,000,000	51% (2021: 51%)	Property development
Ningbo Zhaoxin Real Estate Co., Ltd.* (寧波兆信房地產有限公司)†	Limited liability company	PRC 28 April 2022	RMB3,003,038,400	80.04% (2021: Nil)	Property development
Huai'an Zhaofeng Real Estate Development Co., Ltd.* (淮安兆豐房地產開發有限公司)	Limited liability company	PRC 10 November 2020	RMB3,010,000,000	80% (2021: 100%)	Property development
Xiamen Zhaoqilong Real Estate Development Co., Ltd.* (廈門兆祁隆房地產開發有限公司)	Limited liability company	PRC 27 December 2017	RMB2,500,000,000	51% (2021: 51%)	Property development
Xiamen Yueyi Quanshi Investment Co., Ltd.* (廈門悅怡全實投資有限公司)†	Limited liability company	PRC 13 May 2022	RMB2,890,000,000	66.40% (2021: Nil)	Property investment
Hangzhou Zhaoyi Enterprise Management Co., Ltd.* (杭州兆宜企業管理有限公司)† ("Hangzhou Zhaoyi")	Limited liability company	PRC 12 July 2022	RMB2,888,000,000	51% (2021: Nil)	Property investment
Xiamen Yaohui Investment Co., Ltd.* (廈門垚匯投資有限公司)	Limited liability company	PRC 20 August 2021	RMB2,800,000,000	85% (2021: 85%)	Property investment
Huai'an Jianhe Enterprise Management Co., Ltd.* (淮安市建合企業管理有限公司)	Limited liability company	PRC 23 December 2020	RMB2,800,000,000	78.50% (2021: 78.50%)	Property investment
Xiamen Zhaobaili Real Estate Development Co., Ltd.* (廈門兆百俐房地產開發有限公司)	Limited liability company	PRC 29 June 2021	RMB2,800,000,000	85% (2021: 85%)	Property development

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Beijing Zhaochang Real Estate Development Co., Ltd.* (北京兆昌房地產開發有限公司)#	Limited liability company	PRC 3 March 2022	RMB2,800,000,000	100% (2021: Nil)	Property development
Shanghai Gufeng Real Estate Development Co., Ltd.* (上海古鋒房地產開發有限公司)#	Limited liability company	PRC 27 June 2022	RMB2,657,900,000	51% (2021: Nil)	Property development
Xiamen Zhaohui Xinzhong Investment Co., Ltd.* (廈門兆蒼信鍾投資有限公司)	Limited liability company	PRC 16 June 2021	RMB2,600,000,000	65% (2021: 65%)	Property investment
Xiamen Zhaoyuansheng Real Estate Development Co., Ltd.* (廈門兆元盛房地產開發有限公司)	Limited liability company	PRC 26 January 2021	RMB2,600,000,000	65% (2021: 65%)	Property development
Xiamen Jinshen Real Estate Development Co., Ltd.* (廈門錦深房地產開發有限公司)	Limited liability company	PRC 27 June 2019	RMB2,300,000,000	51% (2021: 51%)	Property development
Xiamen Yuangang Investment Co., Ltd.* (廈門沅港投資有限公司)#	Limited liability company	PRC 10 June 2022	RMB2,500,000,000	39.93% (2021: Nil)	Property investment
Xiamen Zhaoyusheng Real Estate Development Co., Ltd.* (廈門兆宇盛房地產開發有限公司)	Limited liability company	PRC 3 March 2021	RMB2,500,000,000	39.93% (2021: 100%)	Property development
Shenzhen Shengjin Investment Management Co., Ltd.* (深圳市盛錦投資管理有限公司)	Limited liability company	PRC 20 November 2015	RMB2,300,000,000	51% (2021: 51%)	Property investment
Xiamen Zhaowudi Real Estate Co., Ltd.* (廈門兆武地置業有限公司)	Limited liability company	PRC 10 July 2018	RMB2,300,000,000	51% (2021: 51%)	Property development
Ningbo Zhaohui Real Estate Co., Ltd.* (寧波兆匯房地產有限公司)	Limited liability company	PRC 8 January 2021	RMB2,300,000,000	80% (2021: 80%)	Property development
Ningde Zhaoyu Real Estate Co., Ltd.* (寧德兆裕房地產有限公司)	Limited liability company	PRC 19 July 2019	RMB2,000,000,000	49.98% (2021: 49.98%)	Property development



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Zhangjiagang Jianxi Real Estate Development Co., Ltd.* (張家港建禧房地產開發有限公司)	Limited liability company	PRC 17 July 2020	RMB2,000,000,000	60% (2021: 60%)	Property development
Ningde Zhaomao Real Estate Co., Ltd.* (寧德兆茂房地產有限公司)	Limited liability company	PRC 9 November 2020	RMB2,000,000,000	49.98% (2021: 49.98%)	Property development
Guangzhou Jianrong Real Estate Development Co., Ltd.* (廣州建融房地產開發有限公司)	Limited liability company	PRC 2 August 2018	RMB2,000,000,000	64% (2021: 64%)	Property development
Shenzhen Shengyi Investment Management Co., Ltd.* (深圳市盛毅投資管理有限公司)	Limited liability company	PRC 29 February 2016	RMB2,000,000,000	51.60% (2021: 51.60%)	Property investment
Fuzhou Pingjin Real Estate Co., Ltd.* (福州平晉房地產有限公司)	Limited liability company	PRC 5 September 2017	RMB2,000,000,000	51.60% (2021: 51.60%)	Property development
Fujian Zhaoheng Real Estate Development Co., Ltd.* (福建兆恒房地產開發有限公司)	Limited liability company	PRC 2 September 2021	RMB900,000,000	80% (2021: 80%)	Property development
Nantong Zhaokun Enterprise Management Co., Ltd.* (南通兆坤企業管理有限公司)	Limited liability company	PRC 8 March 2021	RMB1,430,000,000	88% (2021: 51%)	Property investment
Ningde Zhaoyue Real Estate Co., Ltd.* (寧德兆悅房地產有限公司)	Limited liability company	PRC 4 August 2020	RMB1,700,000,000	51% (2021: 51%)	Property development
Jiangyin Jianxiang Real Estate Development Co., Ltd.* (江陰建祥房地產開發有限公司) <sup>A</sup>	Limited liability company	PRC 18 September 2021	RMB1,700,000,000	51% (2021: Nil)	Property development
Shaoxing Zhaosheng Real Estate Co., Ltd.* (紹興兆盛房地產有限公司)	Limited liability company	PRC 14 January 2021	RMB1,700,000,000	51% (2021: 51%)	Property development

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Guangzhou Jiansui Real Estate Development Co., Ltd.* (廣州建穗房地產開發有限公司)	Limited liability company	PRC 15 January 2018	RMB2,000,000,000	64% (2021: 64%)	Property development
Zhangzhou Zhaojie Real Estate Development Co., Ltd.* (漳州兆捷房地產開發有限公司)*	Limited liability company	PRC 10 May 2022	RMB1,700,000,000	34% (2021: Nil)	Property development
Xiamen Zhaozun Investment Co., Ltd.* (廈門兆尊投資有限公司)	Limited liability company	PRC 11 November 2020	RMB1,600,000,000	80% (2021: 80%)	Property investment
Xiamen Zhaoyusheng Real Estate Development Co., Ltd.* (廈門兆裕盛房地產開發有限公司)	Limited liability company	PRC 22 July 2020	RMB1,600,000,000	80% (2021: 100%)	Property development
Nanping Jianyang Zhaosheng Real Estate Co., Ltd.* (南平市建陽區兆盛房地產有限公司)	Limited liability company	PRC 25 April 2018	RMB1,500,000,000	70% (2021: 70%)	Property development
Nanping Jianyang Zhaosheng Real Estate Company Limited* (南平兆鴻房地產有限公司)	Limited liability company	PRC 14 September 2018	RMB1,500,000,000	70% (2021: 70%)	Property development
Jiangyin Jianling Real Estate Development Co., Ltd.* (江陰建領房地產開發有限公司) <sup>A</sup>	Limited liability company	PRC 17 March 2021	RMB1,700,000,000	51% (2021: Nil)	Property development
Nantong Zhaofa Real Estate Development Company Limited* (南通兆發房地產開發有限公司)	Limited liability company	PRC 9 February 2021	RMB1,430,000,000	88% (2021: 51%)	Property development
Jiangxi Zhaoxi Real Estate Development Co., Ltd.* (江西兆璽房地產開發有限公司) <sup>A</sup>	Limited liability company	PRC 1 June 2022	RMB1,500,000,000	70% (2021: Nil)	Property development
Ningde Zhaoquan Real Estate Company Limited* (寧德兆全房地產有限公司)	Limited liability company	PRC 30 October 2020	RMB1,400,000,000	71.40% (2021: 71.40%)	Property development
Putian Zhaoyu Real Estate Co., Ltd.* (莆田兆宇置業有限公司)	Limited liability company	PRC 10 December 2021	RMB1,420,000,000	51% (2021: 51%)	Property development

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Suzhou Zhaokun Property Development Company Limited* (蘇州兆坤房地產開發有限公司)	Limited liability company	PRC 1 September 2014	RMB500,000,000	100% (2021: 100%)	Property development
Xiamen Zhaoyiying Real Estate Development Co., Ltd.* (廈門兆益盈房地產開發有限公司)	Limited liability company	PRC 15 October 2020	RMB1,300,000,000	80% (2021: 80%)	Property development
Suzhou Zhaoda Real Estate Development Co., Ltd.* (蘇州兆達房地產開發有限公司)	Limited liability company	PRC 16 April 2020	RMB1,200,000,000	60% (2021: 60%)	Property development
Wuhan Zhaoyuema Real Estate Development Company Limited* (武漢兆悅茂房地產開發有限公司)	Limited liability company	PRC 27 September 2018	RMB1,300,000,000	51% (2021: 51%)	Property development
Ningbo Zhaorui Real Estate Company Limited* (寧波兆瑞房地產有限公司)	Limited liability company	PRC 2 February 2021	RMB1,300,000,000	80% (2021: 80%)	Property development
Xiamen Yueyuanquan Investment Co., Ltd.* (廈門悅沅全投資有限公司)*	Limited liability company	PRC 10 May 2022	RMB1,275,000,000	78.30% (2021: Nil)	Property investment
Fujian Zhaorui Real Estate Co., Ltd.* (福建兆睿房地產有限公司)	Limited liability company	PRC 21 June 2019	RMB1,000,000,000	70% (2021: 70%)	Property development
Shanghai Yikun Real Estate Development Company Limited* (上海益坤房地產開發有限公司)	Limited liability company	PRC 24 July 2019	RMB900,000,000	51% (2021: 51%)	Property development
Ningde Zhaozhen Real Estate Company Limited* (寧德兆臻房地產有限公司)	Limited liability company	PRC 12 January 2021	RMB1,000,000,000	60% (2021: 60%)	Property development
Yixing Jianyi Real Estate Development Company Limited* (宜興建宜房地產開發有限公司)	Limited liability company	PRC 11 June 2021	RMB1,050,000,000	60% (2021: 60%)	Property development
Quanzhou Zhaosheng Real Estate Co., Ltd.* (泉州兆昇置業有限公司)*	Limited liability company	PRC 16 September 2022	RMB1,000,000,000	51% (2021: Nil)	Property development

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 21. SUBSIDIARIES (CONTINUED)

Name	Type of legal entity	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Xiamen Tianxing Real Estate Development Co., Ltd.* (廈門添興房地產開發有限公司)	Limited liability company	PRC 30 December 2021	RMB980,000,000	90% (2021: 90%)	Property development
Jiangxi Hengrongchen Real Estate Development Co., Ltd.* (江西恒融晨房地產開發有限公司) <sup>Δ</sup>	Limited liability company	PRC 25 March 2022	RMB1,000,000,000	80% (2021: Nil)	Property development
Zhangzhou Zhaohe Real Estate Development Co., Ltd.* (漳州兆赫房地產開發有限公司) <sup>#</sup>	Limited liability company	PRC 26 January 2022	RMB1,000,000,000	40.01% (2021: Nil)	Property development
Ningde Zhaoheng Real Estate Co., Ltd.* (寧德兆恒房地產有限公司)	Limited liability company	PRC 7 September 2020	RMB1,000,000,000	60% (2021: 60%)	Property development
Metropolitan Investments Holding Group Pty. Ltd.	Limited liability company	Australia 28 February 2014	Australian Dollar ("AUD") 2	60% (2021: 60%)	Property development
C&D Holsin Engineering Consulting Co., Ltd (previously known as Holsin Engineering Consulting Co., Ltd)* (建發合誠工程諮詢股份有限公司) (前稱合誠工程諮詢集團股份有限公司) ("C&D Holsin")	Limited liability company	PRC 11 October 1995	RMB200,517,800	29.01% (2021: 29.01%)	Provision of construction management services
C&D Property Management Group Co., Ltd* (建發物業管理集團有限公司) <sup>Δ</sup> (note 2.1)	Limited liability company	BVI 4 May 2016	HK\$13,362,611	38.7% (2021: Nil)	Property management

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

# These subsidiaries were newly incorporated during the year ended 31 December 2022.

Δ These subsidiaries were acquired during the year ended 31 December 2022.

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 21. SUBSIDIARIES (CONTINUED)

The following table lists out the information related to sub-group of Xiamen Jianyirong and Hangzhou Zhaoyi, the subsidiaries of the Group which have material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	<b>Xiamen Jianyirong</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Non-controlling interests percentage	<b>49%</b>	49%
Non-current assets	<b>149,961</b>	189,307
Current assets	<b>11,376,410</b>	10,808,926
Current liabilities	<b>(5,708,700)</b>	(5,407,157)
Non-current liabilities	<b>(12,757)</b>	(12,350)
Net assets	<b>5,804,914</b>	5,578,726
Carrying amount of non-controlling interests	<b>2,844,408</b>	2,733,576
Revenue	<b>3,303</b>	1,835
Profit/(Loss) for the year	<b>508</b>	(10,615)
Total comprehensive income/(expense) for the year	<b>508</b>	(10,615)
Profit/(Loss) and total comprehensive income/(expense) attributable to non-controlling interests	<b>249</b>	(5,202)
Dividends paid to non-controlling shareholders	–	–
Cash flows (used in)/from operating activities	<b>(312,279)</b>	1,206,674
Cash flows (used in)/from investing activities	<b>(53,625)</b>	4,006
Cash flows used in financing activities	–	(1,056,259)
Net cash (outflows)/inflows	<b>(365,904)</b>	154,421

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 21. SUBSIDIARIES (CONTINUED)

	Hangzhou Zhaoyi 2022 RMB'000
Non-controlling interests percentage	49%
Non-current assets	123,605
Current assets	8,947,030
Current liabilities	(4,574,123)
Non-current liabilities	(765,699)
Net assets	3,730,813
Carrying amount of non-controlling interests	1,828,098
	From 12 July 2022 (the date of incorporation) to 31 December 2022 RMB'000
Revenue	155
Loss for the period	(69,187)
Total comprehensive expense for the period	(69,187)
Loss and total comprehensive expense attributable to non-controlling interests	(33,902)
Dividends paid to non-controlling shareholders	–
Cash flows from operating activities	568,746
Cash flows from investing activities	2,276
Cash flows from financing activities	589,816
Net cash inflows	1,160,838

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 22. INVENTORIES OF PROPERTIES, OTHER INVENTORIES AND OTHER CONTRACT COSTS

	2022 RMB'000	2021 RMB'000 (Restated)
Inventories of properties		
Properties under development (note a)	<b>248,861,831</b>	222,892,485
Properties held for sale (note a)	<b>7,792,746</b>	7,058,250
	<b>256,654,577</b>	229,950,735
Other inventories	<b>34,229</b>	24,270
Other contract costs (note b)	<b>1,815,745</b>	1,240,009
	<b>258,504,551</b>	231,215,014
Inventories of properties and other inventories	<b>261,251,364</b>	230,863,967
Less: Provision for inventories	<b>(4,596,787)</b>	(913,232)
	<b>256,654,577</b>	229,950,735

### (a) Inventories of properties and other inventories

The properties under development and properties held for sale are located in the PRC.

The analysis of carrying value of leasehold land for property development is as follows:

	2022 RMB'000	2021 RMB'000
In PRC, with remaining lease term of:		
Between 40 and 70 years	<b>194,008,409</b>	169,276,566

As at 31 December 2022, the carrying amount of properties under development of RMB44,890,942,000 (2021: RMB47,102,437,000) have been pledged to banks to secure the Group's bank borrowings. Details of the secured bank borrowings are set out in note 30.

As at 31 December 2022, properties under development amounted to approximately RMB140,461,644,000 (2021: RMB137,929,661,000) were expected to be completed and available for sale to the customers more than twelve months from the reporting date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 22. INVENTORIES OF PROPERTIES, OTHER INVENTORIES AND OTHER CONTRACT COSTS (CONTINUED)

### (a) Inventories of properties and other inventories (Continued)

The properties held for sale and properties under development of the Group are located as follows:

	2022 RMB'000	2021 RMB'000
Properties under development		
— PRC	248,861,831	222,833,144
— Australia	—	59,341
	248,861,831	222,892,485
Properties held for sale		
— PRC	7,792,746	7,058,250
	256,654,577	229,950,735

Provision for inventories amounted to RMB3,790,687,000 (2021: RMB614,226,000) was recognised as an expense during the year ended 31 December 2022 and included in “administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

### (b) Other contract costs

Contract costs capitalised relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group’s properties which are still under construction 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 RMB720,366,000 (2021: RMB574,562,000). There was no impairment in relation to the costs capitalised during the year. The amount of capitalised contract costs that is expected to be recovered after one year is RMB646,707,000 (2021: RMB581,071,000).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 23. TRADE AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000 (Restated)
<b>Trade receivables</b> (note (a))		
From third parties	1,400,939	1,428,320
From related parties	19,660	26,447
Less: Loss allowance	(79,406)	(41,655)
	<b>1,341,193</b>	1,413,112
<b>Other receivables</b>		
Deposits (note (b))	3,062,306	1,452,993
Prepayments	106,545	50,511
Other receivables	826,601	683,474
Prepayments for proposed development projects (note (c))	645,400	616,616
Payments on behalf of property owners	30,643	34,191
Value-added-tax receivables	5,631,925	5,033,715
	<b>10,303,420</b>	7,871,500
Less: Loss allowance	(53,326)	(33,790)
	<b>10,250,094</b>	7,837,710
	<b>11,591,287</b>	9,250,822

Notes:

- (a) Trade receivables mainly arose from property development, property management and other related services. Trade receivables settled in accordance with the terms stipulated in the property sale and purchase agreements or service agreements.

Based on the invoice dates, the ageing analysis of the trade receivables, net of loss allowance, is as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
0–30 days	516,415	642,897
31–90 days	193,627	96,314
91–180 days	94,867	98,898
181–365 days	101,242	114,513
Over 365 days	435,042	460,490
	<b>1,341,193</b>	1,413,112

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(a) (Continued)

Movements of the Group's loss allowance on trade receivables are as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Balance at 1 January	41,655	30,588
ECL allowances recognised during the year	37,751	11,067
<b>Balance at 31 December</b>	<b>79,406</b>	41,655

Movements of the Group's loss allowance on other receivables are as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Balance at 1 January	33,790	20,811
ECL allowances recognised during the year	19,536	12,979
<b>Balance at 31 December</b>	<b>53,326</b>	33,790

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. During the year ended 31 December 2022, the Group has made provision of ECL allowances for trade receivables and other receivables of approximately RMB37,751,000 and RMB19,536,000 (2021: RMB11,067,000 (restated) and RMB12,979,000 (restated)) respectively.

- (b) Deposits mainly included rental deposits, utilities deposits, receivables of refund of the deposits for land auction, deposits for construction work, miscellaneous project-related deposits.
- (c) The Group has entered into serval contractual arrangements with independent third parties in respect of the proposed acquisitions of equity interests in certain PRC entities, which own land use rights or property development projects in the PRC.
- (d) The directors of the Group considered that the fair values of trade and other receivables are not materially different from the carrying amounts because these balances have short maturity periods on their inception.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 24. CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000 (Restated)
Advances received from customers:		
Sales of properties	176,545,898	148,063,931
Property management services and other related services	1,058,783	841,507
	<b>177,604,681</b>	148,905,438

The Group receives payments from customers based on the terms established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties. Such liabilities increased as a result of the growth of the Group's contracted property sales due to addition of more than 60 property projects under pre-sale phrase.

### (a) Revenue recognised in relation to contract liabilities

The following table set out the revenue recognised in the current reporting period relates to carried forward contract liabilities.

	2022 RMB'000	2021 RMB'000 (Restated)
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	76,912,890	39,537,670

### (b) Unsatisfied performance obligations

	2022 RMB'000	2021 RMB'000 (Restated)
Revenue expected to be recognised within one year	103,398,270	87,820,191
Revenue expected to be recognised after one year	74,206,411	61,085,247
Total transaction price allocated to the unsatisfied performance obligations	<b>177,604,681</b>	148,905,438

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 25. DEPOSITS FOR LAND ACQUISITIONS

Deposits for land acquisitions arise from the acquisitions of lands in various regions in the PRC. These deposits would either be converted into right-of-use assets, or properties under development when the rights to use have been obtained. The carrying amounts of the Group's deposits for land acquisitions are denominated in RMB.

## 26. CASH AT BANKS AND ON HAND

	2022 RMB'000	2021 RMB'000 (Restated)
Cash at banks and on hand	<b>47,367,877</b>	46,847,984
Restricted bank deposits	<b>2,912,185</b>	1,503,478
	<b>50,280,062</b>	48,351,462

Bank balances of RMB49,705,018,000 (2021: RMB47,783,354,000 (restated)) are denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Restricted bank deposits represented guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated accounts. In accordance with relevant government requirements, certain property development companies of the Group are required to place certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 27. TRADE AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000 (Restated)
<b>Trade payables</b> (note (a))	<b>18,570,229</b>	21,402,843
<b>Other payables</b>		
Receipts in advances and other payables (note (b))	<b>395,452</b>	6,441,508
Interest payable	<b>53,142</b>	107,930
Salaries payable	<b>1,206,430</b>	1,233,425
Value-added-tax payable	<b>1,465,422</b>	660,450
Deposits received	<b>807,915</b>	1,179,387
Accrued expenses	<b>1,402,434</b>	1,122,224
Collection and payment on behalf of others	<b>1,088,968</b>	681,806
Payable in relation to restricted share incentive scheme	<b>919,994</b>	268,094
	<b>7,339,757</b>	11,694,824
	<b>25,909,986</b>	33,097,667

Notes:

- (a) The credit terms of trade payables vary according to the terms agreed with different suppliers. Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates, as of the reporting date:

	2022 RMB'000	2021 RMB'000 (Restated)
0–30 days	<b>8,543,242</b>	13,043,538
31–60 days	<b>1,203,005</b>	1,272,180
61–90 days	<b>1,198,273</b>	1,196,004
Over 90 days	<b>7,625,709</b>	5,891,121
	<b>18,570,229</b>	21,402,843

- (b) As at 31 December 2021, receipts in advance and other payables mainly included sales proceeds from customers received on behalf of special purpose entities set up by a financial institution in the PRC in relation to issuance of receipts under securitisation arrangements amounted to RMB5,179,416,000 which was settled during the year ended 31 December 2022.
- (c) The carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 28. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/NON-CONTROLLING INTERESTS/ LOANS FROM INTERMEDIATE HOLDING COMPANY

	2022 RMB'000	2021 RMB'000
Amounts due from non-controlling interests	<b>35,488,528</b>	26,489,165
Less: Loss allowance	<b>(35,488)</b>	(26,489)
	<b>35,453,040</b>	26,462,676
	2022 RMB'000	2021 RMB'000 (Restated)
Amounts due to related companies:		
— Ultimate holding company	–	3
— Intermediate holding company	<b>1,927,136</b>	674,274
— Associates	<b>6,981,463</b>	7,269,953
— Joint ventures	<b>2,217,771</b>	–
— Fellow subsidiaries	–	1,769
— Associates of Xiamen C&D	–	3
	<b>11,126,370</b>	7,946,002
Amounts due to non-controlling interests	<b>4,413,995</b>	6,388,232

As at 31 December 2022 and 2021, the amounts due from/(to) non-controlling interests/associates/joint ventures/intermediate holding company are unsecured, interest-free and repayable on demand, except for amounts due to non-controlling interests of RMB1,238,592,000 (2021: RMB3,671,701,000) bear interest ranging from 4.35% to 10.0% (2021: 4.35% to 10.0%) per annum and amounts due to associates of RMB1,470,857,000 (2021: RMB885,848,000) bear interest ranging from 3.43% to 4.75% (2021: 4.35% to 6.0%) per annum.

As at 31 December 2022, the loans from intermediate holding company are unsecured, interest-bearing at effective interest rate of 4.81% (2021: 4.81%) per annum and would not be repayable within one year.

The carrying amounts of the balances approximate their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 28. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/NON-CONTROLLING INTERESTS/ LOANS FROM INTERMEDIATE HOLDING COMPANY (CONTINUED)

Movements of the Group's loss allowance on amounts due from non-controlling interests are as follows:

	2022 RMB'000	2021 RMB'000
Balance at 1 January	26,489	12,604
ECL allowances recognised during the year	8,999	13,885
<b>Balance at 31 December</b>	<b>35,488</b>	26,489

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method on amounts due from non-controlling interests to provide for ECL prescribed by HKFRS 9. As at 31 December 2022, the Group has made provision of impairment for amounts due from non-controlling interests of approximately RMB35,488,000 (2021: RMB26,489,000).

## 29. RECEIPTS UNDER SECURITISATION ARRANGEMENTS

These represented proceeds received from issuance of receipts under securitisation arrangements collateralised by certain future trade receivables for the remaining receipts from sales of properties, less amounts repaid. These securities bear an effective interest rate ranging from 6.13% to 6.82% per annum and have been repaid in April 2022.

## 30. INTEREST-BEARING BORROWINGS

	2022 RMB'000	2021 RMB'000
Bank loans		
— Secured	15,111,662	21,278,876
— Unsecured	26,546,369	20,388,081
	<b>41,658,031</b>	41,666,957

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 30. INTEREST-BEARING BORROWINGS (CONTINUED)

At 31 December 2022, the Group's bank loans were repayable as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount repayable		
Within one year or on demand	5,890,230	4,859,455
In the second year	14,217,673	12,738,796
In the third to fifth years	20,817,209	23,461,605
After the fifth years	732,919	607,101
	41,658,031	41,666,957
Less: Amounts shown under current liabilities	(5,890,230)	(4,859,455)
	35,767,801	36,807,502

As at 31 December 2022 and 2021, the Group's bank loans are secured by the legal charges over the Group's right-of-use assets with carrying value of approximately RMBNil (2021: RMB10,928,000) (note 15), property, plant and equipment with carrying values of approximately RMB3,942,000 (2021: RMB22,046,000) (note 14), properties under development with carrying value of approximately RMB44,890,942,000 (2021: RMB47,102,437,000) (note 22) and investment properties with fair value of approximately RMB652,656,000 (2021: RMB684,462,000) (note 16).

As at 31 December 2022 and 2021, the unsecured borrowings were guaranteed by C&D Real Estate, the intermediate holding company of the Group, except for the unsecured borrowings of RMB44,664,000 (2021: RMB771,376,000) were guaranteed by the subsidiaries of the Company.

As at 31 December 2022 and 2021, the bank loans bear an effective interest rate from 1.95% to 6.5% (2021: from 1.95% to 6.5%) per annum, except for bank loans of RMB136,396,000 (2021: RMB395,280,000) which bear fixed interest rates ranging from 2.60% to 6.50% (2021: 2.75% to 3.85%) per annum.

As at 31 December 2022 and 2021, the bank loans of approximately RMB44,664,000 (2021: RMB621,376,000) and RMBNil (2021: RMB14,842,000) were denominated in HK\$ and Australian Dollars ("AUD") respectively.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 31. DEFERRED TAXATION

The net movement of deferred tax (assets)/liabilities are as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
At the beginning of the year	<b>(3,576,601)</b>	(2,310,231)
Recognised in profit or loss	<b>(1,387,345)</b>	(1,232,681)
Acquisition of subsidiaries (note 40)	<b>(53,723)</b>	(77,190)
Disposal of subsidiaries	<b>62,628</b>	43,501
At the end of the year	<b>(4,955,041)</b>	(3,576,601)

### Deferred tax liabilities

	Revaluation of investment properties RMB'000	Withholding tax RMB'000	Others temporary differences RMB'000	Total RMB'000
At 1 January 2021 (restated)	146,655	27,453	111,389	285,497
(Credited)/Charged to profit or loss	(5,340)	19	532,107	526,786
Acquisition of subsidiaries	–	–	16,830	16,830
Disposal of subsidiaries	500	–	(1,883)	(1,383)
At 31 December 2021 and 1 January 2022 (restated)	<b>141,815</b>	<b>27,472</b>	<b>658,443</b>	<b>827,730</b>
(Credited)/Charged to profit or loss	<b>(8,473)</b>	–	<b>113,075</b>	<b>104,602</b>
Acquisition of subsidiaries (note 40)	–	–	<b>8,133</b>	<b>8,133</b>
Disposal of subsidiaries	–	–	<b>(20,196)</b>	<b>(20,196)</b>
At 31 December 2022	<b>133,342</b>	<b>27,472</b>	<b>759,455</b>	<b>920,269</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 31. DEFERRED TAXATION (CONTINUED)

### Deferred tax assets

	Impairment of assets RMB'000	Recognition of expenses RMB'000	LAT RMB'000	Prepaid income taxes RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2021 (restated)	(16,470)	(559,755)	(188,674)	(1,492,078)	(338,751)	(2,595,728)
Acquisition of subsidiaries	(55,190)	(5,587)	–	(2,109)	(31,134)	(94,020)
(Credited)/Charged to profit or loss	(18,510)	356,353	102,796	(2,378,400)	178,294	(1,759,467)
Disposal of subsidiaries	2,364	5,736	5,819	30,965	–	44,884
At 31 December 2021 and 1 January 2022 (restated)	(87,806)	(203,253)	(80,059)	(3,841,622)	(191,591)	(4,404,331)
Acquisition of subsidiaries (note 40)	(2,027)	(129)	–	(59,700)	–	(61,856)
(Credited)/Charged to profit or loss	(388,752)	95,824	(62,346)	(835,623)	(301,050)	(1,491,947)
Disposal of subsidiaries	–	–	–	82,824	–	82,824
At 31 December 2022	<b>(478,585)</b>	<b>(107,558)</b>	<b>(142,405)</b>	<b>(4,654,121)</b>	<b>(492,641)</b>	<b>(5,875,310)</b>

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2022 RMB'000	2021 RMB'000 (Restated)
Deferred tax assets	<b>(5,875,310)</b>	(4,404,331)
Deferred tax liabilities	<b>920,269</b>	827,730
	<b>(4,955,041)</b>	(3,576,601)

As at 31 December 2022, no deferred tax has been recognised for withholding taxes that would be payable on certain unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, the Company controls the dividend policy of these subsidiaries and it is not probable that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised was approximately RMB1,895,211,000 as at 31 December 2022 (2021: RMB1,070,221,000 (restated)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 32. LEASE LIABILITIES

The remaining contractual maturities of the Group's lease liabilities as at 31 December 2022 are as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Total minimum lease payments:		
Within 1 year	61,889	62,087
After 1 year but within 2 years	50,001	44,515
After 2 year but within 5 years	76,842	78,625
After 5 years	31,760	43,523
	<b>220,492</b>	228,750
Future finance charges on lease liabilities	<b>(20,186)</b>	(23,746)
Present value of lease liabilities	<b>200,306</b>	205,004
	2022 RMB'000	2021 RMB'000 (Restated)
Present value of minimum lease payments:		
Within 1 year	59,133	55,882
After 1 year but within 2 years	43,410	40,258
After 2 year but within 5 years	71,926	72,251
After 5 years	25,837	36,613
	<b>200,306</b>	205,004
Less: Portion due within one year included under current liabilities	<b>(59,133)</b>	(55,882)
Portion due after one year included under non-current liabilities	<b>141,173</b>	149,122

During the year ended 31 December 2022, the total cash outflows for the leases are RMB119,505,000 (2021: RMB112,745,000 (restated)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 33. SHARE CAPITAL

	2022		2021	
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.1 each				
At 31 December	<b>3,000,000,000</b>	<b>254,870</b>	3,000,000,000	254,870
<b>Issued and fully paid:</b>				
At 1 January	<b>1,377,820,204</b>	<b>117,215</b>	1,176,711,106	100,636
Issuance of new shares by the way of placing (note (a))	<b>75,000,000</b>	<b>6,665</b>	65,000,000	5,366
Issuance of shares in respect of restricted share incentive schemes (note (b))	<b>100,000,000</b>	<b>8,957</b>	35,300,000	2,936
Issuance of shares in respect of scrip dividend (note (c))	<b>105,200,687</b>	<b>9,047</b>	100,809,098	8,277
Issuance of shares in respect of the acquisition of C&D Property (note (d))	<b>80,000,000</b>	<b>6,805</b>	–	–
At 31 December	<b>1,738,020,891</b>	<b>148,689</b>	1,377,820,204	117,215

Notes:

- (a) On 21 July 2022 and 6 December 2022, the Company completed the placing of 30,000,000 ordinary shares and 45,000,000 ordinary shares at a placing price of HK\$17.00 per share and HK\$17.98 per share respectively under general mandates with total gross proceed of HK\$1,233,394,000 (equivalents to RMB1,160,221,000), giving rise to an increase in share premium of approximately RMB1,153,556,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB101,000 was treated as a deduction against the share premium account.

On 15 June 2021, the Company completed the placing of 65,000,000 ordinary shares at a placing price of HK\$14.50 per share under general mandate with total gross proceed of HK\$942,500,000 (equivalents to RMB777,959,000), giving rise to an increase in share premium of approximately RMB772,593,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB413,000 was treated as a deduction against the share premium account.

- (b) On 29 December 2022, the Company issued 100,000,000 restricted shares at a price of HK\$7.01 per share and recorded an amount of approximately HK\$701,000,000 (equivalent to RMB627,907,000) received from participants, which was included in other payables as payables in relation to restricted share incentive scheme.

On 29 June 2021, the Company issued 35,300,000 restricted shares at a price of HK\$7.22 per share and recorded an amount of approximately HK\$254,866,000 (equivalent to RMB212,008,000) received from participants, which was included in other payables as payables in relation to restricted share incentive scheme.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 33. SHARE CAPITAL (CONTINUED)

Notes: *(Continued)*

- (c) On 7 June 2022, the board of directors declared the final dividend of HK\$1.2 per share (equivalent to approximately RMB1.03 per share) for the year ended 31 December 2021. The shareholders were provided with an option to receive the final dividend in form of scrip dividend. On 15 July 2022, 105,200,687 shares were issued at an issue price of HK\$15.02 per share to shareholders who elected to receive share in lieu of cash dividends pursuant to a scrip dividend scheme, totalling HK\$1,580,114,000 (equivalents to RMB1,358,788,000).

On 27 August 2021, the board of directors declared an interim dividend of HK\$1.1 per share (equivalent to approximately RMB0.90 per share). The shareholders were provided with an option to receive the interim dividend in form of scrip dividend. On 27 October 2021, 100,809,098 shares were issued at an issue price of HK\$12.22 per share to shareholders who elected to receive share in lieu of cash dividends pursuant to a scrip dividend scheme, totalling RMB1,011,490,000.

- (d) On 23 May 2022, 80,000,000 new shares were allotted and issued at a consideration of HK\$14.45 per share for the acquisition of C&D Property. A par value of HK\$8,000,000 (equivalent to approximately RMB6,805,000) was credited to share capital and the premium of HK\$1,148,000,000 (equivalent to approximately RMB976,244,000) was credited to share premium account in accordance to Companies Law of the Cayman Islands.

## 34. RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

### Share premium

The share premium account of the Group represents the premium arising from the issuance of shares of the Company at premium.

### Statutory reserve

According to the relevant PRC laws, the subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer of this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

### Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in this account are set out in the consolidated statement of changes in equity.

### Revaluation reserve

Revaluation reserve arose from transfer of owner-occupied properties to investment properties in prior years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 34. RESERVES (CONTINUED)

### Capital reserve

Capital reserve mainly arise from (i) the difference between issued share capital of the Company and the aggregate nominal value of the respective share capital/paid-in capital of the companies acquired by the Group; (ii) acquisition of additional interest in a subsidiary which represents the difference between the fair value of the considerations given and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired from non-controlling interests; (iii) the excess of investment cost over the share capital and share premium of the common control entities and (iv) the fair value of restricted shares granted to employees and is dealt with in accordance with the accounting policy set out in note 2.21.

### Shares held for restricted share incentive scheme

Shares held for restricted incentive scheme are determined using the grant price of restricted shares that have been issued, which are held by the Group's trustee.

### Perpetual loans

On 1 December 2020 and 16 June 2021, the Group and C&D Real Estate entered into renewable term loan agreements (the "Renewable Term Loan Agreements"). Pursuant to the terms of the Renewable Term Loan Agreements, C&D Real Estate agreed to grant the loan facilities to the Group with a total principal amount of RMB14,500,000,000 (the "Loans").

The initial term of the Loans is 10 years. On the date falling 10 years after the date of the Renewable Term Loan Agreements, the Group shall have the option to extend the maturity of the Loan for every additional cycle (i.e., five years) or elect to repay in full. The Group is not limited by the number of times it may exercise its option to renew the term. The initial annual interest rate for the first year of the Loan is the above-five-year Loan Prime Rate (the "LPR") published by the People's Bank of China (the "PBC"), which will be adjusted at the end of every six months since the date of the Renewable Term Loan Agreements in accordance with the latest LPR published by the PBC in the previous month. Every time when the Group elects to exercise the option to extend the maturity of the Loans, the annual interest rate shall be increased by 3% until it reaches 10%. Since the date falling three years after the date of the Renewable Term Loan Agreements, the Group has the right to early redeem the Loans with a principal amount plus all accrued interest.

The Loans do not have specific maturities in which the Group has the right to defer the outstanding principal and interest or to redeem the Loans. The Group does not have the contractual obligation to deliver cash or other financial assets to other parties.

Distribution to the subscriber of the Loans amounting to RMB713,891,000 (2021: RMB345,216,000) was treated as a deduction against the retained earnings during the year ended 31 December 2022.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 35. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTION

### (a) Restricted Share Incentive Schemes of the Company

Pursuant to the Company's restricted share incentive schemes in 2021 ("Restricted Share Incentive Scheme 2021") and 2022 ("Restricted Share Incentive Scheme 2022"), 35,300,000 and 100,000,000 restricted shares were granted to the selected participants on 29 June 2021 and 2 November 2022, respectively. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors of the Company, certain member of senior management and employees of the Group who under the terms of the restricted Share incentive schemes subscribed for the restricted shares at HK\$7.22 per share for Restricted Share Incentive Scheme 2021 and HK\$7.01 per share for Restricted Share Incentive Scheme 2022 respectively. Under the terms of the restricted share incentive schemes, release of the restricted shares are conditional on the performance target of the Company and individual assessments of the recipients on each of the lock-up period. If the vesting conditions are fulfilled, the restricted shares shall be vested by 40%, 30% and 30% on each of the vesting period, respectively. For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the restricted share incentive schemes are to be forfeited.

Movements of the restricted shares granted under the restricted share incentive schemes are set out below:

	<b>Number of restricted shares</b>
As at 1 January 2021	–
Granted during the year	35,300,000
At 31 December 2021 and 1 January 2022	35,300,000
Granted during the year	100,000,000
Forfeited during the year	(490,000)
At 31 December 2022	134,810,000

The fair value of each restricted share was assessed based on the difference between the market price of the Company's share and the grant price of each restricted share at the respective grant dates. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the restricted shares. The weighted average fair value of restricted shares granted during the year ended 31 December 2022 was HK\$6.71 per share (equivalent to approximately RMB6.17 per share) (2021: HK\$6.54 per share (equivalent to approximately RMB5.44 per share)).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 35. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTION (CONTINUED)

### (a) Restricted Share Incentive Schemes of the Company (Continued)

As a result of the issuance of restricted shares, the Company's share capital (note 33) and share premium increased by RMB8,957,000 (2021: RMB2,936,000) and RMB618,950,000 (2021: RMB209,072,000), respectively during the year ended 31 December 2022. Accordingly, the Company's shares held under restricted share incentive schemes increased by RMB627,907,000 (2021: RMB212,008,000). The Group recognised the expense of RMB113,367,000 (2021: RMB39,436,000) for the year ended 31 December 2022 in relation to the restricted share incentive schemes.

### (b) Equity-settled share-based payment of subsidiaries of the Group C&D Property

C&D Property, a non-wholly owned subsidiary of the Company, operates a restricted share incentive scheme in 2021 ("C&D Property's Scheme"). 28,250,000 and 7,050,000 restricted shares were granted to the selected participants in 2021 and 2022 respectively. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the issue of the restricted shares to the vesting date (both dates inclusive) of such restricted shares, which shall however only be vested by the relevant selected participant on the vesting date subject to fulfilment of vesting conditions of the restricted shares.

The selected participants include certain directors of the C&D Property, certain members of senior management and employees of the C&D Property who under the terms of the C&D Property's Scheme subscribed for the restricted shares at HK\$2.41 per share. Under the terms of the C&D Property's Scheme, if the vesting conditions: (a) performance target of the Company and (b) individual performance evaluation requirement on selected participants are fulfilled, the restricted shares shall be vested by 40%, 30% and 30% on each of the vesting period, respectively. For the selected participants who do not meet the vesting conditions, the unvested restricted shares remaining at the end of the restricted share incentive scheme are to be forfeited.

	Number of restricted shares
At 1 January 2021	–
Granted during the year	28,250,000
At 31 December 2021 and 1 January 2022	28,250,000
Granted during the year	7,050,000
Forfeited during the year	(1,150,000)
At 31 December 2022	34,150,000

The fair value of each restricted shares was assessed based on the difference between the market price of the C&D Property's share and the grant price of each restricted share at the respective grant dates. The expected dividends and time value of money for the expected dividends during the vesting period were taken into account when assessing the fair value of the restricted shares. The weighted average fair value of restricted shares granted during the year ended 31 December 2022 was approximately HK\$2.13 per share (equivalent to RMB1.83 per share) (2021: HK\$1.69 per share (equivalent to RMB1.41 per share)).

C&D Property recognised the expense of RMB15,039,000 (2021: RMB2,607,000) for the year ended 31 December 2022 in relation to the restricted share incentive schemes.

### C&D Holsin

As at 19 November 2020, C&D Holsin, a subsidiary of the Group, granted its 13.60% equity interests in Dalian Municipal Design and Research Institute Co., Ltd.\* (大連市市政設計研究院有限責任公司) to eligible participants. The sub-group of C&D Holsin recognised the expense of RMB4,624,000 (2021: RMBNil) for the year ended 31 December 2022.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 RMB'000	2021 RMB'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Interests in subsidiaries	2,216,881	762,799
<b>Current assets</b>		
Prepayments and other receivables	625,243	208
Amounts due from subsidiaries	4,889,032	4,868,936
Cash at banks and on hand	214,539	15,640
	<b>5,728,814</b>	4,884,784
<b>Total assets</b>	<b>7,945,695</b>	5,647,583
<b>Current liabilities</b>		
Accruals and other payables	853,386	212,605
Interest-bearing borrowings	44,664	771,377
	<b>898,050</b>	983,982
<b>Net current assets</b>	<b>4,830,764</b>	3,900,802
<b>Total assets less current liabilities</b>	<b>7,047,645</b>	4,663,601
<b>Non-current liabilities</b>		
Loans from intermediate holding company	1,588,860	1,034,686
<b>Total liabilities</b>	<b>2,486,910</b>	2,018,668
<b>Net assets</b>	<b>5,458,785</b>	3,628,915
<b>EQUITY</b>		
Share capital	148,689	117,215
Other reserves (note)	5,310,096	3,511,700
<b>Total equity</b>	<b>5,458,785</b>	3,628,915

Approved and authorised for issue by the board of directors on 30 March 2023.

**ZHAO Chengmin**  
Director

**LIN Weiguo**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

The movements of the Company's other reserves are as follows:

	Share premium RMB'000	Shares held under restricted share incentive scheme RMB'000	Capital reserve (note (a)) RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2021	2,447,947	–	490,259	(20,593)	(77,008)	2,840,605
Profit and total comprehensive income for the year	–	–	–	–	93,031	93,031
Restricted share incentive scheme						
— Issuance of shares	209,072	(212,008)	–	–	–	(2,936)
— Employee share-based payments	–	–	35,771	–	–	35,771
Currency translation differences	–	–	–	(76,769)	–	(76,769)
Issuance of new shares by the way of placing	772,180	–	–	–	–	772,180
Issuance of shares in respect of scrip dividend	1,003,213	–	–	–	–	1,003,213
2021 interim dividend approved and paid	(1,153,395)	–	–	–	–	(1,153,395)
<b>At 31 December 2021 and 1 January 2022</b>	<b>3,279,017</b>	<b>(212,008)</b>	<b>526,030</b>	<b>(97,362)</b>	<b>16,023</b>	<b>3,511,700</b>
Loss and total comprehensive expense for the year	–	–	–	–	(341,470)	(341,470)
Issuance of shares in respect of the acquisition of C&D Property	976,244	–	–	–	–	976,244
Restricted share incentive scheme (note 35)						
— Issuance of shares	618,950	(627,907)	–	–	–	(8,957)
— Employee share-based payments	–	–	113,367	–	–	113,367
— Forfeited	–	3,118	–	–	–	3,118
Currency translation differences	–	–	–	57,246	–	57,246
Issuance of new shares by the way of placing	1,153,455	–	–	–	–	1,153,455
Issuance of shares in respect of scrip dividend	1,349,741	–	–	–	–	1,349,741
2021 final dividend approved and paid (note 10)	(1,504,348)	–	–	–	–	(1,504,348)
<b>At 31 December 2022</b>	<b>5,873,059</b>	<b>(836,797)</b>	<b>639,397</b>	<b>(40,116)</b>	<b>(325,447)</b>	<b>5,310,096</b>

Note:

- (a) The capital reserve of the Company mainly represented the difference between the net asset value of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the initial listing and the fair value of restricted shares granted to employees.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 37. LEASE COMMITMENTS

### As lessor

At the reporting date, the future aggregate minimum lease receipts under non-cancellable operating leases in respect of the Group's investment properties are receivables as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Within 1 year	61,262	105,244
After 1 year but within 2 years	54,262	63,260
After 2 year but within 3 years	45,894	52,778
After 3 year but within 4 years	39,686	43,909
After 4 year but within 5 years	36,099	38,755
After 5 years	76,070	85,672
	<b>313,273</b>	389,618

The Group leases its investment properties (note 16) under operating lease arrangements which run for an initial period of one to nine years (2021: one to ten years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. Certain leases are negotiated with reference to the level of business. The terms of the leases generally also require the tenants to pay security deposits.

## 38. CAPITAL COMMITMENTS

At the reporting date, the Group had the following capital commitments:

	2022 RMB'000	2021 RMB'000
Contracted but not provided for		
— proposed development projects	1,371,034	573,288
— leasehold improvements	22,058	3,182
— properties under development	43,171,103	39,664,806
— others	677,967	154,680

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 39. FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group is analysed as below:

	2022 RMB'000	2021 RMB'000
Guarantees given to banks and financial institutions for mortgage facilities granted to purchasers of the Group's properties	<b>75,072,624</b>	64,588,359

The amount represented the guarantees in respect of mortgage facilities granted by certain banks and financial institutions relating to the mortgage loans arranged for certain purchasers of the Group's property units. Such guarantees are provided to secure obligations of those purchasers for repayments, the guarantees period would be started from the date of grant of the mortgage and terminated upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage loan payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and financial institutions and the Group is entitled to take over the legal title and possession of the related properties. In case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the consolidated financial statements. The directors of the Company considered that the fair value of financial guarantee is insignificant due to low applicable default rate.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 40. ACQUISITIONS OF SUBSIDIARIES

### 40.1 Acquisition of assets

(a) *Acquisitions of assets from C&D Real Estate and its subsidiaries*

During the year ended 31 December 2022, the Group acquired entities which held property development projects from C&D Real Estate and its subsidiaries. The acquired subsidiaries did not operate any business or have substantial operation prior to the acquisition and major assets are inventories of properties. Therefore, the Group considered this would be acquisition of assets in substance and the difference between the purchase consideration paid, and the net assets acquired would be recognised as adjustments to the carrying value of inventories of properties. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets. The considerations of the transaction was determined by reference to the fair value of the assets acquired. Details of acquired subsidiaries are summarised as follows:

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest after acquisition	Cash consideration RMB'000
August 2022	C&D Real Estate Group Nanjing Company Limited * (建發房地產集團南京有限公司) and its subsidiaries	100%	20,487
December 2022	Changsha Zhaoxiang Real Estate Company Limited* (長沙兆祥房地產有限公司)	90%	–

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 40. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

### 40.1 Acquisition of assets (Continued)

(a) *Acquisitions of assets from C&D Real Estate and its subsidiaries (Continued)*

Details of the aggregate fair values of the identifiable assets and liabilities of these subsidiaries as at the date of respective acquisitions are as follows:

	<b>Recognised assets and liabilities on acquisitions</b>
	RMB'000
Property, plant and equipment	1,809
Right-of-use assets	509
Deferred tax assets	59,716
Inventories of properties	4,842,756
Cash at banks and on hand	785,267
Other receivables	196,035
Amounts due from related parties	13,147
Trade and other payables	(1,425,974)
Contract liabilities	(1,804,587)
Amounts due to related parties	(872,529)
Income tax liabilities	(21,347)
Lease liabilities	(523)
Borrowings	(1,787,000)
Deferred tax liabilities	(6,542)
Total identifiable net liabilities	(19,263)
Less: non-controlling interests	(39,750)
Net assets acquired	20,487
Total purchase consideration:	
— settled in cash during the year	20,487
Purchase consideration settled in cash	(20,487)
Cash at banks and on hand in subsidiaries acquired	785,267
Cash inflow on acquisition of subsidiaries	764,780

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 40. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

### 40.1 Acquisition of assets (Continued)

(b) *Acquisitions of assets from independent third parties*

During the year ended 31 December 2022, the Group acquired controlling interests in certain companies engaged in property development in the PRC from independent third parties. The acquired subsidiaries did not operate any business or have substantial operation prior to the acquisition and major assets are inventories of properties. Therefore, the Group considered this would be acquisition of assets in substance and the difference between the purchase considerations paid, and the net assets acquired would be recognised as adjustments to the carrying value of inventories of properties. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree's identifiable net assets. The considerations of the transaction was determined by reference to the fair value of the assets acquired. Details of acquired subsidiaries are summarised as follows:

Date of acquisition	Name of subsidiaries acquired	Percentage of equity interest after acquisition	Cash consideration RMB'000
January 2022	Dongshan Economic and Technological Development Zone Real Estate Development Company Limited* (東山經濟技術開發區開投房地產有限公司)	75.00%	–
January 2022	Changzhou Rongyu Real Estate Company Limited* (常州融譽置業有限公司)	75.51%	15,102
August 2022	Jiangxi Hengrongchen Real Estate Development Company Limited* (江西恒融晨房地產開發有限公司)	80.00%	–
September 2022	Jiangxi Zhaoxi Real Estate Development Company Limited* (江西兆璽房地產開發有限公司)	70.00%	–

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 40. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

### 40.1 Acquisition of assets (Continued)

(b) *Acquisitions of assets from independent third parties (Continued)*

The following table summaries the considerations paid for acquisition of these subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition dates.

	<b>Recognised assets and liabilities on acquisition</b>
	RMB'000
Property, plant and equipment	8
Inventories of properties	327,016
Cash at banks and on hand	6,275
Amounts due to related parties	(338,639)
Total identifiable net liabilities	(5,340)
Less: non-controlling interests	(20,442)
Net assets acquired	15,102
Total purchase considerations:	
— settled in cash during the year	(15,102)
Purchase considerations settled in cash	(15,102)
Cash at banks and on hand in subsidiaries acquired	6,275
Cash outflow on acquisition of subsidiaries	(8,827)

### 40.2 Acquisition of business

(a) *Acquisition of Lijun (Xiamen) Architectural Design Co., Ltd*

In July 2022, the Group completed acquisitions of 100% equity interests of Lijun (Xiamen) Architectural Design Co., Ltd\* (里雋(廈門)建築設計有限公司) (“Lijun (Xiamen)”) from independent third parties, at a total cash consideration of approximately RMB17,500,000. The principal activity of Lijun (Xiamen) is design of construction and engineering.

Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition is not expected to be deductible for tax purpose. The non-controlling interests recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of the acquiree’s identifiable net assets.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 40. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

### 40.2 Acquisition of business (Continued)

(a) *Acquisition of Lijun (Xiamen) Architectural Design Co., Ltd (Continued)*

Details of the aggregate fair values of the identifiable assets and liabilities of Lijun (Xiamen) in Group as at the date of acquisition are as follows:

	<b>Total recognised assets and liabilities on acquisitions</b> RMB'000
Property, plant and equipment	17
Deferred tax assets	116
Trade and other receivables	3,520
Cash at banks and on hand	2,923
Trade and other payables	(143)
Contract liabilities	(1,358)
Income tax liabilities	(58)
Identifiable net assets acquired	5,017
Goodwill	12,483
Total purchase consideration: — settled in cash during the year	17,500
Purchase consideration settled in cash	(17,500)
Cash at banks and on hand in the subsidiary acquired	2,923
Cash outflow on acquisition of the subsidiary	(14,577)

If the acquisition had occurred on 1 January 2022, the consolidated revenue and consolidated profit of the Group for the year ended 31 December 2022 would be RMB99,639,983,000 and RMB5,562,264,000, respectively. The pro forma financial information is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition had been occurred on 1 January 2022 and could not serve as a basis for the forecast of future operation results.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 40. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

### 40.2 Acquisition of business (Continued)

(b) *Acquisition of Xiamen Haoyi Property Management Co., Ltd.*

In February 2022, the Group has entered into share transferred agreement to acquire an 100% equity interest of Xiamen Haoyi Property Management Co., Ltd\* (“Xiamen Haoyi”) (廈門豪億物業管理有限公司), a company whose principally activity is provision of property management services for residential properties in the PRC. The consideration for the acquisition was approximately RMB39,140,000 and the acquisition was completed in March 2022. The acquisition was made with the aims to enhance the business scale of the Group and expand market scope of the property management services of the Group.

Details of the aggregate fair values of the identifiable assets and liabilities of Xiamen Haoyi as at the date of acquisition are as follows:

	<b>Total recognised assets and liabilities on acquisition</b> RMB'000
Property, plant and equipment	167
Deferred tax assets	2,024
Intangible assets	6,364
Inventory	8
Trade and other receivables	7,130
Cash at banks and on hand	13,636
Trade and other payables	(11,374)
Contract liabilities	(2,311)
Income tax liabilities	(3,842)
Deferred tax liabilities	(1,591)
Identifiable net assets acquired	10,211
Goodwill	28,929
Total purchase consideration: — settled in cash during the year	39,140
Purchase consideration settled in cash	(39,140)
Cash at banks and on hand in the subsidiary acquired	13,636
Cash outflow on acquisition of the subsidiary	(25,504)

If the acquisition had occurred on 1 January 2022, the consolidated pro forma revenue and consolidated profit of the Group for the year ended 31 December 2022 would be approximately RMB99,646,413,000 and RMB5,564,015,000 respectively. The pro forma financial information is for illustrative purpose only and does not necessarily reflect the Group's revenue and operating results if the acquisition had been occurred on 1 January 2022 and could not serve as a basis for the forecast of future operation results.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 41. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2022, the Group has disposed certain subsidiaries which held property development projects to independent third parties at a total consideration of RMB600,000 with a net loss on disposal of RMB97,000. The carrying amount of total net assets disposed of, decrease in non-controlling interests, and net cash outflow arising on disposal at the disposal date were RMB20,695,000, RMB19,998,000 and RMB610,350,000, respectively. Subsequent to the disposals, these entities are no longer subsidiaries of the Group.

## 42. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into following transactions with related parties:

Nature of transactions:	2022 RMB'000	2021 RMB'000 (Restated)
<b>Intermediate holding company:</b>		
Interest expenses on loans from intermediate holding company (note (a))	1,171,972	828,248
<b>Associates</b>		
Interest income on loans to associates (note (b))	(141,313)	(157,462)
<b>Joint ventures</b>		
Interest income on loans to joint ventures (note (c))	(53,360)	–
<b>Fellow subsidiaries:</b>		
Construction management fee received (note (d))	(39,065)	(52,380)

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Notes:

- (a) During the year ended 31 December 2022, the Group incurred loan interest expenses of RMB1,171,972,000 (2021: RMB828,248,000) to C&D Real Estate, the intermediate holding company, pursuant to framework loan agreement with C&D Real Estate whereby C&D Real Estate agreed to grant RMB60,000 million (2021: RMB40,000 million) loan facilities to certain subsidiaries of the Company for their project development at annual interest rate of 4.81% (2021: 4.81%) per annum (note 28).
- (b) During the year ended 31 December 2022, the Group earned interest income from the associates by granting loans for their operations which is interest-bearing ranging from 3.65% to 10% (2021: 4.35% to 10%) per annum.
- (c) During the year ended 31 December 2022, the Group earned interest income from the joint ventures by granting loans for their operations which is interest-bearing ranging from 6% to 10% (2021: Nil) per annum.
- (d) During the year ended 31 December 2022, the Group earned construction management fee income by providing services ranging from design, construction and completion to delivery throughout the project construction process with the a fellow subsidiary.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 42. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

Other than the above, no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### Key management personnel remuneration

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	2022 RMB'000	2021 RMB'000
Basic salaries and allowances	11,830	6,289
Retirement benefit scheme contributions	280	244
Share-based payments	3,321	1,215
	<b>15,431</b>	7,748



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest-bearing borrowings RMB'000	Loans from intermediate holding company RMB'000	Amounts due to related companies RMB'000	Amounts due to non-controlling interests RMB'000	Receipts under securitisation arrangements RMB'000	Lease liabilities RMB'000	Total RMB'000
1 January 2022 (restated)	41,666,957	37,637,867	7,946,002	6,388,232	1,998,346	205,004	95,842,408
<b>Cash-flows:</b>							
— Repayment	(20,763,792)	(11,631,590)	—	(4,172,492)	(1,998,346)	—	(38,566,220)
— Additions	19,022,965	21,673,648	797,228	2,015,836	—	—	43,509,677
— Capital element of lease payments paid	—	—	—	—	—	(70,773)	(70,773)
— Interest element of lease payments paid	—	—	—	—	—	(8,179)	(8,179)
<b>Non-cash:</b>							
— Acquisition of subsidiaries (note 40)	1,787,000	—	1,211,168	—	—	523	2,998,691
— Interest payables	—	—	1,171,972	182,419	—	8,179	1,362,570
— Exchange difference	(55,099)	—	—	—	—	—	(55,099)
— Entering into new lease	—	—	—	—	—	88,237	88,237
— Termination of lease	—	—	—	—	—	(22,685)	(22,685)
<b>31 December 2022</b>	<b>41,658,031</b>	<b>47,679,925</b>	<b>11,126,370</b>	<b>4,413,995</b>	<b>—</b>	<b>200,306</b>	<b>105,078,627</b>
1 January 2021 (restated)	26,793,575	24,421,624	3,942,122	3,011,547	1,993,583	180,808	60,343,259
<b>Cash-flows:</b>							
— Repayment	(17,096,309)	(16,444,494)	(17,253,628)	(13,509,155)	—	—	(64,303,586)
— Additions	30,531,379	29,660,737	—	16,586,743	—	—	76,778,859
— Capital element of lease payments paid	—	—	—	—	—	(63,536)	(63,536)
— Interest element of lease payments paid	—	—	—	—	—	(8,350)	(8,350)
<b>Non-cash:</b>							
— Acquisition of subsidiaries	1,426,919	—	20,469,609	—	—	1,627	21,898,155
— Deemed disposal of a subsidiary	—	—	(40,349)	—	—	—	(40,349)
— Interest payables	—	—	828,248	299,097	—	8,350	1,135,695
— Exchange difference	11,393	—	—	—	—	—	11,393
— Entering into new lease	—	—	—	—	—	86,105	86,105
— Others	—	—	—	—	4,763	—	4,763
31 December 2021 (restated)	41,666,957	37,637,867	7,946,002	6,388,232	1,998,346	205,004	95,842,408

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## **44. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL**

During the year ended 31 December 2022, the Group acquired certain equity interests of certain subsidiaries at a total cash consideration of RMB915,477,000, resulting in a decrease in non-controlling interests of approximately RMB838,674,000 and a decrease in the capital reserve of approximately RMB76,803,000.

## **45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the Board of Directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.1 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities. See note 2.10 for explanations about how the category of financial instruments affects their subsequent measurement.

	2022 RMB'000	2021 RMB'000 (Restated)
<b>Financial assets</b>		
<b>Financial assets at amortised cost</b>		
— Trade and other receivables	5,207,417	3,549,980
— Cash at banks and on hand	50,280,062	48,351,462
— Amounts due from non-controlling interests	35,453,040	26,462,676
— Debt investment	–	21,000
— Loans to associates	5,407,620	4,584,842
— Loans to joint ventures	978,737	4,470
	<b>97,326,876</b>	82,974,430
<b>Financial assets at FVTPL</b>		
— Subordinated tranche securities	5,000	389,600
— Unlisted equity securities	118,604	115,600
	<b>123,604</b>	505,200
	<b>97,450,480</b>	83,479,630
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
— Trade and other payables	24,444,564	31,379,151
— Amounts due to related companies	11,126,370	7,946,002
— Amounts due to non-controlling interests	4,413,995	6,388,232
— Loans from intermediate holding company	47,679,925	37,637,867
— Interest-bearing borrowings	41,658,031	41,666,957
— Receipts under securitisation arrangements	–	1,998,346
— Lease liabilities	200,306	205,004
	<b>129,523,191</b>	127,221,559

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.2 Foreign currency risk

Currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. As at 31 December 2022 and 2021, the Group did not have significant foreign currency risk from its operations.

### 45.3 Interest rate risk

The Group has been exposed to interest rate risk due to the fluctuation of the prevailing market interest rate on borrowings which carry prevailing market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing assets and liabilities are mainly cash at banks and on hand, loans to associates, loans to joint ventures, interest-bearing borrowings, loans from intermediate holding company, amounts due to non-controlling interests, amounts due to associates, receipts under securitisation arrangements and lease liabilities. All are at variable rates expose the Group to cash flow interest-rate risk, except for loans to associates, loans to joint ventures, interest-bearing borrowings, loans from intermediate holding company, amounts due to non-controlling interests, amounts due to associates, receipts under securitisation arrangements and lease liabilities of totally RMB53,178,819,000 (2021: RMB46,894,045,000 (restated)) which is at fixed rates and it exposes the Group to fair value interest-rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

At 31 December 2022, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and retained earnings by approximately RMB51,240,000 (2021: RMB37,746,000 (restated)). The 50 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

### 45.4 Other price risk

The Group has been exposed to the price risk of subordinated tranche securities and unlisted equity securities in connection with the financial assets measured at FVTPL. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

If the price of equity securities had been 5% increased/decreased, post-tax profit for the year ended 31 December 2022 would have been increased/decreased by approximately RMB250,000 (31 December 2021: RMB18,945,000).

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained earnings) and other components of consolidated equity that would arise assuming that the changes in the relevant risk variables had occurred at each reporting date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at each reporting date. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant risk variables, and that all other variables remain constant.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.5 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The Group is also exposed to credit risk arising from the provision of financial guarantees and the amounts of which are disclosed in note 39.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2022 and 2021 is the carrying amount of each financial asset as disclosed in note 45.1.

(i) *Trade receivables and contract assets*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group has no significant concentrations of credit risk with exposure spread over a number of counterparties and customers.

To manage credit risk arising from trade receivables and contract assets, the credit quality of the debtors is assessed taking into account of their financial position, historical settlement records, past experience and other factors. The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for all trade receivables and contract assets. The ECLs also incorporate forward-looking information.

Trade receivables and contract assets are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make contractual payments and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

As at 31 December 2022, the Group has adopted average expected loss rate of 5.0% (2021: 2.6%) on the gross carrying amounts of the trade receivables and contract assets amounted to RMB1,598,046,000 (2021: RMB1,621,145,000 (restated)). The loss allowance as at 31 December 2022 is RMB79,406,000 (2021: RMB41,655,000 (restated)).

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.5 Credit risk (Continued)

#### (ii) Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, cash at banks and on hand, loans to associates, loans to joint ventures and amounts due from non-controlling interests. In order to minimise the credit risk financial assets at amortised cost, the management of the Group has designated a team responsible for determination of credit limits and credit approvals. The management would make periodic collective and individual assessment on the recoverability of financial assets at amortised cost based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of these other financial assets at amortised cost are considered to be low.

Management makes periodic collective assessments for financial assets included in other receivables, loans to associates, loans to joint ventures, amounts due from non-controlling interests as well as their individual assessment on the recoverability based on historical settlement records and past experience. In applying the forward-looking information, the Group has taken into account the possible impacts associated with the overall change in the economic environment arising from COVID-19. The Group considered the credit risk associated with other receivables, loans to associates, loans to joint ventures, amounts due from non-controlling interests to be low. The directors of the Group believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in other receivables, loans to associates, loans to joint ventures, amounts due from non-controlling interests.

As at 31 December 2022, the Group has adopted average expected loss rate of 6.5% (2021: 4.9% (restated)), 4.9% (2021: 0.1%), 3.5% (2021: 0.1%) and 0.1% (2021: 0.1%) on the gross carrying amounts of other receivables, loans to associates, loans to joint ventures and amounts due from non-controlling interests amounted to RMB826,601,000 (2021: RMB683,330,000 (restated)), RMB5,689,190,000 (2021: RMB4,589,431,000), RMB1,014,469,000 (2021: RMB4,474,000) and RMB35,488,529,000 (2021: RMB26,489,165,000), respectively. The loss allowance of other receivables, loans to associates, loans to joint ventures and amounts due from non-controlling interests as at 31 December 2022 is RMB53,326,000 (2021: RMB33,790,000 (restated)), RMB281,570,000 (2021: RMB4,589,000), RMB35,732,000 (2021: RMB4,000) and RMB35,488,000 (2021: RMB26,489,000) respectively, were made against the gross amount of other receivables, loans to associates, loans to joint ventures and amounts due from non-controlling interests respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.5 Credit risk (Continued)

The credit risks on cash at banks and on hand and debt investment are considered to be insignificant because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. The Group also continually evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit is extended to customers based on the evaluation of individual customer's financial conditions. In this regard, directors of the Company consider the Group's credit risk is significantly reduced. There is no requirement for collaterals by the Group, except for leases which generally require the tenants to pay security deposits.

The Group has deposited its cash with various banks. The credit risk on cash and bank balances is limited because most of the Group's cash are deposited with major banks located in Hong Kong and the PRC.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

### 45.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to related companies, amounts due to non-controlling interests, loans from intermediate holding company, receipts under securitisation arrangements, interest-bearing borrowings, lease liabilities and its financing obligation, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30-day projection. Long term liquidity needs for a 180-day and 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period.

The Group maintains cash and short-term bank deposits to meet its liquidity requirements for 30 day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.6 Liquidity risk (Continued)

Analysed below is the Group's remaining contractual maturities for its non-derivative and derivative financial liabilities as at 31 December 2022 and 2021. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

The contractual maturity analysis of the Group below is based on the undiscounted cash flows of the financial liabilities:

	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Over 5 years RMB'000	Total undiscounted contractual amount RMB'000	Carrying amount RMB'000
<b>As at 31 December 2022</b>						
Trade and other payables	24,444,564	-	-	-	24,444,564	24,444,564
Amounts due to related companies	11,126,370	-	-	-	11,126,370	11,126,370
Amounts due to non-controlling interests	4,413,995	-	-	-	4,413,995	4,413,995
Loans from intermediate holding company	2,293,404	49,973,329	-	-	52,266,733	47,679,925
Interest-bearing borrowings (note (a))	7,567,942	15,209,681	22,019,328	762,281	45,559,232	41,658,031
Lease liabilities	61,889	50,001	76,842	31,760	220,492	200,306
	<b>49,908,164</b>	<b>65,233,011</b>	<b>22,096,170</b>	<b>794,041</b>	<b>138,031,386</b>	<b>129,523,191</b>
Financial guarantees issued (note (b))						
Maximum amount guaranteed (note 39)	75,072,624	-	-	-	75,072,624	75,072,624
<b>As at 31 December 2021 (Restated)</b>						
Trade and other payables	31,379,151	-	-	-	31,379,151	31,379,151
Amounts due to related companies	7,946,002	-	-	-	7,946,002	7,946,002
Amounts due to non-controlling interests	6,388,232	-	-	-	6,388,232	6,388,232
Loans from intermediate holding company	1,810,381	39,448,248	-	-	41,258,629	37,637,867
Interest-bearing borrowings (note (a))	6,654,865	14,338,085	25,013,790	634,069	46,640,809	41,666,957
Receipts under securitisation arrangements	2,021,568	-	-	-	2,021,568	1,998,346
Lease liabilities	62,087	44,515	78,625	43,523	228,750	205,004
	<b>56,262,286</b>	<b>53,830,848</b>	<b>25,092,415</b>	<b>677,592</b>	<b>135,863,141</b>	<b>127,221,559</b>
Financial guarantees issued (note (b))						
Maximum amount guaranteed (note 39)	64,588,359	-	-	-	64,588,359	64,588,359



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.6 Liquidity risk (Continued)

Notes:

- (a) Bank loans with a repayment on demand clause are included in the “Within 1 year or on demand” time band in the above maturity analysis. As at 31 December 2022, the aggregate undiscounted principal amounts of these bank loans amounted to RMB44,664,000 (2021: RMB773,241,000). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within one year (2021: one year) after the reporting date in accordance with the scheduled repayment date set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB47,563,000 (2021: RMB791,235,000).
- (b) The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced 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 reporting date, the directors considered that it was not probable that the borrowers of the loans would default the repayment of the loans and therefore no provision for the Group’s obligation under the guarantee has been made.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash. The Group’s existing cash resources and other liquid assets significantly exceed the cash outflow requirements.

### 45.7 Fair value measurements of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.7 Fair value measurements of financial instruments (Continued)

The financial assets and liabilities measured at fair value in the consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Notes	2022 Level 3 RMB'000	2021 Level 3 RMB'000
<b>Financial assets</b>			
<b>Financial assets measured at FVTPL</b>			
— Subordinated tranche securities	(a)	5,000	389,600
— Unlisted equity securities	(b)	118,604	115,600
Total fair value		123,604	505,200

The methods and valuation techniques used for the purpose of measuring fair values categorised in Levels 3 is unchanged compared to the previous reporting periods and are described below.

	Valuation technique	Unobservable input	Range of unobservable input	
			2022	2021
Subordinated tranche securities (note a)	Discounted cash flow	Discount rate	2.98% to 3.25%	3.57% to 4.15%
		Discount factor	0.98 to 0.99	0.94 to 0.99
Unlisted equity securities (note b)	Direct comparison and adjusted net asset approach	Adjusted market price of the market comparable for the underlying property held by the unlisted equity securities	N/A	RMB101,000 to RMB116,000 per square meter
		Adjusted market price of the market comparable for the underlying carpark held by the unlisted equity securities	RMB450,000 to RMB500,000	RMB442,000 to RMB491,000

(a) *Subordinated tranche securities (Level 3)*

Future cash flows are estimated based on applying the expected yields of the instruments and the discount rate that reflects the credit risks of the instrument.

The higher the discount rate, the lower the fair value; the higher the discount factor, the higher the fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.7 Fair value measurements of financial instruments (Continued)

#### (b) Unlisted equity securities (Level 3)

The fair value of unlisted equity securities is determined by using adjusted net asset approach. The higher the adjusted market price of the market comparables for the underlying property held by the unlisted equity securities, the higher the fair value.

The reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 of the fair value hierarchy is as follows:

	<b>Subordinated tranche securities RMB'000</b>	<b>Unlisted equity securities RMB'000</b>
At 1 January 2021	282,680	121,000
Additions	122,000	–
Acquisition of subsidiaries	–	3,600
Disposal	(25,000)	–
Fair value gain/(loss) recognised in profit or loss	9,920	(9,000)
At 31 December 2021 and 1 January 2022	<b>389,600</b>	<b>115,600</b>
Additions	<b>5,000</b>	<b>1,004</b>
Disposal	<b>(403,000)</b>	–
Fair value gain recognised in profit or loss	<b>13,400</b>	<b>2,000</b>
<b>At 31 December 2022</b>	<b>5,000</b>	<b>118,604</b>

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data under discounted cash flow in respect of subordinated tranche securities, unlisted structured deposits and unlisted equity securities, as the management considers that the exposure is insignificant to the Group.

Fair value gain or loss on subordinated tranche securities, unlisted structured deposits and unlisted equity securities are recognised in profit or loss and included under "Other net gain" (note 6).

There have been no transfers into or out of Level 3 during the year ended 31 December 2022 (2021: Nil).

## 46. NON-CASH TRANSACTIONS

During the year ended 31 December 2022, the contract liabilities have incurred significant financing component of RMB6,198,877,000 (2021: RMB3,595,899,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

## 47. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as borrowings less cash at banks and on hand. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

During the years ended 31 December 2022 and 2021, the Group's strategy in monitoring its capital structure, which was unchanged from prior year, was to maintain a sufficient cash level to meet its liquidity requirements. In order to maintain or adjust the cash level, the Group may issue new shares, raise new debts financing or sell assets to increase the cash level.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## 48. EVENT AFTER THE REPORTING DATE

### Equity transfer agreements entered into with C&D Real Estate

On 6 December 2022, Xiamen Yi Yue Property Company Limited\* (廈門益悅置業有限公司) ("Xiamen Yi Yue") and Xiamen Zhaoyirong Property Development Company Limited\* (廈門兆翊蓉房地產開發有限公司) ("Xiamen Zhaoyirong"), subsidiaries of the Company, entered into equity transfer agreements with C&D Real Estate and Xiamen Liyuan Investment Company Limited\* (廈門利源投資有限公司) ("Xiamen Liyuan"), pursuant to which C&D Real Estate and Xiamen Liyuan agreed to sell and Xiamen Yi Yue and Xiamen Zhaoyirong agreed to acquire 95% and 5% equity interests in Fujian Zhaorun Real Estate Co., Ltd.\* (福建兆潤房地產有限公司) ("Fujian Zhaorun"), respectively, at a total cash consideration of approximately RMB10,063,000, of which Xiamen Yi Yue and Xiamen Zhaoyirong shall contribute RMB9,560,000 and RMB503,000 respectively. Xiamen Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder's loan (principal and interest) in the total amount of approximately RMB1,552,127,000 (subject to adjustment) previously advanced by C&D Real Estate and Xiamen Liyuan to Fujian Zhaorun in accordance with the proportion of equity interests in Fujian Zhaorun to be held by Xiamen Yi Yue and Xiamen Zhaoyirong. Please refer to the Company's announcements dated 6 December 2022 and 10 February 2023; and the Company's circular dated 17 January 2023 for further details.

Fujian Zhaorun acquisition has been completed in March 2023.

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

## 49. COMPARATIVE FIGURES

As explained in note 2.1 to the consolidated financial statements, due to the Group's application of merger accounting for business combination under common control during the year ended 31 December 2022, certain comparative figures has been restated to conform with current year's accounting treatments and presentation.



# FINANCIAL SUMMARY

## FINANCIAL RESULTS

	2022 RMB'000	Year ended 31 December			
		2021 RMB'000 (Restated)	2020 RMB'000 (Restated)	2019 RMB'000 (Restated)	2018 RMB'000
Revenue	<b>99,635,501</b>	54,564,878	42,744,478	17,319,264	12,371,415
Gross profit	<b>15,219,414</b>	9,078,755	7,340,268	4,482,186	4,115,158
Profit before income tax	<b>8,485,096</b>	5,854,302	4,962,866	3,418,979	3,089,761
Profit for the year	<b>5,561,903</b>	4,149,083	2,767,839	1,997,571	1,577,902
Profit for the year attributable to the equity holders of the Company	<b>4,933,968</b>	3,552,523	2,321,625	1,717,993	1,420,446

## ASSETS, LIABILITIES AND EQUITY

	2022 RMB'000	2021	2020	2019	2018
		RMB'000 (Restated)	RMB'000 (Restated)	RMB'000	RMB'000
Non-current assets	<b>30,771,867</b>	21,127,835	11,354,745	9,646,677	4,516,519
Current assets	<b>362,691,300</b>	324,958,664	173,165,639	105,942,145	58,258,435
Non-current liabilities	<b>84,509,168</b>	75,422,221	50,369,212	38,313,623	26,674,391
Current liabilities	<b>229,533,511</b>	206,397,421	96,384,950	57,665,257	25,496,517
Net current assets	<b>133,157,789</b>	118,561,243	76,780,689	48,276,888	32,761,918
Total equity	<b>79,420,488</b>	64,266,857	37,766,222	19,609,942	10,604,046

# PROPERTIES PORTFOLIO

## PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2022

Property name	Address and lot no.	Type	Total GFA (sq.m.)	Property right expiry date (if applicable)
1. Yu Feng Plaza	8 retail units on 1/F, 1 retail unit on 2/F, 1 office unit on 7/F and 100 car parking spaces in the basement, Yu Feng Plaza, No. 1 Xiguan Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail, office and car parks	8,579	31 March 2074
2. Wan Guo Plaza and other properties	Front yard of No. 107, Room No. 1 on 1/F and Room No. 1 on 2/F of No. 107-1 and No. 113 Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	8,048	31 May 2044 and 25 February 2044
3. Other properties	1/F of No. 119, Xingning Road; and Room No. 1 and 2 on 1/F of No. 66, Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	478	31 August 2044
4. Other properties	Room No. 1 to 7 on 1/F and Room No. 1 to 5 on 2/F of No. 61 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	863	16 April 2044
5. Other properties	The whole of 1/F and 2/F of No. 78 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	2,237	25 February 2044
6. Other properties	The whole 1/F of No. 11, 13 Xinmin Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	250	6 September 2044
7. Other properties	No. 99 and 99-1 Huaqiang Road and Room No. 1 on 1/F of No. 1 Huaxi Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	210	22 April 2044

# PROPERTIES PORTFOLIO

## PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2022 *(Continued)*

Property name	Address and lot no.	Type	Total GFA (sq.m.)	Property right expiry date (if applicable)
8. Other properties	1/F of Block No. 1 and Block No. 2 and 3 of No. 218-9 Xinyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	381	20 February 2044 and 6 September 2044
9. Other properties	No. 80 Changgang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	210	20 February 2044
10. Other properties	Block No. 1 to 4 of No. 80-1 Changgang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Industrial	1,141	16 November 2054
11. Other properties	No. 128 Daxue Dong Road and Block No. 1 of No. 1 Liyuan Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	510	7 September 2044
12. Other properties	No. 117 Gonghe Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	161	Note
13. Other properties	Retail unit No. 23 and residential unit Nos. 701, 702, 703, 739, 750, 751, 752 and 753 of Xinan Shangdu, No. 29 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail and residential	879	25 May 2049 (retail unit) and 25 May 2079 (residential units)
14. Fanghui Plaza	Shops on 1/F-5/F, No. 1118, Changshou Road, Putuo District, Shanghai City, the PRC	Commercial	17,415	23 March 2043
15. Other properties	2-4/F, No. 11 and 13 Xinmin Road, Nanning, Guangxi Zhuang Autonomous Region, the PRC	Office	538	6 September 2044

Note: According to the remark stated in the State-owned Land Use Rights Certificate No. (2010) 518938, the property is situated on a site on which a road is planned to be built and is used temporarily by the Group.

# PROPERTIES PORTFOLIO

## PROPERTIES CONTRACTED TO BE HELD FOR INVESTMENT AS AT 31 DECEMBER 2022

Property name	Address and lot no.	Type	Total GFA	Property right expiry date
1. Other properties	Shop No. 106, Lvdu Shangsha, No. 131 Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	Note	Note

Note: As at 31 December 2022, the State-owned Land Use Rights Certificate of the property have not been obtained. According to the Resettlement Agreement entered into between Guangxi Lvzhidu Real Estate Development Ltd.\* (廣西綠之都房地產開發有限公司) (Party A) and Nanning Bai Yi Industrial Enterprise Limited\* (南寧百益實業有限公司) (Party B) dated 31 October 2002, Party B agreed that 4 retail units with a gross floor area of 127.00 sq.m. on 1/F of Lvdu Shangsha shall be transferred by Party A to Party B after redevelopment of the original buildings. According to the ownership certificate obtained by Party B, the 4 units were unified as 1 unit, with a total gross floor area of 96.25 sq.m.

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
1	Fond England* (裕豐英倫)	The unsold carpark units of Fond England, No. 10 Foziling Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous District, the PRC	65,965	Carparks	4,301	93.84
2	Li Yuan* (裕豐荔園)	The unsold portion of Li Yuan Residential Development, No. 128 Daxue East Road, New & Hi-Tech Industrial Development Zone, Nanning, Guangxi Zhuang Autonomous District, the PRC	9,074	Residential, retail and carparks	16,951	87.52
3	Jianfa•Dushuwan* (建發•獨墅灣)	Land Parcel No. 2015-WG-27, east of Dongfang Avenue, south of Shanghu Road, Suzhou Wuzhong Economic Development Zone, Suzhou, Jiangsu Province, the PRC	224,624	Wholesale and retail, urban residential	466,290	97.50



# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
4	Jianfa•Bihushuangxi* (建發•碧湖雙壘)	West of Hubin Road, north of Xianguang Road, east of Bizhou Road, Longwen District, Zhangzhou City, Fujian Province, the PRC	44,828	Urban residential, wholesale and retail	191,955	100
5	Jianfa•Zhongyang Tiancheng* (建發•中決天成)	Wanfu Community, Wan'an Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	22,174	Urban residential, wholesale and retail	77,087	40
6	Jianfa•Xiyuan* (建發•壘院)	North-west side of the intersection of Longyan Road and Xingye Road, Xinluo District, Longyan City, Fujian Province, the PRC (Dongxiao Land Parcel No. 3)	95,926	Commercial services, residential, public management and public services	264,711	30
7	Shangyue House* (尚悅居)	Southeast corner of intersection of Longteng Road and Shuangyang Road, southeast side of land parcel C of Tianyu Community, Xinluo District, Longyan City, Fujian Province, the PRC	28,495	Residential, ancillary and basement	142,211	40
8	Jianfa•Shouyuan* (建發•首院)	North of Zhanglong Expressway, east of Longyan Avenue, Xinluo District, Longyan City, Fujian Province, the PRC (Land Parcel B on the south side of Shuanglong Road)	91,037	Commercial services, residential, public management and public services	274,572	100

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
9	Guandi* (觀邸)	Land Parcel C, east of Changxing Road, Shaxian, Fujian Province, the PRC	41,936	Commercial services, wholesale and retail, hoteling and catering, business finance, other commercial services, urban residential	116,447	51
10	Jianfa•Yangzhu* (建發•央著)	East of Yingri Road, north of Xuesong Road, Meixi Lake, Changsha City, Hunan Province, the PRC (Land Parcel No. B-39)	80,463	Residential	403,530	100
11	Jianfa•Yangxi* (建發•央璽)	No. 100, Shaoshan Road, Yuhua District, Changsha City, Hunan Province, the PRC	25,043	Residential, commercial	163,522	100
12	Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	South of Xinyan Avenue, west of Yangcheng Road, Weitang Town, Suzhou City, Jiangsu Province, the PRC	22,256	Urban residential, commercial services	63,941	55
13	Jianfa•Yulongwan* (建發•御龍灣)	Chengbei Community, Fanzhuang Community, Yangshe Town, Zhangjiagang City, Jiangsu Province, the PRC	191,347	Urban residential, commercial services	568,812	70
14	Jianfa•Yangzhu* (建發•泱著)	North of Luoyang East Road, west of Changsheng Road, Gaoxing District, Taicang City, Jiangsu Province, the PRC	47,984	Urban residential, commercial	150,263	100
15	Jianfa•Jiuliwan* (建發•玖里灣)	East of Shanhe Road, north of Hongye East Road, Xidong New City Business District, Wuxi City, Jiangsu Province, the PRC	196,414	Urban residential	501,752	100

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
16	Jianfa•Xiyuan* (建發•壘院)	No. 100, Jinfu Road, Jiangnan District, Nanning City, Guangxi Province, the PRC	22,276	Urban residential, wholesale and retail	105,033	51
17	Jianfa•Yangzhu* (建發•央著)	Intersection of Jianping Avenue and Shuanglong Road, Western District Ecological City, Jianyang District, Nanping City, Fujian Province, the PRC (Land Parcel No. C07 of Western District Ecological City)	70,000	Urban residential	161,967	70
18	Jianfa•Yangzhu* (建發•央著)	Northeast of the intersection of Xingjin Road and Haixiang Avenue, Xincheng Area, Jimei District, Xiamen City, Fujian Province, the PRC (Land Parcel No. 2017JP03)	20,176	Urban residential, wholesale and retail	95,201	49
19	Jianfa•Yangzhu Phase II* (建發•央著二期)	Northeast of the intersection of Chengyi West Road and Chengyi North Road, Jimei District, Xiamen City, Fujian Province, the PRC (Land Parcel No. 2018JP01)	30,535	Urban residential, retail commercial	126,366	51
20	Jianfa•Shanwaishan (Land Parcel C)* (建發•山外山(C地塊))	Shili Village, Mayangxi Ecological Tourism Zone, Changtai County, Fujian Province, the PRC	54,903	Urban residential	135,863	94
21	Jianfa•Xiyuan* (建發•壘院)	West of Hubin Road, south of Xiazhou Road, Longwen District, Zhangzhou City, Fujian Province, the PRC	41,973	Wholesale and retail, hoteling and catering, urban residential	166,757	100
22	Jianfa•Xiyuan* (建發•壘院)	Land Parcel No. SN-B-(17-18), South Shui Area, Jian'ou City, Fujian Province, the PRC	52,747	Other common commodity housing, wholesale and retail, hoteling and catering	179,687	70

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
23	Jianfa•Yangzhu* (建發•央著)	Shanty Town Rebuilding Land Plot H2, south of the Residential Theme Park, Jin'an District, Fuzhou, Fujian Province, the PRC	55,489	Urban residential, wholesale and retail	184,278	51.6
24	Jianfa•Yangyu* (建發•泱譽)	Minfeng Village, Yangshe Town, Zhangjiagang City, Jiangsu Province, the PRC	69,858	Urban residential, commercial services	191,028	100
25	Jianfa•Yangyu* (建發•泱譽)	South of Suzhou Road, west of Xingye Road, Gaoxing District, Taicang City, Jiangsu Province, the PRC	37,953	Urban residential, commercial	107,077	100
26	Duhuizhiguang* (都會之光)	East of Loujiang Road, north of Luoyang Road, Guoxing District, Taicang City, Jiangsu Province, the PRC	52,932	Urban residential	146,620	30
27	Jianfa•Yangyu* (建發•央譽)	South of Xinzhuang Road, west of Xueli Road, Yongyang Street, Nanjing City, Jiangsu Province, the PRC	73,277	Urban residential, commercial services	195,131	40
28	Sky of city* (天空之城)	Superstructure of Xindian Vehicle Base of Fuzhou Metro Line 1, located on the south side of Zhanban Road, Jin'an District, Fuzhou, Fujian Province, the PRC	111,444	Residential, commercial	451,279	16.5
29	Xixi Yunlu* (西溪雲廬)	Northwest corner of the intersection of Planned Xilong Road and Planned Zhechuang Road, Xihu District, Hangzhou City, Zhejiang Province, the PRC	42,357	Urban residential	96,140	10.5
30	Yangyun Jingshe* (養雲靜舍)	Hangzheng Chuchu Land Parcel No. 201727, Gongshu District, Hangzhou City, Zhejiang Province, the PRC	15,160	Urban residential	46,120	40.18



# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
31	Jianfa•Xiyue* (建發•璽樾)	The northeast to the intersection of Chenggong Avenue and Jinshan West Road, 06–07 Fanghu Area, Huli District, Xiamen, Fujian Province, the PRC (Land Plot no. 2018P02)	61,842	Urban residential, retail commercial, other commercial and service, educational	215,801	95
32	Jianfa•Yangzhu* (建發•央著)	Within control scope of Yuhu Area, Licheng District, Putian City, Fujian Province, the PRC	54,977	Residential, service facilities	189,579	100
33	Wuyi & Jianfa• Shanwaishan* (武夷&建發•山外山)	Duba Ecological Tour & Economic Park, Wuyi Town, Wuyishan City, Fujian Province, the PRC	160,000	Catering and hotel, residential	108,647	50
34	Jianfa•Yuefu* (建發•悅府)	East of Lianjiang Middle Road, West of Houpu Road, Jin'an District, Fuzhou	23,256	Urban residential, commercial and finance	86,014	100
35	Jianfa•Jinhuiyin* (建發•津湖印)	North-east of the intersection of Jinji Road and Yanlong Road, Longyan	20,907	Urban residential	70,153	55
36	Jianfa•Runjinyuan* (建發•潤錦園)	West of Zhixing Road, north of Pengshan Road, Gaoxinyuan, Jiangning District, Nanjing City, Jiangsu Province, the PRC	34,092	Urban residential, commercial services, business	94,742	50
37	Jianfa•Jingyuexuan* (建發•璟悅軒)	North of Rongxing Road, east of Zhenming Road, Gongming Zhongxin District, Shenzhen City, Guangdong Province, the PRC	8,416	Apartments, commercial	66,920	51
38	Jianfa & Jiulongcang• Yangxi* (建發&九龍倉•央璽)	No. 444, Shitan Road, Shijing Town, Baiyun District, Guangzhou City, Guangdong Province, the PRC	45,559	Urban residential	200,555	64

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
39	Jianfa•Yangzhu* (建發•央著)	Land Parcel 06–2 west to the Bihu Biological Park, Longwen District, Zhangzhou City, Fujian Province, the PRC	37,141	Residential, commercial services	127,441	70
40	Jianfa & Jinmao•Xiyue* (建發&金茂•璽悅)	Dahualing Village, Daqiao New District Office, Jiangxia District, Wuhan Municipal, Hubei Province, the PRC	71,606	Residential	259,932	51
41	Jianfa•Xiyuan (Phase I)* (建發•璽院(一期))	West of Shizhai North Road, North of Maishi Street, Sui'an Town, Zhangpu County	66,156	Residential, commercial services	178,622	70
42	Jianfa • Wenchangfu* (建發•文昌府)	North of East Road, Nanchang Road, West of Putougang, Longwen District, Zhangzhou City	29,908	Retail commercial, urban residential	77,761	70
43	Jianfa•Yangyu* (建發•央譽)	Within the control scope of Yuhu District, Licheng District, Putian City	46,882	Residential	157,725	100
44	Jianfa•Panlongfu* (建發•磐龍府)	North of Lihan Avenue and South of Panlong Road, Xitianwei Town, Licheng District, Putian City	182,155	Urban residential, commercial and residential, education	435,715	100
45	Jianfa•Xiyue* (建發•璽悅)	No. 27 Nanfu Road, Yanping District, Nanping City	135,299	Residential, commercial	312,932	75
46	Jianfa•Shuxiangli* (建發•書香里)	Core area of central city of Lianjiang County, Qingtang area	35,134	Retail commercial, urban residential	100,028	100
47	Jianfa•Tianxing Xiyuan* (建發•天行璽院)	North of Tianshan Road, East side of Wangkeng Road, Dongqiao District, Ningde City	85,885	Urban residential, commercial service land	272,048	55

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
48	Jianfa•Tianjingwan Yayuan* (建發•天境灣雅園)	East of Dongcang Road, South of Tianru Road, Science and Education New Town, Taicang	83,999	Urban residential, commercial, kindergarten	228,199	100
49	Jianfa•Shangyuyuan* (建發•尚虞院)	East of Yuanhetang, North of China Merchants West Road, Mocheng Street, Changshu City	32,578	Urban residential	120,924	100
50	Jianfa•Chunjiang Boyue* (建發•春江泊月)	East side of Lujin Road and South side of Luxin Road, Qiaokou Town, Wuzhong District, Suzhou City	27,921	Urban residential	67,010	100
51	Jianfa•Yujingwan* (建發•御璟灣)	West of Jinnan Road, Jingang Town, Zhangjiagang City	166,013	Urban residential	437,843	100
52	Jianfa•Yangxi* (建發•央璽)	No. 3 Tanyang Road, Liangqing District, Nanning City	101,673	Retail commercial, urban residential	276,552	100
53	Jianfa•Yangzhu* (建發•泱著)	East of Longyan Traffic and Highway Management Center, north of Jinji Road	32,413	Residential, commercial services	90,756	70
54	Jianfa•Shuxiangfu* (建發•書香府)	East of Liyushan Middle School, Qingtang Area, Lianjiang County, Lianjiang City, the PRC	64,548	Residential, commercial services	142,006	40
55	Jianfa•Longxitai* (建發•瓏璽台)	Shima Town, Longhai City, Zhangzhou City, the PRC	8,426	Commercial and residential	25,278	100
56	Jianfa•Boyuewan* (建發•泊月灣)	Northeast of the intersection of Taishan Road and Xinming Road, Xinwu District, Wuxi, the PRC	89,156	Residential	178,312	100

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
57	Jianfa•Nanhuyin* (建發•南湖印)	South of Meixia Avenue, north of Huanhu Road, Yunxiao County, Zhangzhou City, the PRC	66,279	Residential	218,721	80
58	Jianfa•Jinyuewan* (建發•金玥灣)	900 meters straight distance from the north of Wanda, east to Weiling North Road, south to Longyan Road, west to Dongping North Road, north to Longwan Road, Jinshan District, Shanghai, the PRC	82,921	Residential	149,257	51
59	Jianfa•Yuejiangnan* (建發•悅江南)	West side of Guiba Road, North side of Sports Road, Taihu New Town (Songling Town)	87,814	Residential	114,158	100
60	Jianfa•Tianxing Yangzhu* (建發•天行泱著)	Donglan Zu Tuan, Ningde Dongqiao Economic and Technological Development Zone, North of Mindong East Road, East of Yufu Road	49,177	Urban residential, commercial service land	139,847	50
61	Jinmao & Jianfa• Guanyue* (金茂&建發•觀悅)	Binhe Road, Furong District, Changsha City	92,638	Residential	255,005	49
62	Jianfa•Beida Longting Phase I* (建發•北大龍廷一期)	South of Shenyang Road and north of Hengyang West Road, Xixiangtang District, Nanning City	29,473	Residential, commercial services	138,378	60
63	Jianfa•Yuexi Phase II* (建發•壘院二期)	South of Jinfu Road and east of Yide Road, Jiangnan District, Nanning City	11,323	Residential, commercial services	39,631	51
64	Jianfa & Rongqiao• Shanghai Daguang 01.03.04* (建發&融僑• 山海大觀01.03.04)	Land Parcels No. C24, C26, C36 in Songwu Village, Pukou Town, Lianjiang County, Fujian Province, the PRC	90,802	Urban residential, wholesale and retail	228,224	65



# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
65	Wudi & Jianfa•Xiyuan* (武地&建發•璽院)	East of Huashan Avenue, north of Dachangshan Road, Donghu New Technology Development Zone, Wuhan City, Hubei Province, the PRC	68,315	Urban residential	148,133	49
66	Jianfa•Yuexi* (建發•悅璽)	West of Huxin Road, north side of Tengyi Road, Doumen District, Zhuhai City, Guangdong Province, the PRC	47,364	Urban residential, retail commercial, public facilities, education,	121,978	100
67	Jianfa•Hexi* (建發•和璽)	North-west side of the intersection of Xin'an North Road and Lehuo Road, Haicang District, Xiamen	41,979	Retail commercial, urban residential	85,205	51
68	Jianfa•Heming* (建發•和鳴)	North-west side of the intersection of Dongfu East 2nd Road and Lehuo Road, Haicang District, Xiamen	27,230	Retail commercial, urban residential	72,500	49.5
69	Jianfa•Hezhu Phase I* (建發•和著一期)	South-west side of the intersection of Dongyao Road and Xiyuan South Road, Majiwan District, Haicang District, Xiamen City	17,464	Residential, commercial	48,900	70
70	Jianfa•Hezhu Phase II* (建發•和著二期)	East side of the intersection of Dongyao Road and Xiyuan South Road, Majiwan Area, Haicang District, Xiamen	18,590	Residential, commercial	52,050	70
71	Jianfa•Yangyu* (建發•央譽)	West of Longxiang Road, south of Narcissus Street, Longwen District, Zhangzhou City	32,768	Retail commercial, urban residential	128,921	100
72	Jianfa•Yuhuyihao* (建發•玉湖壹號)	Within the control scope of Yuhu District, Putian City	31,876	Urban residential	82,877	100

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
73	Jinmao & Jianfa•Boyue* (金茂&建發•泊悦)	Northeast corner of the intersection of Beijincheng Road and Yinshan Road, Yuelu District, Changsha City	39,354	Residential, commercial	83,037	49
74	Jianfa•Songyayuan* (建發•松雅院)	East of Ninghua Road, North of Wangxian Road, Xingsha Street, Changsha County	130,157	Urban residential	234,283	49
75	Jianfa•Jiangshanyue* (建發•江山悦)	East Line of Xiaoxiang Avenue, west of Lianjiang Road, Yuelu District, Changsha City	185,332	Residential	415,972	49
76	Jianfa•Hexi* (建發•和璽)	North-east of the intersection of Xincheng Road and Hefeng Road, Economic Development Zone, Wuxi	143,853	Urban residential	214,008	49
77	Jianfa•Jiuli Yingyue* (建發•玖里映月)	North of Dongxiang Road and East of Hongye Road, Xidong New Town Business District, Wuxi	55,997	Residential, commercial	100,952	42
78	Jianfa•Beida Longting Phase II* (建發•北大瓏廷二期)	South of Shenyang Road, North of Hengyang Road, Xixiangtang District, Nanning City	28,953	Retail commercial, urban residential, commercial and finance	157,769	60
79	Jianfa•Wuxiang Yinyue (former as Jianfa•Shuangxi)* 建發•五象印月 (原建發•雙璽)	South of Yudong Avenue, west of Yude Road, Liangqing District, Nanning	86,333	Retail commercial, urban residential	172,667	100
80	Jianfa•Yangjing* (建發•央璟)	South of Chunfeng Road, Xiangzhou District, Zhuhai	19,703	Urban residential	80,257	100

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
81	Jianfa•Sishui Heming* (建發•泗水和鳴)	East to Donggangjing, south to the Guihua Road, west to Henggang Road, north to the Guihua Daolu, Songjiang District, Shanghai, the PRC	85,715	Residential	128,572	49
82	Jianfa•Yangyun* (建發•養雲)	Southeast of the intersection of Fanghu North 2 Road and Zongsi Road, Huli District, Xiamen, the PRC	50,394	Residential, commercial	174,500	80
83	Jianfa•Yuanxi Phase I* (建發•園璽一期)	North of Xingsheng Road and East of Yuyao Road, Yuanhe Street, Xiangcheng District, Suzhou, the PRC	25,806	Residential	77,435	60
84	Jianfa•Junhefu* (建發•珺和府)	East to Longwang Street, south to Yuanqian Road, west to Xinting Street, north to Lushan Road, Nanjing, the PRC	28,196	Residential	75,126	100
85	Jianfa•Shuxiangyincui* (建發•書香印翠)	East to Guihua Daolu, south to Guihua Daolu, west to the cadre school of the provincial construction department, north to Huayuan Village, Hangzhou, the PRC	16,996	Residential	52,688	100
86	Jianfa•Hexi* (建發•和璽)	North side of Linhou Street, Jianyang City, the PRC	50,539	Residential	83,389	100
87	Jianfa•Hexi* (建發•和璽)	East to Jiangfan Road; south to Zhenxing Road; west to Huachang Road; north to Zhongxing Road, Zhangjiagang City, the PRC	95,636	Residential	191,272	60

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
88	Jianfa•Shuxiang Fudi Phase I* (建發•書香府邸一期)	D19, northeast of the intersection of Hongzhong Avenue and Chengchang Road, Xiang'an South Xincheng Area, Xiang'an District 13-15, Xiamen, the PRC	8,839	Commercial and residential	26,500	100
89	Jianfa•Shuxiang Fudi Phase II* (建發•書香府邸二期)	D22, northeast of the intersection of Hongzhong Avenue and Chengchang Road, Xiang'an South Xincheng Area, Xiang'an District 13-15, Xiamen, the PRC	16,513	Commercial and residential	52,800	100
90	Jianfa•Panlongyuan Phase I* (建發•磐龍院一期)	Economic Development Area (經開板塊), Bengbu City, the PRC	54,694	Residential	87,418	100
91	Jianfa•Shangyuan Phase I (formerly as Wuxi Shangyuan)* 建發•上院一期 (原無錫上院)	Southeast of the intersection of Wangzhuang Road and Chengnan Road, Xinwu District, Wuxi, the PRC	51,352	Residential	118,378	100
92	Jianfa•Hexin Phase II* (建發•和壘二期)	North of Wangkeng Road, East of Liancheng Road, Ningde City, the PRC	45,935	Residential	105,651	49.98
93	Jianfa•Hexin Phase I* (建發•和壘一期)	North of Wangkeng Road, West of Liancheng Road, Ningde City, the PRC	35,693	Residential	78,525	49.98
94	Jianfa•Wuyuan Yingyue* (建發•五緣映月)	Southeast of the intersection of Wuyuanwan Road and Jinbian Road, Huli District, Xiamen, the PRC	17,069	Residential	53,000	80



# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
95	Jianfa•Hezhu* (建發•和著)	South of Shengli West Road, east of Guihua Jinfang Road and north of Guihua Yuanzhong Road, Xiangcheng District, Zhangzhou City, the PRC	26,665	Residential, commercial	63,900	100
96	Jianfa•Yangyun* (建發•養雲)	North side of Hengyu Road, south of Niugangshan Park, Fuzhou City, the PRC	50,454	Residential	105,449	100
97	Jianfa•Heming* (建發•和鳴)	Land parcel at south of Heyue Road and east of Lingnan Avenue, Lecong Town, Shunde District, Shunde City, Foshan, the PRC	42,461	Residential	106,153	100
98	Jianfa•Jinyuewan (formerly as Wuxi Jinyuewan)* 建發•金玥灣 (原無錫金玥灣)	North side of Cuizhu South Road and west side of Huizhou Avenue, Huishan District, Wuxi, the PRC	86,042	Residential	189,292	52
99	Jianfa•Heming* (建發•和鳴)	Both sides of Linhou Street and south side of Fuhou Street, Wuyi New District, Nanping City, the PRC	54,040	Residential	91,868	100
100	Jianfa•He Xi* (建發•和璽)	Yezha Community land grant, south side of Lubin Road and east side of Hongwanzhong Road, Cangshan District, Fuzhou City, the PRC	24,044	Residential	52,897	100
101	Jianfa•Wangyueli* (建發•望玥里)	North Area of Eco-city (North of Shuanglong Road), West District, Jianyang District, Nanping City, the PRC	45,934	Residential	82,680	70

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
102	Jianfa•Yangyunfu* (建發•養雲府)	Southwest of the intersection of East Ramie Road and East Huancheng Road, Zhuji City, Shaoxing, the PRC	19,466	Residential	36,013	100
103	Jianfa•Wenjing* (建發•文璟)	East side of Longteng South Road, north of Gaokan Expressway, Longyan City, the PRC	41,724	Residential	104,310	100
104	Jianfa•Shuxiangfu* (建發•書香府)	Land Parcel at the west side of Shangshadong Road, Xiapu, Ningde City, the PRC	69,770	Residential	125,586	70
105	Jianfa•Yunjinwan* (建發•雲錦灣)	East to Lu Xiang Road, west to Luo Zhen Road, South to Mei Ai Road, North to Mei Dan Road, Shanghai, the PRC	57,955	Residential	115,909	100
106	Jianfa•Pushanwan* (建發•浦上灣)	East to Planning Road 3, west to the red line of the site, south to Yuejin River and north to Planning Road 8, Shanghai, the PRC	32,381	Residential	64,762	100
107	Jianfa•Xiyuan Phase II* (建發•壘院二期)	West of Shizhai North Road and north of Macheng Street, Suian Town, Zhangpu County, Zhangzhou City, the PRC	57,119	Residential, commercial	154,221	70

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
1	Jianfa & Rongqiao• Shanghai Daguan 02* (建發&融橋•山海大觀 02)	Songwu Village, Pukou Town, Lianjiang County, Fuzhou, Fujian Province, the PRC (Land Plot no. Lian Di Pai Mai (2018)02)	Urban residential	preliminary	69,982	104,973	Mid-2025	65%
2	Jianfa•Shanhuyuan* (建發•山湖院)	Shili Village, Mayangxi Ecological Tourist Area, Changtai County, Zhangzhou City, Fujian Province, the PRC	Retail commercial, urban residential	pre-sold	67,943	95,120	By the end of 2023	60
3	Jianfa•Jiuxifu* (建發•玖熙府)	Lot East of Nanzhu South Road, South of Gaoping Street, Lishui District, Nanjing	Residential	pre-sold	121,488	182,232	Mid-2023	49
4	Jianfa & Rongchuang• Changan Hexi* (建發&融創•長安和壘)	East side of Gucheng South Street (Southeast area of Shougang Park), Shijingshan District, Beijing, the PRC	Residential	pre-sold	23,303	65,248	By the end of 2023	51
5	Jianfa•Yuanxi Phase II* (建發•園峯二期)	North of Xingsheng Road and East of Yuyao Road, Yuanhe Street, Xiangcheng District, Suzhou, the PRC	Residential	pre-sold	37,260	80,221	Mid-2023	60
6	Jianfa•Yangzhu* (建發•央著)	North side of Dongge Road, Qingxiu District, Nanning City, the PRC	Commercial and residential	pre-sold	19,796	69,285	Mid-2023	100
7	Jianfa•Yangzhu Phase I (former as Guilv Project)* 建發•央著一期 (原貴銘項目)	East side of Luxing Road, south side of Baishaguan Road, west side of Guihuazhong 2 Road and Guihuazhong 3 Road, and north side of Tianyuan Street Extension, Luxing Community, Baiyun District, Guiyang, the PRC	Residential	pre-sold	89,109	190,649	Mid-2023	100
8	Jianfa•Guiyang Hexi (former as Guilv Project)* 建發•貴陽和 壘 (原貴銘項目)	East side of Luxing Road, south side of Baishaguan Road, west side of Guihuazhong 2 Road and Guihuazhong 3 Road, and north side of Tianyuan Street Extension, Luxing Community, Baiyun District, Guiyang, the PRC	Residential	pre-sold	125,876	192,135	By the end of 2023	100
9	Jianfa•Yangzhu Phase III (former as Guilv Project)* 建發•央著三 期 (原貴銘項目)	East side of Luxing Road, south side of Baishaguan Road, west side of Guihuazhong 2 Road and Guihuazhong 3 Road, and north side of Tianyuan Street Extension, Luxing Community, Baiyun District, Guiyang, the PRC	Residential	preliminary	191,680	152,873	By the end of 2024	100
10	Jianfa•Guiyang Juhe Land Parcel* (建發• 貴陽聚合地塊)	East side of Luxing Road, south side of Baishaguan Road, west side of Guihuazhong 2 Road and Guihuazhong 3 Road, and north side of Tianyuan Street Extension, Luxing Community, Baiyun District, Guiyang, the PRC	Residential	preliminary	136,750	396,778	Not yet determined	100
11	Jianfa•Shuxiangfu* (建發•書香府)	East side of Luxing Road, south side of Baishaguan Road, west side of Guihuazhong 2 Road and Guihuazhong 3 Road, and north side of Tianyuan Street Extension, Luxing Community, Baiyun District, Guiyang, the PRC	Residential	pre-sold	134,859	334,367	By the end of 2024	100

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
12	Jianfa•Manyun* (建發•漫雲)	West of the intersection of Binhu Road and Dongyu West Road, Xinshi District, Haicang District 05-11, Xiamen, the PRC	Commercial and residential	pre-sold	18,038	103,986	At the beginning of 2024	100
13	Jianfa•Panlongyuan Phase II* (建發•磐龍院二期)	Economic Development Area (經開板塊), Bengbu City, the PRC	Residential	pre-sold	47,418	75,822	At the beginning of 2023	100
14	Jianfa•Panlongyuan Phase III* (建發•磐龍院三期)	Economic Development Area (經開板塊), Bengbu City, the PRC	Residential	pre-sold	49,182	58,932	Mid-2023	100
15	Jianfa•Xiyuan Phase III* (建發•壘院三期)	West of Shizhai North Road and south of Chaoyang East Road, Sui'an Town, Zhangpu County, Zhangzhou City, the PRC	Residential	pre-sold	59,312	148,281	Mid-2024	70
16	Jianfa•Wuxi Shangyuan Phase II (formerly as Wuxi Shangyuan)* 建發•無錫 上院二期 (原無錫 上院)	Southeast of the intersection of Wangzhuang Road and Chengnan Road, Xinwu District, Wuxi, the PRC	Residential	pre-sold	62,684	110,322	By the end of 2023	100
17	Shidai Jingcheng* (時代璟城)	North of Wangkeng Road, East of Liancheng Road, Ningde City, the PRC	Residential, commercial	pre-sold	72,319	166,334	Mid-2024	49.98
18	Jianfa•Yangzuo* (建發•央座)	East to Huixing Road, 18metres west to Guihua Road, south to other sites and north to Jiuer East Road, Baogai Town, Shishi City, the PRC	Residential	pre-sold	57,703	161,568	By the end of 2023	100
19	Jianfa•Wanjing* (建發•灣璟)	Southwest of the intersection of Xinyang Avenue and Xinjing Road, Maluanwan Area, Haicang District, Xiamen, the PRC	Residential	pre-sold	25,498	58,640	Mid-2023	80
20	Jianfa•Boyue* (建發•泊月)	Taocheng Town, Shigu Town, Yongchun County, Quanzhou City, the PRC	Residential	pre-sold	54,166	135,415	Mid-2023	100
21	Jianfa•Tianxiwan Yayuan* (建發•天璽灣雅苑)	South of the Second Kaiming Middle School, Huai'an Ecological New Town Block, Huai'an City, the PRC	Residential	pre-sold	189,035	378,000	By the end of 2025	80
22	Jianfa•Shuxiangli* (建發•書香里)	North Area of Eco-city (North of Shuanglong Road), West District, Jianyang District, Nanping City, the PRC	Residential	pre-sold	38,364	61,382	By the end of 2023	70
23	Jiangyue•Junyueli* (建悅•君玥里)	North Area of Eco-city (North of Shuanglong Road), West District, Jianyang District, Nanping City, the PRC	Residential	preliminary	45,934	82,680	Not determined	70
24	Jianfa•Yuefu* (建發•悅府)	Northwest of the intersection of Fanyang West 3 Road and Fanyan North 2 Road, Li'an District, Xiangan District, Xiamen, the PRC	Residential	pre-sold	12,321	36,900	Mid-2023	100



# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
25	Jianfa•Jingxue Heming* (建發•靜學和鳴)	East of Longyan Traffic Highway Management Center, north of Jinji Road, Wuxi, the PRC	Residential	pre-sold	89,870	179,741	By the end of 2023	100
26	Jianfa•Hexi* (建發•和壘)	Land Parcel No. 32 GC2020-115, Dongfeng Road, Liangqing District, Nanning, the PRC	Residential	pre-sold	21,778	65,333	At the beginning of 2023	100
27	Jianfa•Tianxing Manyun* (建發•天行纓雲)	North of Nanchang East Road and west of Putougang, Longwen District, Ningde City, the PRC	Residential	pre-sold	65,767	144,687	Mid-2023	60
28	Jianfa•Heming Lanxijun* (建發•和鳴蘭溪郡)	Binhe Road, Furong District, Putian City, the PRC	Residential	pre-sold	40,590	99,016	By the end of 2023	51
29	Jianfa•Yunzhu Phase II* (建發•雲著二期)	West side of Fenghuang Road, south side of Gongye Road, Longyan City, the PRC	Residential	pre-sold	76,571	122,503	Mid-2023	100
30	Jianfa•Yunzhu Phase I* (建發•雲著一期)	North of Gongye Road and East of Longyan Avenue, Longyan City, the PRC	Residential	pre-sold	33,662	84,155	Mid-2023	100
31	Jianfa•Xiyuan* (建發•壘園)	Northeast of the intersection of Jinji Road and Yanlong Road (Hudong Huayuan land parcel), Jinan, the PRC	Residential	pre-sold	39,000	77,416	Mid-2023	100
32	Jianfa•Hexi* (建發•和壘)	South of Yudong Avenue and west of Yude Road, Liangqing District, Chongqing, the PRC	Residential	pre-sold	75,295	109,068	Mid-2023	100
33	Jianfa•Hezhufu* (建發•和著府)	Intersection of Hexu Road and Yuanxi Road, Liuhe District, Nanjing, the PRC	Residential	pre-sold	49,999	121,966	Mid-2023	100
34	Jianfa•Yangxi* (建發•央壘)	No. 6, Majiagou Road, Jinjiang District, Chengdu, Sichuan Province, the PRC	Residential	pre-sold	87,262	236,454	Mid-2023	100
35	Jianfa•Heming* (建發•和鳴)	East of Hehe Road and west of Tangyao Street, Yongning District, Nanning City, Guangxi Province, the PRC	Residential	pre-sold	37,000	110,469	At the beginning of 2024	100
36	Jianfa•Chunjiangyue* (建發•春江悅)	Within the lot of Qiyun Road, Haishu District, east to Liangfeng Street, south to Duantang East Road, west to Huancheng West Road, and north to the green area along the river in Wujia Cao, Ningbo City, Zhejiang Province, the PRC	Residential	pre-sold	52,000	124,238	Mid-2023	80
37	Jianfa•Yunjinwan* (建發•雲錦灣)	South of Qianlong Canal, adjacent to Sunhu West Road, Suzhou, Jiangsu Province, the PRC	Residential	pre-sold	44,000	74,103	Mid-2023	100
38	Jianfa•Wenhanfu* (建發•文瀚府)	East to Henan Huang Road, planned kindergarten, Red Cross Eye Hospital site, south to planned road, west to protective green space, water environment monitoring center, north to Jintian Road, planned kindergarten, water environment monitoring center, Suqian City, Jiangsu Province, the PRC	Residential	pre-sold	91,000	200,739	At the beginning of 2024	100

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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
39	Jianfa•Tangsong Heming* (建發•棠頌和鳴)	East to Ping Hou River, South to Shuipai Road, West to Xiangjiadang, North to the current river, Shaoxing City, Zhejiang Province, the PRC	Residential	pre-sold	100,000	105,485	By the end of 2023	51
40	Jianfa•Yangzhu* (建發•央著)	Huayan Community, Wenjia Street Office, Qingyang District, Chengdu, Sichuan Province, the PRC	Residential	pre-sold	46,000	116,074	Mid-2023	100
41	Jianfa•Heming* (建發•和鳴)	South side of South Ring Road and west side of East Outer Ring Road, Longyan City, Fujian Province, the PRC	Residential	pre-sold	32,000	93,675	At the beginning of 2024	100
42	Jianfa•Yangzhu Phase II* (建發•央著二期)	Hemp Textile Factory West, Yiyang City, Hunan Province, the PRC	Residential	pre-sold	48,000	168,836	Mid-2024	100
43	Jianfa•Yangzhu Phase I* (建發•央著一期)	Hemp Textile Factory West, Yiyang City, Hunan Province, the PRC	Residential	pre-sold	48,000	166,587	By the end of 2023	100
44	Jianfa•Yangyun* (建發•養雲)	East to Xijiang Road, south to Wantou Road, northwest to the planned river, Wantou area, Jiangbei District, Ningbo City, Zhejiang Province, the PRC	Residential	pre-sold	34,000	70,132	Mid-2023	80
45	Jianfa•Hezhang* (建發•和章)	South of Yuanxi Road and west of Unity Avenue, Jiangbei New District, Nanjing, Jiangsu Province, the PRC	Residential	pre-sold	27,000	58,869	By the end of 2023	100
46	Jianfa•Yingyue* (建發•映月)	Hailian Venture Park, Shuitou Town, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	121,000	255,957	Mid-2023	100
47	Jianfa•Hanlin Jiujiang* (建發•翰林九境)	Land Parcel No. F-01b, South Unit of Ouhai Center, Sanxi District, Wenzhou City, Zhejiang Province, the PRC	Residential	pre-sold	104,000	293,867	At the beginning of 2024	33
48	Jianfa•Yuemingyuan* (建發•悅鳴苑)	East to North Park Road West to Party School Road, South to Long Horn Resettlement Area, and North to Yuying Road, Li Cheng Street, Xiangyou County, Putian City, Fujian Province, the PRC	Residential	pre-sold	24,000	67,299	At the beginning of 2023	51
49	Jianfa•Hezhu* (建發•和著)	Yueyangdao Street, Yinsuan Road and Yinxing Road Southeast corner of intersection, Wangcheng District, Changsha City, Hunan Province, the PRC	Residential	pre-sold	122,000	239,186	By the end of 2023	49
50	Jianfa•Panlongfu* (建發•盤龍府)	North side of Guilou Road, where the central city of Liuzhou meets the new Liudong District, Liuzhou City, Guangxi Province, the PRC	Residential	pre-sold	47,000	88,065	At the beginning of 2023	100
51	Jianfa•Hongjingyuan* (建發•鴻景園)	South of Huizheng Road, west of Xuanhua South Road, east of Daxima South Road and north of the planned road, Rucheng Street, Nantong City, Jiangsu Province, the PRC	Comprehensive	pre-sold	61,000	140,038	Mid-2023	88

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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
52	Jianfa•Wenlan Fudi* (建發•文瀾府邸)	Dainan Street, Lucheng District, Wenzhou City, Zhejiang Province, the PRC	Residential	pre-sold	27,000	76,856	By the end of 2023	65
53	Jianfa•Jingyun Gongguan* (建發•璟雲公館)	South side of Hengyu Road, west side of Qianhengbei Road and East side of Niu Gang Shan Park, Jin'an District, Fuzhou City, Fujian Province, the PRC	Residential	pre-sold	47,000	104,625	Mid-2023	100
54	Jianfa•Suhewang* (建發•蘇河望)	East to Xunyang Road, South to Shiquan Road, West to Langao Road, North to Lane 300 of Langao Road, Shanghai, the PRC	Residential	pre-sold	38,000	76,495	Mid-2023	51
55	Jianfa•Yulongwan* (建發•御龍灣)	Jinsha Street Jinxingang Village, Nantong City, Jiangsu Province, the PRC	Residential	pre-sold	62,000	105,638	Mid-2023	100
56	Jianfa•Yangzhu* (建發•央著)	North of Hexi New Town, east of Shennong Avenue, north of Zhuzhou Avenue Sports Park, south of Huanghe North Road, near the core of Shennong City, Zhuzhou City, Hunan Province, the PRC	Residential	pre-sold	318,848	854,382	By the end of 2023	100
57	Jianfa•Jingcui* (建發•璟萃)	North side of Huayuan East Road and west side of Jinfeng Road, Muzhen Town West side of Jinfeng Road, Wuzhong District, Suzhou, Jiangsu Province, the PRC	Residential	pre-sold	60,000	133,074	By the end of 2023	40
58	Jianfa•Jiuxifu* (建發•玖熙府)	Land Parcel at south of Hao Gang Road and east of Yong Hua Road, Jinan District, Lu'an, Hefei City, Anhui Province, the PRC	Residential	pre-sold	103,000	164,256	Mid-2023	65
59	Jianfa•Hexi* (建發•和璽)	Zhou Chu Village, Guan Qiao Town, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	81,000	189,870	Mid-2024	51
60	Jianfa•Heyue* (建發•和悅)	South of Huawei Road, East of Haide Road, Nanning City Comprehensive Protection Zone, Guangxi Province, the PRC	Residential	pre-sold	19,000	56,961	At the beginning of 2024	100
61	Jianfa•Xiyuan* (建發•璽院)	Yanling Community, Jiangnan New District, Licheng District, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	30,000	80,352	Mid-2023	100
62	Jianfa•Dayuecheng* (建發•大悅城)	Central Park Site, Chaoyang New Town, Nanchang City, Jiangxi Province, the PRC	Comprehensive	pre-sold	136,000	520,473	Mid-2024	49
63	Jianfa•Shinaxifu* (建發•樞溪府)	East side of North Zhenqingxi Road and South side of Zhenqingji Road, Shangrao DOWNTOWN Area, Jiangxi Province, the PRC	Residential	pre-sold	40,000	92,223	Mid-2023	37
64	Jianfa•Junlanhezhu* (建發•君蘭和著)	Adjacent to Butterfly Square in the west and Yueqing City Hall in the southwest, DOWNTOWN area of Yueqing, Wenzhou City, Zhejiang Province, the PRC	Residential	pre-sold	41,000	90,953	Mid-2023	33
65	Jianfa•Wenzhu* (建發•文著)	Xinhan Industrial Park, Hanjiang District, Putian City, Fujian Province, the PRC	Residential	pre-sold	68,000	140,642	Mid-2023	80
66	Jianfa•Sandangyuan* (建發•三堂院)	South of Zhongbian Section of Guangfo New Trunk Road, Dali Town, Nanhai District, Foshan City, Guangdong Province, the PRC	Residential	pre-sold	69,000	148,802	Mid-2024	67

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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
67	Jianfa•Mingzhu Wenxi* (建發•明珠灣壘)	Land parcel at the west of Yisha Yong of Henglei Island, Nansha District, Guangzhou City, Guangdong Province, the PRC	Residential	pre-sold	20,000	89,087	By the end of 2024	100
68	Jianfa•Junhefu* (建發•珺和府)	North side of Dahua Road, east side of Sanfang Lane, south side of Health East Road, Fenghua Street, Yancheng City, Jiangsu Province, the PRC	Residential	pre-sold	72,000	144,844	Mid-2023	49
69	Jianfa•Hezhu* (建發•和著)	South side of Cuizhu South Road, Luoshe Town West side of the present river, Huishan District, Wuxi City, Jiangsu Province, the PRC	Residential	pre-sold	23,000	50,262	Mid-2023	33
70	Jianfa•Commercial Land Parcel No. 2020P04 in Changtai District* (建發•長泰區2020P04商業地塊)	Shili Village, Mayangxi, Changtai County, Zhangzhou City, Fujian Province, the PRC	Commercial	preliminary	5,025	4,523	By the end of 2023	60
71	Jianfa•Manyun* (建發•縵雲)	East to Hangzhou General Administration Hall Joint Stock Economic Cooperative Land, South to Xiangyuan Road, West to Xiangying Road, North to Xiangyun Road, Hangzhou, Zhejiang Province, the PRC	Residential	pre-sold	42,000	91,573	By the end of 2023	100
72	Jianfa•Yangzhu Phase II* (建發•央著二期)	South side of Shiquan Road, Sanjiang Area 16 meters east of the planned road, Xinzhou District, Shangrao City, Jiangxi Province, the PRC	Residential	preliminary	20,000	39,570	Mid-2024	100
73	Jianfa•Yangzhu Phase I* (建發•央著一期)	South side of Shiquan Road, Sanjiang Area 16 meters east of the planned road, Xinzhou District, Shangrao City, Jiangxi Province, the PRC	Residential	pre-sold	54,000	118,842	Mid-2024	100
74	Jianfa•Wenlanfu* (建發•文瀾府)	Integrated Farm, Shuangang Avenue, Wuyishan Suburb, Nanping City, Fujian Province, the PRC	Residential	pre-sold	67,000	113,647	Mid-2023	75
75	Jianfa•Junlan Heming* (建發•君蘭和鳴)	Old Reform Lot II in and around Hongguang Village, Jinan, Fuzhou, Fujian, the PRC	Residential	pre-sold	39,000	84,396	By the end of 2023	49
76	Jianfa•Hexi* (建發•和壘)	East Spring City, Meilin, Yixing City, Jiangsu Province, the PRC	Residential	pre-sold	57,000	91,814	By the end of 2023	60
77	Jianfa•Wuyuan Wenxi* (建發•五緣灣壘)	Genting North Road and Zhongzhi West 3rd Road Southeast side of the intersection, Wuyuanwan Area, Xiamen City, Fujian Province, the PRC	Residential	pre-sold	19,000	55,500	Mid-2024	65
78	Jianfa•Jiangyingyue* (建發•江映月)	West side of Fotang Avenue, Fotang Town, Jinhua City, Zhejiang Province, the PRC	Residential	pre-sold	131,000	133,311	Mid-2024	33
79	Jianfa•Tianyue Yunlu* (建發•天悅雲壘)	No.9, northeast of the intersection of Shi Zhu Road and Sang Yuan Road, Fuchun Future City, Tonglu County, Hangzhou, Zhejiang Province, the PRC	Residential	pre-sold	29,000	55,452	Mid-2023	100



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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
80	Jianfa•Xiwu Guanlan* (建發•西湖觀瀾)	East of Shengli West Road, west of Jianfeng Road and south of Jinling Road, Xiangcheng District, Zhangzhou City, Fujian Province, the PRC	Residential	pre-sold	28,000	83,793	Mid-2023	50
81	Jianfa•Hexi* (建發•和壘)	East of Lucun Road and south of Yunfeng Road, Yundonghai Street, Sanshui District, Foshan City, Guangdong Province, the PRC	Residential	pre-sold	56,000	140,710	Mid-2024	83.5
82	Jianfa•Yujingwan* (建發•譽璟灣)	East to Shaoxing Road and Planning Nursery, west to Century Avenue, south to Shantou Road and Planning Nursery, north to Shaoxing Road, Economic and Technological Development Zone, Suqian City, Jiangsu Province, the PRC	Residential	pre-sold	109,000	273,368	Mid-2024	100
83	Jianfa•Balifu* (建發•八里府)	South of Jiurui Avenue, north of Wujihe Road, west of West of Xinhengtong Guantianti District, Jiujiang Economic Development Zone, Jiujiang City, Jiangxi Province, the PRC	Residential	pre-sold	60,000	108,242	By the end of 2023	70.6
84	Jianfa•Jiulong Hexi Phase II* (建發•玖龍和壘二期)	Jian Yang Village, Chengxi Street, Taizhou City, Zhejiang Province, the PRC	Residential	pre-sold	52,000	124,330	By the end of 2023	47.83
85	Jianfa•Jiulong Hexi Phase I* (建發•玖龍和壘一期)	Jian Yang Village, Chengxi Street, Taizhou City, Zhejiang Province, the PRC	Residential	pre-sold	16,000	39,141	Mid-2023	63.33
86	Jianfa•Tianxi* (建發•天壘)	Dongwang Community, Wenchang Street Office, Changqing District, Jinan City, Shandong Province, the PRC	Residential	pre-sold	74,000	148,716	Mid-2024	100
87	Jianfa•Jiuxifu* (建發•玖熙府)	West to Jinpu Railway, East to West Ring Road, South to Liu Changshan Road, Wangfu Area, Huaiyun District, Jinan City, Shandong Province, the PRC	Residential	pre-sold	44,000	124,205	By the end of 2023	100
88	Jianfa•Wangjing Yangyun* (建發•望京養雲)	Outside the East Fifth Ring Road, north of the Airport Expressway, Beijing, the PRC	Residential	pre-sold	23,000	70,415	Mid-2024	100
89	Jianfa•Yangzuo* (建發•央座)	Tang Hou Village, Baogai Town, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	18,000	45,891	By the end of 2023	100
90	Jianfa•Heming* (建發•和鳴)	Gazengzhai, Lingxiu Town, Quanzhou City, Fujian Province, the PRC	Residential	pre-sold	32,000	79,898	Mid-2023	49
91	Jianfa•Yangyun* (建發•養雲)	Honglu Street, Yinxi Street: North side of Rongqiao City, southeast of Keston Hotel, Fuzhou City, Fujian Province, the PRC	Residential	pre-sold	26,000	67,670	Mid-2024	60

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
92	Jianfa•Tianyang Yazhu (formerly as New Land Parcel in Hangzhou East)* 建發•天泱雅築 (原杭州東新地塊)	East to the reserve land, south to Shenjia Road, west to Changbin Road, north to Planning 5 Road Branch Road, Hangzhou, Zhejiang Province, the PRC	Commercial	pre-sold	15,000	40,824	Mid-2024	17
93	Jianfa•Hecui* (建發•和萃)	West of the green land of Provincial Road 230 and south of the green land of Taihu Avenue in Science and Technology City, Suzhou High-tech Zone, Jiangsu Province, the PRC	Residential	preliminary	67,000	121,454	By the end of 2024	33.3
94	Jianfa•Junhefu* (建發•璟和府)	North side of Beyoncé Garden Zhongtang and China Merchants Yong Hua House, Hefei City, Anhui Province, the PRC	Residential	pre-sold	68,000	169,100	By the end of 2023	60
95	Jianfa•Hexi* (建發•和璽)	Land south of Kwai Cheng Yi Road and east of Wen Hua Road, Xinhui District, Jiangmen City, Guangdong Province, the PRC	Residential	pre-sold	46,000	115,984	Mid-2023	100
96	Jianfa•Guanlan Yunzhu* (建發•觀瀾雲著)	Gutou Area, Putian City, Fujian Province, the PRC	Residential	pre-sold	21,000	90,138	Mid-2024	40
97	Jianfa•Wuyuan Tangyue* (建發•五緣樣月)	Northwest of the intersection of Zhongzhi West 3rd Road and Zhongzhai Middle Road, Wuyuanwan Area, Huli District, Xiamen City, Fujian Province, the PRC	Residential	pre-sold	34,000	111,610	At the beginning of 2024	73
98	Jianfa•Manyun Changtan* (建發•蟻羽長灘)	West of the intersection of Xinyang Avenue and Gengxi Road, Maluanwan Area, Haicang District, Xiamen City, Fujian Province, the PRC	Residential	pre-sold	106,000	278,540	Mid-2024	85
99	Jianfa•Sanli Yunlu* (建發•三里雲廬)	Southeast of the intersection of Xiang'an Avenue and Xiyan Road, Xiamen, Fujian, the PRC	Residential	pre-sold	45,000	126,000	Mid-2024	85
100	Jianfa•Junhefu* (建發•璟和府)	No.2021-C-1, Chengdi, Hi-tech Zone, Jiangyin, Jiangsu, the PRC	Residential	pre-sold	182,000	218,316	Mid-2023	38
101	Jianfa•Luxi Yingyue* (建發•鹿溪映月)	North side of Luxi North Road and east side of Dexian Road, Suian Town, Zhangpu County, Fujian Province, the PRC	Residential	pre-sold	23,000	63,074	By the end of 2023	36
102	Jianfa•Hexi* (建發•和璽)	North of Emei Road and West of Tangsheng Road, Xuzhou City, Jiangsu Province, the PRC	Residential	pre-sold	35,000	98,149	Mid-2024	100
103	Jianfa•Hexi* (建發•和璽)	Huang cotton living area and Tanjiaqiao plot, A03 management unit, Huangshi City, Hubei Province, the PRC	Comprehensive	pre-sold	150,000	423,102	Mid-2024	100
104	Jianfa•Wenzhu* (建發•文著)	East of Heping North Road, Chengbei New District, Zhangping City, Longyan City, Fujian Province, the PRC	Residential	pre-sold	55,000	136,690	By the end of 2023	50

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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
105	Jianfa•Jiuyunfu* (建發•玖雲府)	North side of Wuyi Fairview Mansion, Uptown Platinum East side of the lot (Pixianghuan, Xinchang Village, Tangxia), Pengjiang District, Jiangmen City, Guangdong Province, the PRC	Residential	pre-sold	62,000	170,517	Mid-2024	51
106	Jianfa•Nanhuixinxiang* (建發•南湖印象)	South of Nanhu Road and west of Sanli Street, Jiujiang City, the PRC	Residential	preliminary	23,000	37,217	Mid-2023	49
107	Jianfa•Jingyun Phase II* (建發•璟雲)	Honglu Street, Fuzhou, Fujian, the PRC	Residential	pre-sold	13,849	34,622	Mid-2024	49.9
108	Jianfa•Shuxiang Fudi* (建發•書香府邸)	South of Jinzhang Road, West of Zhaoxian Road, Ningde City, Fujian Province, the PRC	Residential	preliminary	79,830	183,609	Mid-2024	100
109	Jianfa•Shuxiangfu (formerly as Land Parcel No. PS Lot-2021-21 in Putian)* 建發•書香府(原莆田 拍-2021-21號地塊)	The southwest and southeast side of the intersection of Eighty-two One Street and Yanshou North Street, Gongchen Street, Licheng District, Putian City, Fujian Province, the PRC	Residential	preliminary	71,210	312,905	By the end of 2024	51
110	Jianfa•Xihefu (formerly as Land Parcel No. 0302-02 in Gu Village, Baoshan District, Shanghai)* 建發•熙和府 (原上海寶山區 顧村0302-02地塊)	East to Lian Yang Road, South to Yan Guan Road, West to Shang Bei Road, North to Rulijiang Road, Gucun Town, Baoshan District, Shanghai, the PRC	Residential	preliminary	41,077	82,154	By the end of 2024	100
111	Jianfa•Tangsonghefu (formerly as Land Parcel No. PS Lot-2021-22 in Putian)* 建發•棠頌和府(原莆田 PS拍-2021-22號地塊)	Within the control area of Chengdong Sub-district Unit, Licheng District, Putian City, Fujian Province, the PRC	Residential	preliminary	65,155	280,168	Mid-2025	49
112	Jianfa•Hexi* (建發•和璽)	East to Zhuque Road, South to Zhuque River (Bi Lu River), West to Liulan Road, North to Cuijiao Road, Chongming, Shanghai, the PRC	Residential	pre-sold	43,000	43,439	Mid-2023	100
113	Jianfa•Heyue* (建發•和悅)	East to Zhuque Road, South to Zhuque River (Bi Lu River), West to Liulan Road, North to Cuijiao Road, Chongming, Shanghai, the PRC	Residential	pre-sold	37,000	95,654	By the end of 2023	80
114	Jianfa•Manyun (formerly as Land Parcel to the west side of the Olympic Sports Complex in Cang Shan District, Fuzhou)* 建發•纓雲(原福州市 倉山區奧體西側地塊)	Southwest corner of the intersection of Jianxin South Road and Hengyu Road, west of Olympic Sports Center, Cangshan District, Fuzhou City, Fujian Province, the PRC	Residential	preliminary	21,512	38,165	By the end of 2024	100
115	Jianfa•Yangyun* (建發•養雲)	North of Dongge Road and east of Maoqiao Road, Qingxiu District, Nanning City, Guangxi Province, the PRC	Residential	preliminary	25,787	77,360	Mid-2024	100

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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
116	Jianfa•Hezhe (formerly as Land Parcel No. S2020-21 in Quanzhou Taishang)* 建發•和著(原泉州台商 S2020-21號地塊)	Qunqing Village, Dongyuan Township and Houhai Village, Baizaki Hui Township, Quanzhou City, Fujian Province, the PRC	Residential	preliminary	100,471	264,239	By the end of 2024	89.92
117	Jianfa•Xiyue (formerly as Land Parcel No. 2021P06 in Dongshan)* 建發•璽悅 (原東山2021P06地塊)	East of Experimental Kindergarten, Dongshan County, Zhangzhou City, Fujian Province, the PRC	Residential	preliminary	55,937	134,249	Mid-2024	75
118	Jianfa•Heming (formerly as Land Parcel No. TF(07): 2021-21 in Tianfu New District)* 建發•和鳴(原天府 新區TF(07): 2021-21號地塊)	Group 3, 5, 7 and 8, Hailin Village, Huayang Street, Tianfu New District, Chengdu, Sichuan Province, the PRC	Residential	preliminary	51,964	114,300	Mid-2024	49
119	Jianfa•Yangyun (formerly as Land Parcel No. JJ13 (251-21) 2021-067 in Jinjiang District)* 建發•養雲(原錦江區 JJ13 (251-21) 2021-067號地塊)	Group 4 and 5, Panjiagou Village, Liujiang Street, Jinjiang District, Chengdu, Sichuan Province, the PRC	Comprehensive	preliminary	54,763	82,145	By the end of 2023	100
120	Jianfa•Yingyue (formerly as Land Parcel No. TF(07): 2021-28 in Tianfu New District)* 建發•映月(原天府 新區TF(07): 2021-28地塊)	Group 3 and 4, Xiangshan Village, Huayang Street, Tianfu New District, Chengdu, Sichuan Province, the PRC	Residential	preliminary	104,001	207,900	Mid-2024	100
121	Jianfa•Shuxiang Boyue (formerly as Land Parcel No. X2021P02 in Xiang'an District)* 建發•書香泊月(原翔 安區X2021P02地塊)	Southwest of the intersection of Xiang'an East Road and Xindian Road, Xiang'an District, Xiamen City, Fujian Province, the PRC	Residential	preliminary	21,673	53,325	By the end of 2024	90
122	Jianfa•Wenlan Chunxiao (formerly as Land Parcel No. 2021TP08 in Tongan District)* 建發•文瀾春曉(原同 安區2021TP08地塊)	Southwest of the intersection of Binhai East Avenue and Min'an Avenue, Tong'an District, Xiamen City, Fujian Province, the PRC	Residential	preliminary	35,858	91,170	Mid-2024	100



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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
123	Jianfa•Jiuzhou Guanlan (formerly as Land Parcel No. 144 City Lot 06 in Yuhua District)* 建發•洲觀瀾(原雨 花區144號城投06號)	High-speed railway new city area, west of Beijing-Hong Kong-Macao Expressway, east of Lituo Road, north of Changto Road, Yuhua District, Changsha City, Hunan Province, the PRC	Comprehensive	preliminary	64,999	210,998	Mid-2025	100
124	Jianfa•Yangyun (formerly as Land Parcel at 150 Happy Bridge, Kaifu District)* 建發•養雲(原開福區 150號幸福橋地塊)	The area bounded by the planned Ma Yuan Ling Road, the planned Qing He Li Road, the planned Hua Xia Road and Pan Jia Ping Road in Changsha City, Hunan Province, the PRC	Comprehensive	preliminary	40,622	179,239	Mid-2025	95
125	Jianfa•Nanjing Jindingwan* (建發•南京金鼎灣)	East to Hengba Street, south to Gaomiao Road, west to Xinting Street, north to Yuanqian Road, Nanjing, Jiangsu Province, the PRC	Residential	pre-sold	19,400	46,560	Mid-2024	49
126	Jianfa•Zhangzhou Yingyue* (建發•漳州映月)	East of Yan' an North Road, south of Tengfei Road, Xiangcheng District, Zhangzhou, Fujian Province, the PRC	Residential	pre-sold	9,246	27,739	Mid-2024	90
127	Jianfa•Zhangzhou Hexi* (建發•漳州和壘)	South of Shengli East Road, east of Xinhua North Road, north of Datong Street, Xiangcheng District, Zhangzhou, Fujian Province, the PRC	Residential	pre-sold	7,816	23,448	Mid-2024	90
128	Jianfa•Zhangzhou Yangyun* (建發•漳州養雲)	North of Shengli East Road, east of Xinhua North Road, south of Zhangfu Road, west of Cangyuan Road, Xiangcheng District, Zhangzhou, Fujian Province, the PRC	Residential	pre-sold	28,660	74,510	Mid-2024	40
129	Jianfa•Chongqing Yunzhu* (建發•重慶雲著)	Next to Caijia Free Trade Zone, Liangjiang New District, Beibei District, Chongqing, the PRC	Residential	pre-sold	85,065	102,079	At the beginning of 2024	33
130	Jianfa•Ningde Tiankingshidai* (建發•寧德天行時代)	South side of Wangkeng Road, west side of Liancheng Road, Ningde City, Fujian Province, the PRC	Residential	pre-sold	51,817	111,090	By the end of 2024	51
131	Jianfa•Beijing Junhefu* (建發•北京珺和府)	East to Guihua Erpazi Zongyi Road/Beiqing Yunji, south to Jiefang Road, Beijing, the PRC	Residential	pre-sold	25,642	71,798	Mid-2025	100
132	Jianfa•Nanchang Yangyun* (建發•南昌養雲)	South of Jiuzhou Avenue, north of Yunjin Road, east of Dangui Road, west of Yulan Road, Xihu District, Nanchang, Jiangxi Province, the PRC	Residential	pre-sold	44,761	98,474	By the end of 2024	80
133	Jianfa•Fuzhou Xiyun* (建發•福州靈雲)	Jinshan Urban Renewal Project E-18 Land Parcel at south side of Hongrong Road, east side of Jianxin Middle Road, Cangshan District, Fuzhou, Fujian Province, the PRC	Residential	pre-sold	41,041	123,123	Mid-2025	100

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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
134	Jianfa•Fuzhou Jingyuan* (建發•福州璟園)	Land Parcel at west side of Xiufeng Road, north side of Shanqian Road, Exit 3 of Xiushan Station (Commercial and Residential Complex), Jin' an District, Fuzhou, Fujian Province, the PRC,	Residential	pre-sold	8,121	13,806	Mid-2024	100
135	Jianfa•Putian Jiuhaufu* (建發•莆田玖華府)	Intersection of Lihan Avenue and Houzhuo North Street, Licheng District, Putian City, Fujian Province, the PRC	Residential	pre-sold	25,447	76,341	Mid-2024	51
136	Jianfa•Xiamen Wuyuanhaoyue* (建發•廈門五緣源月)	Northwest side of the intersection of Wuyuanwan Road and Jinshan Road, Huli District, Xiamen, Fujian Province, the PRC	Residential	pre-sold	20,542	61,600	By the end of 2024	39.93
137	Jianfa•Xiamen Hupanjiujing* (建發•廈門湖畔九境)	Northwest side of the intersection of Luling Road and Jinlian Road, Hubian Reservoir Area, Huli District, Xiamen, Fujian Province, the PRC	Residential	pre-sold	36,196	88,700	By the end of 2024	71.74
138	Jianfa•Xiamen Yili* (建發•廈門壹里)	Northwest side of the intersection of Hubin South Road and Hubin Yili Road, Siming District, Xiamen, Fujian Province, the PRC	Residential	pre-sold	15,962	72,420	Mid-2025	56.44
139	Jianfa•Chongqing Shuxiangfu* (建發•重慶書香府)	Next to High School Affiliated to Southwest University of Beibei District, Chongqing, The PRC	Residential	pre-sold	40,625	64,343	Mid-2024	100
140	Jianfa•Fuan Hexi* (建發•福安和壘)	Land Parcel at original winery, Fu' an City, Ningde City, Fujian Province, the PRC	Residential	pre-sold	34,816	97,484	By the end of 2024	60
141	Jianfa•Ningbo Manyun* (建發•寧波漫雲)	West side of Santian Road, north side of Jiangnan Road, Ningbo, Zhejiang Province, the PRC	Residential	pre-sold	51,846	124,430	At the beginning of 2025	80.04
142	Jianfa•Yunxiao Yunxi* (建發•雲霄雲壘)	North of Jiangjun Avenue, east of Kaizhang Avenue, west of Yuntang Road, Yunxiao County, Zhangzhou City, Fujian Province, the PRC	Residential	pre-sold	37,129	103,960	By the end of 2024	39
143	Jianfa•Hangzhou Jianghuaxiyun* (建發•杭州江華雲)	West side of Dongyu Road, north side of Tanhuan Road, Hangzhou, Zhejiang Province, the PRC	Residential	pre-sold	40,366	84,769	At the beginning of 2025	50.78
144	Jianfa•Hangzhou Jiangyuewangyun* (建發•杭州江月望雲)	West side of Guihua Hongpu Road, south side of Guihua Dawangmiao Road, Hangzhou, Zhejiang Province, the PRC	Residential	pre-sold	49,433	118,639	At the beginning of 2025	48.18
145	Jianfa•Zhangzhou Manyun* (建發•漳州漫雲)	South of Tengfei Road, west of Yimin Road, Xiangcheng District, Zhangzhou, Fujian Province, the PRC	Residential	pre-sold	69,003	179,408	Mid-2025	34
146	Jianfa•Nanchang Manyun* (建發•南昌漫雲)	South of Jiuzhou Street, west of Dangui Road, north of Yunjin Road, east of Cuiju Road, Xihu District, Nanchang, Jiangxi Province, the PRC	Residential	pre-sold	58,896	129,571	By the end of 2024	70
147	Jianfa•Xiapu Wangchaofu* (建發•霞浦望潮府)	South side of Wan' an Road and West side of Chian Avenue, Xiapu County, Ningde City, Zhejiang Province, the PRC	Residential	pre-sold	68,717	137,432	By the end of 2024	51

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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
148	Jianfa•Xiamen Hubin Sili Land Parcel* (建發•廈門湖濱四里地塊)	Northeast side of the intersection of Hubin South Road and Jinbang Road, Siming District, Xiamen, Fujian Province, the PRC	Residential	pre-sold	17,333	130,220	By the end of 2026	49
149	Jianfa•Xiamen C&D China Merchants Jingyun* (建發•廈門建發招商環雲)	South of Houke East Road, north of Xinyang Avenue, west of Huanwan West Road, Haicang District, Xiamen, Fujian Province, the PRC	Residential	pre-sold	18,104	41,640	At the beginning of 2025	43.35
150	Jianfa•Fuzhou Langyun Zone 2* (建發•福州朗雲二區)	North side of Jin' an Lake Land Parcel II, South side of Huagong Road, north side of Jin' an Lake, Jin' an District, Fuzhou, Fujian Province, the PRC	Residential	pre-sold	6,823	17,740	By the end of 2024	80
151	Jianfa•Fuzhou Langyun Zone 1* (建發•福州朗雲一區)	North side of Jin' an Lake Land Parcel III, South side of Huagong Road, north side of Jin' an Lake, Jin' an District, Fuzhou, Fujian Province, the PRC	Residential	pre-sold	9,315	16,767	By the end of 2024	80
152	Jianfa•Hupan Runjing* (建發•湖畔潤璟)	Northwest of the intersection of Jinsheng Road and Jinyue Road, Hubian Reservoir Area, Huli District, Xiamen, Fujian Province, the PRC	Residential	pre-sold	19,114	57,000	At the beginning of 2025	49
153	Jianfa•Nanjing Lantingsong* (建發•南京蘭亭和頤)	East to Tianyou Road, south to Xianlin Avenue, north to Guangzhi Road, Nanjing, Zhejiang Province, the PRC	Residential	pre-sold	32,754	85,160	By the end of 2024	40
154	Jianfa•Shanghai Guantangfu* (建發•上海觀唐府)	East to Weipai North Road, west to Dongping North Road, north to Longyan Road, Shanghai, the PRC	Residential	pre-sold	92,416	166,349	Mid-2025	100
155	Jianfa•Shanghai Gumeihuating* (建發•上海古美華庭)	East to Xingdong Road, west to Xingzhong Road, north to Baolan Road, Shanghai, the PRC	Residential	pre-sold	26,278	52,556	By the end of 2024	51
156	Jianfa•Shanghai Manyun* (建發•上海縵雲)	East to Pujin Road, south to Jiangliu Road, west to Puxiu Road, north to Jianghua Road, Shanghai, the PRC	Residential	pre-sold	61,326	73,592	Mid-2024	49
157	Jianfa•Shanghai Manyue* (建發•上海縵玥)	South to Jianghua Road, west to Puxiu Road and north to Jiangju Road, Shanghai, the PRC	Residential	pre-sold	19,674	23,608	Mid-2024	49
158	Jianfa•Nanan Manyun* (建發•南安縵雲)	East of Century New City, Beishan Area, Ximei Street, Nan' an, Quanzhou, Fujian Province, the PRC	Residential	pre-sold	59,629	130,129	By the end of 2024	51
159	Jianfa•Beijing Jingyuan* (建發•北京璟院)	North to Huaifang North Road, East to Renjiazhuang Road, South to Huaixin Street, Beijing, the PRC	Residential	preliminary	32,690	71,917	Mid-2025	100
160	Jianfa•Beijing Wenyuanfu* (建發•北京文源府)	East to Guihua Erpazi Zongyi Road, south to Guihua Erpazi Hengsan Road, west to Erpazi Zong'er Road and north to Guihua Erpazi Hengyi Road, Beijing, the PRC	Residential	pre-sold	32,831	90,831	Mid-2025	50

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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
161	Jianfa•Shanghai Jingyuan* (建發•上海璟院)	East to Wanyuan Road, north to Caobao Road, south to Donglan Road, west to Hechuan Road, Shanghai, the PRC	Residential	preliminary	49,069	88,325	Mid-2025	100
162	Jianfa•Suzhou Manyunlianting* (建發•蘇州漫雲瀾庭)	North to Lingyan Street, west to Huaihai Street and south to Zhuyuan Road, Suzhou, Jiangsu Province, the PRC	Residential	pre-sold	51,814	129,535	Mid-2025	100
163	Jianfa•Zhangzhou Xihuboyue* (建發•漳州西湖泊月)	West of Rujing Road, north of Linnei Road, south of Gongyuan Road, Xiangcheng District, Zhangzhou, Fujian Province, the PRC	Residential	pre-sold	44,739	89,477	By the end of 2024	80
164	Jianfa•Jianye District NO.2022 G73 Land Parcel (Hexinanda Land Parcel)* (建發•建邺區 NO.2022 G73地塊 (河西南大地塊))	North to Luotang Road, East to Xinting Street, Nanjing, Jiangsu Province, the PRC	Residential	preliminary	28,032	67,276	By the end of 2025	100
165	Jianfa•Chengxiang District PS Lot-2022-13 Land Parcel (Bantou East Land Parcel)* (建發•城廂區 PS拍-2022-13號地塊 (阪頭東地塊))	West of Bantoudong Zongyi Road, north of Bantoudong Hengyi Road, south of Xiaocuo Road, Chengxiang District, Putian City, Fujian Province, the PRC	Residential	preliminary	20,349	56,977	Mid-2025	51
166	Jianfa•Industrial Park Hudong Suyuan Tugua (2022) No. 06 Land Parcel* (建發•工業園區 湖東蘇園土掛 (2022)06 號地塊)	East to Jinliang Street, South to Wangdun Road, Suzhou, Jiangsu Province, the PRC	Residential	preliminary	23,487	46,973	At the beginning of 2025	100
167	Jianfa•Taijiang District No. 2022-52 Land Parcel* (建發•台江區 2022-52號地塊)	Shanghai Xixin Village Land Parcel III, East of Xihuan Middle Road, North of Jiaotong West Road, Taijiang District, Fuzhou, Fujian Province, the PRC	Residential	preliminary	23,732	72,383	Not yet determined	100
168	Jianfa•Huli District 2022P20 Zhongzhai C25 Land Parcel* (建發•湖里區 2022P20 鐘宅C25地塊)	Northwest of the intersection of Wuyuanwan Road and Zhongzhai East Road, Wuyuanwan Area, Huli District, Xiamen City, Fujian Province, the PRC	Residential	preliminary	14,397	44,600	At the beginning of 2025	70
169	Jianfa•Wuchang District P(2022) No. 132 Land Parcel* (建發•武昌區 P(2022)132號地塊)	South to Leye Road, North to No. 1 Mansion, Han Street, Wuhan, Hubei Province, the PRC	Residential	preliminary	23,750	76,000	At the beginning of 2026	100



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## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2022 (Continued)

Serial no	Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area	Total or estimated total	Expected completion date	Group's interest (%)
170	Jianfa•Licheng District Li No. 2022-7 Land Parcel* (建發•鯉城區鯉2022-7號地塊)	Fuqiao Street, Jiangnan New District, Licheng District, Quanzhou City, Fujian Province, the PRC	Residential	preliminary	42,535	119,099	Mid-2025	70
171	Jianfa•Anxi County Yuantianlun Textile Land Parcel Phase II Plot A-13* (建發•安溪縣原天綸紡織地塊二期A-13地塊)	Plot A-13, Phase II, Yuantianlun Textile Land Parcel, West of Erhuan South Road, Anxi County, Quanzhou City, Fujian Province, the PRC	Residential	preliminary	55,654	104,385	Mid-2025	51
172	Jianfa•Jiangyin City Tianyuwan Phase I* (建發•江陰市天啟灣一期)	No. 18, Yushan Road, Jiangyin City, Wuxi, Jiangsu Province, the PRC	Residential	pre-sold	55,496	73,853	Mid-2023	51
173	Jianfa•Jiangyin City Tianyuwan Phase II* (建發•江陰市天啟灣二期)	No. 18, Yushan Road, Jiangyin City, Wuxi, Jiangsu Province, the PRC	Residential	pre-sold	8,294	9,953	At the beginning of 2024	51
174	Jianfa•Jiangyin City Tianyuwan Phase III* (建發•江陰市天啟灣三期)	No. 18, Yushan Road, Jiangyin City, Wuxi, Jiangsu Province, the PRC	Residential	preliminary	51,456	69,302	Mid-2024	51
175	Jianfa•Jiangyin City Tianyuwan Phase IV* (建發•江陰市天啟灣四期)	No. 18, Yushan Road, Jiangyin City, Wuxi, Jiangsu Province, the PRC	Residential	preliminary	88,623	71,934	Mid-2025	51

\* Denotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only