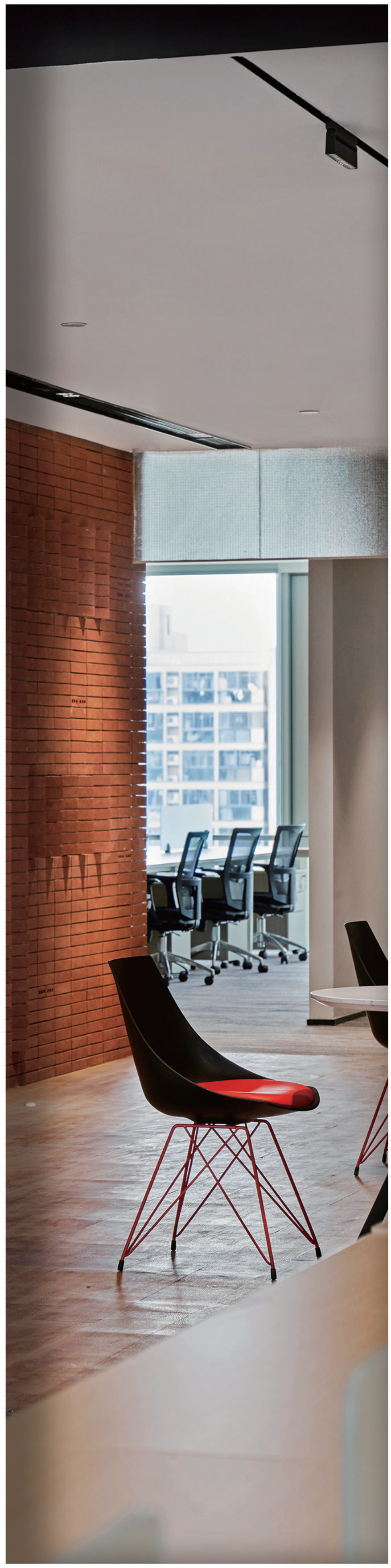




上坤

上坤地產集團有限公司
SUNKWAN PROPERTIES GROUP LIMITED

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

Stock Code 股份代號：6900

2022
ANNUAL REPORT 年度報告

CONTENTS

Corporate Profile

Sunkwan Properties Group Limited, (stock code: 6900.HK) (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**" or "**We**"), is a rising real estate developer with residential property development and sales as its core business. The Company focuses on the Yangtze River Delta Economic Region, and expands to other strategically selected areas, namely the Pearl River Delta Economic Zone and Mid-China Core Economic Region, striving to become a "**premium urban life service provider**". Adhering to our mission of "**coming for livable**", the Company, founded in 2010 in Shanghai, provides various residential properties with new technology and art design, caters to the different needs and preferences of different customer groups, and brings customers intelligent, convenient and satisfactory life experience, establishing a good brand image among the customers and in the industry. After years of exploration, development and accumulation, it was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 November 2020 (the "**Listing Date**").

Hangzhou • Sunkwan Majestic Seasons (杭州•上坤山語四季)

Corporate Information

NAME OF COMPANY

Sunkwan Properties Group Limited

EXECUTIVE DIRECTORS

Ms. Zhu Jing *(Chairwoman of the Board and chief executive officer)*
Ms. Sheng Jianjing
Mr. Yang Zhandong *(resigned on 31 March 2023)*

NON-EXECUTIVE DIRECTORS

Mr. Lin Jinfeng
Ms. Lin Zhaohong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Guo Shaomu
Mr. Au Yeung Po Fung
Mr. Zhou Zheren

AUDIT COMMITTEE

Mr. Au Yeung Po Fung (Chairman)
Mr. Guo Shaomu
Mr. Zhou Zheren

REMUNERATION COMMITTEE

Mr. Guo Shaomu *(Chairman)*
Mr. Zhou Zheren
Ms. Sheng Jianjing

NOMINATION COMMITTEE

Ms. Zhu Jing *(Chairwoman)*
Mr. Guo Shaomu
Mr. Zhou Zheren

COMPANY SECRETARIES

Ms. Lu Shiyuan *(resigned on 20 September 2022)*
Ms. Lau Jeanie *(resigned on 28 June 2022)*
Ms. Ho Yin Kwan *(appointed on 28 June 2022)*

AUTHORIZED REPRESENTATIVES

Ms. Zhu Jing
Ms. Lau Jeanie *(resigned on 28 June 2022)*
Ms. Ho Yin Kwan *(appointed on 28 June 2022)*

COMPANY'S WEBSITE

www.sunkwan.com.cn

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

Building T1, Sunkwan Center, No.77, Sunkwan Road, Minhang District, Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

LEGAL ADVISERS

As to Hong Kong law:

Sidley Austin

As to PRC law:

Commerce & Finance Law Offices

As to Cayman Islands law:

Conyers Dill & Pearman

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

STOCK CODE

6900

PRINCIPAL BANKS

Hong Kong

Industrial and Commercial Bank of China (Asia) Limited
Bank of China (Hong Kong) Limited

PRC

Industrial and Commercial Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Bank of Communications
China Guangfa Bank Co., Ltd.

Chairwoman's Statement

Zhu Jing
Chairwoman of the Board

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, I am pleased to present the results for the year ended 31 December 2022 (the "**Year**"), business review and outlook for 2023 to all shareholders of the Company (the "**Shareholders**"). At the same time, on behalf of the Group, I would like to take this opportunity to extend my heartfelt gratitude to all those who have contributed to the development of our business over the years.

Chairwoman's Statement

REVIEW

In 2022, China's economy moved to a new stage as its economic aggregate surpassed RMB120 trillion and the annual value of imports and exports exceeded RMB40 trillion for the first time, amidst the shocks from multiple factors such as slowing economic growth, recurrent and sporadic outbreaks of the epidemic and more complex and volatile external environment.

During the Year, signs of improvement emerge as the real estate industry navigated through the hard time. According to the statistics, in 2022, the total investment in China's real estate development sector recorded a year-on-year decrease of 10.0% to approximately RMB13.29 trillion, and the sales revenue of commercial properties was RMB13.33 trillion, representing a year-on-year decrease of 26.7%. Under the guidance of the policy that "housing is for living in, not for speculation", the room for implementation of localised policy was gradually expanded in various cities. More than 300 cities (counties) across China introduced over a thousand of new policies for property market, the most widespread and frequent policy adjustments in recent years. As the effect of relaxed policy is gradually emerging, the market will slowly rebound from the bottom.

Despite the challenges, the Group, adhering to the mission of "coming for livable", continued to dig into the three core economic circles with focus on "stabilizing operation and ensuring delivery", successfully standing market test. In 2022, the Group was awarded the"Leading Enterprise in Naturalistic Product Power" (自然主義產品力引領企業), the "Enterprise in Value Delivery of the Year" (年度價值交付力企業) and "ESG Best Enterprise in Environmental Responsibility Practice" (ESG 最佳環境責任實踐企業). The Group maintained solid fundamentals in property development with key macro indicators generally within a reasonable range and development resilience continued to grow, achieving high quality development led by productiveness and driven by operation.

Ensure Quality Delivery and Fulfill Responsibilities

In 2022, the Group focused on "stabilizing operation and ensuring delivery" and delivered projects such as Foshan • Hanlin Lake No. 1, Wenzhou • West Lakeside Seasons, Foshan • Jinping Mountain No. 1, Shanghai • Mindcloud Mountainview, Changzhou • Mindcloud Peakview and Fuyang • Majestic Mansion throughout the Year, fulfilling our commitment to more than 5,000 property owners.

To accomplish our annual target and secure a decisive victory in "house delivery", the Group has set higher delivery standards. In addition to strengthening delivery control measures, a "delivery task force" was established at the Group level, with the executive president in charge of resources coordination to ensure the completion of delivery tasks; an "engineering customer service department" was also consolidated to provide centralized and rapid responses on a many-to-one basis. During the delivery period of Shanghai • Mindcloud Mountainview, to provide better services and ensure a comfortable delivery to customers, the Group has sent more than 120 staff members from the headquarters as "customer service ambassadors" to receive and listen to customers' demands on a one-on-one basic, check property owners' feedback on site, and keep records and track of them. At the same time, the Group controlled every link and every detail of projects through the "456" (4 samples, 5 plans and 6 stops) engineering management actions, so as to ensure the housing safety.

Growing Community 3.0 Upgrade and Continuous Enhancement of Product Strength

The Group has been sustaining and improving a product-oriented concept. In 2020, the Company firstly put forward a concept of Growing Community, hoping to keep up with a life growth through a development in multiple dimensions. In 2022, the Growing Community upgraded again with iterations from 1.0 to 3.0, demonstrating a return back to the essence of life. In the face of an uncertain environment at the moment, people are long for interacting in the community, getting close to nature and communicating in a sincere manner. The Company launched the Growing Community 3.0 in Wuxi project upon its insight into customers' need. In the community, the finely divided gardens were improved to a coherent and open space accommodating more activities for leisure time; and the function of children's playground was expanded with more availability for interaction between children and their parents, spatial collaboration between people and mutual enjoyment for all ages. As a "third space" beyond work and family, the customized "Mindcloud Club (雲上會所)" in the community provides a place for everyone to exercise and chat. Diversified ecological garden is built for the owners to create more happiness in the community along with the cultivation of various plants.

Meanwhile, the Group has comprehensively considered the functional, life and social needs of all ages in the community from the dimensions of aesthetics, smartness, ecology, and humanities and continuously optimized and improved its local projects under four major product series, aiming to provide customers with service for their better lives in all aspect.

Relying on its outstanding product strength, the Group won the "Leading Enterprise in Naturalistic Product Power". Sunkwan Landscape and Livable System – R&D of Kids Zone bagged the silver award in the 2022 MENGQI Kids and Teens Design Awards. Product strength also helps the Group in project sales, among which Suzhou • Lakeview Seasons, Shantou • Tanyue Mansion, Xinyang• Yunhu No. 1 and other projects ranked TOP3 in the respective regions in terms of transaction volumes.

Cultural Revitalization, Green Lead, Focus on Sustainable Development

The Group issued the "Cultural Value Proposition under Secondary Entrepreneurship", encouraging all employees to embrace the attitude of change through the standard of close partnership, self-reliance mentality, hard-working method, simple and pragmatic habits, and show the motivation of secondary entrepreneurship, continuing to create value and realizing performance. At the same time, it held the symposium of "Night Talk with Wine" for the first time with the theme of "Looking Back on 2022 and Looking Forward to 2023", and employees and partners gathered together to discuss collisions and think about the way forward in the form of interviews. In 2022, the Group also organized a number of basketball and badminton club competitions, interpreting the spirit of the Company's corporate culture with fearless running, win-win cooperation and hard working.

To demonstrate our practice in green development to create a better urban life, the Group released its second report on sustainable development and corporate social responsibility last year, disclosing the Company's practice and achievements in the fields of environment, society and corporate governance. The Group strives to shape its competitiveness in green development in long run and spreads the "livable" culture of Sunkwan among the public as much as possible.

Chairwoman's Statement

OUTLOOK

As 2022 passed, the real estate industry is embracing the turning point, marking the prior development model of "high debt, high leverage and high turnover" coming to an end. The real estate market is recovering gradually with changes, among which, changes in the macro environment and the market will lead to significant structural changes of real estate enterprises.

In terms of policy, the attitude of supporting the financing for property enterprises has changed fundamentally, and the task of relief has changed from "high-quality projects" to "coexistence of projects and enterprises". After "16 Financial Measures" jointly issued by the People's Bank of China and the China Banking and Insurance Regulatory Commission, the China Securities Regulatory Commission issued "5 New Measures" to support real estate equity financing, following which another policy by the China Securities Regulatory Commission to allow qualified property enterprises carrying out backdoor listing through listed property enterprises. In practice, supports from credit, bond and equity financing were released simultaneously, such that more property enterprises are expected to conduct business restructuring and asset exchange.

In the era of market restructuring and industry business model reconstruction for real estate, only the fittest can survive. Therefore, the Group announced the commencement of upgrading development strategy, focusing on incremental business, and officially stepping into a new business of co-construction and management. In the future, a two-wheel driven development model of "property development + co-construction and management" will be formed for the Company to further enhance its competitiveness.

In the new year, the property industry will continue to be a stabilizer of the social economy and a"pillar industry" in China. Thus, the Group has clarified six core management objectives in 2023, namely: adapt to the new era through strategic adjustment; adapt to the new business through organizational change; adapt to the new model through cultural values; adapt to the new cycle through capability iteration; improve the new strategy through optimization of business process and authorization; and optimize the resource distribution mechanism to develop new capabilities.

ACKNOWLEDGEMENT

With firm faith, we adhere to ideals and keep pace with the times. 2023 is the 14th year of the Group's sustainable development, and we will do our utmost to ensure the normal operation of the project; ensure adherence to continuous management of engineering quality; actively explore and plan the blueprint for future development. In the new year, may we advance gradually as time goes, and deal with changes smoothly with a secondary entrepreneurial mentality.

Finally, on behalf of the Board, I would like to once again express my sincere gratitude to all shareholders, investors, partners and customers for their support to the Company, and to all the employees for their hard work and dedication over the past year.

Sunkwan Properties Group Limited
Zhu Jing
Chairwoman of the Board

Hong Kong, 19 April, 2023

Performance Highlights

	Year ended December 31, 2022	2021
Contracted sales[1] attributable to the Group (in RMB million)	**5,191**	14,593
Contracted gross floor area ("**GFA**") sold attributable to the Group (sq.m.)	**438,123**	1,148,585
Contracted average selling price ("**ASP**") attributable to the Group (RMB/sq.m.)	**11,848**	12,714
Revenue (in RMB million)	**3,034**	8,340
Gross (loss)/profit (in RMB million)	**(581)**	1,172
(Loss)/profit for the year		
– Including non-controlling interests (in RMB million)	**(2,243)**	584
– Attributable to owner of the parent (in RMB million)	**(1,937)**	250
Gross (loss)/profit margin (%)[2]	**(19.1)**	14.1
Net (loss)/profit margin (%)	**(73.9)**	7.0
Current ratio (times)[3]	**1.1**	1.3
Net gearing ratio (%)[4]	**224.1**	85.9
The cash and bank balances to current borrowings ratio (times)[5]	**0.2**	0.8
Assets to liabilities ratio after excluding receipts in advance (%)[6]	**80.8**	70.5

Notes:

(1) Contracted sales data is unaudited and is prepared based on internal information of the Group. In view of various uncertainties during the collection of such sales information, such contracted sales data is provided for investors' reference only.

(2) Equal to gross (loss)/profit for the year divided by revenue and multiplied by 100.

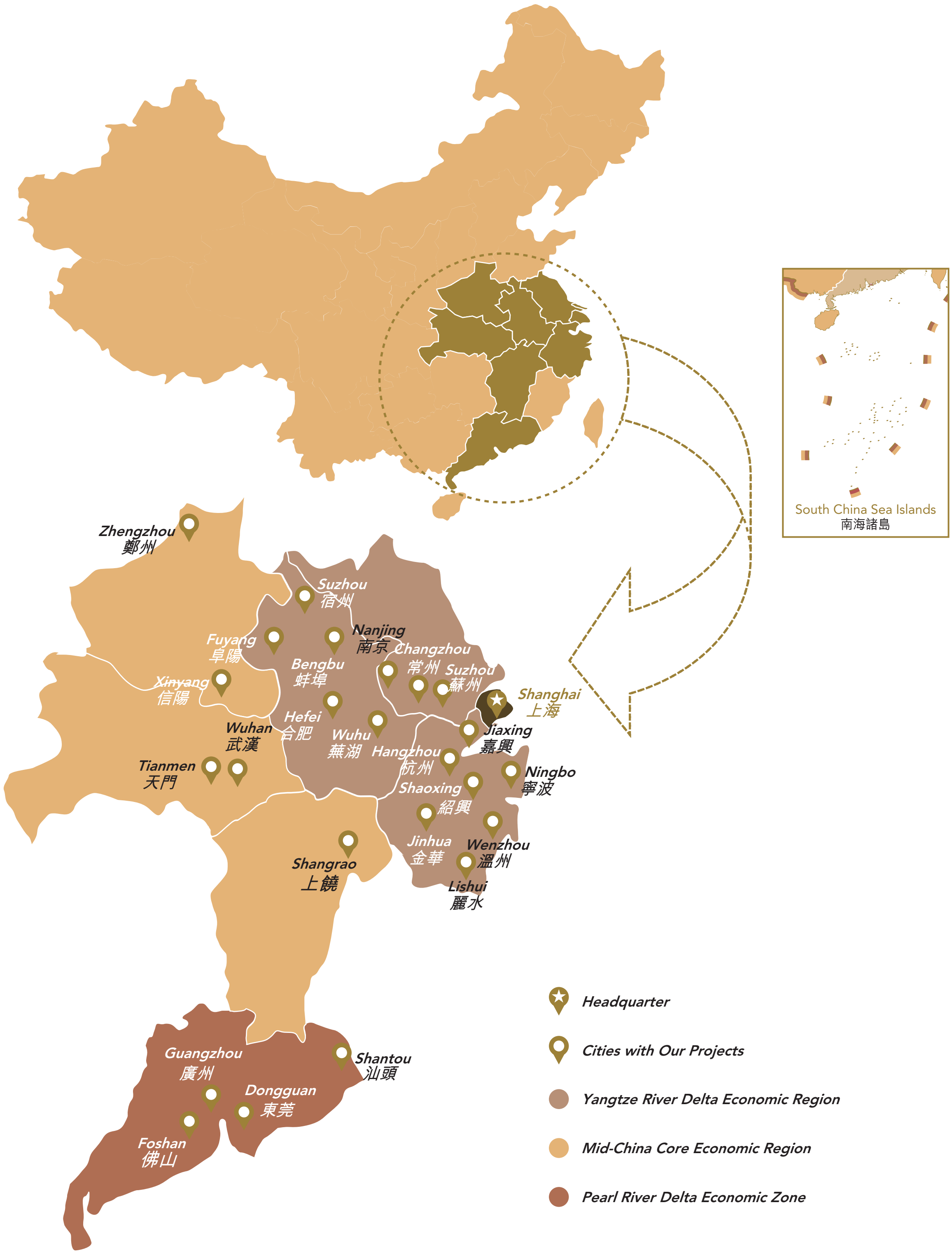
(3) Equal to total current assets divided by total current liabilities as at the respective dates.

(4) Equal to interest – bearing bank loans, other borrowings and senior notes less cash and bank balances divided by total equity at the end of the year and multiplied by 100.

(5) Equal to cash and bank balances divided by current portion of interest – bearing bank loans, other borrowings and senior notes.

(6) Equal to total liabilities less contract liabilities divided by total assets less contract liabilities and multiplied by 100.

Summary of Major Properties



SUMMARY OF LAND BANK

As at 31 December 2022, the planned gross floor area of land bank of the Group, together with its joint ventures and associates, was approximately 5,174,834 sq.m., and the equity area was approximately 3,851,180 sq.m.

The following table sets forth the breakdown of land bank of the Group together with its joint ventures and associates as at 31 December 2022:

	Name of Projects	City	Interest Attributable to the Group %	GFA Available for Sale[1] in sq.m	Leasable GFA in sq.m	GFA Under Development in sq.m	Estimated GFA for Future Development in sq.m	Total Land Bank Attributable to the Group[2][3] in sq.m	% of Total Land Bank Attributable to the Group %
	Property Projects Developed by our Subsidiaries								
	Residential Property Projects								
	Yangtze River Delta Economic Region								
1	Shanghai • Flourish Neighbourhood (上海•樾裡)	Shanghai	51.0	–	–	11,254	–	11,254	0.3
2	Shanghai • Mindcloud Mountainview (上海•雲棲麓)	Shanghai	100.0	–	8,814	–	–	8,814	0.2
3	Ningbo • Cixi Phoenix Mansion (寧波•慈溪鳳鳴梧桐府)	Ningbo	30.0	2,747	–	–	–	2,747	0.1
4	Ningbo • Cixi Cloud Mansion (寧波•慈溪雲邸華府)	Ningbo	33.3	1,259	–	–	–	1,259	0.0
5	Jinhua • Dongyang Metropolis Seasons (金華•東陽都會四季)	Jinhua	38.3	72,575	–	–	–	72,575	1.9
6	Jinhua • Dongyang Mindcloud Mansion (金華•東陽雲棲風華)	Jinhua	30.6	–	–	98,621	–	98,621	2.6
7	Jinhua • Lanxi Mindcloud Garden (金華•蘭溪雲錦桃源)	Jinhua	35.8	–	–	131,778	–	131,778	3.4
8	Hangzhou • Sunkwan Majestic Seasons (杭州•上坤山語四季)	Hangzhou	100.0	–	2,449	–	–	2,449	0.1
9	Shaoxing • Majestic Mansion (紹興•山語雲邸)	Shaoxing	100.0	–	–	72,726	–	72,726	1.9
10	Block B4, Wuzhen (烏鎮 B4 地塊)	Jiaxing	30.0	–	–	–	113,494	113,494	2.9
11	Wenzhou • Yueqing Yunqi Fenghua (溫州•樂清雲棲風華)	Wenzhou	50.0	–	–	71,745	–	71,745	1.9
12	Nanjing • Mindcloud Garden (南京•雲棲風華璟園)	Nanjing	100.0	–	–	51,802	–	51,802	1.3
13	Suzhou • Lakeview Seasons (蘇州•望湖四季)	Suzhou	35.0	–	–	125,152	–	125,152	3.2
14	Suzhou • Kunshan Metropolis Seasons (蘇州•昆山都薈四季)	Suzhou	49.0	–	–	171,315	–	171,315	4.5
15	Changzhou • Mindcloud Peakview (常州•雲峯)	Changzhou	40.0	6,511	–	–	–	6,511	0.2
16	Hefei • Mindcloud Mountainview (合肥•雲棲麓)	Hefei	100.0	–	–	107,549	–	107,549	2.8
17	Hefei • Crystal Seasons (合肥•晶萃四季)	Hefei	51.0	–	–	108,460	–	108,460	2.8
18	Wuhu • Joy Seasons (蕪湖•銘悦四季)	Wuhu	49.0	–	–	185,255	–	185,255	4.8
19	Fuyang • Majestic Mansion (阜陽•政務壹號)	Fuyang	43.4	–	–	130,436	–	130,436	3.4
20	Fuyang • Baolong Stone Art Town (阜陽•抱龍石藝小鎮)	Fuyang	50.0	–	–	82,799	–	82,799	2.1
21	Suzhou • Mindcloud Garden (宿州•雲棲園)	Suzhou	51.0	–	–	130,465	–	130,465	3.4
22	Bengbu • Yunqi Metropolis (蚌埠•雲啟都會)	Bengbu	100.0	–	–	80,114	–	80,114	2.1
		Sub-total		**83,092**	**11,264**	**1,559,470**	**113,494**	**1,767,320**	**45.9**

Summary of Major Properties

	Name of Projects	City	Interest Attributable to the Group %	GFA Available for Sale[1] in sq.m	Leasable GFA in sq.m	GFA Under Development in sq.m	Estimated GFA for Future Development in sq.m	Total Land Bank Attributable to the Group[2][3] in sq.m	% of Total Land Bank Attributable to the Group %
	Mid-China Core Economic Region								
23	Shangrao • Metropolis Seasons (上饒•都會四季)	Shangrao	100.0	–	–	152,683	–	152,683	4.0
24	Tianmen • Sunkwan Northlake Seasons (天門•上坤北湖四季)	Tianmen	100.0	7,764	–	–	–	7,764	0.2
25	Wuhan • Yunqi Metropolis (武漢•雲啟都會)	Wuhan	51.0	–	–	58,458	–	58,458	1.5
26	Xinyang • Tianyue (信陽•天悦)	Xinyang	70.0	–	–	254,720	–	254,720	6.6
27	Xinyang • Tianjing (信陽•天境)	Xinyang	70.0	–	–	103,822	–	103,822	2.7
28	Xinyang • Tianxi (信陽•天璽)	Xinyang	70.0	–	–	154,889	–	154,889	4.0
		Sub-total		**7,764**	**–**	**724,572**	**–**	**732,336**	**19.0**
	Pearl River Delta Economic Zone								
29	Foshan • Sunkwan Mindcloud Peakview (佛山• 上坤雲峯壹號)	Foshan	100.0	–	–	133,288	–	133,288	3.5
		Sub-total		**–**	**–**	**133,288**	**–**	**133,288**	**3.5**
	Commercial Property Projects								
30	Shanghai • Sunkwan Upper Commercial Plaza (上海•上坤上街)	Shanghai	100.0	3,561	21,932	–	–	25,493	0.7
31	Shanghai • Flourish projects 08-06/08 (上海•樾山項目 08-06/08)	Shanghai	51.0	–	–	158,060	–	158,060	4.1
32	Shanghai • Sunkwan Flourish Peninsula (Basement Clubhouse) (上海•上坤樾山半島地下部分)	Shanghai	51.0	–	1,725	–	–	1,725	0.0
33	Shanghai • Sunkwan International Plaza T3 (上海•上坤國際廣場 T3)	Shanghai	100.0	–	14,727	–	–	14,727	0.4
34	Shanghai • Sunkwan International Plaza T4 (上海•上坤國際廣場 T4)	Shanghai	100.0	–	14,805	–	–	14,805	0.4
35	Shanghai • Sunkwan International Plaza T5 (上海•上坤國際廣場 T5)	Shanghai	100.0	–	11,484	–	–	11,484	0.3
		Sub-total		**3,561**	**64,673**	**158,060**	**–**	**226,294**	**5.9**

Summary of Major Properties

	Name of Projects	City	Interest Attributable to the Group %	GFA Available for Sale[1] in sq.m	Leasable GFA in sq.m	GFA Under Development in sq.m	Estimated GFA for Future Development in sq.m	Total Land Bank Attributable to the Group[2][3] in sq.m	% of Total Land Bank Attributable to the Group %
	Property Projects Developed by Our Associates and Joint Ventures								
	Residential Property Projects								
	Yangtze River Delta Economic Region								
36	Wenzhou • West Lakeside Seasons (溫州•西湖四季)	Wenzhou	50.0	–	–	42,105	–	42,105	1.1
37	Wenzhou • Prosperous Seasons (溫州•潮啟四季)	Wenzhou	50.0	–	–	49,850	–	49,850	1.3
38	Jinhua • Dongyang Yunzhuxiyu (金華•東陽雲築溪語)	Jinhua	34.0	–	–	23,262	–	23,262	0.6
39	Suzhou • Mindcloud Timeview (蘇州•雲棲時光)	Suzhou	90.0	–	–	148,796	–	148,796	3.9
40	Shaoxing • Zhuji Mindcloud Mansion (紹興•諸暨雲錦東方)	Shaoxing	39.0	–	–	30,437	–	30,437	0.8
41	Suzhou • TaicangMindcloud Mountainview (蘇州•太倉雲棲麓)	Suzhou	33.0	–	–	15,812	–	15,812	0.4
42	Block B5, Wuzhen (烏鎮 B5 地塊)	Jiaxing	30.0	–	–	–	38,253	38,253	1.0
43	Jinhua • Yiwu Yunqifengjing (金華•義烏雲起峰境)	Jinhua	25.0	–	–	35,153	–	35,153	0.9
44	Lishui • Chongwenli (麗水•崇文里)	Lishui	30.0	–	–	64,256	–	64,256	1.7
		Sub-total		**–**	**–**	**409,656**	**38,253**	**447,910**	**11.6**
	Mid-China Core Economic Region								
45	Zhengzhou • Seasons Fenghua (鄭州•四季風華)	Zhengzhou	49.0	–	–	99,594	–	99,594	2.6
46	Wuhan • Sunkwan Sumptuous Skyview (武漢•上坤博譯雲峰)	Wuhan	70.0	–	–	24,912	–	24,912	0.6
47	Wuhan • Metropolis (武漢•大都會)	Wuhan	51.0	–	–	284,924	–	284,924	7.4
		Sub-total		**–**	**–**	**409,429**	**–**	**409,429**	**10.6**

Summary of Major Properties

	Name of Projects	City	Interest Attributable to the Group %	GFA Available for Sale(1) in sq.m	Leasable GFA in sq.m	GFA Under Development in sq.m	Estimated GFA for Future Development in sq.m	Total Land Bank Attributable to the Group(2)(3) in sq.m	% of Total Land Bank Attributable to the Group %
	Pearl River Delta Economic Zone								
48	Foshan • Jinping Mountain No. 1 (佛山•錦屏山壹號)	Foshan	49.0	–	–	37,570	–	37,570	1.0
49	Shantou • Tanyue Mansion (汕頭•檀悅府)	Shantou	24.1	–	–	80,993	–	80,993	2.1
50	Guangzhou • Yunjing Fenghua (廣州•雲境風華)	Guangzhou	20.0	–	–	14,533	–	14,533	0.4
		Sub-total		**–**	**–**	**133,096**	**–**	**133,096**	**3.5**
	Commercial Property Projects								
51	Wuzhen No.B3 Land Parcel (烏鎮 B3 地塊)	Jiaxing	6.9	–	–	–	1,508	1,508	0.0
		Sub-total		**–**	**–**	**–**	**1,508**	**1,508**	**0.0**
	Land Reserves Attributable to the Group			**94,417**	**75,937**	**3,527,571**	**153,255**	**3,851,180**	**100.0**
	Total Land Reserves			**94,417**	**75,937**	**4,741,498**	**262,982**	**5,174,834**	

Notes:

(1) Includes (i) completed GFA pre-sold but yet delivered, and (ii)completed GFA unsold and available for sale.

(2) Total land bank attributable to the Group equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development.

(3) For projects held by joint ventures or associates, total GFA attributable to the Group will be adjusted by the Group's equity interest in the respective project.

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 December 2022, the principal business activity of the Group is property development.

Contracted Sales

For the year ended 31 December 2022, the contracted sales attributable to the Group were approximately RMB5,191 million, representing a decrease of approximately 64.4% as compared with the corresponding period in 2021.

For the year ended 31 December 2022, the contracted GFA sold attributable to the Group of approximately 438,123 sq.m., representing a decrease of approximately 61.8% as compared with the corresponding period in 2021 and the contracted ASP attributable to the Group of approximately RMB11,848 per sq.m..

The following table sets forth the summary of the contracted sales attributable to the Group by economic regions for the year ended 31 December 2022:

Economic Regions	Contracted sales attributable to the Group in RMB million	Percentage of contracted sales attributable to the Group %	Contracted GFA sold attributable to the Group sq.m.	Contracted ASP attributable to the Group RMB/sq.m.
Yangtze River Delta Economic Region	3,293	63.5	230,304	14,301
Pearl River Delta Economic Zone	584	11.2	53,872	10,834
Mid-China Core Economic Region	1,314	25.3	153,947	8,534
Total	**5,191**	**100.0**	**438,123**	**11,848**

Management Discussion and Analysis

The following table sets forth the summary of the contracted sales attributable to the Group by cities for the year ended 31 December 2022:

City	Contracted sales attributable to the Group in RMB million	Percentage of contracted sales attributable to the Group %	Contracted GFA sold attributable to the Group sq.m.	Contracted ASP attributable to the Group RMB/sq.m.
Suzhou	1,013	19.5	58,482	17,327
Xinyang	704	13.6	65,980	10,665
Shangrao	450	8.7	67,954	6,623
Jinhua	465	9.0	36,194	12,860
Foshan	289	5.6	22,032	13,095
Hefei	269	5.2	25,387	10,606
Zhuji	263	5.1	14,165	18,571
Jiaxing	211	4.1	12,286	17,192
Nanjing	203	3.9	8,708	23,324
Wenzhou	191	3.7	9,714	19,686
Suzhou	174	3.4	19,902	8,736
Shaoxing	128	2.5	11,887	10,792
Fuyang	121	2.3	20,788	5,818
Shantou	120	2.3	11,938	10,077
Wuxi	117	2.3	7,010	16,669
Bengbu	72	1.4	7,774	9,213
Others	400	7.7	37,923	12,078
Total	**5,191**	**100.0**	**438,123**	**11,848**

Note: Contracted sales data is unaudited and is prepared based on internal information of the Group. In view of various uncertainties during the collection of such sales information, such contracted sales data is provided for investors' reference only.

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value. Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

The Group's properties under development decreased by approximately 3.5% from approximately RMB19,739.5 million as at 31 December 2021 to approximately RMB19,051.1 million as at 31 December 2022.

Completed Properties Held for Sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or estimates based on prevailing marketing conditions.

The Group's completed properties held for sale decreased by approximately 36.6% from approximately RMB784.3 million as at 31 December 2021 to approximately RMB497.3 million as at 31 December 2022. The decrease was mainly due to part of those properties were sold and delivered to the customers for the year ended 31 December 2022.

Investment Properties

As at 31 December 2022, the Group had 8 investment properties (primarily include retail spaces adjacent to the Group's residential properties, commercial district shopping plazas and office buildings) with a total GFA of approximately 86,031 sq.m..

FINANCIAL REVIEW

Revenue

The revenue of the Group consists of revenue derived from: (i) sales of properties; (ii) property lease income; and (iii) project management services. For the year ended 31 December 2022, approximately 97.8% (2021: 97.8%) of the Group's revenue was derived from sales of properties and approximately 2.2% (2021: 2.2%) was derived from property lease income and project management services.

The Group's revenue decreased by approximately 63.6% from approximately RMB8,340.1 million for the year ended 31 December 2021 to approximately RMB3,034.1 million for the year ended 31 December 2022, mainly due to the decrease in the revenue recognised from sales of properties.

The table below sets forth a summary of the recognized revenue by business for the years indicated:

	Year ended December 31,			
	2022		2021	
	Revenue in RMB million	Percentage of total revenue %	Revenue in RMB million	Percentage of total revenue %
Sale of properties	**2,966**	**97.8**	8,159	97.8
Property lease income	**53**	**1.7**	60	0.7
Project management services	**15**	**0.5**	121	1.5
Total	**3,034**	**100.0**	8,340	100.0

Revenue from sales of properties

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial portion of the Group's total revenue and approximately 97.8% of the total revenue during the Year.

The Group's operating results for any given period depend on the GFA and selling price of the properties delivered by the Group in the relevant period and the market demand for such properties. According to industry practice, the Group typically enters into purchase contracts with customers when the properties are still under development but have already satisfied the conditions for pre-sale in accordance with the PRC laws and regulations. In general, it takes it at least one year from commencement of the pre-sale of the properties under development to the construction completion of such properties. The Group does not recognize revenue from any pre-sold properties until the construction completion of such properties and the ownership of the properties having been transferred to the customers.

Revenue from sales of properties decreased by approximately 63.6% from approximately RMB8,158.8 million for the year ended 31 December 2021 to approximately RMB2,966.2 million for the year ended 31 December 2022, mainly due to the reduction of properties that completed and delivered to the clients during the Year.

Revenue from property lease

Rental income from the investment properties decreased by approximately 12.9% from RMB60.2 million for the year ended 31 December 2021 to RMB52.5 million for the year ended 31 December 2022, mainly due to the impact of novel coronavirus epidemic.

Revenue from project management services

Revenue from the provision of project management services decreased by approximately 87.3% from RMB121.1 million for the year ended 31 December 2021 to RMB15.4 million for the year ended 31 December 2022, mainly due to a decrease in the number of property projects that require project management services compared with the corresponding period in 2021.

Cost of Sales

The Group's cost of sales primarily represents the costs the Group incurs directly for the property development activities as well as property lease and project management services. The principal components of cost of sales for the Group's property development include cost of properties sold, which represents land use right costs, direct construction costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales decreased by approximately 49.6% from RMB7,167.9 million for the year ended 31 December 2021 to RMB3,614.8 million for the year ended 31 December 2022, mainly due to a decrease of properties that delivered.

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The gross profit of the Group decreased by approximately 149.5% from RMB1,172.2 million for the year ended 31 December 2021 to loss of RMB580.7 million for the year ended 31 December 2022, primarily due to the provision for inventory impairment of several projects affected by the economic downturn.

The gross profit margin decreased from approximately 14.1% for the year ended 31 December 2021 to the gross loss margin of approximately 19.1% for the year ended 31 December 2022.

Finance Income

Finance income mainly refers to the interest income of bank deposits. The finance income of the Group decreased by approximately 86.4% from RMB83.8 million for the year ended 31 December 2021 to RMB11.4 million for the year ended 31 December 2022, mainly due to a decrease in the average balance of bank deposits.

Other Income and Gains

Other income and gains of the Group decreased from RMB96.9 million for the year ended 31 December 2021 to RMB7.9 million for the year ended 31 December 2022, mainly due to decrease in (1) the exchange gains due to exchange rate changes; (2) the gain on the disposal of subsidiaries; (3) the remeasurement gain on an investment in a joint venture held before business combination.

Selling and Distribution Expenses

The selling and distribution expenses primarily consist of (i) sales commissions; (ii) advertising and marketing expenses, (iii) staff costs; (iv) property management fees; and (v) office expenses. The Group's selling and distribution expenses decreased by approximately 27.6% from RMB267.3 million for the year ended 31 December 2021 to RMB193.5 million for the year ended 31 December 2022, mainly due to an decrease in the number of projects on sale which incurred less sales commissions and advertising activities.

Administrative Expenses

Administrative expenses primarily consist of staff costs, traveling and office expenses, professional fees, entertainment expenses, depreciation and amortization, tax charges. The administrative expenses of the Group decreased by approximately 42.7% from RMB323.3 million for the year ended 31 December 2021 to RMB185.3 million for the year ended 31 December 2022, mainly due to decrease in staff costs and office expenses.

Impairment Losses on Financial Assets

Impairment losses on financial assets presents that the Group made prudent general provisions for losses arising from potential bad debts in respect of the financial assets. The Group recognised impairment losses of RMB1.3 million for the year ended 31 December 2021, and recognised impairment losses of RMB117.8 million for the year ended 31 December 2022.

Other Expenses

Other expenses of the Group increased from RMB13.5 million for the year ended 31 December 2021 to RMB370.6 million for the year ended 31 December 2022.

Fair Value (Losses)/Gains on Investment Properties

Fair value gains on investment properties represent the changes in the fair value of investment properties of certain commercial areas developed and held by the Group for the purpose of earning rental income or capital appreciation. Fair value gains on investment properties of the Group decreased by approximately 258.1% from RMB48.4 million for the year ended 31 December 2021 to loss of RMB76.6 million for the year ended 31 December 2022, mainly because the valuation of commercial properties slightly decreased affected by the Covid-19 epidemic for the year ended 31 December 2022.

Fair Value Losses on Financial Assets at Fair Value through Profit or Loss

Fair value losses on financial assets at fair value through profit or loss of the Group decreased from the loss of RMB74.2 million for the year ended 31 December 2021 to the loss of RMB2.4 million for the year ended 31 December 2022, mainly due to the increase in fair value of an existing financial product during the Year.

Finance Costs

Finance costs primarily consist of (i) interest expenses for bank and other borrowings net of capitalized interest relating to properties under development; and (ii) interest expenses arising from contract liabilities, which is related to the pre-sale proceeds of the Group's properties received from customers. Finance costs of the Group increased by approximately 19.7% from RMB322.5 million for the year ended 31 December 2021 to RMB386.0 million for the year ended 31 December 2022, mainly due to an increase in the average balance of interest-bearing debt.

Share of Profits and Losses of Joint Ventures and Associates

Share of profits and losses of joint ventures and associates of the Group decreased from profits of RMB22.8 million for the year ended 31 December 2021 to loss of RMB138.9 million for the year ended 31 December 2022, mainly due to the absence of the delivery of property projects held by the Group's joint ventures and associates during the Year. Such change was mainly due to an increase in inventory impairment loss of projects of joint ventures and associates during the Year under the unfavorable macro market environment.

Income Tax (Expense)/Credit

The income tax expense of the Group mainly includes provisions for PRC corporate income tax and land appreciation tax ("**LAT**"), net of deferred tax. The income tax of the Group decreased from income tax credit of RMB161.6 million for the year ended 31 December 2021 to income tax expense of RMB210.9 million for the year ended 31 December 2022, mainly due to the lower revenue and gross profit of the delivered property projects during the Year, and the final clearance of LAT for three projects, which were lower than the provision estimated and deducted from the LAT for the year ended 31 December 2021.

(Loss)/Profit for the Year

Profit for the Year of the Group decreased by approximately 484.5% from RMB583.5 million for the year ended 31 December 2021 to loss of RMB2,243.4 million for the year ended 31 December 2022. The loss attributable to the owners of the parent was RMB1,937.0 million, the profit attributable to the owners was RMB250.1 million during the corresponding period of last year.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group operates in a capital-intensive industry and has financed its working capital, capital expenditure and other capital requirements primarily through (i) internally generated cash flows including proceeds from the pre-sales and sales of its properties and (ii) external financings, such as borrowings from commercial banks, asset management, trust financing, and other financing arrangements. The Group may also look for additional financing opportunities, such as the issuance of corporate bonds, asset-backed securities programs and other debt offerings when needed, to fund the Group property development operations.

Cash Position

As at 31 December 2022, the Group's cash and bank balances (including restricted cash and pledged deposits) were approximately RMB1,390.6 million (31 December 2021: approximately RMB4,483.1 million). Cash and cash equivalents of the Group are denominated in RMB and others are denominated in the U.S. dollar and Hong Kong dollar.

Indebtedness

As at 31 December 2022, the Group's total outstanding borrowings amounted to approximately RMB10,404.0 million (31 December 2021: approximately RMB11,225.1 million).

Management Discussion and Analysis

The following table sets forth the Group's total borrowings as of the dates indicated:

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Current		
Bank loans – secured	**–**	200,000
Other loans – secured	**1,363,136**	1,234,085
Current portion of long-term bank loans – secured	**2,130,446**	1,118,750
Current portion of long-term other loans – secured	**1,753,792**	594,500
Senior notes	**2,643,363**	2,633,520
Total current	**7,890,737**	5,780,855
Non-current		
Bank loans – secured	**1,894,374**	3,521,458
Other loans – secured	**618,860**	1,922,760
Total non-current	**2,513,234**	5,444,218
Total	**10,403,971**	11,225,073

The following table sets forth the maturity profiles of the Group's total borrowings as of the dates indicated:

	As of December 31,	
	2022	2021
	RMB'000	RMB'000
Bank loans repayable:		
Within one year	**2,130,446**	1,318,750
In the second year	**854,374**	1,680,867
In the third to the fifth year, inclusive	**1,040,000**	1,840,591
	4,024,820	4,840,208
Other loans repayable:		
Within one year	**3,116,928**	1,828,585
In the second year	**618,860**	1,554,548
In the third to the fifth year, inclusive	**–**	368,212
	3,735,788	3,751,345
Senior notes:		
Within one year	**2,643,363**	2,633,520
Total	**10,403,971**	11,225,073

Pledge of Assets

As at 31 December 2022, the Group's borrowings were secured by the Group's assets of RMB14,614.1 million (2021: RMB13,956.6 million), including (i) property, plant and equipment; (ii) investment properties; (iii) properties under development; (iv) completed properties held for sale; and (v) pledged deposits.

Net Gearing Ratio

The net gearing ratio of the Group increased from 85.9% as at 31 December 2021 to 224.1% as at 31 December 2022. Net gearing ratio is calculated by dividing total borrowings less cash and cash equivalents, restricted cash and pledged deposits by total equity.

Financial Risk

The Group's businesses exposed it to various financial risks, including interest rate risk, foreign exchange risk, credit risk and liquidity risk. In order to minimize such risk exposures of the Group, which do not use any derivatives and other instruments for hedging. The Group does not hold or issue financial derivatives for trading purpose.

Interest rate risk

The Group's exposure to changes in market interest rates is primarily related to its interest-bearing bank and other borrowings. The Group does not use derivative financial instruments to hedge interest rate risk and manages its interest cost by using variable rate bank borrowings and other borrowings.

Foreign currency risk

The Group operates its business primarily in China and the majority of its revenues and expenses are denominated in RMB, while the net proceeds from the listing are paid in Hong Kong dollar. As at 31 December 2022, RMB1.8 million of the Group's cash and bank balances were denominated in Hong Kong dollar and the U.S. dollar, and both of them were subject to exchange rate fluctuation. The Group has no foreign currency hedging policy. However, the Group will closely monitor its exchange rate risk in an effort to maintain the Group's cash value.

Credit risk

The Group classifies financial instruments based on common credit risk characteristics (such as instrument type and credit risk level) to identify significant increase in credit risk and to measure impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management will perform ongoing credit evaluations of counterparties. The credit terms granted to customers is generally three to six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet the Group's operation needs and commitments in respect of property projects. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities and interest–bearing bank and other borrowings.

CONTINGENT LIABILITIES

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provide to its customers for their purchases of properties in order to secure the repayment obligations of such customers. The mortgage guarantees to banks in respect of mortgage loans to the Group's customers are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant property ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If the Group fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, the Group does not conduct independent credit checks on its customers but rely on the credit checks conducted by the mortgagee banks.

The Group also provides guarantees to banks and other institutions in connection with financial facilities granted to the related companies.

The following table sets forth the Group's total guarantees as of the dates indicated:

	As of December 31,	
	2022 **RMB'000**	2021 RMB'000
Guarantees given to banks in connection with facilities granted to the purchasers of the Group's properties	**6,102,099**	7,855,867
Guarantees given to banks and other institutions in connection with facilities granted to the Group's related companies and third parties	**5,663,415**	4,952,850
	11,765,514	12,808,717

The Group did not incur any material losses for the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors considered that in the case of default on payments, the net realizable value of the related properties would be sufficient for repaying the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

LEGAL CONTINGENTS

The Group is involved in lawsuits and other proceedings in the ordinary course of business. The Group has assessed the claims and believe that no liabilities resulting from these proceedings will have a material adverse effect on its business, financial condition or operating results.

COMMITMENTS

As of 31 December 2022, the Group's capital commitments for property development activities, acquisition of land use rights, and capital contribution for investments in joint ventures and associates amounted to RMB3,173.5 million (31 December 2021: RMB4,395.8 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as of 31 December 2022, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

For the year ended 31 December 2022, the Group had entered into the following material disposals:

On 29 April 2022, Zhengzhou Sunkwan Property Co., Ltd. (a wholly-owned subsidiary of the Company) entered into an agreement with Shanghai Huxi Enterprise Management Company Limited, pursuant to which Zhengzhou Sunkwan Property Co., Ltd. has agreed to sell, and Shanghai Huxi Enterprise Management Company Limited has agreed to purchase the 60% of the equity interest in Henan Chenbo Property Co., Ltd. at a consideration of RMB3,392,160 in cash. Upon completion, the Company will cease to have any equity interest in Henan Chenbo Property Co., Ltd. and Henan Chenbo Property Co., Ltd. will cease to be a subsidiary of the Company. For more details, please refer to the announcement of the Company dated 29 April 2022.

On 30 December 2022, Hangzhou Shangkun Real Estate Co., Ltd. (a wholly-owned subsidiary of the Company) entered into an agreement with Hangzhou Mengshi Enterprise Management Co., Ltd., pursuant to which Hangzhou Shangkun Real Estate Co., Ltd. agreed to sell, and Hangzhou Mengshi Enterprise Management Co., Ltd. agreed to purchase the entire equity interest in Hangzhou Hengkun Real Estate Co., Ltd. at a consideration of RMB33,452,376.20. Upon the completion, the Company will cease to have any equity interest in Hangzhou Hengkun Real Estate Co., Ltd. and Hangzhou Hengkun Real Estate Co., Ltd. will cease to be a subsidiary of the Company. For more details, please refer to the announcement of the Company dated 30 December 2022.

Save as disclosed above, during the year ended 31 December 2022, the Company has no other significant investments or material acquisitions or disposals of subsidiaries, joint ventures and associates.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to focus on the current business of property development, and purchase quality land parcels in China. Save as disclosed in this annual report, the Group did not have any other immediate plans for material investments and capital assets as at 31 December 2022.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2022, the Group has a total of 727 employees (2021: 1,083). For the year ended 31 December 2022, the Group confirmed staff cost of approximately RMB300 million (2021: approximately RMB407 million). The remuneration package of employees of the Group includes salary and bonuses. In general, we determine employee salaries based on each employee’s qualifications, experience, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its determinations on salary raises, bonuses and promotion. The Group also reviews and adjusts its remuneration package by referring to the relevant salary survey in real estate industry published by renowned consulting firms. The Group believes the salaries and benefits that its employees receive are competitive with market standards in each geographic location where the Group conducts business. The Group also pays medical insurance, endowment insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds as well as related premiums for employees of the Group. In terms of employee training, the Group provides continuous and systematic training to employees according to their positions and expertise, so as to enhance their professional knowledge about the real estate industry and related fields.

To motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group, the Group also adopted restricted share unit (RSU) scheme. The main provisions of the scheme were approved by the Board on 27 October 2020, and on 27 January 2021 and 30 August 2022, the Board approved the resolution on "Granting Restricted Share Units to Part of Specific Objects". Further details will be disclosed in the Company's annual report for the year ended 31 December 2022.

EVENTS AFTER THE REPORTING PERIOD

Pursuant to the terms of the the Company's 13.5% senior notes due 2023 (the "**2023 Notes**"), all outstanding principal amount on the 2023 Notes together with the accrued and unpaid interest thereon have become due and payable on the maturity date of 2 January 2023. Due to unfavorable factors in the macro economy, real estate market and financial environment, and multiple rounds of epidemics, the Company has not paid the outstanding principal of US$123,450,000 and interest thereon.

Save as disclosed above, the Group has no other significant events after 31 December 2022.

Directors and Senior Management

EXECUTIVE DIRECTORS

Ms. Zhu Jing (朱靜), aged 47, is our founder, chief executive officer, chairwoman of the Board and an executive Director. She has over 20 years of experience in the PRC real estate industry. With her extensive experience in the real estate industry, she is principally responsible for the overall management and business operation of the Group, including coordinating board affairs, formulating strategies and operational plans, and making major business decisions. Ms. Zhu has served in various roles of the Group, including chairwoman and executive director at Sunkwan Properties Co., Ltd. (上坤置業有限公司) ("**Sunkwan Properties**") since February 2010, chairwoman at Shanghai Sheshan Country Club Co., Ltd. (上海佘山鄉村俱樂部有限公司) ("**Sheshan Country Club**") since August 2015 and chairwoman at Shanghai Zhaokun Industrial Co., Ltd. (上海兆坤實業有限公司)("Zhaokun Industrial") since October 2018. Ms. Zhu is one of our Controlling Shareholders.

Prior to founding the Group, Ms. Zhu served in various roles at Central China Real Estate Limited (建業地產股份有限公司), a PRC-based real estate developer listed on the Main Board of the Stock Exchange (stock code: 832) from February 2003 to December 2009, with her last position being the vice president of the group.

Ms. Zhu obtained her bachelor's degree in accounting from Zhengzhou University (鄭州大學) in the PRC in July 1999. She also obtained a master's degree in business administration from China-Europe International Business School (中歐國際工商學院) in the PRC in September 2009.

Ms. Sheng Jianjing (盛劍靜), aged 44, is our assistant president and an executive Director. She has over 12 years of experience in the PRC real estate industry. Ms. Sheng is primarily responsible for the day-to-day business operations and overall administration of the Group. Ms. Sheng served as a general manager at Shanghai Sunkwan Industrial Investment Co., Ltd. (上海上坤實業投資有限公司) ("**Sunkwan Industrial**") from March 2010 to April 2014, when she later served as a general manager at Sunkwan Properties from May 2014 to December 2018. She has also been a general manager at Zhaokun Industrial since January 2019. In addition, Ms. Sheng has also been serving as a director at a number of subsidiaries of the Group, including Shanghai Kunhui Property Co., Ltd. (上海坤輝置業有限公司) ("**Shanghai Kunhui**") since October 2016, Cixi Hengkun Property Co., Ltd. since June 2018, Sheshan Country Club since August 2018, Hangzhou Xingkun Property Co., Ltd. (杭州興坤置業有限公司) and Hangzhou Kunxin Property Co., Ltd. (杭州坤鑫置業有限公司) since June 2019. Ms. Sheng graduated from Shanghai University in the PRC, with an associate degree in secretarial science studies in July 2000.

NON-EXECUTIVE DIRECTORS

Mr. Lin Jinfeng (林勁峰), aged 52, is our non-executive Director. He is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group. Mr. Lin joined the Group as a director at Zhaokun Industrial in May 2018 and was later designated as a non-executive Director of the Group on 24 March 2020. He founded Shenzhen Juwan Investment Development Limited (深圳市巨萬投資發展有限公司), an investment company, in July 1996 and served as the chairman of the board and general manager until May 2003. In 2003, Mr. Lin founded Yingxin Investment Group Co., Ltd. (盈信投資集團股份有限公司), an investment company whose primary business includes real estate investment. He has been serving as a director at Landsea Group Co., Ltd. (朗詩集團股份有限公司), a company principally engaged in property development since May 2007. From September 2016 to September 2019, Mr. Lin also served as a director at Shanghai Landleaf Architecture Technology Co., Ltd. (上海朗綠建築科技股份有限公司), an architectural technology service provider whose shares were listed on the National Equities Exchange and Quotations (stock code: 870998) but were subsequently delisted in March 2020.

Mr. Lin obtained his bachelor's degree in international economies and trade from Shenzhen University in the PRC in July 1994. Mr. Lin also obtained an EMBA degree from China-Europe International Business School (中歐國際工商學院) in the PRC in September 2009. Mr. Lin is one of our Controlling Shareholders.

Ms. Lin Zhaohong (林朝虹), aged 51, is our non-executive Director. She is primarily responsible for providing strategic advice and recommendations on the operations and management of the Group. Ms. Lin joined the Group as a director at Zhaokun Industrial in May 2018 and was later designated as a non-executive Director of the Group on 24 March 2020. Prior to joining the Group, Ms. Lin worked at the Industrial & Commercial Bank of China (Shenzhen Branch) (中國工商銀行深圳分行) from September 1990 to July 2016, with her last position being the general manager of the private banking department. She has also been serving as a director at Shenzhen Ginkgo Gofar Industrial Co., Ltd. (深圳市盈信國富實業有限公司), an investment company controlled by Mr. LIN Jinfeng, since October 2017. Ms. Lin obtained a master's degree in business administration from Xi'an Jiaotong University (西安交通大學) in the PRC in July 2009. Ms. Lin is a shareholder of Ginkgo Gofar Holdings Limited, one of our Controlling Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Guo Shaomu (郭少牧), aged 57, was appointed our independent non-executive Director on 27 October 2020. He is primarily responsible for providing independent advice on the operations and management of the Group to the Board. Mr. Guo has over 14 years of experience in investment banking in Hong Kong, during which he accumulated ample knowledge in the PRC real estate market.

From February 2000 to February 2001, Mr. Guo served as an associate of corporate finance at Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate and an associate director of global investment banking at HSBC Markets (Asia) Limited, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team at J.P. Morgan Investment Banking Asia, an investment bank principally engaged in financial services, where he was primarily responsible for marketing efforts covering the real estate sector in the PRC. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team at Morgan Stanley Investment Banking Asia, an investment bank primarily engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region.

Mr. Guo has served as an independent non-executive director of Yida China Holdings Limited (億達中國控股有限公司), a property developer listed on the Main Board of the Stock Exchange (stock code: 3639.HK), since June 2014, Fantasia Holdings Group Co. Limited (花樣年控股集團有限公司), a property developer listed on the Main Board of the Stock Exchange (stock code: 1777.HK), since February 2015, Ganglong China Property Group Limited (港龍中國地產集團有限公司), a property developer listed on the Main Board of the Stock Exchange (stock code: 6968.HK), since June 2020 and Shanghai HeartCare Medical Technology Corporation Limited (上海心瑋醫療科技股份有限公司), a biotechnology company listed on the Main Board of the Stock Exchange (stock code: 6609.HK), since November 2020.

Moreover, Mr. Guo has also served as an independent non-executive director of GalaxyCore Inc. (格科微有限公司), a company listed on the Sci-Tech Board of the Shanghai Stock Exchange (stock code: 688728.SH), since March 2020.

Mr. Guo received his bachelor's degree in electrical engineering from Zhejiang University (浙江大學) in the PRC in July 1989, a master's degree in computer engineering from the University of Southern California and a master's degree in business administration from the School of Management of Yale University in the United States in May 1993 and May 1998, respectively.

Mr. Au Yeung Po Fung (歐陽寶豐), aged 55, was appointed our independent non-executive Director on 27 October 2020. He is primarily responsible for providing independent advice on the operations and management of the Group to the Board. He held various senior management positions in the following companies in the real estate industry: Beijing Huahong Group Co., Ltd. (北京華鴻集團), Sansheng Holdings (Group) Co., Ltd. (三盛控股(集團)有限公司), Fujian Sansheng Property Development Company Limited (福建三盛房地產開發有限公司), South China Assets Holding Limited (南華資產控股有限公司), Shenzhen Tianlai Tourism Property Group (深圳天萊文旅地產集團), Fosun Industrial Holdings Limited (復星地產控股有限公司) (a subsidiary of Fosun International Limited), Sun Hung Kai Properties Limited (新鴻基地產發展有限公司), Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司) and Greenland Hong Kong Holdings Limited (綠地香港控股有限公司).

Directors and Senior Management

Mr. AU YEUNG graduated from The Hong Kong Polytechnic College (now known as The Hong Kong Polytechnic University) in November 1990 with a bachelor's degree in business studies. He was admitted as fellow of the Association of Chartered Certified Accountants in November 2000, a fellow of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) in May 2003, a chartered financial analyst of the CFA Institute in September 2006, and a fellow of the Institute of Chartered Accountants in England and Wales in July 2015.

Mr. Au Yeung has extensive experience in the PRC real estate industry. He held various senior management positions in the following companies in the real estate industry:

Period of Services	Name of Company	Principal Business	Place of Listing and Stock code	Position(s)
March 2018 to October 2018	Beijing Huahong Group Co., Ltd. (北京華鴻集團)	Real estate development and property management	N/A	Group chief financial officer
August 2017 to January 2018	Sansheng Holdings (Group) Co. Ltd. (三盛控股(集團)有限公司)	Property development and investment	Stock Exchange (stock code: 2183)	Chief financial officer
	Fujian Sansheng Property Development Company Limited (福建三盛房地產開發有限公司)	Commerce, property development and industry investment	N/A	Vice president
July 2016 to September 2017	South China Assets Holding Limited (南華資產控股有限公司)	Commercial property development	Stock Exchange (stock code: 8155)	Chief financial officer
October 2014 to July 2015	Shenzhen Tianlai Tourism Property Group (深圳天萊文旅地產集團)	Commercial property development	N/A	Group vice president and vice president of finance

Period of Services	Name of Company	Principal Business	Place of Listing and Stock code	Position(s)
February 2014 to September 2014	Fosun Industrial Holdings Limited (復星地產控股有限公司) (a subsidiary of Fosun International Limited (復星國際有限公司))	Global real estate investment and management	Stock Exchange (stock code: 656)	Vice president and chief financial officer
October 2011 to December 2013	Sun Hung Kai Properties Limited (新鴻基地產發展有限公司)	Development of properties for sale and investment	Stock Exchange (stock code: 16)	Chief financial officer (Mainland operations)
November 2007 to October 2011	Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司)	Commercial real estate development and investment, property management and hotel development	Stock Exchange (stock code: 1238)	Chief financial officer
From July 2006 to November 2007	Greenland Hong Kong Holdings Limited (綠地香港控股有限公司)	Property development and management, property and hotel investment	Main Board of the Stock Exchange (stock code: 337)	Group financial controller
From March 2005 to October 2005	Landsea Green Group Co., Ltd. (currently known as Landsea Green Properties Co., Ltd. (朗詩綠色地產有限公司))	Real estate development and property investment	Main Board of the Stock Exchange (stock code: 106)	Certified accountant and company secretary
From December 1996 to May 1998	Fu Wah International Enterprises Group Ltd. (富華國際集團有限公司)	Commercial property development and management in the PRC	N/A	Financial controller

In addition, Mr. Au Yeung holds or had held directorships in the following listed companies:

Directors and Senior Management

Period of Services	Name of Company	Principal Business	Place of Listing and Stock code	Position(s)
June 2020 to present	Zhenro Services Group Limited (正榮服務集團有限公司)	Property management	Stock Exchange (stock code: 6958)	Independent non-executive director, chairman of the remuneration committee and member of the nomination committee
August 2019 to present	Sinic Holdings (Group) Company Limited (新力控股(集團)有限公司)	Property development and property leasing	Stock Exchange (stock code: 2103) (Note)	Independent non-executive director, chairman of the remuneration committee, member of the audit committee and the nomination committee
June 2019 to present	Zhongliang Holdings Group Company Limited (中梁控股集團有限公司)	Property development, property management, property leasing and management consulting	Stock Exchange (stock code: 2772)	Independent non-executive director, chairman of the audit committee and member of the remuneration committee
June 2018 to present	eBroker Group Limited (電子交易集團有限公司)	Financial technology solution provider	GEM of the Stock Exchange (stock code: 8036)	Independent non-executive director, chairman of the audit committee and member of the remuneration committee
June 2018 to present	Redsun Properties Group Limited (弘陽地產集團有限公司)	Real estate development	Stock Exchange (stock code: 1996)	Independent non-executive director, member of the audit committee, the remuneration committee and the nomination committee
May 2018 to June 2021	Shanshan Brand Management Co., Ltd. (杉杉品牌運營股份有限公司)	Design, marketing and sales of formal and casual business menswear	Stock Exchange (stock code: 1749)	Independent non-executive director, chairman of the audit committee
July 2017 to February 2020	GR Properties Limited (國銳地產有限公司)	Property development and management	Stock Exchange (stock code: 108)	Independent non-executive director, member of the audit committee, the remuneration committee and the nomination committee

Period of Services	Name of Company	Principal Business	Place of Listing and Stock code	Position(s)
July 2016 to September 2019	China LNG Group Limited (中國天然氣有限公司)	Asset management and new energy development	Stock Exchange (stock code: 931)	Independent non-executive director, member of the audit committee, the remuneration committee and the nomination committee
May 2016 to September 2016	Kiu Hung International Holdings Limited (僑雄國際控股有限公司)	Toys, resources and leisure-related business	Stock Exchange (stock code: 381)	Independent non-executive director

Note:

Mr. Au Yeung was informed that Sinic Holdings was ordered to be wound up and an official receiver was appointed as the provisional liquidator by the High Court of Hong Kong on 7 December 2022. Mr. Au Yeung confirmed that he is not a party of such winding-up proceedings and is not aware of any current or potential claim that has been or will be made against him as a result of the above. For details, please refer to the announcement of the Company dated 30 December 2022.

Mr. Zhou Zheren (周喆人), aged 46, was appointed our independent non-executive Director on 27 October 2020. He is primarily responsible for providing independent advice on the operations and management of the Group to the Board. Mr. Zhou has extensive experience in legal matters and serving at listed companies. Mr. Zhou served as an executive director and chairman at Sky Chinafortune Holdings Group Limited (天禧海嘉控股集團有限公司), a property investment company listed on the Main Board of the Stock Exchange (stock code: 141) from June 2016 to June 2017. Since June 2014 to August 2018, Mr. Zhou has been serving as an external supervisor at Shengjing Bank Co., Ltd. (盛京銀行股份有限公司), a banking services provider listed on the Main Board of the Stock Exchange (stock code: 2066) where, pursuant to its articles of association, he shall fulfill his supervision responsibilities, including but not limited to, attending and voting at the meetings of the supervisory board, supervising the board of directors and senior management, and proposing the removal of directors or senior management who are in violation of the law and statutes. Mr. Zhou has been serving as an arbitrator at Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) (上海國際經濟貿易仲裁委員會(上海國際仲裁中心)) since May 2018. Since February 2019, he also served as an arbitrator at Shenzhen Court of International Arbitration (Shenzhen Arbitration Commission) (深圳國際仲裁院(深圳仲裁委員會)). In addition, Mr. Zhou was appointed a director of Huaxin Trust Co., Ltd. (華信信託股份有限公司), a trust company, since March 2016 to July 2020.

Mr. Zhou received a bachelor's degree in international economic laws from East China University of Politics and Law (華東政法大學, formerly known as East China College of Political Science and Law (華東政法學院)) in the PRC in July 1999. He further obtained his master's degree in laws from the University of Technology in Sydney, Australia in September 2004. He has been qualified as a PRC lawyer upon approval from the Review Committee of Lawyer Committee of Lawyer Qualification under the PRC Ministry of Justice since February 2000. He is also qualified to act as an independent director in PRC-listed companies as recognized by the Shanghai Stock Exchange in November 2010.

SENIOR MANAGEMENT

Mr. Liang Jing (梁晶), aged 41, is our vice president. Mr. Liang is primarily responsible for product development and commercial asset management of the Group. He has over 14 years of experience in the construction designing and real estate industry. Prior to joining the Group, Mr. Liang worked as a project manager at PDG International Group Co., Ltd. (泛太平洋設計集團有限公司(加拿大)), an architecture design company, from July 2006 to October 2009. He then served as a designing manager at CapitaLand (China) Investment Co., Ltd. (凱德置地投資有限公司), a subsidiary of CapitaLand Limited, a real estate company listed on the Singapore Stock Exchange (stock code: C31), from 2009 to 2012. He also served as the design director at Shanghai Vanke Enterprise Limited (上海萬科企業有限公司), a real estate developer, from 2012 to 2016 and served as the design director at Shanghai Zhengda Dijing Investment Management Limited (上海正大帝景投資管理有限公司) September 2016 to September 2017.

Mr. Liang obtained a bachelor's degree in architecture from Dongnan University (東南大學) in the PRC in July 2006.

Ms. Lu Shiyuan (陸石媛), aged 43, is our vice president. She served as the joint company secretary of the Company from October 2020 to September 2022. Ms. Lu is primarily responsible for the financial management of the Group. She has 20 years of experience in financial management. Ms. Lu joined the Group in March 2015 and she has served in various roles of the Group, including general manager at Shanghai Qianrong Property Co., Ltd. from May 2015 to August 2015, general manager at Sunkwan Properties from August 2015 to December 2018, and general manager at Zhaokun Industrial since January 2019. Prior to joining the Group, Ms. Lu served as the chief financial officer of Shanghai Sansheng Real Estate (Group) Co., Ltd. (上海三盛房地產(集團)有限責任公司), a real estate developer, where she was responsible for its overall financial affairs from July 2002 to December 2014.

Ms. Lu obtained a bachelor's degree in accounting from Zhejiang University of Finance & Economics in the PRC in June 2002 and a master's degree in business administration from East China University of Science and Technology (華東理工大學) in the PRC in March 2010.

Mr. Yang Zhandong (楊佔東), aged 46, is our executive president. He served as an executive director of the Company from March 2020 to March 2023. Mr. Yang is primarily responsible for the development and day-to-day management of the business of the Group. He has 15 years of experience in the construction and real estate industry. Mr. Yang joined the Group in May 2011 and has served in various roles at a number of subsidiaries of the Group, including director at Shanghai Kunhui since May 2015, general manager and an executive director at Suzhou Kunxiang Property Co., Ltd. (蘇州坤翔置業有限公司) since October 2016, general manager and an executive director at Suzhou Sunkwan Property Co., Ltd. (蘇州上坤置業有限公司) since November 2016, director at Changshu Gongzhu Property Co., Ltd. (常熟市共築房地產有限公司) since September 2017 and director at Changzhou Qiansheng Real Estate Development Co., Ltd. (常州乾晟房地產開發有限公司) since May 2019.

Prior to joining the Group, Mr. Yang served as a designing deputy manager at Shanghai R&F Properties Limited (上海富力地產有限公司), a real estate developer, from 2008 to 2011. Mr. Yang obtained his bachelor's degree in architectural engineering from Suzhou Urban Construction and Environmental Protection Institute (蘇州城市建設環境保護學院) in the PRC in July 2000.

COMPANY SECRETARY

Ms. Ho Yin Kwan (何燕群), was appointed as our Company Secretary, Process Agent and Authorised Representative with effect from 28 June 2022. Ms. Ho is a vice president of SWCS Corporate Services Group (Hong Kong) Limited. Ms. Ho has over 20 years of professional experience in corporate secretarial field and has been providing corporate secretarial services to both listed and private companies incorporated in Hong Kong and overseas. Ms. Ho holds a bachelor's degree in business and finance from the University of Portsmouth and a master's degree in corporate governance from the Open University of Hong Kong (currently known as Hong Kong Metropolitan University). Ms. Ho is a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Corporate Governance Report

CORPORATE CULTURE

Adhering to the core values of "customer first, embracing changes, respect and sharing, passion, teamwork, expertise and perfection" (客戶第一, 擁抱變化, 尊重分享, 陽光激情, 團隊協作, 專業極致) and insisting on learning and exploring how to design and create products that better meet the needs of the times and customers, Sunkwan Properties strives to improve cost management and production operation, and drives the sustainable development of the Group with a diversified and rich corporate culture.

Mission	• Coming for livable
Vision	• Becoming a century-old company that satisfies customers' imagination of home and good life
Company Concepts	• Insisting on obtaining a fair return from the market with our professional ability • Our team members keep thinking about how to deliver ever-evolving works even in their dreams at night • Keeping learning and exploring how to design and build works that meet the needs of the times and customers, wherever we are • We are always looking for what we need to improve on to achieve better results • It is our responsibility to provide green, environmentally friendly and energy efficient works • We also need to improve cost management and production operation to provide our customers with value-for-money products
Core Values	• Customer first, embracing changes, respect and sharing, passion, teamwork, expertise and perfection
Strategic Positioning	• A premium urban life service provider

Sunkwan Properties Corporate Culture Concepts

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders, enhance corporate value as well as our responsibility and commitment. During the year ended 31 December 2022, the Company had adopted, applied and complied with the provisions of the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix 14 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), save for the non-compliance with the Code Provision C.2.1 of the Corporate Governance Code as described below.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as a guideline on securities transactions of the Company for the Directors for the year ended 31 December 2022. In response to the specific enquiry of the Company, all Directors have confirmed that they have complied with the provisions set out in the Model Code during the year ended 31 December 2022.

Employees of the Company who may have inside information about the Company have also complied with the Model Code. The Company was not aware of any incidents of non-compliance by employees with the Model Code during the year ended 31 December 2022.

BOARD OF DIRECTORS

1. Responsibility

The Board is responsible for leading and controlling the Company, and supervising, reviewing and approving the major decisions related to the financial performance, strategic development goals and operations of the Company. The Board delegates to the management authority and responsibility for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various committees and delegated a number of duties to its audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and nomination committee (the "**Nomination Committee**") (collectively, "**Board committees**"). All the Board committees perform their duties in accordance with respective scope of duties. All Directors shall ensure that they act honestly and comply with applicable laws and regulations, and at all times perform their duties in a manner that is in the interests of the Company and Shareholders.

2. Composition of the Board

The composition of the Board as at the date of this annual report are as follows:

Executive Directors

Ms. Zhu Jing *(Chairwoman and chief executive officer)*
Ms. Sheng Jianjing
Mr. Yang Zhandong *(resigned on 31 March 2023)*

Non-executive Directors

Mr. Lin Jinfeng
Ms. Lin Zhaohong

Independent non-executive Directors

Mr. Guo Shaomu
Mr. Au Yeung Po Fung
Mr. Zhou Zheren

None of the members of the Board has any financial, business, family or other material relationship with each other.

For the year ended 31 December 2022, the Board had complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three independent non-executive Directors, and at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. Three independent non-executive Directors represent over one-third of the Board, which is compliant with the requirement of Rule 3.10A of the Listing Rules that an issuer must appoint independent non-executive directors representing at least one-third of the board. The Board believes that the composition of the members of the Board provides sufficient independence to safeguard the interests of the Shareholders.

The Company has received annual written confirmations regarding their respective independence from each independent non-executive Director pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent persons pursuant to the Listing Rules.

3. Appointment, Re-election and Retirement of Directors

Each of Directors has entered into service contract/letter of appointment with the Company, each for a term of three years, subject to retirement by rotation in accordance with the articles of association (the "**Articles of Association**") of the Company.

Article 84(1) of the amended and restated Articles of Association provides that at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Also, Article 83(3) of the Articles of Association provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Accordingly, in accordance with Article 84(1) of the Articles of Association, Mr. Yang Zhandong, Mr. Au Yeung Po Fung and Mr. Guo Shaomu had retired by rotation at the 2022 Annual General Meeting. The retiring Directors aforementioned had being re-elected at the 2022 Annual General Meeting.

4. Induction Guidance and Continuous Development of Directors

Each Director will be provided with the necessary induction training and information to ensure they are adequately informed of the operations and businesses of the Company and their responsibilities under relevant regulations, articles, laws, rules and ordinances. The Company will continue to regularly arrange training sessions for Directors in order to provide them with the latest developments and changes regarding the Listing Rules and other relevant laws and regulations. Directors are also provided with updates from time to time about the Company's performance, status and prospect, so that the Board as a whole and each Director can fulfil their respective duties.

For the year ended 31 December 2022, all Directors had received the training sessions organized by the Company. The training sessions covered the continuity obligation of a listed company and its directors, the disclosure obligation of a listed company and updates of the Listing Rules.

According to the records provided by the Directors, the training attended by all the Directors for the year ended 31 December 2022 is summarized as follows:

Name of Directors	Training
Executive Directors	
Ms. Zhu Jing	√
Ms. Sheng Jianjing	√
Mr. Yang Zhandong *(resigned on 31 March 2023)*	√
Non-executive Directors	
Mr. Lin Jinfeng	√
Ms. Lin Zhaohong	√
Independent non-executive Directors	
Mr. Guo Shaomu	√
Mr. Au Yeung Po Fung	√
Mr. Zhou Zheren	√

5. Attendance Records of the Board Meetings and General Meetings

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. The agenda and accompanying board papers are despatched to the Directors or Board Committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When Directors or Board Committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and the Board Committee meetings are recorded in detail and include the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments. Apart from regular Board meetings, the Chairman of the Board will hold a meeting solely with the independent non-executive Directors annually.

Corporate Governance Report

For the year ended 31 December 2022, seven Board meetings were held. The individual attendance records of each Director at the meetings of the Board, Nomination Committee, Remuneration Committee, Audit Committee and the general meeting of the Company are set out as follows:

Name of Directors	Number of Board meetings attended/held	Number of Nomination Committee attended/held	Number of Remuneration Committee attended/held	Number of Audit Committee attended/held	Number of General Meeting of shareholders attended/held
Executive Directors					
Ms. Zhu Jing *(Chairwoman)*	7/7	1/1			1/1
Ms. Sheng Jianjing	7/7		2/2		1/1
Mr. Yang Zhandong *(resigned on 31 March 2023)*	7/7				1/1
Non-executive Directors					
Mr. Lin Jinfeng	6/7				0/1
Ms. Lin Zhaohong	6/7				0/1
Independent non-executive Directors					
Mr. Guo Shaomu	7/7	1/1	2/2	2/2	1/1
Mr. Au Yeung Po Fung	7/7			2/2	1/1
Mr. Zhou Zheren	7/7	1/1	2/2	2/2	1/1

6. Chairman of the Board and Chief Executive Officer

The Code Provision C.2.1 of the Corporate Governance Code states that the roles of Chairman of the board and chief executive should be separate and should not be performed by the same individual. Ms. Zhu Jing ("**Ms. Zhu**") is the chairwoman of the Board and chief executive officer of the Company. As Ms. Zhu has been responsible for the day-to-day operations and management of the Group since its establishment, the Board considers that it is in the best interests of the Group to have Ms. Zhu taking up both roles of chairwoman of the Board and chief executive officer for effective management and business development. The Board therefore considers it is appropriate to deviate from the Code Provision C.2.1 of the Corporate Governance Code in such circumstances. Notwithstanding the foregoing, the Board considers that the management structure is effective for the operation of the Group and those adequate checks and balances have been put in place.

BOARD COMMITTEES

1. Audit Committee

The Company established an Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Audit Committee are to review, supervise and approve the financial reporting process and risk management and internal control system and to provide advice and comments to the Board.

Members of the Audit Committee are Mr. Au Yeung Po Fung, Mr. Guo Shaomu and Mr. Zhou Zheren, independent non-executive Directors. Mr. Au Yeung Po Fung is the chairman of the Audit Committee.

For the year ended 31 December 2022, two meetings of the Audit Committee were held. The work performed by Audit Committee during the year ended 31 December 2022 includes but not limited to (i) reviewing annual results of 2021 and annual report of 2021, interim results of 2022 and interim report of 2022; (ii) reviewing audit and review reports of the auditors; (iii) reviewing the effectiveness of the risk management and internal control systems of the Group; (iv) reviewing the continuing connected transactions; (v) considering the re-appointment of external auditor of the Company; (vi) reviewing the resources of accounting and financial reporting functions of the Group; and (vii) reviewing the effectiveness of the Company's internal audit function.

2. Remuneration Committee

The Company established a Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Directors on the Group's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management, review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time and review and/or approve matters relating to share schemes under chapter 17 of the Listing Rules.

Members of the Remuneration Committee are Mr. Guo Shaomu and Mr. Zhou Zheren, independent non-executive Directors, and Ms. Sheng Jianjing, executive Director. Mr. Guo Shaomu is the chairman of the Remuneration Committee.

For the year ended 31 December 2022, two meetings of the Remuneration Committee were held. The work performed by the Remuneration Committee during the year ended 31 December 2022 includes but not limited to (i) review the remuneration structure of the Directors and senior management; (ii) review appraisal system of the key positions of the Group and (iii) discuss the challenges of attracting and retaining senior level staff of the Company, make recommendation on the remuneration of the Directors and senior management for Board's approval for 2022.

3. Nomination Committee

The Company established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes, identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, assess the independence of our independent non-executive Directors and make recommendations to the Board on relevant matters relating to the appointment, re-appointment and removal of the Directors and succession planning for the Directors.

Members of the Nomination Committee are Ms. Zhu Jing, executive Director, Mr. Guo Shaomu and Mr. Zhou Zheren, independent non-executive Directors. Ms. Zhu Jing is the chairwoman of the Nomination Committee.

For the year ended 31 December 2022, one meeting of Nomination Committee was held to review the composition of the Board and its committees as well as the background and experiences of the Board members, evaluate the contributions of the Board members to the Board diversity, make recommendation to the Board on the re-appointment of Directors, evaluate the independence of independent non-executive Directors, and review the board diversity policy.

Nomination Policy

The primary responsibilities of the Nomination Committee are to consider and recommend to the Board suitable and qualified candidates of Directors and to review the structure, size and composition of the Board and the board diversity policy adopted by the Company on a regular basis. The Nomination Committee utilises various methods for identifying candidates for directorship, including recommendations from Board members, management, and professional search firms. In addition, the Nomination Committee will consider candidates for directorship properly submitted by the Shareholders. The evaluation of candidates for directorship by the Nomination Committee may include, without limitation, review of resume and job history, personal interviews, verification of professional and personal references and performance of background checks. The Board will consider the recommendations of the Nomination Committee and is responsible for designating the candidates for directorship to be considered by the Shareholders for their election at the general meeting of the Company, or appointing the suitable candidate to act as Director to fill the Board vacancies or as an additional to the Board members, subject to compliance of the constitutional documents of the Company. All appointments of Director should be confirmed by letter of appointment and/or service contract setting out the key terms and conditions of the appointment of Directors.

The Nomination Committee should consider the following qualifications as a minimum to be required for a candidate in recommending to the Board to be a potential new Director, or the continued service of existing Director:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;
- the ability to assist and support management and make significant contributions to the Company's success;
- an understanding of the fiduciary responsibilities that is required for a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities;
- independence: the candidates for independent non-executive directorship should meet the "**independence**" criteria as required under the Listing Rules and the composition of the Board is in conformity with the provisions of the Listing Rules.

The Nomination Committee may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgement on issues of the Company's strategies, performance and control; and scrutinizing the Company's performance and monitoring performance reporting.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board. All independent non-executive Directors are appointed for a term of three years.

1. Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules and each of the independent non-executive Directors has made an annual written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

2. Independence mechanisms

The Company has in place mechanisms to ensure independent views and input are available to the Board. The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgement. Each independent non-executive Director is required to provide an annual confirmation of his independence to the Company and the Nomination Committee of the Company is responsible to assess the independence and time commitment of each independent non-executive Director at least annually.

All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. To facilitate proper discharge of their duties, all the Directors are entitled to seek advice from the company secretary of the Company or, upon reasonable request, seek independent professional advice at the Company's expense. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns.

Any Director or his associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2022.

BOARD DIVERSITY

To enhance the effectiveness of the Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to board diversity policy, we seek to achieve board diversity by taking into consideration of various factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service with the Company.

The Directors have a balanced mix of knowledge, skills and experience, including the areas of real estate, property development, accounting, legal matters and financial industries. They obtained academic degrees in various majors, including business administration, accounting, electrical engineering and architectural engineering. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of the Board. Furthermore, the Board has a wide range of age, ranging from 43 years old to 57 years old. We have also taken and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and the management levels. In particular, two of executive Directors are female and one of non-executive Directors is also female. The Board targets to maintain at least the current level of female representation and will consider to appoint more female Directors in the future should there are suitable candidates. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level of the Group so that it will have a pipeline of female senior management and potential successors to the Board in the future. Going forward, the Company will take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board. All Board appointments will be based on meritocracy having due regard for the benefits of diversity on the Board.

The Nomination Committee is responsible for ensuring the diversity of the Board members. The Nomination Committee will review the board diversity policy and the diversity profile (including gender balance) from time to time to ensure its continued effectiveness. We will also disclose in the corporate governance report about the implementation of the board diversity policy on an annual basis.

We are also committed to adopting similar approach to promote diversity, including but not limited to gender diversity, at all other levels of the Company from the Board downwards to enhance the effectiveness of the corporate governance as a whole.

For the year ended 31 December 2022, the workforce of the Company, including senior management, totaled 727 employees, of which 60.1% are male and 39.9% are female. The Company considers that it has sufficient diversity in terms of gender as the Group is mainly engaged in the property development where the employees mainly consist of technical personnel and general workers, most of them are generally male and therefore has not set any measurable targets. The Company aims to avoid any form of harassment and discrimination in the workplace regarding age, gender, race, nationality, religion, marital status or disability through the implementation of human resources management policies and to ensure that all employees are treated equally and fairly. The Company will also ensure that gender diversity is promoted in the recruitment of middle and senior level employees and that they are provided with more appropriate on-the-job training and development, job promotion and compensation benefits, thereby achieving greater gender diversity.

DIVIDEND POLICY

The Company has adopted a dividend policy, based on which the Company can decide at its discretion to declare and pay dividends to the Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the Board would take into account (among others) the Group's earnings, cashflows, financial condition, capital requirements, statutory reserve regulations and any other conditions that the Board may consider relevant. Although the Board will review from time to time for determination on proposed dividend with the above factors taken into account, there can be no assurance that dividends will be declared or paid in any particular amount for any given period.

CORPORATE GOVERNANCE FUNCTIONS

The Board recognizes that corporate governance should be the collective responsibility of Directors, which include:

(i) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(v) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The Board has reviewed and monitored the training and continuous professional development of directors of the Company and reviewed the Company's compliance with the Corporate Governance Code, the Model Code and the disclosure requirements in the Corporate Governance Report during the year ended 31 December 2022.

RENUMERATION OF SENIOR MANAGEMENT

The remuneration payable to the senior management (excluding Directors) of the Company for the year ended 31 December 2022 is set out in the following table by band:

Bands	Number of individuals
HK$2,000,001 to HK$2,500,000	1
HK$2,500,001 to HK$3,000,000	1

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules are set out in Notes 8 and 9 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

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

The Board is responsible for presenting a balanced, clear and understandable assessment of annual reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

The senior management of the Company has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval.

EXTERNAL AUDITOR AND THEIR REMUNERATIONS

For the year ended 31 December 2022, the remuneration paid and payable for the audit services of Ernst & Young was approximately RMB4.5 million.

COMPANY SECRETARIES

Ms. Lau Jeanie and Ms. Lu Shiyuan resigned as the joint company secretary of the Company (the "**Joint Company Secretary**") on 28 June 2022 and 20 September 2022, respectively, and Ms. Ho Yin Kwan has been appointed as a Joint Company Secretary on 28 June 2022. Ms. Ho is a vice president of SWCS Corporate Services Group (Hong Kong) Limited and is not an employee of the Company. Following the resignation of Ms. Lu, Ms. Ho who possesses the qualifications and experience as a company secretary as required under Rule 3.28 of the Listing Rules, will remain in office and serve as the sole Company Secretary. Ms. Lu will remain as the main contact person of the Company for Ms. Ho.

In compliance with Rule 3.29 of the Listing Rules, Ms. Ho has undertaken no less than 15 hours of relevant professional training for the year ended 31 December 2022.

The biographical details of the Company Secretary are set out in the section headed "Directors and Senior Management" of this annual report.

DISCLAIMER OF OPINION

The Company's independent auditor, Ernst & Young issued a disclaimer of opinion on the consolidated financial statements of the Group, details of which are set out in the independent auditor's report.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB2,243,378,000 for the year ended 31 December 2022. As at 31 December 2022, i) the Group's total bank and other borrowings and senior notes amounted to RMB10,403,971,000, out of which RMB7,890,737,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB221,134,000; ii) the Group had not repaid the principal and interests of certain senior notes with an aggregate amount of RMB90,804,000, triggering events of default for certain senior notes amounted to RMB2,552,559,000; iii) interest-bearing bank and other borrowings with an aggregate amount of RMB1,258,026,000 had not been repaid according to their scheduled repayment dates, triggering interest-bearing bank and other borrowings of RMB1,286,885,000 becoming repayable on demand. These conditions, together with other matters set out in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Company can

(i) successfully negotiate with the Group's existing lenders for the renewal or extension for repayment of the Group's senior notes and bank and other borrowings;

(ii) successfully secure project development loans for qualified project development on a timely basis;

(iii) successfully obtain additional new sources of financing as and when needed;

(iv) successfully carry out the Group's business strategy plan including the acceleration of the sales of properties;

(v) successfully implement measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(vi) successfully dispose of the Group's equity interests in project development companies when suitable.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, Ernst & Young were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

The Management's Position, View and Assessment on the Disclaimer of Opinion

In view of the uncertainties relating to going concern, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

(i) the Group has been actively negotiating with the Group's existing lenders to seek renewal or extension for repayment of the Group's senior notes and bank and other borrowings;

(ii) the Group will continue to actively communicate with banks on a timely basis to secure relevant project development loans for qualified project development;

(iii) the Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;

(iv) the Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties;

(v) the Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(vi) the Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

In respect of the acceleration of sales of properties, the Company has (i) optimized the management structure in the business department so as to enable the senior management of the Group to have access to the first-hand knowledge on the market demand for making timely decision on the selling strategies; and (ii) implemented the sales incentive policy for the sales team including the sales commission and bonus to motivate the sales team. The Company has published monthly operating data in order to keep Shareholders updated of the sales of properties.

In addition, the Company has closely monitored the collection of the outstanding sales proceeds with the coordination between different departments. The finance department has closely worked with the business department so as to ensure mortgage loans from the banks will be timely released to the customers to settle the outstanding sales proceeds. In terms of expenses and cost control, the Group has streamlined its management structure, downsized the business department and strategically reduced its cost and expenses on project designing.

The Directors are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following 12 months from 31 December 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2022 on a going concern basis.

Notwithstanding the above plans and measures, significant uncertainties exist as to whether the Group will be able to implement them successfully. Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

The Company will implement the measures and plans as set out above in order to resolving its liquidity problem. It endeavours to resolve the disclaimer of opinion issue in the next financial year. However, as mentioned above, there are still uncertainties as to whether the Group will be able to implement the plans and measures successfully. If any of the plans or measures fail to implement, the going concern issue will subsist and the timing of removing the disclaimer of opinion may be delayed.

The Company will continue to take proactive measures so to resolve its liquidity issue and will publish an appropriate announcement if there is any material development in accordance with the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Audit Committee's View on the Disclaimer of Opinion

The audit committee of the Company had critically reviewed the disclaimer of opinion, the management's position concerning the disclaimer of opinion (the "Management's Position") and measures taken by the Group for addressing the disclaimer of opinion. The audit committee of the Company agreed with the Management's Position based on the reasons above. Moreover, the audit committee of the Company requested the management to take all necessary actions to address the uncertainties regarding going concern underlying the disclaimer of opinion with a view to resolving the going concern issue as soon as practicable. The audit committee of the Company had also discussed with Ernst & Young regarding the financial position of the Group, measures taken and to be taken by the Group, and considered the Ernst & Young's rationale and understood its consideration in arriving its opinion.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board is responsible for the Company's 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 Company recognizes that risk management is critical to the success of any property developer in the PRC. Key operational risks that the Company face include changes in general market conditions and the regulatory environment of the PRC property market, availability of suitable land sites for developments at commercially acceptable prices, local economic environment, expansion risks relating to entering into new cities or geographic regions, ability to timely complete our construction projects with sound quality, available financing to support our growth, competition from other property developers and our ability to promote and sell our properties in a timely fashion.

In order to meet these challenges, the Company have adopted, a series of internal control policies, procedures and plans that are designed to reasonably assure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. See "Directors' Report – Principal Risks and Uncertainties" for a discussion of various risks and uncertainties the Company face. In addition, the Company also faces various market risks. In particular, the Company is exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See Note 44 to the Consolidated financial statements of the Group for a discussion of these market risks.

In order to ensure the effective implementation of such internal control policies, the Company have adopted various on-going measures, including the following:

- The Board is responsible and has general powers over the management and conduct of the business of the Company. Any significant business decision involving material risks, such as decisions to expand into new geographic regions or to incur significant corporate finance transactions, are reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body.

- Our management team at the headquarter level is in charge of the daily business operations and risk monitoring of the Company, and is responsible for the supervision of the respective fields of operations on a daily basis as well as the supervision and approval of any material business decisions of our city and project companies. We adopt a centralized approach to review and approve the business plan and structure. Our financial and accounting matters are directly controlled and reviewed at our headquarters level to ensure the consistency and accuracy. Our cost management department centralizes major procurement and construction contracts entered into to monitor the risks associated with such contracts, and also our internal audit function and legal affairs department to ensure regulatory and contractual compliance. Our IT system facilitates the above management processes.

Our final site selection decisions are made by our investment committee. This committee was specifically formed to review and approve such business development and consists of the Chairman of the Board, chief executive officer and the heads of relevant departments at the headquarters.

- For particular operational and market risks, control measures are adopted at an operational level. For example, the Company controls major construction risk by engaging qualified construction contractors with strict contractual requirements and reputable independent third-party project supervisory companies while maintaining daily quality control supervision.

- The Company enforces strict control and accountability policies and manuals at an individual employee level and conduct ongoing training. Our policies and manuals are updated consistently based on our operational needs. The Company seeks to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks.

- Our internal audit function performs regular reviews on the design and implementation of the internal controls and follows through remediation of deficiencies identified, the details of which are set out above.

Internal Control

The internal control system is designed to provide reasonable and adequate assurance for effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Our internal control system covers all major aspects of our operations, including, among others, sales, procurement, asset management, budgeting and accounting processes. To effectively implement such processes, the Company has a set of comprehensive policies and guidelines which set out details regarding the internal control standards, segregation of responsibilities, approval procedures and personnel accountability in each aspect. The Company also carry out regular internal assessments and training to ensure our employees are equipped with sufficient knowledge on such policies and guidelines.

The Board had conducted an annual review of the Group’s risk management and internal control systems for the year ended 31 December 2022 and considered them effective and adequate.

Information Disclosure

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. In particular, the Company has put in place a robust framework for the disclosure of inside information in compliance with the Securities and Futures Ordinance (the "SFO", Chapter 571 of the Laws of Hong Kong). The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Company. The framework and its effectiveness are subject to review by the Board on a regular basis.

Internal Audit

The Company has an internal audit function. The primary role of the internal audit function is to help the Board and the senior management of the Company to protect the assets, reputation and sustainability of the Company. The internal audit function provides independent and objective assurance as to whether the design and operational effectiveness of the Company's framework of risk management, control and governance processes, as designed and represented by the Company's management, is adequate. The internal audit function of the Company is independent of the risk management and internal control systems of the Company.

Results of audit work together with an assessment of the overall risk management and control framework are reported to the Audit Committee as appropriate. The internal audit function also reviews the Company's management's action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.

RIGHTS OF SHAREHOLDER

Communication with the Shareholders and Investors

The Company is committed to pursue active dialogue with the Shareholders as well as to provide timely disclosure of information concerning the Company's material developments to its Shareholders, investors and other stakeholders.

Annual general meeting of the Company serves as an effective forum for communication between the Shareholders and the Board. Notice of annual general meeting together with the meeting materials will be dispatched to all Shareholders not less than 21 days and not less than 20 clear business days before the annual general meeting. As one of the measures to safeguard the Shareholders' interests and rights, separate resolutions will be proposed at general meetings on each substantial issue, including the election of individual Directors, for the Shareholders' consideration and voting. In addition, the Company regards annual general meeting as an important event, and all Directors, the chairmen of all Board Committees, senior management and external auditor will attend the annual general meeting of the Company to address the Shareholders' inquiries. If the chairmen of the Board or each Board Committee fail to attend the meeting, then other members of each Board Committee will be invited to attend the annual general meeting and answer the Shareholders' inquiries thereat. All resolutions proposed at general meetings will be voted by poll. The voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunkwan.com.cn) on the same day of the relevant general meetings.

To promote effective communication, the Company maintains a website (www.sunkwan.com.cn), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access.

Corporate Governance Report

During the year ended 31 December 2022, an annual general meeting of the Company was held on 23 June 2022 at which most of the Directors attended either by person or by means of electronic facilities to communicate with the Shareholders. All corporate communications and regulatory announcements were published by the Company on its website and the website of the Stock Exchange in a timely manner. The Board considers that the shareholders communication policy was effective during the year ended 31 December 2022.

Procedures for the Shareholders to Convene an Extraordinary General Meeting

In accordance with Article 58 of the Articles of Association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at the general meetings of the Company shall at all times have the rights, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting Forward Proposals at General Meetings

Save for the following, Shareholders do not generally have a right to propose new resolutions at general meetings. Shareholders who wish to propose a resolution may request the Company to convene an extraordinary general meeting following the procedures set out in the preceding paragraph.

Where notice of a general meeting includes the election of Directors, any Shareholder may propose the election of any person as a Director at the general meeting. Pursuant to Article 85 of the Articles of Association, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at any general meeting (including the annual general meeting), the shareholder should lodge a written notice (the "**Nomination Notice**") at the registered office or the head office of the Company and the minimum length of the period during which such notice is given shall be at least seven (7) days. If the Nomination Notice is submitted after the despatch of the notice of the general meeting appointed for such election, the period for lodgment of the Nomination Notice shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The Nomination Notice must be accompanied by a notice signed by the person to be proposed of his willingness to be elected as a Director.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations which contact details are as follows:

Address: 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong
Email: skir@sunkwan.com.cn

AMENDMENT TO THE CONSTITUTIONAL DOCUMENTS

There has not been any change in the memorandum and Articles of Association during the year ended 31 December 2022.

In order to reflect and align with the new requirements under the amendments on the Listing Rules with effect from 1 January 2022, the Board proposed to put forward to the Shareholders for approval at the 2023 Annual General Meeting a special resolution to amend the Articles of Association. The proposed amendments (the "**Proposed Amendments**") are mainly related to shareholder protection standards set out in Appendix 3 to the Listing Rules and other housekeeping amendments. In light of the number of amendments proposed to be made to the Articles of Association, the Board proposed to put forward to the Shareholders the adoption of the amended and restated Articles of Association with the Proposed Amendments in substitution for, and to the exclusion of, the existing Articles of Association.

Directors' Report

The Board is pleased to present the Directors' report of the Company for the financial year ended 31 December 2022.

COMPANY INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands on 21 August 2018. The shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange on 17 November 2020.

PRINCIPAL ACTIVITIES

The Group is a growing real estate developer engaged in the residential property development and sales. Focusing on the Yangtze River Delta Economic Zone and expanding to the Pearl River Delta Economic Zone and the Mid-China Core Economic Region, the Group is committed to becoming "a premium urban life service provider (城市優質生活服務商)".

RESULTS

The results of the Group for the year ended 31 December 2022 are set out in the section of "Chairwoman's Statement" of this annual report and the consolidated statement of profit or loss and other comprehensive income on page 73.

BUSINESS REVIEW AND FUTURE DEVELOPMENT

The review of the Group's business during the Year, performance indicators and the discussion of the Group's future business development are set out in the sections of "Chairwoman's Statement" and "Management Discussion and Analysis" of this annual report. Discussions on the Group's environmental protection policies, performance, and relationships with employees, customers, suppliers and major stakeholders will be set out in the Company's 2022 Environmental, Social and Governance Report (published separately from this annual report). The Group's financial risk management objectives and policies are set out in Note 44 to the consolidated financial statements.

Details of the significant events that occurred after the financial year ended 31 December 2022 and had an impact on the Group are set out in Note 45 to the consolidated financial statements.

FINAL DIVIDEND

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

PROPERTY, PLANT AND EQUIPMENT

Details of the changes in the property, plant and equipment of the Group during the year are set out in Note 13 to the consolidated financial statements.

US$160,200,000 13.5% SENIOR NOTES DUE 2023

On 3 January 2022, 21 January 2022 and 24 January 2022, the Company issued the senior notes listed on the Stock Exchange with an aggregate principal amount of US$160.2 million due 2023, which bear interest at a rate of 13.5% per annum, payable in arrears on 3 July 2022 and 2 January 2023. For more details, please refer to the announcements of the Company dated 29 December 2021, 3 January 2022, 4 January 2022, 20 January 2022, 21 January 2022 and 24 January 2022.

US$222,364,666 12.25% SENIOR NOTES DUE 2023

On 17 July 2022, the Company issued the senior notes listed on the SGX-ST with an aggregate principal amount of US$222,364,666 due 2023, which bear interest at a rate of 12.25% per annum, payable in arrears on 18 January 2023 and 17 July 2023. For more details, please refer to the announcements of the Company dated 8 July 2022, 15 July 2022, 19 July 2022 and 25 July 2022.

BANK AND OTHER BORROWINGS

Details of bank and other borrowings are set out in the section of "Management Discussion and Analysis" of this annual report and in Note 30 to the consolidated financial statements.

RESERVE

Details of the reserves of the Group during the year ended 31 December 2022 are set out in the consolidated statement of changes in equity and Note 35 to the consolidated financial statements. As at 31 December 2022, There were no distributable reserve of the Company.

SHARE CAPITAL

Details of the changes in the share capital of the Group during the year ended 31 December 2022 are set out in Note 33 to the consolidated financial statements.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

DIRECTORS AND SERVICE CONTRACTS OF DIRECTORS

The Directors during the Year and up to the date of this report were as follows:

Executive Directors
Ms. Zhu Jing *(Chairwoman)*
Ms. Sheng Jianjing
Mr. Yang Zhandong *(resigned on 31 March 2023 due to change in work arrangements)*

Non-Executive Directors
Mr. Lin Jinfeng
Ms. Lin Zhaohong

Independent Non-Executive Directors
Mr. Guo Shaomu
Mr. Au Yeung Po Fung
Mr. Zhou Zheren

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

In accordance with Article 84(1) of the Articles of Association, Ms. Zhu Jing, Ms. Sheng Jianjing and Ms. Lin Zhaohong shall retire by rotation at the 2023 Annual General Meeting. The retiring Directors, being eligible, have offered themselves for re-election at the 2023 Annual General Meeting.

Each of the executive Directors has entered into a service contract with the Company and each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company. The service contracts with each of executive Directors are for an initial fixed term of three years and the letters of appointment with each of non-executive Directors and independent non-executive Directors are for an initial fixed term of three years. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms and may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

None of the Directors has entered service contract or an letter of appointment with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

INDEMNITY AND INSURANCE PROVISIONS

The Articles of Association provides that every Director shall be entitled to be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses as a result of any act or failure to act in carrying out his/her functions. Such provisions were in force during the course of the financial year ended 31 December 2022 and remained in force as at the date of this report.

The Company has also arranged an appropriate liability insurance for its Directors and officers.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration of Directors is reviewed by the Remuneration Committee and determined by the Board, having regard to the Group's operating results, individual performance and prevailing market condition. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. No Director or any of his or her associates was involved in deciding his or her own remuneration.

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules are set out in Notes 8 and 9 to the consolidated financial statements.

For the Year, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2022, the interests and short positions of the Directors and chief executives in the Shares, underlying Shares or debentures of the Company and 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 required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange under the Model Code, were as follows:

Name of Directors	Nature of Interest[1]	Number of Shares	Approximate Percentage of Interest in the Company[1]
Ms. Zhu Jing ("**Ms. Zhu**")[2]	Founder of a discretionary trust	754,525,000	36.40%
Mr. Lin Jinfeng[3]	Interest in a controlled corporation	622,425,000	30.03%
Ms. Sheng Jianjing[4]	Personal Interest	3,680,400	0.18%
Mr. Yang Zhandong *(resigned on 31 March 2023)*[4]	Personal Interest	3,248,400	0.16%

Notes:

(1) As at 31 December 2022, the Company issued 2,072,940,000 Shares. All interests stated are long positions.

(2) Northern American Trust Company, LLC as the trustee of the Fulva Family Trust (through its direct wholly-owned company FULVA Holding Limited) holds the entire issued share capital of YongHeng Holdings Limited. YongHeng Holdings Limited holds 754,525,000 Shares. The Fulva Family Trust is a discretionary trust established by Ms. Zhu (as the settlor) and the discretionary beneficiaries of which is Ms. Zhu and her family. Accordingly, Ms. Zhu is deemed to be interested in the number of 754,525,000 Shares held by YongHeng Holdings Limited.

(3) Mr. Lin Jinfeng is entitled to exercise or control the exercise of approximately 79.48% of the voting power at general meetings of Ginkgo Gofar Holdings Limited and is therefore deemed to be interested in the Shares in which Ginkgo Gofar Holdings Limited is interested.

(4) It represents 3,680,400 Shares granted to Ms. Sheng Jianjing and 3,248,400 Shares granted to Mr. Yang Zhandong, and will be vested to selected persons after 2 years, respectively, subject to the RSU Scheme.

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

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

As at 31 December 2022, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO:

Name of Substantial Shareholders	Nature of Interest(1)	Number of Shares	Approximate Percentage of Interest in the Company(1)
Mr. Chen Peng(3)	Interest of spouse	754,525,000	36.40%
Northern American Trust Company, LLC(2)	Trustee of a trust	754,525,000	36.40%
FULVA Holding Limited(2)	Interest in a controlled corporation	754,525,000	36.40%
YongHeng Holdings Limited	Beneficial interest	754,525,000	36.40%
Ginkgo Gofar Holdings Limited	Beneficial interest	622,425,000	30.03%

Notes:

(1) As at 31 December 2022, the Company issued 2,072,940,000 Shares. All interests stated are long positions.

(2) Northern American Trust Company, LLC as the trustee of the Fulva Family Trust (through its direct wholly-owned company FULVA Holding Limited) holds the entire issued share capital of YongHeng Holdings Limited. YongHeng Holdings Limited holds 754,525,000 Shares. The Fulva Family Trust is a discretionary trust established by Ms. Zhu (as the settlor) and the discretionary beneficiaries of which is Ms. Zhu and her family. Accordingly, each of Ms. Zhu, FULVA Holding Limited and Northern American Trust Company, LLC is deemed to be interested in the number of 754,525,000 Shares held by YongHeng Holdings Limited.

(3) Mr. Chen Peng is the spouse of Ms. Zhu. By virtue of the SFO, Mr. Chen Peng is deemed to be interested in the Shares which are interested by Ms. Zhu.

Save as disclosed above, as at 31 December 2022, the Company had not been notified by any person (other than the Directors or the chief executives of the Company) who had an interest or short position in the Shares or the underlying Shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraphs headed "RESTRICTED STOCK UNIT SCHEME" and "SHARE OPTION SCHEME" below, neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate during the Year.

COMPETING INTERESTS OF DIRECTORS

Mr. Lin Jinfeng, an non-executive Director and one of controlling shareholders of the Company (has the meaning as ascribed under the Listing Rules) (the "**Controlling Shareholders**"), is indirectly interested in the following companies:

Entity Name	Principal Activities	Total Interests
Landsea Group Co., Ltd (朗詩集團股份有限公司) ("**Landsea Group**")	Green Technology Property Development, Green Aged Care, Green Financial Services, Green Decoration, Green Design and Green Property Services	Approximately 18.38%
Landsea Green Properties Co., Ltd (朗詩綠色地產有限公司) ("**Landsea Green Properties**")	Green Technology Property Development	Approximately 9.26%

As at 31 December 2022, as part of his financial investment, Mr. Lin was only interested in approximately 18.38% and 9.26% of equity interest in each of Landsea Group and Landsea Green Properties, respectively. Although Landsea Group and Landsea Green Properties also engage in property development business in the PRC, they focus on the core industry of green technology property, which differs from the focus of the Group on providing residential properties with new technologies and artistic designs that cater to the various needs and preferences of different groups of customers and provide them with a smart, convenient and satisfactory living experience.

The Directors are of the view that the Group is and will be capable of carrying on our business independent of and at arm's length from the potential competing interests of Mr. Lin in Landsea Group and Landsea Green Properties for the following reasons:

i. the management and operational decisions of the Group are made by the executive Directors and senior management. As our non-executive Director, Mr. Lin is not and will not be involved in the daily management and operation of the Company. In addition, the independent non-executive Directors constitute three-eighths of the Board upon listing and none of them has any relationship with controlling shareholders of the Company or their respective associates. We believe that they will bring independent judgment to the decision-making process of the Board and possess relevant experience to allow the proper functioning of the Board; and

ii. as at 31 December 2022, Mr. Lin only acted as a passive investor of Landsea Group and Landsea Green Properties, and a director of Landsea Group, he had no control over and was not involved in the day-to-day management of Landsea Group or Landsea Green Properties. In case of conflict of interest between the Group and Landsea Group and/or Landsea Green Properties, Mr. Lin will exercise his duties in accordance with relevant constitutional documents, applicable laws and regulations and corporate governance measures adopted by the Group as set out in the section headed "Relationship with Controlling Shareholders – Corporate Governance Measures" of the Prospectus. Mr. Lin has also entered into the Deed of Non-Competition (as defined below) to make certain non-competition undertakings in favor of the Company (for itself and as trustee for its subsidiaries). For details of the Deed of Non-Completion, please refer to the section headed "Relationship with Controlling Shareholders – Non-Competition Undertakings" of the Prospectus.

Save as disclosed above, as at the 31 December 2022, none of the Directors was engaged in or had any interest in a business, apart from business of the Group, which competes or is likely to compete with our business, whether directly or indirectly, or would otherwise require disclosure under Rule 8.10 of the Listing Rules.

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

Save as disclosed in this annual report, no transaction, arrangement or contract of significance entered into by the Group, its holding company or subsidiaries and in which a Director or its related entities had a material interest in, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2022, the Group has complied with relevant laws and regulations that have a significant impact on the operations of the Group. In addition, relevant employees and relevant operating units are reminded from time to time of paying attention to any changes in applicable laws, provisions and regulations.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties facing the Group include, among others, that:

(i) The Group's business operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the property industry in China and in regions in which we operate;

(ii) Our business and prospects are heavily dependent on and may be adversely affected by the state of the real estate market in China, particularly in the Yangtze River Delta Economic Region;

(iii) We may not be able to acquire land reserves in desirable locations that are suitable for our development at commercially acceptable prices, or at all; and

(iv) The Group may not be able to obtain adequate financing to fund the future land acquisitions and property development, and such capital resources may not be available on commercially reasonable terms or at all.

NON-COMPETITION UNDERTAKING

Ms. Zhu Jing, Mr. Lin Jinfeng, YongHeng Holdings Limited, FULVA Holding Limited and Ginkgo Gofar Holdings Limited, the Controlling Shareholders, have confirmed in writing with the Company that they have complied with the undertakings under the deed of non-competition dated 29 October 2020, (the "**Deed of Non-competition**") and entered into by the Controlling Shareholders in favor of the Company (for itself and as trustee for its subsidiaries) during the year ended 31 December 2022.

The independent non-executive Directors have also reviewed the compliance with the undertakings under the Deed of Non-competition by the Controlling Shareholders during the year ended 31 December 2022 and confirmed that there was no breach of undertakings under the Deed of Non-competition by any of the Controlling Shareholders.

For details of the Deed of Non-Completion, please refer to the section headed "Relationship with Controlling Shareholders – Deed of Non-Competition" of the Prospectus.

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Connected Transactions

On 29 April 2022, Zhengzhou Sunkwan Property Co., Ltd. (鄭州上坤置業有限公司)(the "**Seller**", a wholly-owned subsidiary of the Company) entered into the Agreement with Shanghai Huxi Enterprise Management Company Limited (上海乎熙企業管理有限公司)(the "**Purchaser**"), pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to purchase the Sale Interest, which shall represent 60% of the equity interest in Henan Chenbo Property Co., Ltd. (河南宸博置業有限公司)(the "**Target Company**") at a consideration of RMB3,392,160 in cash.

The Target Company is held by the Seller and Purchaser as to 60% and 40% respectively. The Purchaser is a substantial shareholder of the Target Company and therefore, it is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Further details on the disposal are set out in the announcement of the Company dated 29 April 2022.

Save as disclosed above, during the year ended 31 December 2022, the Company had not conducted any one-off non-exempt connected transactions with connected persons.

Continuing Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, the following persons are connected persons of the Company:

- Ms. Zhu is an executive Director and a substantial Shareholder, hence is a connected person of the Company;

- Mr. Lin is a non-executive Director and a substantial Shareholder, hence is a connected person of the Company;

Directors' Report

- Shanghai Sunkwan Property Management Co., Ltd. (上海上坤物業管理有限公司) ("**Sunkwan Property Management**"), a limited liability company established in the PRC, with each of Ms. Zhu and Mr. Lin indirectly controlling the exercise of 30% or more of the voting power at the general meetings, is an associate (as defined under Chapter 14A of the Listing Rules) of each of Ms. Zhu and Mr. Lin and is hence a connected person of the Company; and

- each entity being a subsidiary (as defined under Chapter 14A of the Listing Rules) of Sunkwan Property Management (the "**Sunkwan Property Management Group**") are the connected persons of the Company.

According to Chapter 14A of the Listing Rules, the continuing connected transactions of the Company during the year ended 31 December 2022 are as follows:

1. Property Management Services Framework Agreement

On 17 November 2020, the Company, as service recipients, entered into a property management services framework agreement (the "**Property Management Services Framework Agreement**") with Sunkwan Property Management (for itself and on behalf of its subsidiaries), pursuant to which Sunkwan Property Management Group agreed to provide property management services, including (i) pre-delivery services prior to the delivery of residential properties to property owners, such as security, car park management, cleaning, gardening, repair, maintenance and operation of common area and shared facilities, (ii) housing inspection services on residential properties prior to the delivery to property owners and (iii) management and maintenance services for unsold property units and car park spaces (the "**Property Management Services**"), to certain of our residential property projects. The term of the Property Management Services Framework Agreement is from 17 November 2020 to 31 December 2022.

For the three years ended 31 December 2020, 2021 and 2022, the proposed annual caps under the Property Management Services Framework Agreement were RMB7.61 million, RMB8.35 million and RMB9.40 million, respectively. For the year ended 31 December 2022, the value of the services provided by Sunkwan Property to the Company was approximately RMB7.35 million.

2. Sales Management Services Framework Agreement

On 17 November 2020, the Company, as service recipients, entered into a sales management services framework agreement (the "**Sales Management Services Framework Agreement**") with Sunkwan Property Management (for itself and on behalf of its subsidiaries), pursuant to which Sunkwan Property Management Group agreed to provide sales management services, including but not limited to reception services, cleaning, car park management, security, maintenance and utility services in showrooms, display units and sales offices (the "**Sales Management Services**"), to certain of our residential property projects. The term of the Sales Management Services Framework Agreement is from 17 November 2020 to 31 December 2022.

For the three years ended 31 December 2020, 2021 and 2022, the proposed annual caps under the Sales Management Services Framework Agreement were RMB10.3 million, RMB13.8 million and RMB18.4 million, respectively. For the year ended 31 December 2022, the value of the services provided by Sunkwan Property to the Company was approximately RMB17.71 million.

For details of the aforementioned continuing connected transactions, please refer to the section headed "Connected Transactions – Non-exempt Continuing Connected Transactions" of the Prospectus.

Confirmation from the Independent Non-Executive Directors and Auditors

The independent non-executive Directors have reviewed the aforementioned continuing connected transactions and confirmed that these transactions were conducted in the ordinary daily business of the Group, on normal or better commercial terms and in accordance with the relevant agreements governing these transactions on the terms that were fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, the Group's auditor, Ernst & Young, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe the aforementioned continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) have exceed the respective annual caps.

Related Party Transactions

A summary of the related party transactions entered into by the Group during the Year is contained in Note 41 to the consolidated financial statements. Save as disclosed above, the other related party transactions do not constitute connected transactions required to be disclosed under the Listing Rules. The Company confirms it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

TAX RELIEF AND EXEMPTION

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

ENVIRONMENT, SOCIETY AND GOVERNANCE

It is the Group's corporate and social responsibility in promoting sustainable development and environmental protection, and the Group strives to minimise its environmental impact and comply with the applicable environmental laws and regulations. The measures it takes to ensure its compliance with the applicable environmental laws and regulations include: (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environment-friendly equipment and designs. The Group also takes voluntary actions with respect to environmental protection and make energy conservation and emission reduction as primary considerations when designing its property projects. None of the Group's properties had received any material fines or penalties associated with the breach of any environmental laws or regulations during the year ended 31 December 2022. The 2022 Environmental, Social and Governance Report of the Company will be published separately.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed for the year ended 31 December 2022.

SHARE OPTION SCHEME

The Company has approved and adopted a share option scheme on 27 October 2020 (the "**Share Option Scheme**"). The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Details of the Share Option Scheme

(a) Purpose

The purpose of Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The Share Option Scheme will provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) Selected participants to the Share Option Scheme

Any individual, being a director, employee, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner or service provider of any member of the Company or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Company is entitled to be offered and granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the Share Option Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

(c) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes is 200,000,000, being no more than 9.64% of the Shares in issue at the date of this report. Options which have lapsed in accordance with the terms of the rules of the Share Option Scheme (or any other share option schemes of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time (the "**Option Scheme Limit**"). No options may be granted under any schemes of the Company (or its subsidiaries) if this will result in the Option Scheme Limit being exceeded.

The Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed Option Scheme Mandate Limit cannot exceed 10% of the Shares in issue as at the date of such approval. Options previously granted under the Share Option Scheme and any other share option schemes of the Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, canceled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit. Our Company may also grant options in excess of the Option Scheme Mandate Limit, provided such grant is to specifically identified selected participant and is first approved by the Shareholders in general meeting.

(d) Maximum entitlement of a grantee

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme(s) of the Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, canceled and outstanding options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of the Shareholders(with such selected participant and his associates abstaining from voting).

(e) Subscription price

The amount payable for each Share to be subscribed for under an option in the event of the option being exercised shall be determined by the Board but shall be not less than the greater of:

(i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share on the date of grant.

(f) Options granted to directors, chief executive or substantial shareholders of the Company

Each grant of options to any director, chief executive or substantial shareholder of the Company (or any of their respective associates) must first be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of options). Where any grant of options to a substantial shareholder or an independent non-executive Director of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange), such further grant of options must also be first approved by the Shareholders (voting by way of poll) in a general meeting. In obtaining the approval, the Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the Listing Rules. The grantee, his associates and all connected persons of the Company shall abstain from voting in favor at such general meeting.

(g) Rights on a voluntary winding up

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this sub-paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than five business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid. If the option is not exercised within the time specified, the option shall immediately lapse.

(h) Duration

The Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted under the Share Option Scheme), but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Share Option Scheme. As at the date of this report, the remaining life of the Share Option Scheme is approximately seven years and ten months.

(i) Grant offer letter and notification of grant of options

An offer shall be made to selected participants by a letter in duplicate which specifies the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an option must be accepted by the relevant selected participants, which must be received by the Company within ten business days from the date on which the offer letter is delivered to the grantee. Such remittance shall in no circumstances be refundable.

Any offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within ten business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

(j) Time of exercise of an option

The Share Option Scheme does not specify any minimum holding period or vesting period but the Board has the authority to determine for which a share option must be held before it can be exercised or vesting period. An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

Since the adoption of the Share Option Scheme and up to the date of this report, no option was granted or agreed to be granted, exercised or cancelled by the Company pursuant to the Share Option Scheme. There was no outstanding share option under the Share Option Scheme as at the date of this report.

The aggregate number of options available for grant under the Share Option Scheme as at 1 January 2022 and 31 December 2022 is set out below:

	As at 31 December 2022	As at 1 January 2022
Number of options available for grant under the Share Option Scheme	**200,000,000**	200,000,000

No options were granted during the year ended 31 December 2022.

RESTRICTED STOCK UNIT SCHEME

The Board adopted the restricted stock unit scheme of the Company (the "**RSU Scheme**") on 27 October 2020 (the "**Adoption Date**"). For further details of the RSU Scheme, please refer to the section headed "Statutory and general information – D-2. RSU Scheme" of the Prospectus.

Purpose of the RSU Scheme

The purpose of the RSU Scheme is to incentivize executives for their contribution to the Group, to motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

Participants in the RSU Scheme

Persons eligible to receive RSUs under the RSU Scheme are existing or past employees, directors (whether executive or non-executive, but excluding independent non-executive directors), consultants or officers of the Company or any of its subsidiaries ("**RSU Eligible Persons**"). The basis of eligibility of any selected person for the grant of RSUs shall be determined by the Board from time to time on the basis of their contribution to the development and growth of our Group or such other factors as our Board may deem appropriate.

RSU

A restricted share unit under the RSU Scheme (the "**RSU**") gives a participant in the RSU Scheme (the "**RSU Participant**") a conditional right when the RSU vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the restricted share units, less any tax, stamp duty and other charges applicable, as determined by our Board in its absolute discretion. Each RSU represents one underlying Share.

Maximum number of RSUs

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been canceled in accordance with the rules of the RSU Scheme) shall be such number of Shares held or to be held by the trustee (the "**Trustee**") of the RSU Scheme for the purpose of the RSU Scheme from time to time. As of the date of this annual report, the total number of Shares held by the Trustee is 75,000,000 Shares, representing 3.62% of the total issued share capital of our Company. There is no maximum entitlement limit of each participant under the RSU Scheme.

Vesting of RSUs

The Board may determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule, the exercise price shall be stated in the RSU grant letter.

The remaining life of the RSU Scheme

The RSU Scheme shall be valid and effective for a period of ten years, commencing on the date of the first grant of the RSUs, or until the RSU Scheme is terminated pursuant to the RSU Scheme, whichever is earlier. As at the date of this annual report, the remaining life of the RSU Scheme is approximately seven years and ten months.

The aggregate number of RSUs available for grant under the RSU Scheme as at 1 January 2022 and 31 December 2022 is 16,568,000 and 5,090,000, respectively.

Details of the RSUs granted and outstanding under the RSU Scheme as at 1 January 2022 and 31 December 2022 is set out below:

Name of grantee	Number of RSUs as at 1 January 2022	Date of grant[(1)]	Granted during the Year	Vested during the Year	Lapsed during the Year	Cancelled during the Year	Number of RSUs as at 31 December 2022
Executive Director							
Ms. Sheng Jianjing	3,432,000	27 January 2021[(2)]	–	–	–	–	3,432,000
	–	30 August 2022[(3)(4)]	248,400	–	–	–	248,400
Mr. Yang Zhandong (resigned on 31 March 2023)	3,000,000	27 January 2021[(2)]	–	–	–	–	3,000,000
	–	30 August 2022[(3)(4)]	248,400	–	–	–	248,400
Others							
Senior management and other employees of the Group	10,136,000	27 January 2021[(2)]	–	–	–	–	10,136,000
	–	30 August 2022[(3)(4)]	4,593,200	–	–	–	4,593,200
Total	**16,568,000**		**5,090,000**	**–**	**–**	**–**	**21,658,000**

Note:

(1) The Selected Persons with RSUs granted to them under the RSU Scheme are not required to pay for the grant of any RSUs under the RSU Scheme.

(2) For the RSUs granted to the Selected Persons which 50% was granted on 27 January 2021 and the remaining 50% on 1 July 2021, and will be vested to the Selected Persons after 2 years, respectively, subject to the RSU Scheme.

(3) For the RSUs granted to the Selected Persons which 50% was granted on 30 August 2022 and the remaining 50% on 28 February 2023, and will be vested to the Selected Persons after 2 years, respectively, subject to the RSU Scheme.

(4) The closing price of the shares securities immediately before the date on which the RSUs were granted on 30 August 2022 was HK$0.98.

EQUITY-LINKED AGREEMENT

Save as disclosed in the "SHARE OPTION SCHEME" and "RESTRICTED STOCK UNIT SCHEME" paragraphs above in this section, no equity-linked agreement was entered into during the year ended 31 December 2022 and remained in force as at 31 December 2022.

CHANGES IN INFORMATION OF DIRECTORS

Save as disclosed in this report, there was no change in any information in relation to the Directors and the chief executive of the Company required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Pursuant to the terms of the the Company's 13.5% senior notes due 2023 (the "2023 Notes"), all outstanding principal amount on the 2023 Notes together with the accrued and unpaid interest thereon have become due and payable on the maturity date of 2 January 2023. Due to unfavorable factors in the macro economy, real estate market and financial environment, and multiple rounds of epidemics, the Company has not paid the outstanding principal of US$123,450,000 and interest thereon.

Save as disclosed above, the Group has no other significant events after 31 December 2022.

SUFFICIENCY OF PUBLIC FLOAT

In accordance with the publicly available information and the information in the Directors' possession, the Company has maintained sufficient public float for the year ended 31 December 2022 and up to the date of this annual report, and the public held at least 25% of the total number of issued Shares of the Company as required by the Listing Rules.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the "**2023 AGM**") will be convened and held on 30 May 2023. A notice of the 2023 AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of the Shareholders to attend, speak and vote at the 2023 AGM, the register of members of the Company will be closed from 24 May 2023 to 30 May 2023 (both days inclusive), during which period no transfer of the shares of the Company will be registered. In order to qualify for attending and voting at the 2023 AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 23 May 2023.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The customers of the Group are individuals and corporate purchasers of residential properties as well as tenants of commercial properties. For the year ended 31 December 2022, the Group's five largest customers accounted for less than 30% of the Group's total revenue.

Major Suppliers

The major suppliers of the Group are construction material suppliers and construction contractors. For the year ended 31 December 2022, the Group's five largest suppliers accounted for less than 30% of the Group's total purchases.

During the year ended 31 December 2022, to the knowledge of the Directors, none of the Directors, their close associates, or any Shareholders (which, to the knowledge of the Directors, owned more than 5% of the number of issued Shares) had interests in the five largest suppliers or customers.

FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the past five financial years is set out in the page 192 in this annual report.

CHARITABLE DONATIONS

No charitable or other donations were made by the Group for the year ended 31 December 2022.

AUDITOR

Ernst & Young has audited the consolidated financial statements for the year ended 31 December 2022. A resolution regarding the re-appointment of Ernst & Young as the Group's auditor will be proposed at the 2023 AGM. There is no change of auditor in the preceding three years.

By Order of the Board
Chairwoman
Zhu Jing

Hong Kong, 19 April 2023

Independent auditor's report

To the shareholders of Sunkwan Properties Group Limited
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Sunkwan Properties Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 73 to 191, 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 changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB2,243,378,000 for the year ended 31 December 2022. As at 31 December 2022, i) the Group's total bank and other borrowings and senior notes amounted to RMB10,403,971,000, out of which RMB7,890,737,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB221,134,000; ii) the Group had not repaid the principal and interests of certain senior notes with an aggregate amount of RMB90,804,000, triggering events of default for certain senior notes amounted to RMB2,552,559,000; iii) interest-bearing bank and other borrowings with an aggregate amount of RMB1,258,026,000 had not been repaid according to their scheduled repayment dates, triggering interest-bearing bank and other borrowings of RMB1,286,885,000 becoming repayable on demand. These conditions, together with other matters set out in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Company can (i) successfully negotiate with the Group's existing lenders for the renewal or extension for repayment of the Group's senior notes and bank and other borrowings; (ii) successfully secure project development loans for qualified project development on a timely basis; (iii) successfully obtain additional new sources of financing as and when needed; (iv) successfully carry out the Group's business strategy plan including the acceleration of the sales of properties; (v) successfully implement measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and (vi) successfully dispose of the Group's equity interests in project development companies when suitable.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board 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 of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. We report 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on the consolidated financial statements.

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.

The engagement partner on the audit resulting in this independent auditor's report is SIU FUNG TERENCE HO.

Certified Public Accountants
Hong Kong
19 April 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
REVENUE	5	3,034,126	8,340,071
Cost of sales		(3,614,816)	(7,167,914)
GROSS (LOSS)/PROFIT		(580,690)	1,172,157
Finance income		11,400	83,849
Other income and gains	5	7,868	96,891
Selling and distribution expenses		(193,481)	(267,339)
Administrative expenses		(185,270)	(323,303)
Impairment losses on financial assets	22, 23, 41	(117,784)	(1,286)
Other expenses		(370,572)	(13,523)
Fair value (losses)/gains on investment properties	14	(76,584)	48,448
Fair value losses on financial asset at fair value through profit or loss		(2,446)	(74,220)
Finance costs	7	(385,981)	(322,520)
Share of profits and losses of:			
Joint ventures		(130,527)	34,465
Associates		(8,398)	(11,710)
(LOSS)/PROFIT BEFORE TAX	6	(2,032,465)	421,909
Income tax (expense)/credit	10	(210,913)	161,597
(LOSS)/PROFIT FOR THE YEAR		(2,243,378)	583,506
(Loss)/profit attributable to:			
Owners of the parent		(1,937,003)	250,057
Non-controlling interests		(306,375)	333,449
		(2,243,378)	583,506
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (loss)/earnings per share	12	RMB (0.93)	RMB0.12

Consolidated Statement of Financial Position

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	130,747	137,837
Right-of-use assets	15(a)	329	2,438
Investment properties	14	2,148,600	2,483,200
Intangible assets	16	789	1,321
Investments in joint ventures	17	210,400	612,502
Investments in associates	18	1,972,202	1,972,217
Deferred tax assets	19	377,512	616,919
Total non-current assets		4,840,579	5,826,434
CURRENT ASSETS			
Properties under development	20	19,051,139	19,739,521
Completed properties held for sale	21	497,271	784,269
Trade receivables	22	33,631	23,879
Due from related companies	41	3,401,340	4,909,111
Contract cost assets	24	261,730	174,931
Prepayments, other receivables and other assets	23	3,385,078	4,031,040
Tax recoverable		226,468	292,665
Financial assets at fair value through profit or loss	25	20,865	110,597
Restricted cash	26	1,148,500	1,471,491
Pledged deposits	26	21,000	64,828
Cash and cash equivalents	26	221,134	2,946,780
Total current assets		28,268,156	34,549,112
CURRENT LIABILITIES			
Trade and bills payables	27	1,778,221	2,101,183
Other payables and accruals	28	2,896,954	3,184,260
Contract liabilities	29	12,215,815	13,741,819
Due to related companies	41	664,223	695,846
Interest-bearing bank and other borrowings	30	5,247,374	3,147,335
Provision for financial guarantee contracts	31	57,232	35,303
Senior notes	32	2,643,363	2,633,520
Tax payables	10	877,636	1,297,608
Lease liabilities	15(b)	51,609	30,014
Total current liabilities		26,432,427	26,866,888
NET CURRENT LIABILITIES		1,835,729	7,682,224
TOTAL ASSETS LESS CURRENT LIABILITIES		6,676,308	13,508,658

Consolidated Statement of Financial Position

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	30	2,513,234	5,444,218
Deferred tax liabilities	19	141,551	187,165
Lease liabilities	15(b)	–	25,169
Total non-current liabilities		2,654,785	5,656,552
Net assets		4,021,523	7,852,106
EQUITY			
Equity attributable to owners of the parent			
Share capital	33	14	14
Reserves	35	511,687	2,501,209
		511,701	2,501,223
Non-controlling interests		3,509,822	5,350,883
Total equity		4,021,523	7,852,106

Ms. Zhu Jing
Director

Ms. Sheng Jianjing
Director

Consolidated Statement of Changes In Equity

Year ended 31 December 2022

	Attributable to owners of the parent									
	Share capital RMB'000 Note 33	Share premium RMB'000 Note 35(a)	Merger reserve RMB'000 Note 35(b)	Capital reserve RMB'000 Note 35(c)	Statutory surplus reserve RMB'000 Note 35(d)	Employee share-based compensation reserve RMB'000 Note 34	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2021	14	1,024,003*	396,498*	(24,544)*	213,562*	11,000*	880,690*	2,501,223	5,350,883	7,852,106
Profit and total comprehensive income for the year	–	–	–	–	–	–	(1,937,003)	(1,937,003)	(306,375)	(2,243,378)
Share-based compensation expenses	–	–	–	–	–	18,250	–	18,250	–	18,250
Disposal of subsidiaries (note 37)	–	–	–	–	–	–	–	–	(485,400)	(485,400)
Disposal of partial interest in a subsidiary without losing control	–	–	–	–	–	–	–	–	31,500	31,500
Acquisition of non-controlling interests	–	–	–	(70,769)	–	–	–	(70,769)	(1,005,737)	(1,076,506)
Dividend paid to the non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	(75,049)	(75,049)
Appropriations to statutory surplus reserve	–	–	–	–	25,676	–	(25,676)	–	–	–
As at 31 December 2022	14	1,024,003*	396,498*	(95,313)*	239,238*	29,250*	(1,081,989)*	511,701	3,509,822	4,021,523

* These reserve accounts comprise the consolidated reserves of RMB511,687,000 (2021: RMB2,501,209,000) in the consolidated statement of financial position.

Consolidated Statement of Changes In Equity

Year ended 31 December 2022

	Attributable to owners of the parent									
	Share capital RMB'000 Note 33	Share premium RMB'000 Note 35(a)	Merger reserve RMB'000 Note 35(b)	Capital reserve RMB'000 Note 35(c)	Statutory surplus reserve RMB'000 Note 35(d)	Employee share-based compensation reserve RMB'000 Note 34	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 31 December 2020	14	1,063,334	396,498	(24,544)	182,025	–	662,170	2,279,497	4,003,072	6,282,569
Profit and total comprehensive income for the year	–	–	–	–	–	–	250,057	250,057	333,449	583,506
Dividends and distributions	–	(39,331)	–	–	–	–	–	(39,331)	–	(39,331)
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	1,291,444	1,291,444
Share-based compensation expenses	–	–	–	–	–	11,000	–	11,000	–	11,000
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	1,151	1,151
Disposal of subsidiaries (note 37)	–	–	–	–	–	–	–	–	(260,199)	(260,199)
Disposal of partial interest in a subsidiary without losing control	–	–	–	–	–	–	–	–	1,750	1,750
Dividend paid to the non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	(19,784)	(19,784)
Appropriations to statutory surplus reserve	–	–	–	–	31,537	–	(31,537)	–	–	–
As at 31 December 2021	14	1,024,003	396,498	(24,544)	213,562	11,000	880,690	2,501,223	5,350,883	7,852,106

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		(2,032,465)	421,909
Adjustments for:			
Finance costs	7	385,981	322,520
Share of profits and losses of joint ventures		130,527	(34,465)
Share of profits and losses of associates		8,398	11,710
Interest income		(11,400)	(83,849)
Gain on disposal of items of property, plant and equipment		(253)	–
Losses/(gains) on disposal of subsidiaries, net	6	105,632	(27,157)
Gain on disposal of a joint venture	5	(3,170)	–
Fair value losses/(gains) on investment properties	14	76,584	(48,448)
Changes in provision for financial guarantee contracts	6	21,929	–
Fair value losses on financial assets at fair value through profit or loss		2,446	74,220
Depreciation of items of property, plant and equipment	6,13	7,221	7,611
Depreciation of right-of-use assets	6	2,109	3,437
Amortisation of intangible assets	6,16	532	845
Impairment losses recognised for properties under development and completed properties held for sale	6	1,074,615	126,998
Impairment losses recognised for financial assets	6	117,784	1,286
Foreign exchange difference, net	6	242,430	(35,425)
Share-based compensation expenses	6	18,250	11,000
Remeasurement gain on an investment in a joint venture held before business combination	5	–	(23,907)
		147,150	728,285
Increase in properties under development and completed properties held for sale		(2,910,966)	(5,538,123)
Increase in contract cost assets		(106,750)	(129,059)
Increase in prepayments, other receivables and other assets		(843,079)	(639,789)
Decrease in restricted cash		58,106	299,663
Decrease in pledged deposits		23,728	32,806
(Increase)/decrease in trade receivables		(10,203)	2,007
Increase in trade and bills payables		346,051	455,481
Increase in other payables and accruals		1,763,433	1,646,664
Increase in contract liabilities		2,290,162	3,180,946
Decrease in amounts due to related companies		(10,481)	(3,816)
Cash generated from operations		747,151	35,065
Interest received		11,400	83,849
Interest element of rental payments		(590)	(2,649)
Tax paid		(372,143)	(1,020,617)
Net cash flows used in operating activities		385,818	(904,352)

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(807)	(1,448)
Additions in investment properties		(49,684)	(82,909)
Acquisition of subsidiaries		–	226,756
Acquisition of financial assets at fair value through profit or loss		–	(697,759)
Disposal of financial assets at fair value through profit or loss		30,500	626,151
Disposal of an associate		–	100,000
Disposal of joint ventures		10,013	–
Disposal of subsidiaries	37	87,424	384,634
Disposal of property, plant and equipment		440	–
Investments in joint ventures		–	(188,859)
Investments in associates		–	(1,238,720)
Advances to related companies	41	(2,371,058)	(7,002,443)
Repayment of advances to related companies	41	1,152,457	4,199,709
Net cash flows used in investing activities		(1,140,715)	(3,674,888)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by the non-controlling shareholders of subsidiaries		–	1,291,444
Principal portion of lease payments		(5,779)	(35,710)
Advances from related companies	41	897,073	1,764,787
Repayment of advances from related companies	41	(881,326)	(1,719,123)
Acquisition of non-controlling interests		(441,506)	–
Loan from non-controlling shareholders of subsidiaries		148,237	418,000
Dividends and distributions		–	(39,331)
Dividends paid to the non-controlling shareholder of subsidiaries		(75,049)	(19,784)
Disposal of partial interests in subsidiaries without losing control		31,500	1,750
Decrease in pledged deposits		20,100	102,247
Interest paid		(1,115,264)	(1,170,467)
Proceeds from the issuance of senior notes		–	2,495,772
Repayment of senior notes		(166,879)	–
Proceeds from interest-bearing bank and other borrowings		2,471,680	10,862,996
Repayment of interest-bearing bank and other borrowings		(2,853,536)	(9,791,755)
Net cash flows (used in)/generated from financing activities		(1,970,749)	4,160,826

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,725,646)	(418,414)
Cash and cash equivalents at beginning of year		2,946,780	3,365,194
CASH AND CASH EQUIVALENTS AT END OF YEAR		221,134	2,946,780
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,390,634	4,483,099
Less: Restricted cash		1,148,500	1,471,491
Pledged deposits		21,000	64,828
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENT OF CASH FLOWS		221,134	2,946,780

Notes to Financial Statements

31 December 2022

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on 21 August 2018. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 November 2020. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the subsidiaries now comprising the Group were involved in property development, property leasing and providing project management services in the People's Republic of China (the "PRC").

In the opinion of the directors, the holding company and the ultimate holding company of the Company is FULVA Holdings Limited, which is incorporated in the British Virgin Islands.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital ('000)	Percentage of effective equity interest attributable to the Company	Principal activities
Directly held:				
Inspiration Holdings Limited ("Inspiration Holdings") **	British Virgin Islands	United States dollar ("US$")50	100%	Investment holding
Foison Treasure Limited ("Foison Treasure") **	British Virgin Islands	US$50	100%	Investment holding
Kun Palace Holdings Limited ("Kun Palace") **	British Virgin Islands	US$50	100%	Investment holding
Indirectly held:				
Winning Concord Enterprises Limited ("Winning Concord") **	Hong Kong	Hong Kong dollar ("HK$")0.001	100%	Investment holding
Wanxie HK Limited ("Wanxie HK") **	Hong Kong	HK$0.001	100%	Investment holding
上海融振企業管理諮詢有限公司 Shanghai Rongzhen Business Management Consulting Co., Ltd. ("Shanghai Rongzhen") *	PRC/Mainland China	RMB10,000	100%	Investment holding

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital ('000)	Percentage of effective equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)				
上海權坤投資有限公司 Shanghai Quankun Investment Co., Ltd. (Note a) ("Shanghai Quankun") **	PRC/Mainland China	RMB10,000	51%	Investment holding
上海兆坤實業有限公司 Shanghai Zhaokun Industrial Co., Ltd. ("Zhaokun Industrial") **	PRC/Mainland China	RMB70,000	100%	Investment holding
上坤置業有限公司 Sunkwan Properties Co., Ltd. ("Sunkwan Properties") **	PRC/Mainland China	RMB2,000,000	100%	Investment holding
上海新鑰投資有限公司 Shanghai Xinyao Investment Co., Ltd. (Note a) ("Shanghai Xinyao") **	PRC/Mainland China	RMB750,000	51%	Investment holding
蘇州上坤置業有限公司 Suzhou Sunkwan Property Co., Ltd. ("Suzhou Sunkwan") **	PRC/Mainland China	RMB10,000	100%	Investment holding
上海佘山鄉村俱樂部有限公司 Shanghai Sheshan Country Club Co., Ltd. (Note a) ("Sheshan Country Club") **	PRC/Mainland China	RMB2,699,635	51%	Property development
上海龍樞物業管理有限公司 Shanghai Longshu Property Management Co., Ltd. ("Shanghai Longshu") **	PRC/Mainland China	RMB30,000	100%	Property leasing

Notes to Financial Statements
31 December 2022

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital ('000)	Percentage of effective equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)				
上海龍呂物業管理有限公司 Shanghai Longlv Property Management Co., Ltd. ("Shanghai Longlv") **	PRC/Mainland China	RMB30,000	100%	Property leasing
上海龍弼物業管理有限公司 Shanghai Longbi Property Management Co., Ltd. ("Shanghai Longbi") **	PRC/Mainland China	RMB30,000	100%	Property leasing
上海乾嶸置業有限公司 Shanghai Qianrong Property Co., Ltd. (Note b) ("Shanghai Qianrong") **	PRC/Mainland China	RMB8,050	100%	Property development and property leasing
上海坤熵資產管理有限公司 Shanghai Kunshang Asset Management Co., Ltd. ("Shanghai Kunshang") **	PRC/Mainland China	RMB500	100%	Property leasing
金華璟坤置業有限公司 Jinhua Jingkun Property Co., Ltd. (Note c) ("Jinhua Jingkun") **	PRC/Mainland China	RMB537,000	100%	Property development
杭州坤鑫置業有限公司 Hangzhou Kunxin Property Co., Ltd. ("Hangzhou Kunxin") **	PRC/Mainland China	RMB10,000	100%	Property development
杭州上坤置業有限公司 Hangzhou Sunkwan Property Co., Ltd. ("Hangzhou Sunkwan") **	PRC/Mainland China	RMB8,000	100%	Investment holding
上海京大置業有限公司 Shanghai Jingda Property Co., Ltd. (Note b)("Shanghai Jingda") **	PRC/Mainland China	RMB1,000,000	100%	Property development
深圳上坤投資有限公司 Shenzhen Sunkwan Investment Co., Ltd. ("Shenzhen Sunkwan")**	PRC/Mainland China	RMB10,000	100%	Investment holding

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital ('000)	Percentage of effective equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)				
杭州坤麟置業有限公司 Hangzhou Kunlin Property Co., Ltd. ("Hangzhou Kunlin") **	PRC/Mainland China	RMB100,000	100%	Investment holding
宿州坤宿置業有限公司 Suzhou Kunsu Property Co., Ltd. ("Suzhou Kunsu") **	PRC/Mainland China	RMB152,580	51%	Property development
鄭州上坤置業有限公司 Zhengzhou Sunkwan Real Estate Co., Ltd. ("Zhengzhou Sunkwan") **	PRC/Mainland China	RMB10,000	100%	Property development
常州乾晟房地產開發有限公司 Changzhou Qiansheng Real Estate Development Co., Ltd. (Note a) ("Changzhou Qiansheng") **	PRC/Mainland China	RMB300,000	40%	Property development
東陽坤宇置業有限公司 Dongyang Kunyu Property Co., Ltd. (Note a) ("Dongyang Kunyu") **	PRC/Mainland China	RMB400,000	38.3%	Property development
天門上坤置業有限公司 Tianmen Sunkwan Property Co., Ltd. ("Tianmen Sunkwan") **	PRC/Mainland China	RMB20,000	100%	Property development
佛山凱楓商務諮詢有限公司 Foshan Kaifeng Business Consulting Co., Ltd. ("Foshan Kaifeng Consulting") **	PRC/Mainland China	RMB10,000	100%	Property development

Notes to Financial Statements
31 December 2022

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital ('000)	Percentage of effective equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)				
寧波悦遠置業有限公司 Ningbo Yueyuan Property Co., Ltd. (Note a) ("Ningbo Yueyuan") **	PRC/Mainland China	RMB20,000	25%	Property development
桐鄉市安潤置業有限公司 Tongxiang Anrun Property Co., Ltd. (Note a) ("Tongxiang Anrun") **	PRC/Mainland China	RMB10,000	30%	Property development
蘭溪市坤晴置業有限公司 Lanxi Kunqing Property Co., Ltd. (Note c) ("Lanxi Kunqing") **	PRC/Mainland China	RMB150,000	46%	Property development
樂清坤實置業有限公司 Yueqing Kunshi Property Co., Ltd. (Note a) ("Yueqing Kunshi") **	PRC/Mainland China	RMB10,000	50%	Property development
杭州弘坤置業有限公司 Hangzhou Hongkun Real Estate Co., Ltd. ("Hangzhou Hongkun") **	PRC/Mainland China	RMB10,000	100%	Property development
蚌埠坤聚置業有限公司 Bengbu Kunju Real Estate Co., Ltd. ("Bengbu Kunju") **	PRC/Mainland China	RMB138,500	100%	Property development
上饒市麒坤置業有限公司 Shangrao Qikun Property Co., Ltd. ("Shangrao Qikun") **	PRC/Mainland China	RMB10,000	100%	Property development

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital ('000)	Percentage of effective equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)				
上海坤璽置業有限公司 Shanghai Kunxi Property Consulting Co., Ltd. (Note b) ("Shanghai Kunxi") **	PRC/Mainland China	RMB100,000	100%	Investment holding
金華坤澤置業有限公司 Jinhua Kunze Property Co., Ltd. (Note c) ("Jinhua Kunze") **	PRC/Mainland China	RMB300,000	31%	Property development
抱龍文旅發展有限公司 Baolong Wenlv development Co., Ltd. (Note a) ("Baolong Wenlv") **	PRC/Mainland China	RMB105,000	50%	Property development
蕪湖垠安置業有限公司 Wuhu Yin'an Property Co., Ltd. (Note a) ("Wuhu Yinan") **	PRC/Mainland China	RMB364,000	49%	Property development
合肥坤尚置業有限公司 Hefei Kunshang Property Co., Ltd. ("Hefei Kunshang") **	PRC/Mainland China	RMB200,000	100%	Property development
蘇州坤信房地產開發有限公司 Suzhou Kunxin Property Development Co., Ltd. (Note a) ("Suzhou Kunxin") **	PRC/Mainland China	RMB50,000	35%	Property development
佛山江坤置業有限公司 Foshan Jiangkun Property Co., Ltd. ("Foshan Jiangkun") **	PRC/Mainland China	RMB10,000	100%	Property development

Notes to Financial Statements
31 December 2022

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital ('000)	Percentage of effective equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)				
合肥坤旭置業有限公司 Hefei Kunxu Property Co., Ltd. ("Hefei Kunxu") **	PRC/Mainland China	RMB286,000	51%	Property development
信陽茶德置業有限責任公司 Xinyang Chade Property Co., Ltd. ("Xinyang Chade") **	PRC/Mainland China	RMB50,000	70%	Property development
界首坤智置業有限公司 Jieshou Kunzhi Property Co., Ltd. (Note c) ("Jieshou Kunzhi") **	PRC/Mainland China	RMB61,230	51%	Property development
紹興儀坤置業有限公司 Shaoxing Yikun Property Co., Ltd. ("Shaoxing Yikun") **	PRC/Mainland China	RMB10,000	100%	Property development
南京坤鑫置業有限公司 Nanjing Kunxin Property Co., Ltd. ("Nanjing Kunxin") **	PRC/Mainland China	RMB50,000	100%	Property development
昆山坤熙置業有限公司 Kunshan Kunxi Property Co., Ltd. ("Kunshan Kunxi") **	PRC/Mainland China	RMB50,000	70%	Property development
佛山深恒商務信息諮詢有限公司 Foshan Shenheng Business Information Consulting Co., Ltd. ("Foshan Shenheng Consulting") **	PRC/Mainland China	RMB10,000	100%	Investment holding

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital ('000)	Percentage of effective equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)				
信陽龍飛置業有限責任公司 Xinyang Longfei Property Co., Ltd. ("Xinyang Longfei") **	PRC/Mainland China	RMB20,000	70%	Property development
信陽楚韻置業有限責任公司 Xinyang Chuyun Property Co., Ltd. ("Xinyang Chuyun") **	PRC/Mainland China	RMB20,000	70%	Property development
武漢恒祿置業有限公司 Wuhan Henglu Property Co., Ltd. (Note c) ("Wuhan Henglu") **	PRC/Mainland China	RMB50,000	51%	Property development

* The legal form of this subsidiary is a wholly foreign-owned enterprise.

** The legal form of these subsidiaries is limited liability companies.

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes to Financial Statements

31 December 2022

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

Note a The Group was granted more than a majority of voting rights in the shareholders' meeting according to the contractual arrangement and the articles of associations with the then equity holders, which gives the Group the current ability to direct the relevant activities of these entities, and therefore, these entities were accounted for as subsidiaries of the Group.

	Percentage of voting rights held by the Group
Shanghai Xinyao	51.00%
Shanghai Quankun	51.00%
Sheshan Country Club	51.00%
Changzhou Qiansheng	51.00%
Dongyang Kunyu	75.00%
Ningbo Yueyuan	75.00%
Suzhou Kunxin	51.00%
Baolong Wenlv	51.00%
Wuhu Yin'an	51.00%
Tongxiang Anrun	51.00%
Yueqing Kunshi	51.00%

Note b The Group legally transferred partial interests of these subsidiaries as collateral to independent trust companies under financing arrangements as at 31 December 2022. Pursuant to the financing arrangements, the Group was obliged to repurchase the equity interests held by trust companies at a fixed amount upon repayment of the borrowings.

	Percentage of equity pledged
Shanghai Qianrong	80.12%
Shanghai Kunxi	95.00%
Shanghai Jingda	49.00%
Nanjing Kunxin	100.00%

The Group is exposed to variable returns from its involvement and has the ability to affect those returns through its power over the relevant activities of these entities in the ordinary course of business. The trust companies earn fixed return from their investments and their rights in these entities are considered as protected in nature. In this regard, the investments from trust companies are treated as liabilities of the Group and these entities are considered as subsidiaries.

Note c These entities are subsidiaries of a non-wholly-owned subsidiary of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over it.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all standards and interpretations, International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Going Concern Basis

The Group recorded a net loss of RMB2,243,378,000 for the year ended 31 December 2022. As at 31 December 2022, i) the Group's total bank and other borrowings and senior notes amounted to RMB10,403,971,000, out of which RMB7,890,737,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB221,134,000; ii) the Group had not repaid the principal and interests of certain senior notes with an aggregate amount of RMB90,804,000, triggering events of default for certain senior notes amounted to RMB2,552,559,000; iii) interest-bearing bank and other borrowings with an aggregate amount of RMB1,258,026,000 had not been repaid according to their scheduled repayment dates, triggering interest-bearing bank and other borrowings of RMB1,286,885,000 becoming repayable on demand.

The above conditions indicate the existence of material uncertainties which cast significant doubt over the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

(i) The Group has been actively negotiating with the Group's existing lenders to seek renewal or extension for repayment of the Group's senior notes and bank and other borrowings;

(ii) The Group will continue to actively communicate with banks on a timely basis to secure relevant project development loans for qualified project development;

(iii) The Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;

(iv) The Group has prepared a business strategy plan mainly focusing on the acceleration of the sales of properties;

2.1 BASIS OF PREPARATION (Continued)

Going Concern Basis (Continued)

(v) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(vi) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following 12 months from 31 December 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2022 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's senior notes and bank and other borrowings;

(ii) successfully securing project development loans for qualified project development on a timely basis;

(iii) successfully obtaining additional new sources of financing as and when needed;

(iv) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties;

(v) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(vi) successfully disposing of the Group's equity interests in project development companies when suitable.

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

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. The amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1, 5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024.
5 As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17.

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

Amendments to IFRS 10 and IAS 28 (2011) address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 (2011) was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

Business combinations and goodwill

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

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

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

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

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at the end of the year. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

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

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

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

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

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

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	2%-5%
Motor vehicles	19%-48%
Office equipment and electronic devices	19%-48%
Leasehold improvements	20%-33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the year.

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

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Transfers to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *.Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office buildings	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "Properties under development" or "Completed properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee **(Continued)**

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment, motor vehicles and electronic devices that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Sale and leaseback

The Group transfers an asset to its customer (the buyer-lessor) and leases that asset back from the buyer-lessor, and the Group assesses whether the transfer of the asset is a sale applying the requirements for determining when a performance obligation is satisfied in IFRS 15.

When a sale occurs, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the Group recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the fair value of the consideration for the sale of an asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the Group makes the adjustments to measure the sales proceeds at fair value with any below-market terms accounted for as a prepayment of lease payments and any above-market terms accounted for as additional financing provided by the buyer-lessor to the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

***Subsequent measurement* (Continued)**

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has evaluated the expected loss rate that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include interest-bearing bank and other borrowings, trade payables and other payables, lease liabilities and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the debt component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods in which the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers **(Continued)**

a. *Sale of properties*

Revenues are recognised when or as the control of the asset is transferred to the customer.

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

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

b. *Project management services*

Project management service income derived from the provision of support services in connection with the development of property projects is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs assets

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 34 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding shares is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are expensed in the period in which they are incurred.

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

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and is limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in the Mainland China. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the year. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that may individually or collectively cast a significant doubt upon the going concern assumption are set out in note 2.1 to the consolidated financial statements.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition from sales of properties

The Group has recognised revenue from sales of properties. Revenue is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at the point in time when the buyer obtains control of the completed property. Whether there is an enforceable right to payment depends on the terms of contracts and relevant laws that apply to the contracts. To assess the enforceability of right to payment, the Group has reviewed the terms of the contracts, the relevant local laws and the local regulators' view, and obtained legal advice, and a significant judgement is required.

Operating lease commitments

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Consolidation scope

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as the board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

Subsidiaries are consolidated, which means each of their assets, liabilities and transactions are included line by line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments in the consolidated statement of financial position.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Provision for expected credit losses on trade receivables and prepayments, other receivables and other assets

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments, other receivables and other assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The expected loss rate is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the properties sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments, other receivables and other assets is disclosed in note 22, note 23 and note 41 to the financial statements, respectively.

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Certain advance payments received from customers provide a significant financing benefit to the Group. Although the Group is required by the government to place all deposits and periodic payments received from the pre-completion sales in a stakeholder's account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for the expended construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers is completed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

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

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimation and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not recognised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences are recognised.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each year. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2022 was RMB2,148,600,000 (2021: RMB2,483,200,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be recognised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development by project location for the purpose of making decisions about resource allocation and performance assessment. As all locations have similar economic characteristics with similar nature of property development and leasing and management, a similar nature of the aforementioned business processes, a similar type or class of customers for the aforementioned businesses and similar methods used to distribute the properties or provide the services, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers	**2,981,655**	8,279,845
Revenue from other sources		
Gross rental income from		
investment property operating leases	**52,471**	60,226
	3,034,126	8,340,071

Revenue from contracts with customers

(i) Disaggregated revenue information

	2022 RMB'000	2021 RMB'000
Types of goods or services:		
Sale of properties	**2,966,236**	8,158,783
Project management services	**15,419**	121,062
Total revenue from contracts with customers	**2,981,655**	8,279,845
Timing of revenue recognition:		
Properties transferred at a point in time	**2,966,236**	8,158,783
Services transferred over time	**15,419**	121,062
	2,981,655	8,279,845

The following table shows the amounts of revenue recognised in the reporting period that were included in the contract liabilities at the beginning of respective periods and recognised from performance obligations satisfied in previous periods:

	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sale of properties	**2,596,516**	5,688,892

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of properties
The performance obligation is satisfied when the purchaser obtains the physical possession or the legal title of the completed property and the Group has the right to payment and collection of the consideration if probable.

Project management services
The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) related to the sales of properties as at the end of the year are as follows:

	2022 RMB'000	2021 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**7,007,857**	7,657,472
After one year	**5,076,677**	8,177,546
	12,084,534	15,835,018

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties, of which the performance obligations are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) *Performance obligations* (Continued)

Project management services (Continued)

An analysis of other income and gains is as follows:

	2022 RMB'000	2021 RMB'000
Other income and gains		
Foreign exchange difference, net	–	39,175
Gain on disposal of subsidiaries	–	27,157
Gain on disposal of a joint venture	3,170	–
Gain on disposal of items of property, plant and equipment	253	–
Remeasurement gain on investments in joint ventures held before business combination	–	23,907
Government grants	692	3,402
Forfeiture of deposits	2,450	1,939
Others	1,303	1,311
	7,868	96,891

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	2022 RMB'000	2021 RMB'000
Cost of properties sold (note 21)	**2,531,438**	6,999,276
Impairment losses recognised for properties under development and completed properties held for sales (note 20,21)	**1,074,615**	126,998
Impairment losses recognised for financial assets	**117,784**	1,286
Depreciation of property, plant and equipment (note 13)	**7,221**	7,611
Depreciation of right-of-use assets (note 15(a))	**2,109**	3,437
Losses/(gains) on disposal of subsidiaries, net	**105,632**	(27,157)
Lease payments not included in the measurement of lease liabilities	**1,868**	5,903
Foreign exchange difference, net	**242,430**	(35,425)
Remeasurement of financial guarantee contracts	**21,929**	–
Auditor's remuneration	**4,500**	5,250
Amortisation of intangible assets (note 16)	**532**	845
Employee benefit expense (including directors' and chief executive's remuneration in note 8):		
Wages and salaries	**140,771**	180,931
Pension scheme contributions and social welfare	**17,985**	41,846
Employee share-based compensation expense (note 34)	**18,250**	11,000

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 RMB'000	2021 RMB'000
Interest on interest-bearing bank and other borrowings and senior notes	**1,370,985**	1,324,321
Interest on lease liabilities	**2,795**	2,649
Interest expense arising from revenue contracts	**427,094**	394,903
Total interest expense on financial liabilities not at fair value through profit or loss	**1,800,874**	1,721,873
Less: Interest capitalised	**(1,414,893)**	(1,399,353)
	385,981	322,520

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022 RMB'000	2021 RMB'000
Fees	1,071	1,008
Other emoluments:		
Salaries, allowances and benefits in kind	2,900	3,695
Performance-related bonuses	–	–
Equity-settled share option expense	6,524	4,271
Pension scheme contributions and social welfare	390	366
	10,885	9,340

(a) Independent non-executive directors

Mr. Guo Shaomu, Mr. Au Yeung Po Fung, and Mr. Zhou Zheren were appointed as independent non-executive directors of the Company on 27 October 2020.

The fees paid to independent non-executive directors during the year were as follows:

	2022 RMB'000	2021 RMB'000
Mr. Guo Shaomu	357	336
Mr. Au Yeung Po Fung	357	336
Mr. Zhou Zheren	357	336
	1,071	1,008

There was no other emolument payable to the independent non-executive directors during the year (2021: nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

Ms. Zhu Jing was appointed as an executive director and the chief executive officer of the Company on 21 August 2018. Mr. Yang Zhandong and Ms. Sheng Jianjing were appointed as executive directors of the Company on 24 March 2020. Mr. Lin Jinfeng and Ms. Lin Zhaohong were appointed as non-executive directors of the Company on 24 March 2020.

	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Equity-settled share-based payment expenses RMB'000	Pension scheme contributions and social welfare remuneration RMB'000	Total RMB'000
2022:					
Executive directors:					
– Ms. Zhu Jing	1,563	–	–	130	1,693
– Mr. Yang Zhandong	648	–	3,043	130	3,821
– Ms. Sheng Jianjing	689	–	3,481	130	4,300
Non-executive directors:					
– Mr. Lin Jinfeng	–	–	–	–	–
– Ms. Lin Zhaohong	–	–	–	–	–
	2,900	–	6,524	390	9,814

	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Equity-settled share-based payment expenses RMB'000	Pension scheme contributions and social welfare remuneration RMB'000	Total RMB'000
2021:					
Executive directors:					
– Ms. Zhu Jing	2,268	–	–	122	2,390
– Mr. Yang Zhandong	622	–	1,992	122	2,736
– Ms. Sheng Jianjing	805	–	2,279	122	3,206
Non-executive directors:					
– Mr. Lin Jinfeng	–	–	–	–	–
– Ms. Lin Zhaohong	–	–	–	–	–
	3,695	–	4,271	366	8,332

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2021: Nil).

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2021: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the two (2021: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	2,753	5,514
Performance related bonuses	–	–
Equity-settled share-based payment expenses	1,765	2,502
Pension scheme contributions and social welfare	260	311
	4,778	8,327

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2022	2021
Nil to HK$500,000	–	–
HK$500,001 to HK$1,000,000	–	–
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	1	–
HK$2,500,001 to HK$3,000,000	1	–
HK$3,000,001 to HK$3,500,000	–	1
HK$3,500,001 to HK$4,000,000	–	2
	2	3

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits arising in Hong Kong for the year ended 31 December 2022.

Subsidiaries of the Group operating in Mainland China were subject to the PRC corporate income tax with a tax rate of 25% for the reporting period.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2022 RMB'000	2021 RMB'000
Current tax:		
Corporate income tax	**86,031**	318,463
LAT (note)	**34,617**	(428,596)
Deferred tax (note 19)	**90,265**	(51,464)
Total tax charge/(credit) for the year	**210,913**	(161,597)

Note: During the year ended 31 December 2021, seven projects completed LAT clearance. The final clearances of LAT were approved by relevant local tax authority based on its consideration and judgement of the development and operation of these projects. The approved LAT amounts are lower than the provision estimated. Therefore, such differences were deducted from the LAT in the year ended 31 December 2021.

10. INCOME TAX (Continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate are as follows:

	2022 RMB'000	2021 RMB'000
(Loss)/profit before tax	**(2,032,465)**	421,909
Tax at the statutory tax rate	**(508,116)**	105,477
Profits and losses attributable to joint ventures and associates	**34,731**	(5,689)
Expenses not deductible for tax	**879**	4,059
Cost not deductible for tax	**–**	2,904
Tax losses utilised from previous years	**(7,376)**	(2,416)
Deductible temporary differences utilised from previous years	**–**	(36,595)
Tax losses and deductible temporary differences not recognised	**664,832**	92,110
Provision/(reversal) for LAT	**34,617**	(428,596)
Tax effect on LAT	**(8,654)**	107,149
Tax charge at the Group's effective rate	**210,913**	(161,597)

The share of tax charge attributable to joint ventures and associates amounted to RMB14,947,000 (2021: RMB34,613,000) for the year ended 31 December 2022. The share of tax credit attributable to joint ventures and associates amounted to RMB61,255,000 (2021: RMB27,028,000) for the year ended 31 December 2022. Both are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

Tax payables in the consolidated statement of financial position represent:

	2022 RMB'000	2021 RMB'000
Tax payables:		
Corporate income tax	**387,837**	561,539
LAT	**489,799**	736,069
	877,636	1,297,608

11. DIVIDENDS

The Board didn't recommend the proposed final dividends for the year ended 31 December 2022 (2021: Nil).

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,072,940,000 (2021: 2,072,940,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

The calculations of the basic and diluted earnings per share amounts are based on:

	2022 RMB'000	2021 RMB'000
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent	**(1,937,003)**	250,057

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year	**2,072,940,000**	2,072,940,000
(Loss)/earnings per share		
Basic and diluted	**RMB (0.93)**	RMB0.12

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2022					
At 31 December 2021 and 1 January 2022:					
Cost	143,971	5,112	8,243	13,455	170,781
Accumulated depreciation	(12,497)	(3,822)	(5,811)	(10,814)	(32,944)
Net carrying amount	131,474	1,290	2,432	2,641	137,837
At 1 January 2022, net of accumulated depreciation	131,474	1,290	2,432	2,641	137,837
Additions	–	310	497	–	807
Disposal of subsidiaries (note 37)	–	(41)	(448)	–	(489)
Disposals	–	(187)	–	–	(187)
Depreciation provided during the year (note 6)	(2,777)	(620)	(1,212)	(2,612)	(7,221)
At 31 December 2022, net of accumulated depreciation	128,697	752	1,269	29	130,747
At 31 December 2022					
Cost	143,971	5,194	8,292	13,455	170,912
Accumulated depreciation	(15,274)	(4,442)	(7,023)	(13,426)	(40,165)
Net carrying amount	128,697	752	1,269	29	130,747

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2021					
At 31 December 2020 and 1 January 2021:					
Cost	143,971	5,351	6,275	13,455	169,052
Accumulated depreciation	(9,720)	(2,915)	(4,634)	(8,062)	(25,331)
Net carrying amount	134,251	2,436	1,641	5,393	143,721
At 1 January 2021, net of accumulated depreciation	134,251	2,436	1,641	5,393	143,721
Additions	–	–	1,447	–	1,447
Acquisition of subsidiaries	–	74	520	–	594
Disposal of subsidiaries (note 37)	–	(314)	–	–	(314)
Depreciation provided during the year (note 6)	(2,777)	(906)	(1,176)	(2,752)	(7,611)
At 31 December 2021, net of accumulated depreciation	131,474	1,290	2,432	2,641	137,837
At 31 December 2021					
Cost	143,971	5,112	8,243	13,455	170,781
Accumulated depreciation	(12,497)	(3,822)	(5,811)	(10,814)	(32,944)
Net carrying amount	131,474	1,290	2,432	2,641	137,837

Certain of the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB128,697,000 (2021: RMB131,474,000) as at 31 December 2022 have been pledged to secure bank and other borrowings granted to the Group (note 30).

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14. INVESTMENT PROPERTIES

	Completed RMB'000	Under construction RMB'000	Held under leases RMB'000	Total RMB'000
Carrying amount at 31 December 2020	1,806,500	1,402,800	36,300	3,245,600
Additions	–	82,909	–	82,909
Acquisition of subsidiaries	–	227,300	–	227,300
Transferred from properties under development (note 20)	–	160,143	–	160,143
Transferred to properties under development (note 20)	–	(1,281,200)	–	(1,281,200)
Transfer	45,700	(45,700)	–	–
Net gain/(loss) from a fair value adjustment	49,900	15,148	(16,600)	48,448
Carrying amount at 31 December 2021	1,902,100	561,400	19,700	2,483,200
Additions	**–**	**49,684**	**–**	**49,684**
Disposal of subsidiaries (note 37)	**(135,700)**	**(172,000)**	**–**	**(307,700)**
Transfer	**242,424**	**(242,424)**	**–**	**–**
Net loss from a fair value adjustment	**(55,724)**	**(1,160)**	**(19,700)**	**(76,584)**
Carrying amount at 31 December 2022	**1,953,100**	**195,500**	**–**	**2,148,600**

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 2022 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB2,148,600,000 (2021: RMB2,483,200,000). The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

The Group also entered into certain sale and leaseback transactions, under which the Group sells a property and then leases it back from the owner to generate various income streams, such as rental and management fees. Under the sale and leaseback arrangement, the Group may also incur additional operating expenses, such as marketing and management fees, and may suffer losses, damages and liabilities if the Group fails to fulfil contract obligations stipulated in the sale and leaseback agreements. There was no new sales and leaseback transaction for the year ended 31 December 2022 and 2021.

The income from subleasing those right-of-use assets was RMB9,252,000 for the year ended 31 December 2022 (2021: RMB14,190,000).

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

14. INVESTMENT PROPERTIES (Continued)

Certain of the Group's investment properties with fair value of approximately RMB1,948,526,000 as at 31 December 2022 (2021: RMB2,045,426,000) have been pledged to secure bank and other borrowings granted to the Group (note 30).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2022 using			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties				
Under construction	–	–	195,500	195,500
Completed	–	–	1,907,600	1,907,600
Residential properties				
Completed	–	–	45,500	45,500
	–	–	2,148,600	2,148,600

	Fair value measurement as at 31 December 2021 using			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties				
Under construction	–	–	395,700	395,700
Completed	–	–	1,856,400	1,856,400
Held under leases	–	–	19,700	19,700
Residential properties				
Under construction	–	–	165,700	165,700
Completed	–	–	45,700	45,700
	–	–	2,483,200	2,483,200

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 31 December 2022	2021
Commercial properties completed	Income approach	Expected rental value (per square metre per month)	RMB45-182	RMB45-198
		Capitalisation rate	2.5-5.5%	2.5-5.5%
Commercial properties under construction	Comparison method	Comparable market value (per square metre)	RMB7,000-8,000	RMB7,406-8,177
Commercial properties held under leases	Income approach	Expected rental value (per square metre per month)	N/A	RMB111-183
		Capitalisation rate	–	5.5-6.0%
Residential properties completed	Income approach	Expected rental value (per square metre per month)	RMB63	RMB63
		Capitalisation rate	3.25%	3.25%
Residential properties under construction	Comparison method	Expected profit margin	N/A	2%

The fair value of completed commercial properties is determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalisation rate would result in a significant decrease (increase) in the fair value of the investment properties.

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The fair value of commercial properties under construction is determined using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the properties, assuming they were completed and, where appropriate, after deducting the following items:

- Estimated construction cost, marketing cost, management fees, finance cost and professional fees to be expensed to complete the properties that would be incurred by a market participant; and

- Estimated profit margin that a market participant would require to hold and develop the properties to completion.

The higher expected profit margin would result in the lower fair value of the investment properties under construction.

15. LEASES

The Group as a lessee

The Group has lease contracts for office buildings, motor vehicles and office equipment. Leases of office buildings generally have lease terms between 2 and 3 years. Motor vehicles and office equipment generally have lease terms of 12 months or less or are individually of low value.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Office buildings	
	2022 RMB'000	2021 RMB'000
Carrying amount at beginning of the year	2,438	1,777
Additions	–	4,098
Depreciation charge during the year (note 6)	(2,109)	(3,437)
Carrying amount at end of the year	329	2,438

15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount at beginning of the year	55,183	86,795
New leases	–	4,098
Accretion of interest recognised during the year	2,795	2,649
Payments	(6,369)	(38,359)
Carrying amount at end of the year	51,609	55,183
Analysed into:		
Current portion	51,609	30,014
Non-current portion	–	25,169

The maturity analysis of lease liabilities is disclosed in note 43 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 RMB'000	2021 RMB'000
Interest on lease liabilities	2,795	2,649
Depreciation charge of right-of-use assets	2,109	3,437
Expense relating to short-term leases	1,474	5,469
Expense relating to leases of low-value assets	394	434
Total amount recognised in profit or loss	6,772	11,989

The total cash outflow for leases is disclosed in note 38(c) to the financial statements.

(d) The Group as a lessor

The Group leases its investment properties (note 14) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB52,471,000 (2021: RMB60,226,000), details of which are included in note 5 to the financial statements.

15. LEASES (Continued)

The Group as a lessee (Continued)

(d) ***The Group as a lessor*** **(Continued)**

At 31 December 2022 the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022 RMB'000	2021 RMB'000
Within one year	43,426	51,275
After one year but within two years	13,382	24,357
After two years but within three years	6,151	9,127
After three years but within four years	3,004	6,631
After four years but within five years	2,341	4,014
After five years	2,209	3,287
	70,513	98,691

16. INTANGIBLE ASSETS

	2022 RMB'000	2021 RMB'000
Software		
At the beginning of the year:		
Cost	5,692	5,692
Accumulated amortisation	(4,371)	(3,526)
Net carrying amount	1,321	2,166
Carrying amount at the beginning of the year:	1,321	2,166
Amortisation provided during the year (note 6)	(532)	(845)
Carrying amount at the end of the year	789	1,321
At the end of the year:		
Cost	5,692	5,692
Accumulated amortisation	(4,903)	(4,371)
Net carrying amount	789	1,321

17. INVESTMENT IN JOINT VENTURES

	2022 RMB'000	2021 RMB'000
Share of net assets	**210,400**	612,502

The Group has guaranteed certain of the bank and other borrowings made to its joint ventures, details of which are set out in note 40. In the opinion of the directors, the financial guarantee services are unlikely to be compensated in the foreseeable future and are considered as part of the Group's net investments in the joint ventures.

The Group's receivable and payable balances with joint ventures are disclosed in note 41 to the financial statements.

(a) Particulars of the Group's material joint ventures is as follows:

Name of companies	Place and year of registration	Nominal value of registered share capital RMB'000	Effective percentage of ownership interest indirectly attributable to the Company	Principal activity
溫州市弘麟房地產開發有限公司 Wenzhou Honglin Real Estate Development Co., Ltd. ("Wenzhou Honglin")	Zhejiang, PRC 2019	RMB10,000	50%	Property development
蘇州坤聿置業有限公司 Suzhou Kunyu Real Estate Co., Ltd. ("Suzhou Kunyu")	Jiangsu, PRC 2019	RMB180,000	90%	Property development
上海上坤飛榮置業有限公司 Shanghai Sunkwan Feirong Property Co., Ltd. ("Sunkwan Feirong")	Shanghai, PRC 2016	RMB8,000	50%	Property development and leasing

Pursuant to the investment framework agreement and the articles of association of these companies, all shareholder resolutions of these companies shall be resolved by all shareholders on an unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the year.

Wenzhou Honglin and Suzhou Kunyu, which are considered as material joint ventures of the Group for the year ended 31 December 2022, co-develops a property development project with the other joint venture partners in Mainland China and the joint ventures are accounted for using the equity method.

17. INVESTMENT IN JOINT VENTURES (Continued)

(b) Sunkwan Feirong, which is considered as a material joint venture of the Group for the year ended 31 December 2021, co-develops a property development project with the other joint venture partner in Mainland China and the joint venture is accounted for using the equity method.

The following table illustrates the financial information of Wenzhou Honglin, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	For the year ended 31 December 2022	
	Suzhou Kunyu RMB'000	Wenzhou Honglin RMB'000
Cash and cash equivalents	63,070	247
Other current assets	2,417,029	648,660
Current assets	2,480,099	648,907
Non-current assets	14,846	9,567
Current liabilities	(1,589,040)	(505,774)
Non-current liabilities	(890,000)	(100,000)
Net asset	15,905	52,700
Reconciliation to the Group's interests in the joint ventures:		
Proportion of the Group's ownership	90%	50%
The Group's share of net assets of the joint ventures	14,315	26,350
Revenue	28	982,197
Cost and expenses	(132,099)	(901,210)
Tax	–	(17,642)
Profit for the year	(132,071)	63,345
Total comprehensive income for the year	(132,071)	63,345

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17. INVESTMENT IN JOINT VENTURES (Continued)

(b) (Continued)

The following table illustrates the financial information of Sunkwan Feirong, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	For the year ended 31 December 2021 Sunkwan Feirong RMB'000
Cash and cash equivalents	2,873
Other current assets	349,125
Current assets	351,998
Non-current assets	2,761,137
Current liabilities	(1,426,766)
Non-current liabilities	(1,127,621)
Net asset	558,748
Reconciliation to the Group's interests in the joint ventures:	
Proportion of the Group's ownership	50%
The Group's share of net assets of the joint ventures	279,374
Revenue	29,764
Cost and expenses	(80,625)
Fair value gains on investment properties	261,872
Tax	(52,871)
Profit for the year	158,140
Total comprehensive income for the year	158,140

(c) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2022 RMB'000	2021 RMB'000
Share of the joint ventures' losses	**(43,336)**	(44,605)
Share of the joint ventures' total comprehensive loss	**(43,336)**	(44,605)
Aggregate carrying amount of the Group's investments in the joint ventures	**169,735**	333,128

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2022 as the investments in joint ventures are considered fully recoverable (2021: Nil). The joint ventures have been accounted for using the equity method in these financial statements.

18. INVESTMENT IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Share of net assets	**1,972,202**	1,972,217

The Group has guaranteed certain of the bank and other borrowings made to its associates, details of which are set out in note 40. In the opinion of the directors, the financial guarantee services are unlikely to be compensated in the foreseeable future and are considered as part of the Group's net investments in the associates.

The Group's receivable and payable balances with associates are disclosed in note 41 to the financial statements.

The associates of the Group are considered not individually material for the year ended 31 December 2022.

(a) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2022 RMB'000	2021 RMB'000
Share of the associates' profits and losses	**8,398**	(11,710)
Share of the associates' total comprehensive income	**8,398**	(11,710)
Aggregate carrying amount of the Group's investments in the associates	**1,972,202**	1,972,217

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2022 as the investments in associates are considered fully recoverable. The associates have been accounted for using the equity method in these financial statements.

19. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Impairment of assets RMB'000	Accrued construction cost RMB'000	Unrealised revenue in contract liabilities RMB'000	Accrued LAT RMB'000	Lease liabilities RMB'000	Total RMB'000
At 31 December 2020 and 1 January 2021	47,512	589	19,613	89,657	469,357	21,699	648,427
Acquisition of subsidiaries	–	–	–	62,380	–	–	62,380
Disposal of subsidiaries (note 37)	–	–	–	(14,635)	–	–	(14,635)
Deferred tax credited/(charged) to profit or loss during the year (note 10)	164,167	322	40,270	135,191	(285,340)	(7,903)	46,707
At 31 December 2021 and 1 January 2022	211,679	911	59,883	272,593	184,017	13,796	742,879
Disposal of subsidiaries (note 37)	(7,028)	–	–	(109,402)	–	–	(116,430)
Deferred tax credited/(charged) to profit or loss during the year (note 10)	38,457	19,164	(36,170)	(81,256)	(61,567)	(894)	(122,266)
At 31 December 2022	243,108	20,075	23,713	81,935	122,450	12,902	504,183

19. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax liabilities

	Fair value adjustments arising from financial assets at FVTPL RMB'000	Fair value adjustments arising from investment properties RMB'000	Fair value adjustments arising from properties under development RMB'000	Fair value adjustments arising from business combinations RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 31 December 2020 and 1 January 2021	2,244	222,234	–	62,891	1,420	288,789
Acquisition of subsidiaries	–	6,992	–	22,101	–	29,093
Transfer	–	(84,007)	84,007	–	–	–
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(23)	12,112	–	(17,004)	158	(4,757)
At 31 December 2021 and 1 January 2022	**2,221**	**157,331**	**84,007**	**67,988**	**1,578**	**313,125**
Disposal of subsidiaries (note 37)	**–**	**(9,002)**	**–**	**(3,900)**	**–**	**(12,902)**
Deferred tax credited/(charged) to profit or loss during the year (note 10)	**(69)**	**(19,146)**	**–**	**(12,266)**	**(520)**	**(32,001)**
At 31 December 2022	**2,152**	**129,183**	**84,007**	**51,822**	**1,058**	**268,222**

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

	2022 RMB'000	2021 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**377,512**	616,919
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(141,551)**	(187,165)
	235,961	429,754

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

19. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Deferred tax liabilities (Continued)

At 31 December 2022, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Company and the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately of nil (2021: RMB114,966,000).

Deferred tax assets have not been recognised in respect of the following items:

	2022 RMB'000	2021 RMB'000
Tax losses	**2,355,836**	1,197,360
Deductible temporary differences	**2,064,763**	689,979
	4,420,599	1,887,339

Tax losses not recognised will expire as follows:

	2022 RMB'000	2021 RMB'000
2022	**–**	98,512
2023	**206,244**	235,748
2024	**332,792**	332,792
2025	**262,824**	262,824
2026	**267,484**	267,484
2027	**1,116,684**	–
	2,186,028	1,197,360

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be recognised.

20. PROPERTIES UNDER DEVELOPMENT

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**19,739,521**	12,495,168
Additions	**6,440,496**	13,541,849
Acquisition of subsidiaries	**–**	2,373,586
Disposal of subsidiaries (note 37)	**(3,684,302)**	(2,617,737)
Transferred from investment properties (note 14)	**–**	1,281,200
Transferred to completed properties held for sale (note 21)	**(2,430,668)**	(7,179,525)
Transferred to investment properties (note 14)	**–**	(160,143)
Impairment losses recognised (note 6)	**(1,044,865)**	(126,998)
Impairment losses transferred to completed properties held for sale (note 21)	**30,957**	132,121
At the end of the year	**19,051,139**	19,739,521

The Group's properties under development are situated on leasehold land in Mainland China.

Certain of the Group's properties under development with an aggregate carrying amount of approximately RMB12,490,671,000 (2021: RMB11,672,587,000) as at 31 December 2022 have been pledged to secure bank and other borrowings granted to the Group (note 30).

The movements in provision for impairment of properties under development are as follows:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**(106,802)**	(111,925)
Impairment losses recognised (note 6)	**(1,044,865)**	(126,998)
Disposal of subsidiaries	**107,718**	–
Impairment losses transferred to completed properties held for sale (note 21)	**30,957**	132,121
At the end of the year	**(1,012,992)**	(106,802)

The value of properties under development ("PUD") is assessed at the end of each reporting period. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses. After making the provision for impairment of PUD, in case the factors causing impairment of PUD no longer exist, and the net realisable value exceeds the carrying amount, the original provision for impairment shall be released to the profit or loss for the current period.

21. COMPLETED PROPERTIES HELD FOR SALE

	2022 RMB'000	2021 RMB'000
Carrying amount at the beginning of the year	**784,269**	1,562,937
Transferred from properties under development (note 20)	**2,430,668**	7,179,525
Disposal of subsidiaries (note 37)	**(125,521)**	(826,796)
Transferred to cost of properties sold (note 6)	**(2,531,438)**	(6,999,276)
Impairment losses recognised (note 6)	**(29,750)**	–
Impairment losses transferred from properties under development (note 20)	**(30,957)**	(132,121)
At the end of the year	**497,271**	784,269

Certain of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB46,234,000 as at 31 December 2022 (2021: RMB87,027,000), have been pledged to secure bank and other borrowings granted to the Group (note 30).

The movements in provision for impairment of completed properties held for sale are as follows:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**(45,153)**	(20,977)
Impairment losses recognised	**(29,750)**	–
Impairment losses transferred from properties under development (note 20)	**(30,957)**	(132,121)
Disposal of subsidiaries	**–**	20,977
Impairment losses transferred to cost of properties sold	**55,199**	86,968
At the end of the year	**(50,661)**	(45,153)

The value of completed properties held for sale ("PHS") is assessed at the end of each reporting period. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses. After making the provision for impairment of PHS, in case the factors causing impairment of PHS no longer exist, and the net realisable value exceeds the carrying amount, the original provision for impairment shall be released to the profit or loss for the current period.

The determination of the net realizable value of PUD and PHS involves expected future selling prices, the relevant taxes, and costs necessary to complete the sale of these properties. The calculation of the net realisable value for PUD and PHS at the financial reporting date is performed by the Group's management. The Group's management engaged an external valuer to perform independent valuations for certain properties. Recent property market cooling measures imposed by the local governments in different cities in Mainland China, which include policies of limiting prices and home purchase restrictions, could lead to volatility in property prices in these cities.

22. TRADE RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables	**34,684**	24,481
Less: Impairment	**(1,053)**	(602)
	33,631	23,879

Trade receivables mainly represent rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
Less than 1 year	**33,854**	24,118
Over 1 year	**830**	363
	34,684	24,481

The movements in the loss allowance for impairment of trade receivables are as follows:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**602**	575
Impairment losses recognised (note 6)	**451**	27
At the end of the year	**1,053**	602

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due and are not subject to enforcement activity.

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31 December 2022

22. TRADE RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2022

	Current	Past due Less than 1 month	1 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.3%	0.7%	3.0%	10.0%	25.0%	
Gross carrying amount (RMB'000)	17,851	1,679	9,308	5,016	830	34,684
Expected credit losses (RMB'000)	54	12	279	501	207	1,053

As at 31 December 2021

	Current	Past due Less than 1 month	1 to 6 months	6 months to 1 year	Over 1 year	Total
Expected credit loss rate	0.3%	0.7%	3.0%	10.0%	25.0%	
Gross carrying amount (RMB'000)	13,403	1,255	6,908	2,552	363	24,481
Expected credit losses (RMB'000)	40	9	207	255	91	602

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 RMB'000	2021 RMB'000
Due from non-controlling shareholders of the subsidiaries	2,366,090	2,397,208
Prepaid taxes and other tax recoverable	509,162	712,948
Prepayments for construction cost	24,142	21,727
Outstanding consideration for disposal of an associate	–	635,000
Outstanding consideration for disposal of subsidiaries	42,000	–
Other deposits	404,621	261,707
Others	43,284	5,488
	3,389,299	4,034,078
Less: Impairment	(4,221)	(3,038)
	3,385,078	4,031,040

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements in provision for impairment of receivables are as follows:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**3,038**	1,779
Impairment losses recognised (note 6)	**1,183**	1,259
At the end of the year	**4,221**	3,038

The Group performs impairment assessment under ECL model on other receivables and deposits, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. As at 31 December 2022, the ECLs were RMB4,221,000 (31 December 2021: RMB3,038,000).

24. CONTRACT COST ASSETS

	2022 RMB'000	2021 RMB'000
Contract costs arising from the sale of properties	**261,730**	174,931

Management expected that the contract acquisition costs, which represented primarily sales commission for obtaining property sales contracts, are recoverable. The Group has deferred the amounts paid and will charge them to profit or loss when the related revenue is recognised. As at 31 December 2022, the amounts charged to profit or loss were RMB45,161,000 (2021: RMB103,475,000), and there was no impairment loss.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 RMB'000	2021 RMB'000
Fund investment	20,865	80,097
Wealth management product	–	30,500
	20,865	110,597

The above wealth management product at 31 December 2021 was issued by a bank in Mainland China. It is classified as a financial asset at fair value through profit or loss as its contractual cash flows do not qualify for solely payments of principal and interest.

The above fund investment at 31 December 2022 was classified as a financial asset at fair value through profit or loss as it was held for trading.

26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	2022 RMB'000	2021 RMB'000
Cash and bank balances	1,390,634	4,483,099
Less: Restricted cash	1,148,500	1,471,491
Pledged deposits	21,000	64,828
	221,134	2,946,780

In accordance with relevant government requirements, certain property development companies of the Group are required to place in designated bank accounts a certain amount of pre-sale proceeds or self-owned capital as guarantee deposits for the constructions of the related properties. The restricted cash should mainly be used for payments for construction costs of the relevant properties when approval from the related government authority is obtained. Such restricted cash will be released after the completion of construction of the related properties. As at 31 December 2022, such restricted cash of pre-sale proceeds amounted to RMB1,058,906,000 (2021: RMB1,379,015,000).

As at 31 December 2022, the restricted cash also included cash from borrowings that is restricted to use in the construction of properties amounting to RMB887,000 (2021: RMB37,849,000). As at 31 December 2022, the restricted cash included an amount of RMB88,707,000 (2021: RMB29,627,000) which was frozen by the People's Court due to lawsuits. As at 31 December 2022, restricted cash included time deposits amounting of nil (2021: RMB25,000,000) would mature in more than three months when acquired by the Group and earn interest at the time deposit rates.

Bank deposits of nil were pledged as security for bank and other borrowings as at 31 December 2022 (2021: RMB20,100,000) (note 30). Bank deposits of RMB21,000,000 were pledged as security for purchasers' mortgage loans, construction of projects and pledged to banks as collateral for issuance of bank acceptance notes at 31 December 2022 (2021: RMB44,728,000).

26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS (Continued)

Cash and bank balances were denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
Cash and bank balances		
Denominated in RMB	**1,388,830**	4,422,775
Denominated in HK$	**943**	60,230
Denominated in US$	**861**	94
	1,390,634	4,483,099

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

The internal credit rating of restricted cash pledged deposits and cash and cash equivalents was regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on the 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

27. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the year, based on the invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
Less than 1 year	**1,703,735**	2,059,070
Over 1 year	**74,486**	42,113
	1,778,221	2,101,183

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction. As at 31 December 2022, approximately RMB60,077,000 of commercial acceptance bills issued by the Group's subsidiaries were overdue and unpaid.

The fair values of trade and bills payables as at the end of the year approximated to their corresponding carrying amounts due to their relatively short maturity terms.

28. OTHER PAYABLES AND ACCRUALS

	2022 RMB'000	2021 RMB'000
Due to non-controlling shareholders of subsidiaries	**2,266,332**	2,692,281
Retention deposits related to construction	**239,387**	203,089
Payroll and welfare payable	**10,100**	31,976
Other tax and surcharges	**83,842**	119,439
Interest payable	**229,549**	40,420
Deposits related to sales of properties	**14,037**	20,871
Others	**53,707**	76,184
	2,896,954	3,184,260

Other payables and amounts due to non-controlling shareholders of subsidiaries as at 31 December 2022 are unsecured, non-interest-bearing and repayable on demand, except for amounts due to non-controlling shareholders of subsidiaries of RMB566,237,000 (2021: RMB418,000,000) as at 31 December 2022 which bear interest at fixed interest rates ranging from 12.5% to 15.0% per (2021:12.5% to 15.0%) annum. The fair values of other payables at the end of the year approximated to their corresponding carrying amounts.

29. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2022 RMB'000	2021 RMB'000
Contract liabilities	**12,215,815**	13,741,819

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

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2022			31 December 2021		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	–	2023	–	13.00	2022	200,000
Other loans – secured	9.00-16.50	2023	1,363,136	9.00-16.50	2022	1,234,085
Current portion of long term bank loans – secured	4.75-9.60	2023	2,130,446	4.75-10.00	2022	1,118,750
Current portion of long term other loans – secured	5.35-18.00	2023	1,753,792	5.35-13.00	2022	594,500
			5,247,374			3,147,335
Non-current						
Bank loans – secured	3.70-8.50	2024-2035	1,894,374	3.85-9.60	2023-2035	3,521,458
Other loans – secured	12.00-15.00	2024	618,860	5.35-15.00	2023-2024	1,922,760
			2,513,234			5,444,218
			7,760,608			8,591,553

	2022 RMB'000	2021 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	2,130,446	1,318,750
In the second year	854,374	1,680,867
In the third to fifth years, inclusive	1,040,000	1,840,591
	4,024,820	4,840,208
Other loans repayable:		
Within one year or on demand	3,116,928	1,828,585
In the second year	618,860	1,554,548
In the third to fifth years, inclusive	–	368,212
	3,735,788	3,751,345
	7,760,608	8,591,553

The Group's bank and other borrowings are denominated in RMB.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of reporting period as follows:

	Notes	2022 RMB'000	2021 RMB'000
Property, plant and equipment	13	**128,697**	131,474
Investment properties	14	**1,948,526**	2,045,426
Properties under development	20	**12,490,671**	11,672,587
Completed properties held for sale	21	**46,234**	87,027
Pledged deposits	26	**–**	20,100

As at 31 December 2022, the Group had not repaid an aggregate amount of principal of RMB1,258,026,000 for interest-bearing bank and other borrowings according to their scheduled repayment dates. As a result, interest-bearing bank and other borrowings of RMB1,286,885,000 became on demand for early repayment by the debt holders as at 31 December 2022.

Certain of the bank and other borrowings of up to RMB873,108,000 were guaranteed by the Company's non-controlling shareholders and independent third parties as at 31 December 2022 (2021: RMB1,506,000,000).

Ms. Zhu Jing has guaranteed certain of the bank and other borrowings up to RMB1,595,917,000 as at 31 December 2022(2021: RMB420,328,000).

31. PROVISION FOR FINANCIAL GUARANTEE CONTRACTS

	2022 RMB'000	2021 RMB'000
At the beginning of the year	**35,303**	–
Changes in expected credit losses	**21,929**	–
Additions	**–**	35,303
At the end of the year	**57,232**	35,303

The financial guarantee contracts represent guarantees given to banks and other financial institutions in connection with borrowings made to the Group's joint ventures and associates, details of which are set out in note 40.

The Group does not provide financial guarantees except for limited circumstances. All guarantees are approved by the directors of the Group.

31. PROVISION FOR FINANCIAL GUARANTEE CONTRACTS (Continued)

The financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders (i.e., the banks) for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor (i.e., the joint ventures and associates). During the year ended 31 December 2022, an ECL allowance of RMB57,232,000 was provided as a result of guarantees provided to the joint ventures and associates (2021: RMB35,303,000).

32. SENIOR NOTES

	31 December 2022				31 December 2021			
	Principal at original currency '000	Effective interest rate (%)	Maturity	RMB'000	Principal at original currency '000	Effective interest rate (%)	Maturity	RMB'000
Senior notes due 2022 ("2022 Notes I")	–	12.75	2022	–	US$185,000	12.75	2022	1,242,210
Senior notes due 2022 ("2022 Notes II")	US$200	12.25	on demand	1,487	US$210,000	12.25	2022	1,391,310
Senior notes due 2023 ("2023 Notes III")	US$123,450	13.50	2023	1,015,620				–
Senior notes due 2023 ("2023 Notes IV")	US$222,365	12.25	on demand	1,626,256				–
				2,643,363				2,633,520
Less: Current portion				(2,643,363)				(2,633,520)
Non-current portion				–				–

	31 December 2022 RMB'000	31 December 2021 RMB'000
The Group's senior notes were repayable as follows:		
Repayable within one year or on demand	2,643,363	2,633,520

2022 Notes I

On 22 January 2021, the Company issued the 2022 Notes at a coupon rate of 12.75% due within 2022 with an aggregate principal amount of US$185,000,000. The Company raised net proceeds of US$181,612,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 21 January 2022, the Company may redeem the 2022 Notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

On 3 January 2022, 21 January 2022 and 24 January 2022, the Company issued senior notes with an aggregate principal amount of US$160,200,000 in exchange for 2022 Notes I, resulting in an aggregate principal amount of US$160,200,000 of 2022 Notes I being cancelled and exchanged to 2023 Notes III, and the remaining outstanding principal amount of the 2022 Notes I was repaid and settled.

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32. SENIOR NOTES (Continued)

2022 Notes II

On 22 July 2021, the Company issued the 2022 Notes at a coupon rate of 12.25% due within 2022 with an aggregate principal amount of US$210,000,000. The Company raised net proceeds of US$204,566,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 21 July 2022, the Company may redeem the 2022 Notes II at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

On 18 July 2022, the Company completed the exchange offer for 2022 Notes II, resulting in an aggregate principal amount of US$209,800,000 of 2022 Notes II being cancelled and exchanged to 2023 Notes IV.

As at 31 December 2022, the Company failed to pay principal in aggregate amount of US$200,000 and interest thereon, which constituted an event of default.

2023 Notes III

On 21 January 2022, with the completion of exchange offer, the Company issued the 2023 Notes at a coupon rate of 13.5% due within 2023 with an aggregate principal amount of US$160,200,000, in exchange of 2022 Notes I and 12.75% Senior Notes due January 2023 issued by the Company. At any time and from time to time prior to 2 January 2023, the Company may redeem the 2023 Notes III at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

On 31 October 2022, the Company failed to extend mandatory redemption of US$12,564,666 for 2023 Notes IV, which has led to a cross-default under 2023 Notes III.

Subsequent to 31 December 2022, the Company failed to make the payment of the outstanding principal amounted of US$123,450,000, together with interest accruing thereon, which constituted an event of default.

2023 Notes IV

On 18 July 2022, with the completion of exchange offer, the Company issued the 2023 Notes IV at a coupon rate of 12.5% due within 2023 with an aggregate principal amount of US$222,365,000, in exchange of 2022 Notes IV. At any time and from time to time prior to 17 July 2023, the Company may redeem the 2023 Notes IV at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

As at 31 December 2022, the Company failed to repay the 2023 Notes IV in the principal amount of US$12,564,666, which resulted an event of default.

The fair values of the early redemption options of the senior notes were not significant, and therefore, were not recognised by the Group on inception as at 31 December 2022 and 2021.

33. SHARE CAPITAL

Shares

	2022 US$	2021 US$
Issued and fully paid: 2,072,940,000 (2021: 2,072,940,000) ordinary shares of US$0.000001 each	**2,073**	2,073

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2021	2,072,940,000	14
At 31 December 2021 and 1 January 2022	**2,072,940,000**	**14**
At 31 December 2022	**2,072,940,000**	**14**

34. SHARE-BASED PAYMENT

Restricted Share Units ("RSUs")

The Group adopted the RSU Scheme whereby the Group provided additional incentives to the Group's existing employees, directors (whether executive or non-executive, but excluding independent non-executive directors), consultants or officers of the Company or any of its subsidiaries ("RSU Eligible Persons") through the issuance of RSUs to the participants at the discretion of the Board of Directors. The RSUs vest over a requisite service period of 2 years and expire 10 years from the date of grant.

The expense arising from equity-settled share-based compensation for the year ended 31 December 2022 was RMB18,250,000 (2021: RMB11,000,000).

34. SHARE-BASED PAYMENT (Continued)

Restricted Share Units ("RSUs") (Continued)

The following table illustrates the number of and the movements in RSUs granted to employees during the period:

	For the year ended 31 December	
	2022 Number	2021 Number
Outstanding at 1 January 2022	**16,568,000**	–
Granted during the period	**5,090,000**	16,568,000
Outstanding at 31 December 2022	**21,658,000**	16,568,000

During the current year, RSUs were granted on 30 August 2022. The fair values of the RSUs determined at the date of grant based on the market value of the Company's shares were HK$0.98.

35. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2022 are presented in the consolidated statement of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Reorganisation.

(c) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid/(received) for acquisition of non-controlling interests/(disposal of non-controlling interests in subsidiaries). Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

(d) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profit after tax, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

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36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	Percentage of effective equity interest held by non-controlling interests %	Profit/(loss) for the year allocated to non-controlling interests RMB'000	Accumulated balances of non-controlling interests RMB'000
31 December 2022			
Changzhou Qiansheng	**60**	**14,244**	**227,267**
Sheshan Country Club	**50**	**(18,985)**	**882,511**
31 December 2021			
Changzhou Qiansheng	60	44,160	213,023
Ningbo Yueyuan	75	77,912	82,648
Dongyang Kunyu	62	73,773	174,048
Sheshan Country Club	50	205,434	901,496

Note:

* On 18 June 2020, the Group announced the distribution of dividends to the non-controlling shareholder of Sheshan Country Club amounting to RMB1,124,007,000. On 28 June 2020, the Group and the non-controlling shareholder completed capital injections to Sheshan Country Club amounting to RMB740,000,000 and RMB740,000,000, respectively. The Group acquired 5% equity interests in Shanghai Xinyao and Shanghai Quankun on 30 November 2020, which jointly held 100% equity interests in Sheshan Country Club. Since then, the percentage of effective equity interest held by non-controlling interests changed from 55% to 50%.

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following table illustrates the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

For the year ended 31 December 2022

	Changzhou Qiansheng RMB'000	Sheshan Country Club RMB'000
Revenue	849,339	10,941
Total expenses	(812,698)	20,919
Income tax expense	(12,901)	(69,829)
Profit and total comprehensive income for the year	23,740	(37,969)
Current assets	671,636	5,491,087
Non-current assets	35,156	466,780
Current liabilities	(328,015)	(3,062,465)
	378,777	2,895,402
Net cash flows from/(used in) from operating activities	507,921	(15,278)
Net cash flows from investing activities	47	365
Net cash flows from financing activities	–	14,309
Net increase/(decrease) in cash and cash equivalents	507,968	(604)

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36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

For the year ended 31 December 2021

	Changzhou Qiansheng RMB'000	Ningbo Yueyuan RMB'000	Dongyang Kunyu RMB'000	Sheshan Country Club RMB'000
Revenue	1,506,343	642,373	523,795	62,119
Total expenses	(1,408,157)	(503,548)	(364,502)	(61,109)
Income tax expense	(24,586)	(34,942)	(39,823)	409,858
Profit and total comprehensive income for the year	73,600	103,883	119,470	410,868
Current assets	1,467,005	282,321	1,118,550	4,673,338
Non-current assets	48,105	1,272	12,977	481,245
Current liabilities	(1,160,072)	(173,396)	(849,668)	(2,221,212)
Non-current liabilities	–	–	–	–
	355,038	110,197	281,859	2,933,371
Net cash flows (used in)/from operating activities	(160,046)	130,812	48,812	92,946
Net cash flows used in investing activities	–	–	–	(33)
Net cash flows used in financing activities	–	(140,000)	–	(85,767)
Net (decrease)/increase in cash and cash equivalents	(160,046)	(9,188)	48,812	7,146

37. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2022, the Group disposed of equity interests in several subsidiaries to certain independent third parties at consideration of RMB361,288,000 in total. Subsequent to the disposals, these entities are no longer subsidiaries of the Group.

The carrying values of the assets and liabilities on the date of disposal were as follows:

	2022 RMB'000	2021 RMB'000
Net assets disposed of:		
Cash and cash equivalents	127,854	80,773
Restricted cash	264,885	45,574
Contract cost assets	19,951	5,625
Prepayments, other receivables and other assets	3,469,841	1,263,038
Tax recoverable	103,634	55,256
Properties under development (note 20)	3,684,302	2,617,737
Completed properties held for sale	125,521	826,796
Investment Properties (note 14)	307,700	–
Investments in joint ventures	285,488	30,913
Property, plant and equipment	489	314
Deferred taxes assets (note 19)	116,430	14,635
Trade and bills payables	(669,014)	(118,920)
Contract liabilities	(3,895,732)	(567,796)
Interest-bearing bank and other borrowings	(449,089)	(1,198,100)
Tax payable	(205,914)	(2,481)
Other payables and accruals	(2,321,124)	(1,696,173)
Due to related companies	–	(658,742)
Deferred taxes liabilities (note 19)	(12,902)	–
Non-controlling interests	(485,400)	(260,199)
	466,920	438,250
(Loss)/gain on disposal of subsidiaries (note 6)	(105,632)	27,157
Outstanding consideration of disposal of subsidiaries	42,000	–
Satisfied by cash	215,278	465,407
Satisfied by other consideration	104,010	–

An analysis of the net inflow of cash and cash equivalents in respect of the disposal is as follows:

	2022 RMB'000	2021 RMB'000
Cash considerations	215,278	465,407
Cash and cash equivalents disposed	(127,854)	(80,773)
Net inflow of cash and cash equivalents in respect of the disposal	87,424	384,634

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group offset the outstanding consideration for disposal of an associate with the outstanding payable to acquisition of equity interests in a subsidiary in an amount of RMB650,000,000 (2021: Nil). During the year, the Group offset the outstanding consideration for disposal of certain subsidiaries with outstanding payable to a related company and certain third parties in an amount of RMB104,011,000. The Group had non-cash additions to right-of-use assets of nil (2021: RMB1,449,000) and non-cash additions to lease liabilities of nil (2021: RMB1,449,000) for the year ended 31 December 2022 in respect of lease arrangements for buildings and offices.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Senior notes RMB'000	Due to related companies RMB'000	Lease liabilities RMB'000	Total liabilities from financing activities RMB'000
At 31 December 2020	8,745,368	–	539,125	86,795	9,371,288
Cash flows (used in)/from financing activities	1,044,285	2,598,095	45,664	(35,710)	3,652,334
Decrease in trade-related amounts due to related companies	–	–	(3,816)	–	(3,816)
Exchange gains	–	35,425	–	–	35,425
Acquisition of subsidiaries	–	–	114,873	–	114,873
Disposal of subsidiaries	(1,198,100)	–	–	–	(1,198,100)
New operating lease	–	–	–	1,449	1,449
Accrual of interest	–	–	–	2,649	2,649
At 31 December 2021	8,591,553	2,633,520	695,846	55,183	11,976,102
Cash flows (used in)/from financing activities	**(381,856)**	**(232,348)**	**15,747**	**(6,369)**	**(604,826)**
Decrease in trade-related amounts due to related companies	**–**	**–**	**(10,340)**	**–**	**(10,340)**
Foreign exchange difference, net	**–**	**242,191**	**–**	**–**	**242,191**
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	**–**
Disposal of subsidiaries	**(449,089)**	**–**	**(37,030)**		**(486,119)**
Accrual of interest	**–**	**–**	**–**	**2,795**	**2,795**
At 31 December 2022	**7,760,608**	**2,643,363**	**664,223**	**51,609**	**11,119,803**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022 RMB'000	2021 RMB'000
Within operating activities	**590**	2,649
Within financing activities	**5,779**	35,710
	6,369	38,359

39. FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

At the end of the year, contingent liabilities not provided for in the consolidated financial statements were as follows:

	Notes	2022 RMB'000	2021 RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(1)	6,102,099	7,855,867
Guarantees given to banks in connection with facilities granted to related companies and third parties	(2)	5,663,415	4,952,850

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, and upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within half a year to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in the case of default on payments, the net realisable value of the related properties would be sufficient for repaying the outstanding mortgage loans together with any accrued interest and penalty, and therefore, no provision has been made in connection with the guarantees.

(2) The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies. As of 31 December 2022, an allowance of RMB57,232,000 (31 December 2021:35,303,000) was provided for as a result of the guarantees provided to the related companies.

(3) In addition to the litigations commenced by banks and other financial institutions against subsidiaries of the Group as disclosed in note 30, there were outstanding litigations commenced by several constructors against certain subsidiaries of the Group claiming construction fees. Based on the advice of the Group's in-house legal counsel, the directors of the Company have estimated that the Group will likely be liable to pay the construction fees, which had been provided and included in "trade and bill payables" as at 31 December 2022 and 2021. In the opinion of the Company's directors, no further provision for litigation was required to be made for the years ended 31 December 2022 and 2021.

Except as disclosed above, during the year and up to 31 December 2022, the Group was not involved in any other material litigation, arbitration or administrative proceedings, claims or disputes. As far as the Company's directors were aware, the Group had no other material litigation or claim which was pending or threatened against the Group. As at 31 December 2022, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business of the Group. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained with reasonable certainty at present, but the Company's directors believe that any possible legal liability which may be incurred from the aforesaid cases will not have any material impact on the financial position or results of the Group.

40. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	2022 RMB'000	2021 RMB'000
Contracted, but not provided for:		
Property development activities	**2,865,682**	3,997,118

In addition, the Group had the following commitments provided to joint ventures (including the Group's share of commitments made jointly with other joint ventures), which are not included in the above:

	2022 RMB'000	2021 RMB'000
Contracted, but not provided for:		
Capital contributions	**307,821**	398,665

41. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

	2022 RMB'000	2021 RMB'000
Advances from related companies:		
Joint ventures	**354,958**	1,268,914
Associates	**542,115**	495,873
	897,073	1,764,787
Repayment of advances from related companies:		
Joint ventures	**339,862**	1,418,913
Associates	**541,464**	300,210
	881,326	1,719,123
Advances to related companies:		
Joint ventures	**1,446,999**	5,692,762
Associates	**924,059**	1,309,681
	2,371,058	7,002,443
Repayment of advances to related companies:		
Joint ventures	**1,023,330**	3,322,331
Associates	**129,127**	877,378
	1,152,457	4,199,709
Property management services from companies controlled by the Controlling Shareholder (note)	**25,064**	22,076
Office building rental services from a joint venture (note)	**5,382**	4,852
Consulting services to joint ventures and associates (note)	**12,822**	8,551

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the companies involved.

41. RELATED PARTY TRANSACTIONS (Continued)

(b) Other transactions with related parties

	2022 RMB'000	2021 RMB'000
Guarantees provided to related parties:		
Joint ventures	**3,785,770**	3,558,350
Associates	**666,395**	1,394,500

Ms. Zhu Jing, the chairman and an executive director of the board of directors, has guaranteed certain of the bank and other borrowings up to RMB1,595,917,000 as at 31 December 2022 (2021: RMB420,328,000).

(c) Outstanding balances with related parties

	2022 RMB'000	2021 RMB'000
Due from related companies:		
Non-trade-related:		
Joint ventures	**3,098,377**	4,297,760
Associates	**419,113**	611,351
Impairment	**(116,150)**	–
	3,401,340	4,909,111
Due to related companies:		
Trade-related:		
Companies controlled by the Controlling Shareholder	**7,439**	17,920
Non-trade-related:		
Joint ventures	**283,638**	303,807
Associates	**373,146**	374,119
	664,223	695,846

41. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties (Continued)

The movements in provision for impairment of due from related companies are as follows:

	2022 RMB'000	2021 RMB'000
At the beginning of the year	–	–
Impairment losses recognised (note 6)	116,150	–
At the end of the year	116,150	–

The Group performs impairment assessment under ECL model on due from related parties, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. As at 31 December 2022, the impairment of due from related parties was RMB116,150,000 (31 December 2021: Nil).

Balances with the above related parties were unsecured, non-interest-bearing and repayable on demand.

(d) Compensation of key management personnel of the Group

	2022 RMB'000	2021 RMB'000
Short-term employee benefits	6,661	12,991
Equity-settled share option expense	8,288	7,929
Pension scheme contributions	650	943
Total compensation paid to key management personnel	15,599	21,863

Further details of directors' emoluments are included in note 8 to the financial statements.

42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the year are as follows:

31 December 2022

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
Trade receivables (note 22)	33,631	–	33,631
Financial assets included in prepayments, other receivables and other assets	2,451,374	–	2,451,374
Due from related companies (note 41)	3,401,340	–	3,401,340
Financial assets at fair value through profit or loss (note 25)	–	20,865	20,865
Restricted cash (note 26)	1,148,500	–	1,148,500
Pledged deposits (note 26)	21,000	–	21,000
Cash and cash equivalents (note 26)	221,134	–	221,134
	7,276,979	20,865	7,297,844

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables (note 27)	1,778,221
Due to related companies (note 41)	664,223
Financial liabilities included in other payables and accruals	2,549,588
Interest-bearing bank and other borrowings (note 30)	7,760,608
Provision for financial guarantee contracts (note 31)	57,232
Senior notes (note 32)	2,643,363
Lease liabilities	51,609
	15,504,844

42. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2021

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
Trade receivables (note 22)	23,879	–	23,879
Financial assets included in prepayments, other receivables and other assets	3,037,696	–	3,037,696
Due from related companies (note 41)	4,909,111	–	4,909,111
Financial assets at fair value through profit or loss (note 25)	–	110,597	110,597
Restricted cash (note 26)	1,471,491	–	1,471,491
Pledged deposits (note 26)	64,828	–	64,828
Cash and cash equivalents (note 26)	2,946,780	–	2,946,780
	12,453,785	110,597	12,564,382

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables (note 27)	2,101,183
Due to related companies (note 41)	695,846
Financial liabilities included in other payables and accruals	2,807,892
Interest-bearing bank and other borrowings (note 30)	8,591,553
Provision for financial guarantee contracts (note 31)	35,303
Senior notes (note 32)	2,633,520
Lease liabilities	55,183
	16,089,535

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of the year, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 December 2022 RMB'000	31 December 2021 RMB'000	31 December 2022 RMB'000	31 December 2021 RMB'000
Financial assets				
Financial assets at FVTPL (note 25)	**20,865**	110,597	**20,865**	110,597
Financial liabilities				
Interest-bearing bank and other borrowings (note 30)	**7,760,608**	8,933,587	**7,764,027**	8,626,829
Provision for financial guarantee contracts (note 31)	**57,232**	34,080	**57,232**	34,080
Senior notes (note 32)	**2,643,363**	2,633,520	**Note**	1,507,056
Lease liabilities (note 15(b))	**51,609**	55,183	**51,609**	55,183

Note: The senior notes were in default as at 31 December 2022. As there are no active market prices for those senior notes, it is difficult for management to make estimation for the accurate fair values as at 31 December 2022.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, an amount due from a shareholder, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals and amounts due to related companies approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Management has estimated the fair values of the financial assets at FVTPL by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement of the financial assets at FVTPL is categorised within level 3 of the fair value hierarchy.

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of interest-bearing bank and other borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2022 were assessed to be insignificant.

Management has estimated the fair values of the financial assets at FVTPL by discounting the expected future cash flows using expected return rates for the underlying assets in order to estimate the cash outflow amounts to settle the liabilities. The fair value measurement of the financial liabilities is categorised within level 3 of the fair value hierarchy.

The Group's corporate finance team headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for annual financial reporting.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2022:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets at FVTPL – Fund investment	Market multiple	Price to book ratio	31 December 2022: 0.92-1.45	5% increase/decrease in price to book ratio would result in increase/ decrease in fair value by RMB1,043,000/ RMB1,043,000
			31 December 2021: 0.92-1.27	5% increase/decrease in price to book ratio would result in increase/ decrease in fair value by RMB1,058,000/ RMB1,058,000
Provision for financial guarantee contracts	Expected credit loss model	Recovery rate	2022: 34.50%-39.60%	1% increase/decrease in recovery rate would result in a decrease/increase in fair value by RMB171,000/ RMB171,000
		Discount rate	2022: 1.05%-3.32%	1% increase/decrease in discount rate would result in a decrease/ increase in fair value by RMB4,900/RMB4,900

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

Financial assets at FVTPL

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2022	**–**	**–**	**20,865**	**20,865**
As at 31 December 2021	30,500	56,786	23,311	110,597

The movements in fair value measurements within Level 3 during the year are as follows:

	Fund investment RMB'000
Carrying amount at 1 January 2021	38,221
Disposal/settlement	(14,944)
Net gain from a fair value adjustment	34
Carrying amount at 31 December 2021 and 1 January 2022	23,311
Net loss from a fair value adjustment	**(2,446)**
Carrying amount at 31 December 2022	**20,865**

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	7,764,027	–	7,764,027
Lease liabilities	–	51,609	–	51,609
Provision for financial guarantee contracts	–	–	57,232	57,232

Note: The senior notes were in default as at 31 December 2022. As there are no active market prices for those senior notes, it is difficult for management to make estimation for the accurate fair values as at 31 December 2022.

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	8,626,289	–	8,626,289
Senior notes	1,507,056	–	–	1,507,056
Lease liabilities	–	55,183	–	55,183
Provision for financial guarantee contracts	–	–	34,080	34,080
	1,507,056	8,681,472	34,080	10,222,608

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank equivalents, restricted cash, pledged deposits, other receivables, trade payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as lease liabilities, interest-bearing bank and other borrowings, senior notes, provision for financial guarantee contracts, financial assets at FVTPL, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings as set out in note 30. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of the Group, through the impact on floating and fixed rate borrowings, would have decreased/increased by approximately RMB7,578,000 at 31 December 2022 (2021: RMB9,066,000).

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from transactions by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HK$, US$ and RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward currency contracts).

	Increase/ (decrease) in US$ or HK$/RMB rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2022			
If the RMB weakens against HK$	**5**	**47**	**47**
If the RMB strengthens against HK$	**(5)**	**(47)**	**(47)**
If the RMB weakens against US$	**5**	**(132,307)**	**(132,307)**
If the RMB strengthens against US$	**(5)**	**132,307**	**132,307**
2021			
If the RMB weakens against HK$	5	3,012	3,012
If the RMB strengthens against HK$	(5)	(3,012)	(3,012)
If the RMB weakens against US$	5	(131,676)	(131,676)
If the RMB strengthens against US$	(5)	131,676	131,676

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk

The Group divides financial instruments on the basis of shared credit risk characteristics, such as the instrument type and credit risk ratings, for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally three to six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Management makes periodic collective assessments for financial assets included in prepayments and other receivables, amounts due from related companies and an amount due from a shareholder as well as individual assessments on the recoverability of other receivables, amounts due from related companies and an amount due from a shareholder based on historical settlement records and past experience. The Group classified financial assets included in prepayments and other receivables and amounts due from related companies in Stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables, amounts due from related companies and an amount due from a shareholder.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	33,631	33,631
Financial assets included in prepayments, other receivables and other assets					
– Normal**	2,444,456	6,918	–	–	2,451,374
Due from related companies	2,939,270	460,128	–	–	3,399,398
Restricted cash	1,148,500	–	–	–	1,148,500
Pledged deposits	21,000	–	–	–	21,000
Cash and cash equivalents	221,134	–	–	–	221,134
	6,774,360	467,046	–	33,631	7,275,037

Notes to Financial Statements

31 December 2022

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

Maximum exposure and year-end staging **(Continued)**

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	23,879	23,879
Financial assets included in prepayments, other receivables and other assets					
– Normal**	3,037,696	–	–	–	3,037,696
Due from related companies	4,909,111	–	–	–	4,909,111
Restricted cash	1,471,491	–	–	–	1,471,491
Pledged deposits	64,828	–	–	–	64,828
Cash and cash equivalents	2,946,780	–	–	–	2,946,780
	12,429,906	–	–	23,879	12,453,785

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 22 to the financial statements. There is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities and interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the year, based on contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
31 December 2022					
Trade and bills payables	**1,778,221**	**–**	**–**	**–**	**1,778,221**
Other payables and accruals	**2,896,954**	**–**	**–**	**–**	**2,896,954**
Due to related companies	**664,223**	**–**	**–**	**–**	**664,223**
Financial guarantees provided to joint ventures and associates	**–**	**–**	**3,039,815**	**2,623,600**	**5,663,415**
Senior notes	**1,487**	**1,182,965**	**1,535,991**	**–**	**2,720,443**
Lease liabilities	**51,609**	**–**	**–**	**–**	**51,609**
Interest-bearing bank and other borrowings	**2,723,337**	**636,184**	**2,421,394**	**3,152,672**	**8,933,587**
	8,115,831	**1,819,149**	**6,997,200**	**5,776,272**	**22,708,452**
31 December 2021					
Trade and bills payables	2,101,183	–	–	–	2,101,183
Other payables and accruals	2,807,892	–	–	–	2,807,892
Due to related companies	971,144	–	–	–	971,144
Financial guarantees provided to joint ventures and associates	–	–	240,000	4,712,850	4,952,850
Senior notes	75,193	1,336,705	1,420,904	–	2,832,802
Lease liabilities	–	669	31,881	28,368	60,918
Interest-bearing bank and other borrowings	–	660,058	3,207,603	6,417,620	10,285,281
	5,955,412	1,997,432	4,900,388	11,158,838	24,012,070

Please refer to note 2.1 for analysis of going concern basis of preparation.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, trade payables, other payables and accruals, amounts due to related companies, lease liabilities, provision for financial guarantee contracts, senior notes and interest-bearing bank and other borrowings, less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of the years were as follows:

	2022 RMB'000	2021 RMB'000
Trade and bills payables	**1,778,221**	2,101,183
Other payables and accruals (note 28)	**2,896,954**	3,184,260
Due to related companies (note 41)	**664,223**	695,846
Lease liabilities (note 15(b))	**51,609**	55,183
Senior notes (note 32)	**2,643,363**	2,633,520
Provision for financial guarantee contracts	**57,232**	34,080
Interest-bearing bank and other borrowings (note 30)	**7,760,608**	8,591,553
Less: Cash and bank balances	**(1,390,634)**	(4,483,099)
Net debt	**14,461,576**	12,812,526
Equity attributable to owners of the parent	**511,701**	2,501,223
Capital and net debt	**14,973,277**	15,313,749
Gearing ratio	**97%**	84%

45. EVENT AFTER THE REPORTING PERIOD

On 2 January 2023, the Company failed to make the payment of the outstanding principal which amounted to US$123,450,000, together with interest accruing thereon, which constituted an event of default.

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 RMB'000	2021 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	51,682	51,682
Total non-current assets	51,682	51,682
CURRENT ASSETS		
Cash and cash equivalents	2,109	60,411
Due from subsidiaries	2,900,749	3,340,463
Total current assets	2,902,858	3,400,874
CURRENT LIABILITIES		
Other payables and accruals	219,301	5,552
Senior notes	2,646,997	2,633,520
Due to subsidiaries	661	661
Total current liabilities	2,866,959	2,639,733
NET CURRENT ASSETS	35,899	761,141
TOTAL ASSETS LESS CURRENT LIABILITIES	87,581	812,823
Net assets	87,581	812,823
EQUITY		
Share capital	14	14
Reserves (note)	209,917	812,809
Total equity	209,931	812,823

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46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Capital reserve RMB'000	Employee share-based compensation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2022 and 31 December 2021	1,024,003	51,021	11,000	(273,215)	812,809
Total comprehensive loss for the year	–	–	–	(621,142)	(621,142)
Share-based compensation expenses	–	–	18,250	–	18,250
Balance at 31 December 2022	1,024,003	51,021	29,250	(894,357)	209,917

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 April 2023.

Financial Summary

1 KEY DATA OF INCOME STATEMENT

	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000
REVENUE	6,847,436	7,535,159	8,190,576	8,340,071	**3,034,126**
Cost of sales	(3,321,645)	(4,464,234)	(6,396,196)	(7,167,914)	**(3,614,816)**
GROSS PROFIT	3,525,791	3,070,925	1,794,380	1,172,157	**(580,690)**
Finance income	15,884	15,804	17,313	83,849	**11,400**
Other income and gains	7,546	11,242	8,320	96,891	**7,868**
Selling and distribution expenses	(161,220)	(213,653)	(240,058)	(267,339)	**(193,481)**
Administrative expenses	(241,341)	(250,741)	(277,508)	(323,303)	**(185,270)**
Impairment losses on financial assets	(1,152)	(390)	950	(1,286)	**(117,784)**
Other expenses	(3,259)	(3,159)	(7,181)	(13,523)	**(370,572)**
Fair value gains on investment properties	159,818	175,812	102,537	48,448	**(76,584)**
Fair value (losses)/gains on financial assets at fair value through profit or loss	2,557	1,883	368	(74,220)	**(2,446)**
Finance costs	(281,311)	(261,734)	(301,971)	(322,520)	**(385,981)**
Share of profits and losses of:					
Joint ventures	(6,206)	15,753	160,965	34,465	**(130,527)**
Associates	(3,965)	(8,237)	73,933	(11,710)	**(8,398)**
PROFIT BEFORE TAX	3,013,142	2,553,505	1,332,048	421,909	**(2,032,465)**
Income tax expense	(2,340,234)	(1,876,616)	(446,886)	161,597	**(210,913)**
PROFIT FOR THE YEAR	672,908	676,889	885,162	583,506	**(2,243,378)**
Profit attributable to:					
Owners of the parent	154,553	219,532	356,064	250,057	**(1,937,003)**
Non-controlling interests	518,355	457,357	529,098	333,449	**(306,375)**

2 KEY DATA OF FINANCIAL POSITION

	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000
Total non-current assets	3,571,218	4,104,257	5,855,807	5,826,434	**4,840,579**
Total current assets	16,316,794	20,776,740	24,665,806	34,549,112	**28,268,156**
Total assets	19,888,012	24,880,997	30,521,613	40,375,546	**33,108,735**
Total non-current liabilities	4,664,361	2,768,878	6,631,981	5,656,552	**2,654,785**
Total current liabilities	13,408,873	19,349,447	17,607,063	26,866,888	**26,432,427**
Total liabilities	18,073,234	22,118,325	24,239,044	32,523,440	**29,087,212**
Total equity	1,814,778	2,762,672	6,282,569	7,852,106	**4,021,523**
Equity attributable to owners of the parent	614,091	860,030	2,279,497	2,501,223	**511,701**
Non-controlling interests	1,200,687	1,902,642	4,003,072	5,350,883	**3,509,822**

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上坤地產集團有限公司
SUNKWAN PROPERTIES GROUP LIMITED