景瑞控股
JINGRUI HOLDINGS

# 景瑞控股有限公司*
# JINGRUI HOLDINGS LIMITED

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

股份代號 Stock code : 01862

# 2022
# 年報
# ANNUAL REPORT

* 僅供識別 | For identification purpose only

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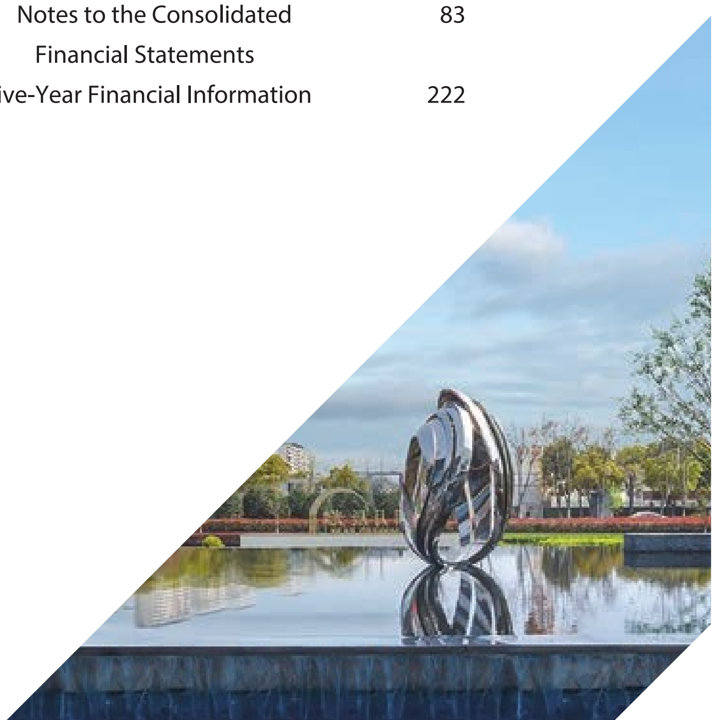


# Corporate Profile

Jingrui Holdings Limited (stock code: 01862.HK) ("**Jingrui**" or the "**Company**") is a leading residential property developer, an asset management operator and a professional service provider in the PRC. Its business segments range from real estate development, decoration, urban renewal, asset management, commercial operation and property management. The Company was established in Shanghai in 1993, with the mission of "Dedicated to Building a Wonderful Life" (用心建築精彩生活), after years of development and accumulation, it was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in October 2013.

Jingrui has five major business platforms of Yan Capital Management (優鉞資管), Jingrui Properties (景瑞地產), Jingrui Capital (景瑞不動產), Jingrui Service (景瑞服務) and Co-Fortune Capital (合福資本) under it. With real estate asset management as the core business, Jingrui focuses on residential development, apartment and offices in first- and second-tier core cities and metropolitan areas, contributing to an urban beautiful life and providing end-to-end value-added services to investors.

As of the end of 2022, the Company has made deploy in 24 cities across China and built and operated 112 projects. It has been presented awards including the "2022 Influential Property Brands", "2022 Best Operators Award for Urban Renewal", "Excellent Property Brand Companies in 2022", "Top 100 China Property Services Companies with Comprehensive Strength in 2022" and "Top 100 China Property Services Companies with Quality Value".

# Corporate Profile


Jingrui is determined to build a dual-driver powered business model with "customers' value" orientation. By adhering to the transformation direction of "light-asset, refinement and operation-prioritization", it is optimistic about real estate in the long run and focuses on three major tracks of increment, stock and service with resources concentrated on development business to realize light-asset operation for stock and services.

In the future, facing the macroeconomic situation and profound changes in the real estate industry, we will always stick to the mission of "Dedicated to Building a Wonderful Life", and catalyze light-asset business through quality improvement and operational capability building with debt reduction as the starting point to achieve quality development. We will remain true to our original aspiration, seek excellence and achieve the goal of "pioneer in asset management with the best knowledge in both architecture and lifestyle".

# Corporate Information

## COMPANY NAME
Jingrui Holdings Limited

## EXECUTIVE DIRECTORS
Mr. Yan Hao *(Chairman (re-designated from Co-chairman on 30 March 2023) and Chief Executive Officer)*
Mr. Xu Hai Feng *(Vice President)*
Mr. Chen Chao *(Vice President and Chief Financial Officer)*

## NON-EXECUTIVE DIRECTOR
Mr. Chen Xin Ge *(Co-chairman (resigned on 30 March 2023)) (re-designated from executive Director to non-executive Director on 30 March 2023)*

## INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

## AUDIT COMMITTEE
Mr. Qian Shi Zheng *(Chairman)*
Dr. Lo Wing Yan William
Mr. Han Jiong

## REMUNERATION COMMITTEE
Mr. Han Jiong *(Chairman)*
Dr. Lo Wing Yan William
Mr. Yan Hao *(appointed on 30 March 2023)*
Mr. Chen Xin Ge *(ceased to serve on 30 March 2023)*

## NOMINATION COMMITTEE
Mr. Han Jiong *(Chairman) (re-designated from member of the Nomination Committee on 30 March 2023)*
Dr. Lo Wing Yan William
Mr. Chen Xin Ge *(appointed on 30 March 2023)*
Mr. Yan Hao *(Chairman) (ceased to serve on 30 March 2023)*

## RISK MANAGEMENT COMMITTEE
Mr. Qian Shi Zheng *(Chairman)*
Mr. Han Jiong
Dr. Lo Wing Yan William

## COMPANY SECRETARY
Ms. Jiang Bing Xian

## AUTHORISED REPRESENTATIVES
Mr. Yan Hao
Ms. Jiang Bing Xian

## COMPANY'S WEBSITE
www.jingruis.com

## REGISTERED OFFICE
One Nexus Way
Camana Bay
Grand Cayman KY1-9005
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC
8/F, Building B, BenQ Plaza,
207 Songhong Road
Shanghai, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 1218, 12/F, China Resources Building
26 Harbour Road
Wanchai, Hong Kong

## LEGAL ADVISERS

**As to Hong Kong Law:**
Sidley Austin
39/F, Two International Finance Centre
Central, Hong Kong

**As to PRC Law:**
Grandall Law Firm
23-25/F, Garden Square
968 Beijing West Road, Shanghai, China

**As to Cayman Islands law:**
Walkers
Suite 1501-1507, Alexandra House
18 Chater Road, Central, Hong Kong

## AUDITOR
Elite Partners CPA Limited
10/F, 8 Observatory Road, Tsim Sha Tsui
Kowloon, Hong Kong

## STOCK CODE
01862

## 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

## PRINCIPAL BANKS
*Hong Kong*
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited
Bank of China (Hong Kong) Limited

*PRC*
Agricultural Bank of China, Shanghai Branch
China Construction Bank, Shanghai Branch
Bank of China, Shanghai Branch
Bank of Shanghai, Shanghai Branch

## KEY FINANCIAL INDICATORS:

| | Year ended 31 December | | | | |
|---|---|---|---|---|---|
| | **2022** | | 2021 | | Change |
| | **RMB million** | **Percentage to revenue %** | RMB million | Percentage to revenue % | % |
| Revenue | **7,907.9** | **100.0** | 13,551.6 | 100.0 | (41.6) |
| Gross profit | **115.2** | **1.5** | 2,440.0 | 18.0 | (95.3) |
| Profit for the year | | | | | |
| – Including non-controlling interests | **(4,277.9)** | **(54.1)** | 393.8 | 2.9 | (1,186.3) |
| – Attributable to equity holders | **(4,269.8)** | **(54.0)** | 127.5 | 0.9 | (3,448.9) |
| Core net profit | | | | | |
| – Including non-controlling interests | **(4,277.9)** | **(54.1)** | 393.1 | 2.9 | (1,188.2) |
| – Attributable to equity holders | **(4,269.8)** | **(54.0)** | 126.8 | 0.9 | (3,467.4) |

## KEY OPERATION INDICATORS:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2022** | 2021 | Change % |
| Contracted sales value (RMB million) | **7,075.6** | 27,011.1 | (73.8) |
| Contracted sales area (sq.m.) | **427,019.0** | 1,433,004.5 | (70.2) |
| Average contracted selling price (RMB/sq.m.) | **16,569.8** | 18,849.3 | (12.1) |

## KEY RATIO INDICATORS:

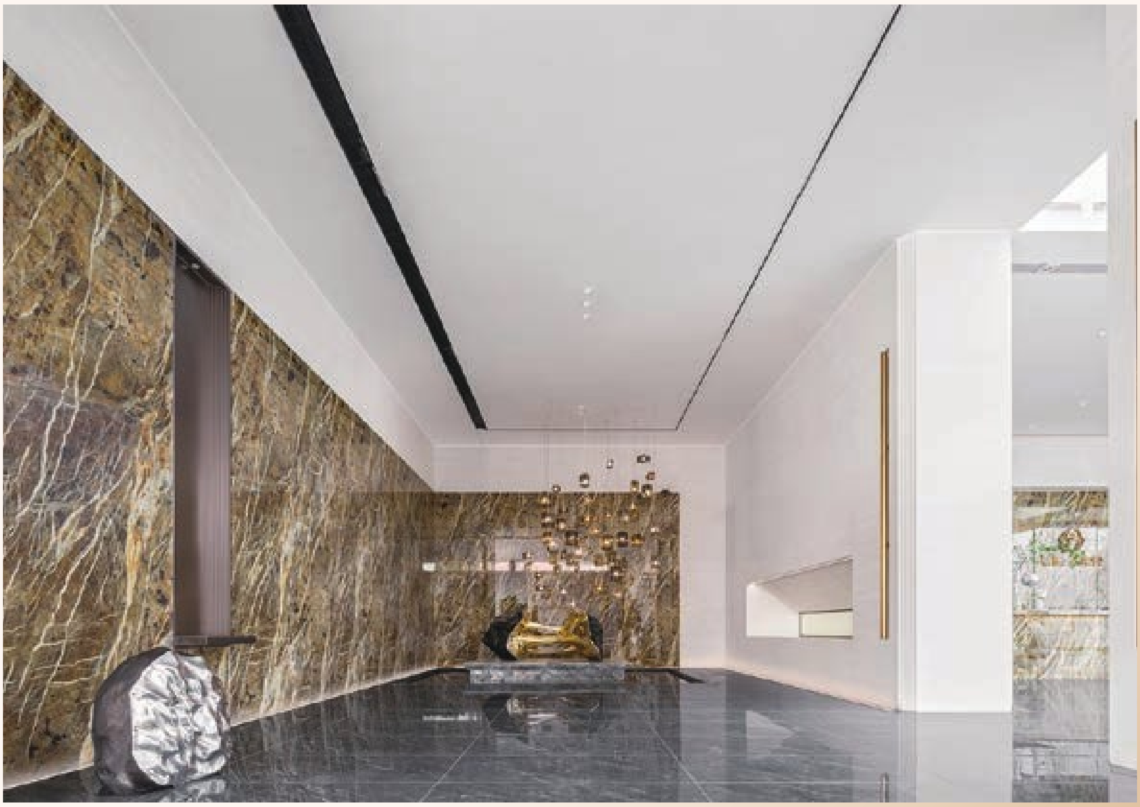
| | **2022 %** | 2021 % |
|---|---|---|
| Gross profit margin (%) | **1.5** | 18.0 |
| Total assets turnover (%) [1] | **14.3** | 20.6 |
| Return on equity (%) [2] | **(48.5)** | 3.5 |
| Net debt-to-capital ratio (%) [3] | **267** | 94 |

(1) Equal to revenue for the respective year divided by the average of total assets at the beginning and the end of the year.

(2) Equal to profit for the year divided by the average of total equity at the beginning and the end of the year and multiplied by 100%.

(3) Equal to net debt at the end of the period under review divided by total equity and multiplied by 100%. Net debt is calculated as total borrowing minus cash and cash equivalents and restricted cash.

# Chairman's Statement



In line with the market trend and the guidance of national policies, and in the face of the current liquidity dilemma, Jingrui will actively safeguard the interests of all stakeholders, including customers, suppliers and investors, revitalize the stock assets, penetrate into value cities, make "ensuring delivery" the core of its current work, focus on building the delivery power of the enterprise, so as to win the trust of the government, homebuyers, financial institutions and investors. In the future, Jingrui will continue to further make its efforts in core cities and metropolitan areas, enhance its product strength and refined operation capabilities, deepen its large-scale asset management model, continue to build outstanding projects, forge solid operation management capabilities, improve asset values and realize high-quality development.

**Yan Hao**
*Chairman*

## Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Jingrui Holdings Limited ("**Jingrui**" or the "**Company**"), I am pleased to present the business review and outlook of the Company and its subsidiaries (the "**Group**", "**we**" or "**us**") for the year ended 31 December 2022 (the "**Year**").

## Market Review

2022 is a year of profound changes in the world's economic and political landscape, with more severe global challenges, indicating the era of "great turmoil and great gaming" has arrived. Although the global novel coronavirus epidemic (the "**COVID-19**") has stabilized, events such as the economic downturn, the Russia-Ukraine conflict, the epic interest rate hike by the Federal Reserve System of the United States and the energy crisis have had a profound impact on the world economy. In the face of complex and severe domestic and international environment, the government of the People's Republic of China (the "**PRC**" or "**China**") responded calmly to the changes, and as a result, the economy has continued to recover, ranking top among the major economies in the world in terms of economic growth and reaching a new height in terms of overall economic volume. In 2022, the annual GDP reached RMB121,020.7 billion, an increase of 3% over the previous year at constant prices, making it a major force leading the recovery of the world economy.

Looking back at the real estate market in 2022, the real estate policies have entered a period of easing. Under the general keynote of "housing is for accommodation, not for speculation", the goal of "stabilizing land prices, stabilizing housing prices and stabilizing expectations" has been made clear. Against the backdrop of the policy of stabilizing growth, the main tone is warm. The regulatory authorities have issued a number of favorable policies, and polices have been intensified from supporting the demand end to the enterprise end, which also have released room for local "city-oriented policies". In order to better meet the reasonable housing demand of homebuyers, housing finance will continue to recover in general, residential mortgage interest rates will be reduced slightly, and the growth rate of individual mortgage loans is expected to pick up. Policies such as provident funds and down payment ratios may be further loosened to release reasonable housing demand. In particular, in November 2022, a number of heavyweight policies have been implemented, with "16 Financial Articles" allowing real estate enterprises to roll over their debts and increasing financing support, followed by commercial banks to follow up the implementation of capital support. On November 28, a press spokesman from the China Securities Regulatory Commission revealed five measures to adjust and optimize the equity financing of listed real estate enterprises, signifying the "third arrow" officially landed.

However, from the perspective of the real estate market, the real estate market sentiment is still in the habit of declining in 2022, mainly due to the fact that property sales in many regions across the country are still subject to the tighter regulatory policies by local governments in 2021 and bearish short-term housing price expectations. From the perspective of real estate enterprises, the tightening of real estate financial policies in 2021 and the implementation of policies such as "Centralized Land Supply" and "Three Red Lines" have led to the tight liquidity of real estate enterprises extending into 2022. The frequent default on the debt of real estate enterprises, especially overseas debt, has restricted the normal production and operation of real estate enterprises. Under the pressure of "ensuring delivery", most real estate enterprises have no resources for new development and investment.

According to the National Bureau of Statistics, China's investment in real estate development was RMB13.29 trillion in 2022, down by 10% as compared to the previous year. Of which: residential investment fell by 9.5%; the sales area of commodity houses across the country was 1.358 billion square metres ("**sq.m.**"), decreased by 24.3% as compared to the previous year, of which: the sales area of residential properties fell by 26.8%. The sales of commodity houses nationwide reached RMB13.33 trillion, down by 26.7%, of which, the sales of residential properties decreased by 28.3%. Although the real estate policies tended to relax in 2022, it will take time for the market to recover.

# Chairman's Statement

## Operational Performance

In 2022, under the context of continuous COVID-19, gloomy market sentiment as well as poor overall operation of the real estate sector in Mainland China and profound adjustment in the industry, Jingrui experienced huge challenges in both marketing and liquidity. During the reporting period, the Group's accumulated contracted sales was approximately RMB7.076 billion, which represents a decrease of 73.8% from last year (2021: RMB27.011 billion). The contracted sales area was approximately 427,019 sq.m., with an average contracted sales price of RMB16,570 per sq.m.

In February 2022, we commenced an exchange offer for the USD190,000,000 senior notes due March 2022. Existing notes totaling USD177,330,000 were accepted, and USD173,013,500 senior notes due September 2023 with annual interest rate of 12.75% were issued in March and April 2022. Confronted with the domestic and oversea liquidity difficulties of the Group, in July 2022, we engaged a financial adviser and a legal adviser to initiate debt restructuring for our offshore USD denominated senior notes. In order to treat all creditors fairly, Jingrui has suspended the payment of principal and interests of all offshore USD denominated senior notes.

The Group continues to uphold the development strategy of its cultivation in the Yangtze River Delta region, and actively expands high-quality projects in key cities around the Yangtze River Delta and Chengdu-Chongqing region. As at 31 December 2022, the total gross floor area ("**GFA**") for land reserves owned by the Group was approximately 3,683,707 sq.m. We expect the land reserves to be sufficient to meet the Group's development needs for the next two years.

## Promoting operational transformation to facilitate continuous development

Since 2020, the regulation and controls on the real estate sector have been increased, along with "Three Red Lines", "Centralized Land Supply" and "New Regulations on Asset Management" were implemented. The traditional real estate development era with "high debt, high leverage and high turnover" has come to an end, and real estate companies must shift towards refined and high-quality development, and explore new development models with focuses on revitalizing inventory, parallel development of housing for lease and for sale, housing system construction and light-asset operation. Confronted with the illiquidity since the second half of 2021, in particular, the dilemma arising from the default of USD denominated debts in 2022, promoting operational transformation, revitalizing stock assets and expanding financial channels to improve liquidity became important goals for Jingrui's work in 2022.

Focusing on the whole cycle of fund operation of "fund raising, investment in projects, post-investment project management and capital withdrawal", Yan Capital Management is committed to linking the "investor side" and "asset side" to build an integrated asset management system of Jingrui. As of 31 December 2022, Yan Capital Management has launched and established 25 funds with an accumulated fund management scale of approximately RMB9.22 billion, and as at 31 December 2022, Yan Capital Management held 10 existing funds and completed the renewal for all funds originally planned to exit before the end of 2022, which maintained the existing financing and reduced cash outflows. At the same time, it successfully completed the re-sale of 19 Jingrui 01 private placement bonds, for which none of the investors have made sell-back requirements.

In 2022, the real estate sector is full of uncertainty, and investment in the real estate ecosystem is also full of challenges. As a light asset investment platform under Jingrui, Co-Fortune Capital focused on the functional positioning of "facilitating the large-scale asset management mode", improved post-investment management and exit mechanisms to achieve the expected investment targets and maximize shareholders' value. As of 31 December 2022, the total number of investment projects reached 15 with an aggregate investment amount of RMB1,164 million being made by Co-Fortune Capital. Co-Fortune Capital completed the withdrawal of its investments in four projects, with an investment return of 18.1%. On 16 September 2022, the AgiiPlus Group (堂堂加集團) (the former "Distrii (辦伴)"), which was co-invested by Co-Fortune Capital, submitted its prospectus to the Securities and Exchange Commission of the U.S. for the proposed listing on the Nasdaq in the U.S. At present, it passed the review of the Securities and Exchange Commission of the U.S.

## Refining products and services to promote high-quality development

Jingrui Properties has been always adhering to the "customer-oriented" value and striving to create values for customers. As real estate enters the era of inventory and faces the impact of the digital wave on the real estate sector, Jingrui Properties takes customer needs as its orientation, strives to improve and upgrade products, systematically reviews design plans, implementation effects, construction technologies and cost calculation of two product series, namely "Wushuang" and "Tianfu", to condense product characteristics, strengthen product standards and constantly iterate and upgrade, with an aim to meet the differentiated housing demands at different life stages and from different customer groups to the maximum extent.

Jingrui Capital, as a platform under Jingrui designed for investment, development, renovation and operation of rental apartments and office buildings, focuses on urban renewal and land matching with long-term rented apartments as strategic business and office buildings as opportunity-based business. Through the holding, management and operation of stock properties, Jingrui Capital deeply explores asset value, develops quality space for customers, provides investors with "end-to-end" services and pursues the mission of "Dedicated to Developing Assets Value" (用心共築資產價值). As of 31 December 2022, Jingrui Capital had 8 apartment projects and 3 commercial and office projects in "Beijing, Shanghai and Hangzhou" and the asset management scale was nearly RMB8.02 billion. It successfully withdrew from 7 projects. During the Year, a total of RMB235 million of rental income was realized from apartment and office projects. As at 31 December 2022, the time-point occupancy rate of apartment projects was 92.4% and the time-point occupancy rate of office projects was 84.6%. In the third quarter of 2022, Jingrui Capital disposed of its entire interests in Suzhou Jingrui Guangyun Gusu Building, Shanghai Jingrui Xingfulai Project, Shanghai Jingrui North Zhongshan Road Project in Jing'An District and Shanghai Hongqiao Lianghua Project with an accumulated contract value of RMB326 million. The proceeds were utilized as the general working capital of the Group, which improved the Group's liquidity issue.

The "small property services" concerns the "big people's livelihood". Property services are obviously important to the daily life of the public under the COVID-19. In 2022, Jingrui Service insisted on the dual-brand strategy. With the rapid process of marketization, the business scale of Jingrui Service has gradually expanded. As of 31 December 2022, the footprint of Jingrui Service covers more than 50 cities in more than ten provinces/centrally direct-controlled municipalities, such as Shanghai, Chongqing, Jiangsu, Zhejiang, etc. Its contracted GFA is approximately 50 million sq.m., and its service target covers residential, commercial complex, office buildings, parks, schools, banks, hospitals, government construction projects and other types of properties. Jingrui Service focuses on the actual need of properties' owners and strives to be practical and innovative. It continues to iterate and upgrade its service pattern, integrating the vision of "Proactive Service Provider Adhering to Quality" into full-type and full-lifecycle services through services and execution. In 2022, Jingrui Service was presented awards including the "Top 100 China Property Services Companies with Comprehensive Strength in 2022" and "Excellent Property Brand Companies in 2022".

## Prospect

Looking ahead to 2023, China will adhere to the keynote of "housing is for accommodation, not for speculation", and there is room for continued policy optimization on both the supply and demand sides, with policy strength expected to be further strengthened. The core first- and second-tier cities, especially the core second-tier cities, have a large space for policy optimization. With the "third arrow" of real estate officially landed and the channel of short-term corporate financing opened, supporting the reasonable financing needs of real estate enterprises, the financing chain and funding surface are expected to be gradually improved. The priority task of real estate enterprises should be to seize the financing window and act proactively to supplement liquidity to the maximum extent. On the whole, the real estate market will remain at the "de-stocking" stage in 2023, with the focus still on "ensuring delivery". With the accelerated implementation of special loans and supporting funds, it's expected that more substantial progress will be made, which will jointly promote the improvement of home buyers' expectations.

# Chairman's Statement

In line with the market trend and the guidance of national policies, and in the face of the current liquidity dilemma, Jingrui will actively safeguard the interests of all stakeholders, including customers, suppliers and investors, revitalize the stock assets, penetrate into value cities, make "ensuring delivery" the core of its current work, focus on building the delivery power of the enterprise, so as to win the trust of the government, homebuyers, financial institutions and investors. In the future, Jingrui will continue to further make its efforts in core cities and metropolitan areas, enhance its product strength and refined operation capabilities, deepen its large-scale asset management model, continue to build outstanding projects, forge solid operation management capabilities, improve asset values and realize high-quality development.

Finally, on behalf of the Board, I would like to express our sincere gratitude to all of our investors, partners, customers and all employees of our Group. In the face of changes in the real estate market, Jingrui will give full play to its own genetic advantages, continue to improve its overall competitiveness, follow the trend of the times, be at the forefront of leading the future, continue to inject new momentum for future development, and create more real value for our investors, partners, customers, and employees.

**Jingrui Holdings Limited**
**Yan Hao**
*Chairman*

# Breakdown of Major Properties

## Completed and Partially Completed Projects

| Project Name | Project Type | Gross Floor Area Available for Sale, Lease or Use by the Group (sq.m.) | Percentage of Interest in the Project Attributable to the Group (%) | Attributable Gross Floor Area (sq.m.) |
|---|---|---|---|---|
| Shanghai Jingrui Life Square | Commercial | 43,851 | 100 | 43,851 |
| Shanghai Jingrui City Park (Phase 1) | Composite | 4,409 | 100 | 4,409 |
| Shanghai Jingrui Xuhui New City | Residential | 194 | 100 | 194 |
| Shanghai Jingrui Shenxin Tower | Commercial & office | 3,361 | 100 | 3,361 |
| Shanghai Jingrui Keyuan Tower | Composite | 10,061 | 100 | 10,061 |
| Shanghai Jingrui Elite Residences | Residential | 9,916 | 100 | 9,916 |
| Shanghai Jingrui Xinmei Mansion Project | Commercial | 1,362 | 100 | 1,362 |
| Shanghai Jingrui Yinqiao Apartment Project | Commercial | 8,883 | 100 | 8,883 |
| Shanghai Maglink | Commercial & office | 112,013 | 46.17 | 51,716 |
| Beijing Jingrui San Quan Apartments Project | Residential | 24,300 | 100 | 24,300 |
| Beijing Jingrui Foresea Zhongjin Project in Zhongguancun | Office | 5,369 | 100 | 5,369 |
| Tianjin Jingrui No.1 Tang Gu Bay | Residential & commercial | 24,874 | 100 | 24,874 |
| Tianjin Jingrui Hanlin | Residential & commercial | 9,433 | 100 | 9,433 |

# Breakdown of Major Properties

| Project Name | Project Type | Gross Floor Area Available for Sale, Lease or Use by the Group (sq.m.) | Percentage of Interest in the Project Attributable to the Group (%) | Attributable Gross Floor Area (sq.m.) |
|---|---|---|---|---|
| **Tianjin Jingrui No.6 Tang Gu Bay** | Residential & commercial | 489 | 100 | 489 |
| **Tianjin Yuetiandi** | Residential & commercial | 42,864 | 49 | 21,003 |
| **Tianjin Jingrui Yuexitai** | Residential & commercial | 105,184 | 51 | 53,643 |
| **Tianjin Sea Blue City** | Residential | 27,542 | 49 | 13,496 |
| **Suzhou Jingrui Taicang Yueting** | Residential | 4,704 | 78.9 | 3,711 |
| **Suzhou Jingrui Changshu Jiangnan Mansion (Phase 2)** | Residential | 262,397 | 34 | 89,215 |
| **Changzhou Jingrui Dawn City/England County** | Residential | 9,814 | 100 | 9,814 |
| **Yangzhou Jingrui Yujing Fenghua** | Residential | 6,293 | 100 | 6,293 |
| **Hangzhou Jingrui Haiyi Cuiting** | Residential & commercial | 985 | 51 | 502 |
| **Hangzhou Jingrui Qinghai** | Residential & commercial | 84,945 | 100 | 84,945 |
| **Ningbo Jingrui Harbour City** | Commercial | 42,026 | 50 | 21,013 |
| **Ningbo Xinghai Land** | Residential | 125 | 50 | 62 |
| **Ningbo Jingrui Xingning Mansion** | Residential & commercial | 176 | 100 | 176 |
| **Chongqing Jingrui Jiangshan Yufu** | Residential | 65,773 | 100 | 65,773 |
| **Wuhan Jingrui Tianfu Peninsula** | Composite | 9,778 | 54 | 5,280 |
| **Wuhan Jingrui Tianfu Binjiang** | Residential | 6,372 | 40 | 2,549 |
| **Nanjing Jingrui Xitang Mansion** | Composite | 6,754 | 100 | 6,754 |
| **Total** | | **934,247** | | **582,447** |

# Breakdown of Major Properties

## Projects under Development and under Planning

| Project | Project Type | Expected Completion Date | Gross Floor Area under Development (sq.m.) | Gross Floor Area under Planning (sq.m.) | Percentage of Interest in the Project Attributable to the Group (%) | Attributable Gross Floor Area (sq.m.) |
|---|---|---|---|---|---|---|
| **Shanghai Jingrui City Park** | Composite | 2023/12/31 | | 39,628 | 100 | 39,628 |
| Phase 2 | | | | 39,628 | | |
| **Shanghai Jingrui Jiangshanyue** | Residential | 2023/1/15 | 35,973 | | 100 | 35,973 |
| **Tianjin Jingrui Yujing Tiandi** | Residential & commercial | 2023/6/15 | 199,056 | | 100 | 199,056 |
| **Tianjin Jingrui Yuexitai** | Residential & commercial | 2024/6/30 | 25,756 | | 51 | 13,136 |
| **Jinhua Jingrui Wuyi Wushuang (Civil Square)** | Residential | 2023/10/30 | 84,099 | | 81.99 | 68,952 |
| **Ningbo Jingrui Ninghai Yujing Chaoming** | Residential | 2023/6/30 | 81,977 | | 100 | 81,977 |
| **Shaoxing Jingrui Dignity Mansion** | Residential | 2023/3/30 | 42,033 | | 100 | 42,033 |
| Phase 5 | | | 42,033 | | | |
| **Suzhou Changshu In Times** | Residential | 2023/6/30 | 126,913 | | 32 | 40,612 |
| **Suzhou Jingrui Changshu Jiangnan Mansion (Phase 2)** | Residential | 2023/6/30 | 265,324 | | 34 | 90,210 |
| **Changzhou Jingrui Chenyun Tianfu** | Residential | 2023/4/30 | 188,768 | | 83.79 | 158,169 |
| **Wuxi Jingrui Hubin Tianyu** | Residential | 2023/4/30 | 57,115 | | 82.6 | 47,176 |
| **Yangzhou Tianfu Xingchen** | Residential | 2023/6/30 | 205,945 | | 30 | 61,783 |
| **Nanjing Xijiang Ruifu** | Residential | 2023/5/30 | 29,229 | | 0.3 | 88 |

# Breakdown of Major Properties

| Project | Project Type | Expected Completion Date | Gross Floor Area under Development (sq.m.) | Gross Floor Area under Planning (sq.m.) | Percentage of Interest in the Project Attributable to the Group (%) | Attributable Gross Floor Area (sq.m.) |
|---|---|---|---|---|---|---|
| Chengdu Jingrui Yujing Fenghua, North | Residential & commercial | 2023/6/30 | 76,959 | | 51.2 | 39,403 |
| Chengdu Jingrui Yujing Fenghua, South | Residential | 2023/6/30 | 74,047 | | 84 | 62,199 |
| Chongqing Jingrui Jiangshan Yufu | Residential | 2023/11/30 | 81,041 | | 100 | 81,041 |
| Chongqing Tianchen Yujing | Residential & commercial | 2023/5/30 | 99,892 | | 51 | 50,945 |
| Wuhan Jingrui Tianfu Binjiang | Composite | 2024/12/31 | 347,034 | | 40 | 138,814 |
| Wuhan Jingrui Caidian Sino-French Youxuan Project | Residential | 2024/5/30 | | 133,544 | 54 | 72,114 |
| Wuhan Jingrui Jiangnanyue | Residential | 2023/2/27 | 261,176 | | 30 | 78,353 |
| Wuhan Jingrui No.145 Jiangxia Wulijie P (2020) | Residential | 2023/6/30 | 187,814 | | 54 | 101,419 |
| Wuhan Jingrui Jiangshanyue | Residential & commercial | 2023/6/15 | 106,137 | | 60 | 63,682 |
| **Total** | | | **2,576,288** | **173,172** | | **1,566,763** |

## Market Overview

2022 is a year of profound changes in the world's economic and political landscape, with more severe global challenges, indicating the era of "great turmoil and great gaming" has arrived. Although the global COVID-19 has stabilized, events such as the economic downturn, the Russia-Ukraine conflict, the epic interest rate hike by the Federal Reserve System of the United States and the energy crisis have had a profound impact on the direction of the world economy. In the face of complex and severe domestic and international environment, the government of China responded calmly to the changes, and as a result, the economy has continued to recover, ranking top among the major economies in the world in terms of economic growth and reaching a new height in terms of overall economic volume. In 2022, the annual gross domestic product reached RMB121,020.7 billion, representing an increase of 3% over the previous year at constant prices, making it a major force leading the recovery of the world economy.

Looking back at the real estate market in 2022, the real estate policies have entered a period of easing. Under the general keynote of "housing is for accommodation, not for speculation", the goal of "stabilizing land prices, stabilizing housing prices and stabilizing expectations" has been made clear. Against the backdrop of the policy of stabilizing growth, the main tone is warm. The regulatory authorities have issued a number of favorable policies, and polices have been intensified from supporting the demand end to the enterprise end, which also have released room for local "city-oriented policies". In order to better meet the reasonable housing demand of homebuyers, housing finance will continue to recover in general, residential mortgage interest rates will be reduced slightly, and the growth rate of individual mortgage loans is expected to pick up. Policies such as provident funds and down payment ratios may be further loosened to release reasonable housing demand. In particular, in November 2022, a number of heavyweight financial policies have been implemented, with "16 Financial Articles" allowing real estate enterprises to roll over their debts and increasing financing support, followed by commercial banks to follow up the implementation of capital support. On 28 November, a press spokesman from the China Securities Regulatory Commission revealed five measures to adjust and optimize the equity financing of listed real estate enterprises, signifying the "third arrow" officially landed.

However, from the perspective of the real estate market, the real estate market sentiment is still in the habit of declining in 2022, mainly due to the fact that property sales in many regions across the country are still subject to the tighter regulatory policies by local governments in 2021 and bearish short-term housing price expectations. From the perspective of real estate enterprises, the tightening of real estate financial policies in 2021 and the implementation of policies such as "Centralized Land Supply" and "Three Red Lines" have led to the tight liquidity of real estate enterprises extending into 2022. The frequent default on the debt of real estate enterprises, especially overseas debt, has restricted the normal production and operation of real estate enterprises. Under the pressure of "ensuring delivery", most real estate enterprises have no resources for new development and investment.

According to the National Bureau of Statistics, China's investment in real estate development was RMB13.29 trillion in 2022, down by 10% as compared to the previous year. Of which: residential investment fell by 9.5%; the sales area of commodity houses across the country was 1.358 billion sq.m., decreased by 24.3% as compared to the previous year, of which: the sales area of residential properties fell by 26.8%. The sales of commodity houses nationwide reached RMB13.33 trillion, down by 26.7%, of which, the sales of residential properties decreased by 28.3%. Although the real estate policies tended to relax in 2022, it will take time for the market to recover.

Looking ahead to 2023, China will adhere to the keynote of "housing is for accommodation, not for speculation", and there is room for continued policy optimization on both the supply and demand sides, with policy strength expected to be further strengthened. The core first- and second-tier cities, especially the core second-tier cities, have a large space for policy optimization. With the "third arrow" of real estate officially landed and the channel of short-term corporate financing opened, supporting the reasonable financing needs of real estate enterprises, the financing chain and funding surface are expected to be gradually improved. The priority task of real estate enterprises should be to seize the financing window and act proactively to supplement liquidity to the maximum extent. On the whole, the real estate market will remain at the "de-stocking" stage in 2023, with the focus still on "ensuring delivery". With the accelerated implementation of special loans and supporting capital enterprises, it's expected that more substantial progress will be made, which will jointly promote the improvement of home buyers' expectations.

# Management Discussion and Analysis

In line with the market trend and the guidance of national policies, and in the face of the current liquidity dilemma, Jingrui will actively safeguard the interests of all stakeholders, including customers, suppliers and investors, revitalize the stock assets, penetrate into value cities, make "ensuring delivery" the core of its current work, focus on building the delivery power of the enterprise, so as to win the trust of the government, homebuyers, financial institutions and investors, making Jingrui return to the path of sound development.

## Business Overview

In 2022, the Group achieved contracted sales of approximately RMB7,075.6 million (including those of joint ventures and associates on a 100% basis) and total contracted GFA sold was approximately 427,019.0 sq.m. For the Year, the Group achieved revenue of RMB7,907.9 million (2021: RMB13,551.6 million). The Group achieved a net loss attributable to equity holders of the Company of RMB4,269.8 million (2021: a net profit of RMB127.5 million) throughout the Year.

During the Year, revenue from property sales recognized by the Group amounted to RMB6,807.9 million (2021: RMB12,150.4 million), representing a decrease of 44.0% as compared to last year. It was mainly due to the decrease in the area of properties delivered during the Year. Revenue from property sales of the Group accounted for approximately 86.1% of our total revenue for the Year (2021: 89.7%), and property sales maintained to the core operating business of the Group. The Group's apartment and office business, which has been deployed since the end of 2017, has achieved stable revenue, and property management business has made significant progress. The above development of businesses has further enhanced the Group's diversified competitiveness, and the Group has won a good reputation and brand image, while improving customer loyalty and satisfaction.

The Group continues to uphold the development strategy of its cultivation in the Yangtze River Delta region, and actively expands high-quality projects in key cities around the Yangtze River Delta and Chengdu-Chongqing region. As at 31 December 2022, the total GFA for land reserves owned by the Group was approximately 3,683,707 sq.m. We expect the land reserves to be sufficient to meet the Group's development needs for the next two years.

In February 2022, we commenced an exchange offer for the USD190,000,000 senior notes due March 2022. Existing notes totaling USD177,330,000 were accepted, and USD173,013,500 senior notes due September 2023 with annual interest rate of 12.75% were issued in March and April 2022. Confronted with the domestic and oversea liquidity difficulties of the Group, in July 2022, we engaged a financial adviser and a legal adviser to initiate debt restructuring for our offshore USD denominated senior notes. In order to treat all creditors fairly, Jingrui has suspended the payment of principal and interests of all offshore USD denominated senior notes.

As at 31 December 2022, our cash at bank and on hand (including restricted cash) was RMB1,352.1 million. At the same time, unutilized bank facilities amounted to approximately RMB21,938.4 million. As at 31 December 2022, our net debt-to-equity ratio was approximately 267%. In combination of debt restructuring for its offshore USD denominated senior notes, the Group will continue to improve its liability level and structure, control the liquidity risk, providing guarantee for the Group's sustained operations and steady future growth.

We started our business as a customer driven residential property developer, focusing on developing properties accommodating the demand of our target customers. Our products are designed to meet the need of first-time home purchasers and those who intend to upgrade their existing living conditions. These kinds of customers currently constitute a significant portion of all property purchasers in the PRC. As a result, our products have been positioned in accordance with current market trends and government policies. We believe our strategic product positioning and the continuous expansion of our potential customer base as a result of rapid economic growth and accelerating urbanization in the Yangtze River Delta region, together with our rapid-asset-turnover model, have contributed and will continue to contribute to our growth and scalability.

At the same time, in order to better allocate resources, achieve professional management, and promote the achievement of the Group's overall strategic goals, the Group, focusing on the main real estate business, further adjusted and optimized its original five major business platforms in early March 2020 to the five major business platforms, namely, Yan Capital Management (優鉞資管), Jingrui Properties (景瑞地產), Jingrui Capital (景瑞不動產), Jingrui Service (景瑞服務) and Co-Fortune Capital (合福資本), among which, Yan Capital Management is engaged in real estate fund raising and asset management, realizing the conversion of real estate debt funds to real equity funds; Jingrui Properties focuses on real estate development in the four major urban agglomerations in the PRC and commits to customizing life products and services based on "customer insights"; Jingrui Capital focuses on the urban renewal of first-tier and strong second-tier cities such as Shanghai and Beijing, as well as the developing, holding and lease operation management of apartment and office building; Jingrui Service takes "the promoter of ideal life in Chinese cities" as its development goal, provides high-quality property services to various properties such as commercial plazas and high-end apartments; and Co-Fortune Capital is committed to the investment in the real estate ecosystem, using capital as a link to build product and service capabilities that facilitate the main real estate business.

## Business Review

### Jingrui Properties (景瑞地產)

***Property Development***

In 2022, the Group achieved contracted sales of approximately RMB7,075.6 million (including those of joint ventures and associates on a 100% basis) and total contracted GFA sold was approximately 427,019 sq.m. Our contracted sales were primarily generated from Jiangsu Province and other provinces, which were approximately RMB3,506.9 million and RMB1,559.0 million (excluding car parks) respectively, representing 49.6% and 22.0% of the total contracted sales, respectively.

### Details of the Group's contracted sales in 2022

The following table sets out the geographic breakdown of the Group's contracted sales in 2022:

| Project Name | Contracted GFA Sold sq.m. | Contracted Sales RMB'000 | Contracted Average Selling Price RMB/sq.m. |
|---|---|---|---|
| **Shanghai** | | | |
| Shanghai Jingrui Upper Riverside | 450 | 68,300 | 151,778 |
| Shanghai Jingrui The French Lakeside Villa | 2,370 | 15,000 | 6,329 |
| **Tianjin** | | | |
| Tianjin Yuetiandi | 160 | 2,000 | 12,500 |
| Tianjin Jingrui Yuexitai | 4,095 | 49,850 | 12,173 |
| Tianjin Jingrui Yujing Tiandi | 22,599 | 418,818 | 18,533 |
| Tianjin Sea Blue City | 21,929 | 307,052 | 14,002 |
| Tianjin Jingrui No. 1 Tang Gu Bay | 1,459 | 23,571 | 16,156 |
| Tianjin No. 6 Tang Gu Bay | 1,223 | 9,759 | 7,980 |
| Tianjin Liuhe Mingzhu | 790 | 4,400 | 5,570 |
| Tianjin Jingrui Hanlin | 212 | 397 | 1,873 |

| Project Name | Contracted GFA Sold sq.m. | Contracted Sales RMB'000 | Contracted Average Selling Price RMB/sq.m. |
|---|---|---|---|
| **Chongqing** | | | |
| Chongqing Jingrui Jiangshan Yufu | 26,896 | 218,675 | 8,130 |
| Chongqing Tianchen Yujing | 3,799 | 56,040 | 14,751 |
| **Sub-total of centrally direct-controlled municipalities** | **85,982** | **1,173,862** | **13,652** |
| **Hangzhou** | | | |
| Hangzhou Jingrui Qinghai | 9,995 | 221,845 | 22,196 |
| Hangzhou Jingrui Haiyi Cuiting | 225 | 2,188 | 9,724 |
| Hangzhou Jingrui Changxing Dignity Mansion | 641 | 4,200 | 6,552 |
| **Ningbo** | | | |
| Ningbo Jingrui Ninghai Yujing Chaoming | 25,137 | 280,845 | 11,173 |
| Ningbo Xinghai Land | 2,235 | 11,686 | 5,229 |
| Ningbo Jingrui In Times | 88 | 1,170 | 13,295 |
| Ningbo Jingrui Xingning Mansion | 304 | 4,858 | 15,980 |
| **Zhoushan** | | | |
| Zhoushan Jingrui Peninsula Bay | 901 | 5,147 | 5,713 |
| Zhoushan Jingrui HOPSCA | 60 | 100 | 1,667 |
| **Jinhua** | | | |
| Jinhua Jingrui Wuyi Wushuang | 3,657 | 129,268 | 35,348 |
| **Sub-total of Zhejiang Province** | **43,243** | **661,307** | **15,293** |
| **Suzhou** | | | |
| Suzhou Changshu In Times | 10,188 | 107,078 | 10,510 |
| Suzhou Jingrui Changshu Jiangnan Mansion | 53,511 | 944,360 | 17,648 |
| Suzhou Jingrui Taicang Yueting | 21,587 | 261,900 | 12,132 |
| Suzhou Taicang Luminaries Park | 234 | 3,389 | 14,483 |
| **Wuxi** | | | |
| Wuxi Jingrui Hubin Tianyu | 10,638 | 285,728 | 26,859 |

| Project Name | Contracted GFA Sold sq.m. | Contracted Sales RMB'000 | Contracted Average Selling Price RMB/sq.m. |
|---|---|---|---|
| **Nanjing** | | | |
| Nanjing Jingrui Xitang Mansion | 11,401 | 234,609 | 20,578 |
| **Yangzhou** | | | |
| Yangzhou Jingrui Yujing Fenghua | 19,922 | 275,665 | 13,837 |
| Yangzhou Tianfu Xingchen | 28,490 | 570,133 | 20,012 |
| **Changzhou** | | | |
| Changzhou Jingrui Chenyun Tianfu | 34,234 | 824,015 | 24,070 |
| **Sub-total of Jiangsu Province** | **190,205** | **3,506,877** | **18,437** |
| **Wuhan** | | | |
| Wuhan Jingrui Tianfu Binjiang | 26,315 | 394,225 | 14,981 |
| Wuhan Jingrui Tianfu Peninsula | 5,413 | 77,490 | 14,316 |
| Wuhan Jingrui Jiangshanyue | 3,898 | 47,332 | 12,143 |
| Wuhan Jingrui Jiangnanyue | 7,367 | 58,594 | 7,954 |
| **Chengdu** | | | |
| Chengdu Jingrui Yujing Fenghua, North | 8,824 | 140,491 | 15,921 |
| Chengdu Jingrui Yujing Fenghua, South | 36,626 | 638,315 | 17,428 |
| **Nanchang** | | | |
| Nanchang Jingrui Hongxing Plaza | 4,000 | 51,000 | 12,750 |
| Nanchang Jingrui Ruifu | 11,956 | 119,064 | 9,959 |
| **Jiujiang** | | | |
| Jiujiang Jingrui Ningzhou Mansion | 3,190 | 32,500 | 10,188 |
| **Sub-total of other provinces** | **107,589** | **1,559,011** | **14,490** |
| Car park (lots) | 1,675 | 174,558 | |
| **Total** | **427,019** | **7,075,615** | **16,570** |

Note:

(1) Excluding the area of car parks.

## Land Bank

As at 31 December 2022, the total land bank of the Group was 3,683,707 sq.m. or 2,149,210 sq.m. on an attributable basis.

**Breakdown of the Group's land bank by cities for the year ended 31 December 2022**

| City | Total GFA sq.m. | Percentage of the Group's Total GFA % | GFA Attributable to the Group's Interests sq.m. | Percentage of GFA Attributable to the Group's Interests % |
|---|---|---|---|---|
| **Municipalities directly under the central government** | | | | |
| Shanghai | 269,651 | 7.3% | 209,354 | 9.8% |
| Beijing | 29,669 | 0.8% | 29,669 | 1.4% |
| Tianjin | 435,198 | 11.8% | 335,130 | 15.6% |
| Chongqing | 246,706 | 6.7% | 197,759 | 9.2% |
| **Sub-total** | **981,224** | **26.6%** | **771,912** | **36.0%** |
| **Zhejiang Province** | | | | |
| Hangzhou | 85,930 | 2.3% | 85,447 | 4.0% |
| Ningbo | 124,304 | 3.4% | 103,228 | 4.8% |
| Shaoxing | 42,033 | 1.1% | 42,033 | 2.0% |
| Jinhua | 84,099 | 2.3% | 68,951 | 3.2% |
| **Sub-total** | **336,366** | **9.1%** | **299,659** | **14.0%** |
| **Jiangsu Province** | | | | |
| Suzhou | 659,338 | 17.9% | 223,749 | 10.4% |
| Nanjing | 35,983 | 1.0% | 6,842 | 0.3% |
| Wuxi | 57,115 | 1.5% | 47,175 | 2.2% |
| Changzhou | 198,583 | 5.4% | 167,983 | 7.8% |
| Yangzhou | 212,237 | 5.8% | 68,076 | 3.1% |
| **Sub-total** | **1,163,256** | **31.6%** | **513,825** | **23.8%** |
| **Other Provinces** | | | | |
| Chengdu | 151,006 | 4.1% | 101,603 | 4.7% |
| Wuhan | 1,051,855 | 28.6% | 462,211 | 21.5% |
| **Sub-total** | **1,202,861** | **32.7%** | **563,814** | **26.2%** |
| **Total** | **3,683,707** | **100.0%** | **2,149,210** | **100.0%** |

## Revenue from Sales of Properties

The revenue from sales of properties for the Year was approximately RMB6,807.9 million, representing a decrease of 44.0% as compared to last year, and its distribution is mainly as follows:

| | Revenue RMB'000 | Percentage of Total Revenue % | GFA sq.m. | Average Selling Price RMB/sq.m. |
|---|---|---|---|---|
| **Shanghai** | | | | |
| Shanghai Jingrui Upper Riverside | 151,612 | 2.2 | 1,108 | 136,834 |
| Shanghai Jingrui Zhongshan Building Project in Huangpu District | 98,402 | 1.4 | 3,013 | 32,659 |
| Shanghai Jingrui The French Lakeside Villa | 15,000 | 0.2 | 2,374 | 6,318 |
| Shanghai Jingrui Rongxin Jiayuan | 958,954 | 14.1 | 22,504 | 42,613 |
| Shanghai Jingrui Xinmei Mansion Project | 15,413 | 0.2 | 1,173 | 13,140 |
| **Jiangsu Province** | | | | |
| Suzhou Jingrui Sino Park | 141,039 | 2.1 | 8,420 | 16,750 |
| Suzhou Jingrui Huyu Shangyuan | 173,270 | 2.5 | 10,876 | 15,931 |
| Suzhou Jingrui Taicang Yueting | 418,685 | 6.1 | 36,506 | 11,469 |
| Nanjing Jingrui Xitang Mansion | 395,305 | 5.8 | 24,695 | 16,007 |
| Yangzhou Jingrui Yujing Fenghua | 385,592 | 5.7 | 29,056 | 13,271 |
| **Zhejiang Province** | | | | |
| Hangzhou Jingrui Haiyi Cuiting | 92,329 | 1.4 | 4,047 | 22,814 |
| Hangzhou Jingrui Qinghai | 1,396,806 | 20.5 | 48,908 | 28,560 |
| Hangzhou Jingrui Xingning Mansion | 4,464 | 0.1 | 278 | 16,058 |
| Hangzhou Jingrui Changxing Dignity Mansion | 4,000 | 0.1 | 641 | 6,240 |
| Shaoxing Jingrui Dignity Mansion | 51,526 | 0.8 | 5,451 | 9,453 |
| Jiaxing Jingrui Puyue Lake | 1,531,410 | 22.5 | 88,604 | 17,284 |
| **Tianjin** | | | | |
| Tianjin Jingrui Hanlin | 19,780 | 0.3 | 1,621 | 12,202 |
| Tianjin Jingrui Yuexitai | 23,327 | 0.3 | 2,328 | 10,020 |
| Tianjin Jingrui Sunny City | 6,237 | 0.1 | 1,318 | 4,732 |
| **Wuhan** | | | | |
| Wuhan Jingrui Tianfu Peninsula | 59,607 | 0.9 | 5,686 | 10,483 |
| Wuhan Jingrui Tianfu Binjiang | 49,907 | 0.7 | 3,670 | 13,599 |
| **Chongqing** | | | | |
| Chongqing Jingrui Jiangshan Yufu | 331,496 | 4.9 | 43,926 | 7,547 |
| Others | 10,341 | 0.1 | 1,048 | 9,867 |
| **Sub-total** | **6,334,502** | **93.0** | **347,251** | **18,242** |
| Car park (lots) | 473,412 | 7.0 | 2,475 | |
| **Total** | **6,807,914** | **100.0** | | |

### Yan Capital Management (優鉞資管)

Yan Capital Management, as a real estate fund platform of the Group, is an important asset management vehicle of the Group and is principally engaged in real estate fund raising and asset management business. Since its establishment, Yan Capital Management has firmly cultivated fund raising, fund design and investor protection capability, extensively expanded its presence in the capital market and established a cooperative network to access to investors' resources for real estate development and optimize the capital structure.

As of 31 December 2022, Yan Capital Management has established and promoted 25 funds, with an aggregate size of the funds of approximately RMB9.22 billion and the total size of the existing funds is RMB3.82 billion.

### Jingrui Capital (景瑞不動產)

In March 2020, based on the development strategy of "large-scale asset management", Jingrui Capital platform was established by combining and upgrading Joyride Apartment (悅樘公寓) and Carry Capital (鍇瑞辦公) under Jingrui, which are designed for investment, development, renovation and operation of rental apartments and office buildings. Jingrui Capital is committed to the holding, management and operation of long-term rental apartments and office properties, and providing end-to-end services to investors with the guidance of achieving high-quality asset management scale and concentrating on urban renewal and land matching.

In 2022, Jingrui Capital overcame the ongoing impact of the COVID-19, and all existing projects are in normal operation. As at 31 December 2022, the time-point occupancy rate of apartment projects was 92.4% and the time-point occupancy rate of office projects was 84.6%. In the third quarter of 2022, Jingrui Capital disposed of its entire interests in Suzhou Jingrui Guangyun Gusu Building, Shanghai Jingrui Xingfulai Project, Shanghai Jingrui North Zhongshan Road Project in Jing'An District and Shanghai Hongqiao Lianghua Project. The proceeds from such disposals were utilized as the general working capital of the Group, which helped alleviate the Group's liquidity issue.

### Jingrui Service (景瑞服務)

With economic development and consumption upgrading, value of services has been highly recognized in the capital market in recent years. In March 2020, Jingrui established the "Jingrui Service" platform with Jingrui Properties as its carrier. By adhering to the management concept of "focusing on ideal life" and taking the "promoter of ideal life in Chinese cities" as its development objective, Jingrui Service has built high-quality communities with quality consciousness to pursue continuous improvement of management services and provides high-standard and customized property management services for customers by meeting customers' increasing demands with positive and enthusiastic attitudes.

As of 31 December 2022, the business footprint of Jingrui Service covers more than 50 cities, such as Shanghai, Zhejiang, Jiangsu, Anhui, Hunan, Tianjin, Chongqing, etc. Its contracted GFA has exceeded 50 million sq.m., and its service target covers residential, commercial complex, office buildings, parks, schools, banks, hospitals, government construction projects and other types of properties. Jingrui Service focuses on the actual need of properties' owners and strives to be practical and innovative. It continues to iterate and upgrade its service pattern, integrating the vision of "Proactive Service Provider Adhering to Quality" into full-type and full-lifecycle services through services and execution.

### Co-Fortune Capital (合福資本)

Co-Fortune Capital, as a light-asset investment platform of the Group, aims to equip the other four major segments with asset operation capability. Through "Jingrui", the brand name of the Company, being a listed company, Co-Fortune Capital strives to cultivate its investment management capability in the area of "Real Estate Industrial Chain + Post-Life Service".

As of 31 December 2022, the total number of investment projects reached 15 with an aggregate investment amount of RMB1,164 million being made by Co-Fortune Capital. Co-Fortune Capital completed the withdrawal of its investments in four projects, with an investment return of 18.1%. On 16 September 2022, the AgiiPlus Group (堂堂加集團) (the former "Distrii (辦伴)"), which was co-invested by Co-Fortune Capital, submitted its prospectus to the Securities and Exchange Commission of the U.S. for the proposed listing on the Nasdaq in the U.S. At present, it passed the review of the Securities and Exchange Commission of the U.S.

### Employees and Remuneration Policies

As at 31 December 2022, we had a total of 3,082 fulltime employees (31 December 2021: 3,160). 465 of our employees worked in property development operations, 2,487 of our employees were engaged in property management and 130 of our employees worked in customer service and other related operations.

The remuneration package of our employees includes salaries and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis for us to determine salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in the real estate industry published by renowned consulting firms. We believe the salaries and benefits that our employees receive are competitive compared with market standards in each geographic location where we conduct business. We adopted a pre-IPO share award scheme on 6 October 2013 and a share award scheme on 29 November 2017 (cancelled and terminated on 29 November 2017 and 29 November 2022, respectively), respectively, pursuant to which share awards were granted to selected employees of the Group. In addition, we have also adopted the share option scheme at the annual general meeting held on 7 May 2019. By doing so, share options were granted to selected senior executives of the Group and employees are encouraged to grow together with the Company.

The Group's staff costs for the year ended 31 December 2022 amounted to RMB436.5 million (for the year ended 31 December 2021: RMB495.1 million). Staff costs include the remuneration expenses in relation to the share-based payments of RMB0.7 million recognized for the Year (for the year ended 31 December 2021: RMB0.6 million).

We have also established systematic training programs for our employees based on their positions and expertise. For example, the training programs for members of our management teams focus on improving their management and leadership skills. We have also customized trainings for our marketing and sales personnel to improve their sales capabilities. In addition to the internal trainings, we have also engaged external experts or sponsored continuing educations for our employees from time to time.

## Financial Review

### Revenue

For the year ended 31 December 2022, the revenue of the Group reached RMB7,907.9 million, representing a decrease of 41.6% as compared to RMB13,551.6 million in last year. Our revenue consists of revenue from (i) sales of properties, (ii) property management service, (iii) decoration of properties, (iv) rental income and (v) others. The table below sets forth our revenue for each of the businesses described above and the percentage of total revenue represented for the respective periods indicated:

**Revenue by business segments**

| | 2022 | | 2021 | | |
|---|---|---|---|---|---|
| | | Percentage of total revenue | | Percentage of total revenue | Year-on-year change |
| | RMB'000 | % | RMB'000 | % | % |
| Revenue from contracts with customers recognized at a point in time | | | | | |
| – Sales of properties | 6,807,914 | 86.1 | 12,150,385 | 89.7 | (44.0) |
| – Others | 84,592 | 1.1 | 56,649 | 0.4 | 49.3 |
| | 6,892,506 | 87.2 | 12,207,034 | 90.1 | (43.5) |
| Revenue from contracts with customers recognized over time | | | | | |
| – Property management service | 780,091 | 9.8 | 723,098 | 5.3 | 7.9 |
| – Decoration of properties | – | – | 380,475 | 2.8 | (100.0) |
| | 780,091 | 9.8 | 1,103,573 | 8.1 | (29.3) |
| Rental income | 235,309 | 3.0 | 241,037 | 1.8 | (2.4) |
| **Total** | 7,907,906 | 100.0 | 13,551,644 | 100.0 | (41.6) |

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue, representing approximately 86.1% of our total revenue for the Year.

Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we deliver during such period and the market demand for those properties. Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with the PRC laws and regulations. In general, there is typically at least one year between the time we commence the pre-sales of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers.

During the Year, the properties delivered by the Group mainly included Hangzhou Jingrui Qinghai, Jiaxing Jingrui Puyue Lake and Shanghai Jingrui Rongxin Jiayuan. Revenue from sales of properties decreased by 44.0% to approximately RMB6,807.9 million in 2022 from approximately RMB12,150.4 million in 2021, mainly due to the decrease in the area of properties delivered during the Year.

Our property management service revenue represents revenue generated from property management services we provide through our subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In 2022, property management revenue of the Group was approximately RMB780.1 million, representing an increase of approximately 7.9% as compared to RMB723.1 million in last year. Our property management revenue increased, primarily due to the significant increase in the contracted GFA of third parties and the increase in the property management fee.

Revenue from decoration of properties represents realized revenue generated from decoration works we provided. In 2022, the Group had no such revenue.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight-line basis over the relevant lease terms. In 2022, rental income of the Group was approximately RMB235.3 million, keeping basically flat as compared to last year.

## Cost of Sales

Our cost of sales primarily represents the cost we incur directly in property development activities as well as our property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction cost, land use right cost and capitalized interest cost on related borrowings for the purpose of property development during the period of construction.

Our cost of sales decreased by 29.9% from RMB11,111.7 million in 2021 to RMB7,792.7 million in 2022, which was in line with the decrease of revenue.

The table below sets forth information relating to our cost of sales and as a percentage of total cost of sales:

| | **2022** | | 2021 | |
|---|---|---|---|---|
| | **RMB'000** | **%** | RMB'000 | % |
| Construction costs | **2,340,518** | **30.0** | 3,517,783 | 31.7 |
| Land use right costs | **3,769,589** | **48.4** | 5,782,001 | 52.0 |
| Capitalized interest | **835,829** | **10.7** | 980,955 | 8.8 |
| **Sub-total: Total cost of properties** | **6,945,936** | **89.1** | 10,280,739 | 92.5 |
| Surcharges | **38,065** | **0.5** | 54,569 | 0.5 |
| Provision for impairment of properties held or under development for sale, net | **246,566** | **3.2** | 71,931 | 0.7 |
| Other costs[(1)] | **562,173** | **7.2** | 704,450 | 6.3 |
| **Total** | **7,792,740** | **100.0** | 11,111,689 | 100.0 |

Note:

(1) Includes costs associated with property management, leasing and other operations.

### Gross Profit and Gross Profit Margin

Our gross profit decreased by 94.9% from RMB2,440.0 million in 2021 to RMB115.2 million in 2022. The Group recorded a gross profit margin of approximately 1.5% for the year ended 31 December 2022, compared to approximately 18.0% for the year ended 31 December 2021. The gross profit margin decreased compared with last year, primarily due to the increase in land costs of property projects carried forward during the Year and the increase in provision of impairment for property projects owing to the principle of prudence.

### (Depreciation)/Appreciation of Investment Properties under Capital Platform

For the year ended 31 December 2022, the depreciation of investment properties under capital platform was RMB175.3 million (2021: appreciation of RMB37.9 million). The depreciation in 2022 was mainly due to depreciation of Shanghai Jingrui Elite Residences, Suzhou Jingrui Guangyun Gusu Building, Shanghai Jingrui Yinqiao Apartment Project and Shanghai Jingrui Life Square.

### Fair Value Gains on Investment Properties under Other Platforms

For the year ended 31 December 2022, the fair value gains on investment properties under other platforms were RMB0 million (2021: gains of RMB1.0 million).

### Selling and Marketing Costs

Our selling and marketing costs decreased by 3.4% from RMB580.3 million in 2021 to RMB560.5 million in 2022, keeping basically flat as compared to last year.

### Administrative Expenses

Our administrative expenses increased by 41.7% from RMB650.9 million in 2021 to RMB922.5 million in 2022, primarily due to the increase in provision for bad debts of receivables owing to the principle of prudence by the Group.

### Other Income and Other (Losses)/Gains, Net

We recorded other income of RMB20.2 million in 2022, compared to other income of RMB20.6 million in 2021. Other income recorded in 2022 was mainly the income on the government grants.

We recorded other losses of RMB623.2 million in 2022, compared to other gains of RMB196.2 million in 2021. Other losses recorded in 2022 were primarily derived from losses on the disposal of equity interests in projects and fair value losses on financial assets at fair value through profit or loss.

### Finance Costs, Net

Our finance income decreased by 49.3% from RMB590.3 million in 2021 to RMB299.3 million in 2022, primarily as a result of the US dollar exchange rate raise during the Year, which led to foreign exchange losses recorded on the Group's debts denominated in RMB (foreign exchange gains in 2021). Our finance costs increased by 147.8% from RMB859.2 million in 2021 to RMB2,129.4 million in 2022, mainly due to the increase in the interest rate on borrowings and the increase in foreign exchange losses on overseas financing as a result of depreciation of RMB.

### Share of Results of Joint Ventures/Associates

For the year ended 31 December 2022, our share of results of joint ventures/associates was a loss of RMB115.3 million (2021: a loss of RMB155.4 million), and the loss was primarily due to the decline in the demand for lease of commercial properties as a result of external macro market environment, which led to an increase in the operating loss of joint ventures in their ramp-up period and non-delivery of projects by some joint ventures/associates during the Year while expenses thereon incurred.

### Income Tax Expense

Our income tax expense decreased by 71.2% from RMB646.4 million in 2021 to RMB186.4 million in 2022, primarily due to the decrease in land value-added tax and corporate income tax as a result of the carry-over of projects with lower gross profit during the Year.

### Loss for the Year

Loss for the Year reached RMB4,277.9 million, of which loss attributable to equity holders of the Company was RMB4,269.8 million in 2022.

## Liquidity and Capital Resources

The industry in which the Group operates is a capital-intensive industry. The Group has been and is expected to continue satisfying its needs of operating capital, capital expenditure and other capital needs with proceeds from pre-sale and sale of properties, loans from commercial banks and other individuals, capital injections from shareholders and issuance of new shares. The Group's need for short-term liquid capital is associated with loan repayment and capital need for operation, and the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new loans. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loans, and the Group's sources of long-term liquid capital include loans, capital injections from shareholders and issuance of new shares.

### Cash Positions

As at 31 December 2022, our cash at bank and on hand (including restricted cash) was RMB1,352.1 million. Our cash at bank and on hand is mainly denominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings and guarantees in respect of mortgage facilities for certain purchasers of the Group's properties.

### Borrowings

Our total outstanding borrowings decreased from RMB21,598.0 million as at 31 December 2021 to RMB18,412.7 million as at 31 December 2022. As at 31 December 2022, the Group had unutilized banking facilities of approximately RMB21,938.4 million (31 December 2021: RMB25,896.4 million). All of the Group's secured borrowings were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, properties, shares of the Company's subsidiaries, bank deposits and/or guarantees by the Company's subsidiaries. As at 31 December 2022, the assets used as collaterals for the borrowings amounted to RMB12,740.2 million (31 December 2021: RMB17,310.4 million). Our borrowings are mainly denominated in RMB and US dollars.

**Breakdown of our borrowings by categories**

| | As at 31 December 2022 RMB'000 | As at 31 December 2021 RMB'000 | Change % |
|---|---|---|---|
| **Current Borrowings:** | | | |
| Bank loans, secured | 488,101 | 2,502,906 | (80.5) |
| Other loans, secured | – | 25,219 | (100.0) |
| Trust financing arrangements, secured | – | 110,000 | (100.0) |
| Add: current portion of long-term borrowings | 12,808,612 | 8,290,214 | 54.5 |
| **Total Current Borrowings** | 13,296,713 | 10,928,339 | 21.7 |
| **Non-Current Borrowings:** | | | |
| Bank loans, secured | 4,347,950 | 5,529,006 | (21.4) |
| Other loans, secured | 963,500 | 1,129,034 | (14.7) |
| Trust financing arrangements, secured | 1,410,412 | 2,003,400 | (29.6) |
| Senior notes due 2022, issued in July 2019, secured | 1,810,796 | 1,652,591 | 9.6 |
| Senior notes due 2022, issued in March 2020, secured | 88,241 | 1,210,478 | (92.7) |
| Senior notes due 2022, issued in June 2020, secured | 1,044,946 | 953,456 | 9.6 |
| Senior notes due 2023, issued in November 2020, secured | 1,670,681 | 1,522,409 | 9.7 |
| Senior notes due 2023, issued in March 2021, secured | 766,403 | 704,011 | 8.9 |
| Senior notes due 2023, issued in April 2021, secured | 1,089,484 | 992,617 | 9.8 |
| Senior notes due 2023, issued in May 2021, secured | 229,758 | 210,249 | 9.3 |
| Senior notes due 2023, issued in August 2021, secured | 348,189 | 318,632 | 9.3 |
| Senior notes due 2024, issued in September 2021, secured | 1,148,781 | 1,050,994 | 9.3 |
| Senior notes due 2023, issued in March 2022, secured | 1,171,168 | – | – |
| Senior notes due 2023, issued in April 2022, secured | 138,358 | – | – |
| Corporate bonds due August 2024 | 351,214 | 341,749 | 2.8 |
| Corporate bonds due May 2024 | 1,344,707 | 1,341,286 | 0.3 |
| Less: current portion of long-term borrowings | (12,808,612) | (8,290,214) | 54.5 |
| **Total Non-Current Borrowings** | 5,115,976 | 10,669,698 | 52.1 |
| **Total** | 18,412,689 | 21,598,037 | (14.7) |

**Breakdown of our borrowings by maturity profiles**

| | As at 31 December | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | RMB'000 | % | RMB'000 | % |
| Within 1 year | 13,296,713 | 72.2 | 10,928,339 | 50.6 |
| Between 1 and 2 years | 4,273,976 | 23.2 | 7,642,118 | 35.4 |
| Between 2 and 5 years | 45,000 | 0.3 | 2,861,580 | 13.2 |
| Over 5 years | 797,000 | 4.3 | 166,000 | 0.8 |
| Total | 18,412,689 | 100.0 | 21,598,037 | 100.0 |

The proportion of the Group's long-term borrowings in the total borrowings was 27.8% for the year ended 31 December 2022.

**Interest and net foreign exchange losses generated from bank loans, senior notes, corporate bonds and trust financing arrangements and other loans**

| | Year ended 31 December | | Year-on-year |
|---|---|---|---|
| | 2022 | 2021 | change |
| | RMB'000 | RMB'000 | % |
| Finance costs | | | |
| – Interest expensed | 1,235,159 | 846,719 | 45.9 |
| – Net foreign exchange losses on financing activities | 883,959 | – | – |
| – Interest on lease liabilities | 10,300 | 12,439 | (17.2) |
| – Amounts capitalised | 889,722 | 1,538,453 | (42.2) |
| Total | 3,019,140 | 2,397,611 | 25.9 |

## Net Debt-to-Capital Ratio

As at 31 December 2022, our net debt-to-capital ratio was 267% (31 December 2021: 94%). Net debt-to-capital ratio is calculated as net debt at the end of the period divided by total equity and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash.

## Contingent Liabilities

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer; or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgage bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans.

As at 31 December 2022, the material contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB2,906.7 million (31 December 2021: RMB4,971.9 million). In addition, we provided guarantee for certain bank loans amounting to RMB424.5 million (31 December 2021: RMB634.4 million) for our joint ventures and associates. We provided guarantee for certain bank loans amounting to RMB119.5 million (31 December 2021: RMB113.0 million) which were granted to related parties of joint ventures. The Group provided guarantees as the proceeds from the loans were applied towards property projects of the joint ventures and associates.

Our Directors confirm that we have not encountered defaults by purchasers in which we provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

## Off-Balance Sheet Commitments and Arrangements

Except for the contingent liabilities disclosed above, as at 31 December 2022, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and 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.

## Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits bearing stable interest rates, we have no other significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings from bank, trust financing providers and senior notes. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk. Our Directors do not anticipate significant impacts on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

## Foreign Exchange Risk

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risks, except for bank deposits and our senior notes issued between 2019 and 2022, which were denominated in US dollars.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than RMB and thereby, may increase our exposure to fluctuations on exchange rates. We currently do not have foreign currency hedging policies, but our Directors will manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currency exposures.

## Financial Assets at Fair Value through Profit or Loss/Other Comprehensive Income

As at 31 December 2022, the balance of the Group's financial assets at fair value through profit or loss mainly represented the investments in liquid opportunity fund, purchase of wealth management products, and other investments in private funds. The balance of the Group's financial assets at fair value through other comprehensive income mainly represented the investment in unlisted equity securities.

## Material Acquisitions and Disposals

The Group had no material acquisitions and disposals in 2022.

## Future Plans for Material Investment

The Directors confirmed that as at the date of this annual report, there is no current plan for any material investment other than that in the Group's ordinary business of property development and the identification of potential independent third party investors for respective project companies.

## Prospect

Looking ahead to 2023, China will adhere to the keynote of "housing is for accommodation, not for speculation", and there is room for continued policy optimization on both the supply and demand sides, with policy strength expected to be further strengthened. The core first- and second-tier cities, especially the core second-tier cities, have a large space for policy optimization. With the "third arrow" of real estate officially landed and the channel of short-term corporate financing opened, supporting the reasonable financing needs of real estate enterprises, the financing chain and funding surface are expected to be gradually improved. The priority task of real estate enterprises should be to seize the financing window and act proactively to supplement liquidity to the maximum extent. On the whole, the real estate market will remain at the "de-stocking" stage in 2023, with the focus still on "ensuring delivery". With the accelerated implementation of special loans and supporting funds, it's expected that more substantial progress will be made, which will jointly promote the improvement of home buyers' expectations.

In line with the market trend and the guidance of national policies, and in the face of the current liquidity dilemma, Jingrui will actively safeguard the interests of all stakeholders, including customers, suppliers and investors, revitalize the stock assets, penetrate into value cities, make "ensuring delivery" the core of its current work, focus on building the delivery power of the enterprise, so as to win the trust of the government, homebuyers, financial institutions and investors, making Jingrui return to the path of sound development.

# Directors and Senior Management

## Executive Directors

**Mr. Yan Hao (閆浩)**, aged 54, is one of the founders and the chairman and chief executive officer of the Group. He was appointed as an executive Director on 6 October 2013, appointed as an authorised representative of the Company on 18 January 2020 and re-designated as the chairman of the Board from the co-chairman of the Company on 30 March 2023. Mr. Yan is responsible for the overall strategic planning and business direction and the day-to-day business and management of the Group. Mr. Yan also serves as a member of our Remuneration Committee. Mr. Yan obtained an EMBA degree from Fudan University (復旦大學) in June 2004. He has nearly 30 years of experience in the PRC real estate industry. Mr. Yan cofounded Jingrui Properties (Group) Co., Ltd. ("**Jingrui Properties**", formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Chen Xin Ge, and has since served as the deputy general manager, building our business to its current scale from 1993 to 1999 and the chief executive officer since 1999, being responsible for overseeing our day-to-day operations, strategic directions and business growth.

**Mr. Xu Hai Feng (徐海峰)**, aged 49, is the vice president of the Group. He was appointed as an executive Director on 15 March 2018. Mr. Xu graduated from Tongji University in June 1998 with an engineering degree. He obtained the EMBA degree from CEIBS in September 2013. After graduation, Mr. Xu joined Shanghai Pu Nan Public Transport Co., Ltd. (上海浦南大眾公共交通有限公司), from which he left in April 2001 to join the Group as a senior manager of HR department, and is primarily in charge of formulating and implementing the human resources strategy of the Group. From June 2009 to July 2017, Mr. Xu served successively as the deputy general manager of Jingrui Properties' company in Chongqing, the human resources administrative director of Jingrui Properties, assistant to the president of Jingrui Properties and the executive vice president of Jingrui Properties. He has been in charge of human resources matters and real-estate business of the Group. Mr. Xu served as the executive president of Jingrui Properties from August 2017 to June 2018, being responsible for the overall operation and management of the Group's real estate business. Mr. Xu was appointed by the Company as the vice-president of the Company on 22 June 2018 and concurrently served as the chairman and president of Jingrui Properties.

**Mr. Chen Chao (陳超)**, aged 45, is the vice president and the chief financial officer of the Group, and the chairman of Yan Capital Management. He was appointed as an executive Director on 30 March 2020. Upon joining the Company in July 2018, Mr. Chen is responsible for financial matters, financing, capital markets and fund business. Mr. Chen joined Xiamen Tianjian Certified Public Accountants Co., Ltd. (廈門天健有限責任會計師事務所) as the audit project manager in June 2001. In November 2006, he joined Xiamen ITG Group Corp., Ltd. (廈門國貿集團股份有限公司) (stock code: 600755) as the deputy general manager of the finance department and concurrently the financial controller of Xiamen Guomao Real Estate Group (廈門國貿地產集團). From July 2012 to June 2018, he served as the vice president of Yuzhou Properties Company Limited (禹洲地產股份有限公司) (stock code: 01628), in charge of the finance, capital, legal affairs, risk control and other businesses. He also acted as the vice president of Yuzhou Financial Holdings Group (禹洲金控集團), the leader of the South China region and the chairman of Yuzhou Property Group (禹洲物業集團). He has nearly 20 years of experience in financial management. Mr. Chen obtained a bachelor's degree in accounting from Xiamen University and an MBA degree from Xiamen University in June 2001 and June 2011, respectively with the qualification of Chinese Certified Public Accountant.

## Non-executive Director

**Mr. Chen Xin Ge (陳新戈)**, aged 54, is one of the founders of the Group. He was appointed as an executive Director on 6 October 2013 and re-designated as a non-executive Director on 30 March 2023, and served as the co-chairman of the Company from October 2013 to March 2023. Mr. Chen is responsible for determining the overall strategic planning and business direction of the Group together with Mr. Yan. Mr. Chen also serves as a member of our Nomination Committee. Mr. Chen graduated from Capital University of Economics and Business (首都經濟貿易大學) in March 2001. He also completed the EMBA Program at Cheung Kong Graduate School of Business in September 2007 and obtained a diploma of Executive Master of Business Administration. Mr. Chen has nearly 30 years of experience in the PRC real estate industry. Mr. Chen co-founded Jingrui Properties in 1993 with Mr. Yan, and has since served as the general manager, building our business to its current scale from 1993 to 1999 and the chairman of the Board since 1999, being responsible, along with Mr. Yan, for the strategic directions and business growth of the Group.

## Independent Non-Executive Directors

**Mr. Han Jiong (韓炯)**, aged 54, was appointed as an independent non-executive Director on 6 October 2013. Mr. Han has been appointed as a member of our Audit Committee, the chairman of our Remuneration Committee, the chairman of our Nomination Committee and a member of our Risk Management Committee and is responsible for supervising and providing independent judgment to the Board, and in particular, as the chairman of the Remuneration Committee, he is responsible for overseeing the policy and structure of the remuneration for the Directors and senior management and making recommendations on employee benefit arrangement. Mr. Han graduated from East China University of Political Science and Law (華東政法大學) in July 1992, and qualified as a lawyer in the PRC in February 1993. He joined Shanghai Jinmao Law Firm (上海金茂律師事務所) in July 1992, and was an associate when he left in December 1998. He was a founding partner of Llinks Law Offices (通力律師事務所) which was opened in November 1998, and he is currently a director of management committee, executive partner. Mr. Han was a member of the Seventh and the Eighth CSRC Public Offering Review Committee from January 2005 to April 2007, and was appointed by the Ministry of Human Resources and Social Security of the PRC (中國人力資源和社會保障部) as a member of the First and the Second Review Committee for the Enterprise Annuity Fund Management Association (企業年金基金管理機構評審委員會) from June 2005 to August 2009. He was a council member of the Shanghai Bar Association (上海市律師協會) from April 2008 to April 2015.

**Mr. Qian Shi Zheng (錢世政)**, aged 72, was appointed as an independent non-executive Director on 6 October 2013. Mr. Qian has been appointed as the chairman of our Audit Committee and Risk Management Committee. He is responsible for reviewing and supervising the financial reporting process and internal risk control system as well as overseeing the audit process of the Group. Mr. Qian received a bachelor's degree in accounting from Shanghai University of Finance and Economics in 1983, and obtained a Doctorate in Management Science from Fudan University (復旦大學) in July 2001. Mr. Qian has been an associate professor at Fudan University (復旦大學) specialized in accounting since 1995. Mr. Qian joined Shanghai Industrial Investment (Holdings) Co., Ltd. in January 1998 and has served as its vice president from September 2005 to 2012. Mr. Qian currently serves as an independent non-executive director of Lonking Holdings Limited (stock code: 3339) and Red Star Macalline Group Corporation Ltd. (stock code: 1528), both are listed on the Stock Exchange. Mr. Qian served as an independent non-executive director of Hanhua Financial Holding Co., Ltd., a company listed on the Stock Exchange (stock code: 3903) from June 2013 to October 2022. Mr. Qian is currently teaching in Fudan University (復旦大學) and has over 20 years of teaching and work experience in the finance and accounting fields.

**Dr. Lo Wing Yan William (盧永仁)**, JP, aged 62, was appointed as an independent non-executive Director on 6 October 2013. Dr. Lo has been appointed as a member of our Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee and is responsible for supervising and providing independent judgment to the Board and performing other duties and responsibilities as assigned by the Board. Dr. Lo holds a master's degree and a Doctorate from the University of Cambridge in England in March 1986 and March 1988 respectively. Dr. Lo was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a Justice of Peace (JP) by the government of Hong Kong. From 2003 to 2016, he was appointed as a Member of Shantou Committee of the Chinese People's Political Consultative Conference. In terms of public and community services: Dr. Lo has been appointed by the Hong Kong SAR Government for many times over the past two decades, including a member of the Central Policy Unit, Broadcasting Authority, Listing Committee, Applied Science and Technology Research Institute, and Education Committee. He is also a member of the Cyberport Advisory Panel, a member of the Advisory Committee of the School of Chinese Medicine of the Hong Kong Baptist University, a member of Our Hong Kong Foundation (香港團結基金) and a member of the Hong Kong Adventist Hospital Foundation Committee. In 2019, Dr. Lo was appointed to participate in and guide the special project on finance and technology research by the banking and finance sector of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Business Advisory Council, and also as an expert member of the GP Research Institution of GP Capital. Dr. Lo is also an advisor to Vectr Ventures, a well-known venture fund in Hong Kong.

In the 1980s, Dr. Lo acted as a strategic consultant for McKinsey & Company; in the 1990s, he served as the managing director of HK Telecom IMS Limited., and founded "Netvigator" and "Interactive TV iTV" (the predecessor of NowTV). He is the CEO of Citibank in Hong Kong and Macau. In 2000, he became the non-executive chairman of WPP Greater China, the world's largest communication group; he was also an executive director and the vice president of China Unicom; he also served as the vice chairman of Fashion Kingdom I.T Group, South China Media (the largest magazine publishing group in Hong Kong) and Kidsland International Holdings Limited (the largest children and toy retail group in Greater China).

Dr. Lo is currently the founder of DaZ Master platform, an online knowledge payment platform. Dr. Lo is also a governor of the Charles K. Kao Foundation for Alzheimer's Disease, the founding director of a Hong Kong independent school "The ISF Academy", and the chairman of the JAHK Youth Achievement Programme. Dr. Lo has served as a director of more than 20 companies listed in Hong Kong, the United States, Singapore and the United Kingdom for more than 20 years. Currently, he is an independent non-executive director of some companies listed on the Stock Exchange, including Television Broadcasts Limited (stock code: 511), CSI Properties Limited (stock code: 497), Oshidori International Holdings Limited (stock code: 622), OCI International Holdings Limited (stock code: 329) and a company listed on the Nasdaq Stock Market, Regencell Bioscience Holdings Limited (stock code: RGC). Dr. Lo is an executive director and the chairman of SMI Holdings Group Limited, a company listed on the Stock Exchange (stock code: 0198, and was delisted on 14 December 2020) from January 2019 to April 2019, an independent non-executive director of Ronshine China Holdings Limited, a company listed on the Stock Exchange (stock code: 3301) from January 2016 to June 2019, an independent non-executive director of Hsin Chong Group Holdings Limited, a company listed on the Stock Exchange (stock code: 404, and was delisted on 31 December 2019) from June 2018 to September 2019, an independent non-executive director of Brightoil Petroleum (Holdings) Limited, a company listed on the Stock Exchange (stock code: 0933, and was delisted on 20 October 2020) from June 2019 to December 2020, an independent non-executive director of SITC International Holdings Company Limited, a company listed on the Stock Exchange (stock code: 1308) from September 2010 to October 2020, an independent non-executive director of Nam Tai Property, Inc., a company listed on the New York Stock Exchange (stock code: NTP) from July 2003 to November 2021, and an independent non-executive director of South Shore Holdings Limited, a company listed on the Stock Exchange (stock code: 577, and was delisted on 9 February 2023) from April 2020 to November 2022.

## Senior Management

**Ms. Jiang Bing Xian (蔣冰弦)**, aged 42, is the company secretary and senior legal counsel of the Company. Ms. Jiang joined the Company in November 2004. She was appointed as a joint company secretary in June 2017 and acted as the sole company secretary since May 2021. At the same time, from June 2017 to May 2021, she was responsible for investor relations and capital market matters. She was appointed as a senior legal counsel of the Company in May 2021. Ms. Jiang obtained a bachelor's degree in laws from East China University of Political Science and Law in July 2004 and a master's degree in laws from China University of Political Science and Law in January 2015.

## Company Secretary

**Ms. Jiang Bing Xian (蔣冰弦)** has been appointed as one of the joint company secretaries and authorized representative of the Company since 23 June 2017 and acted as the sole company secretary from 7 May 2021. For Ms. Jiang's profile, please refer to the section headed "Senior Management" above.

The Board is pleased to present this corporate governance report as set out in the annual report of the Company for the year ended 31 December 2022.

## Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code during the year ended 31 December 2022 except for the deviation from code provision C.2.1 as set out below. However, the Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

### Code Provision C.2.1

Under code provision C.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Notwithstanding that Mr. Chen Xin Ge was the co-chairman of the Company and Mr. Yan Hao held both positions of co-chairman and chief executive officer of the Company for the year ended 31 December 2022.

Since the listing of the Company, Mr. Yan Hao ("**Mr. Yan**") has acted as the co-chairman of the Board and the chief executive officer. On 30 March 2023, Mr. Yan re-designated as the chairman of the Board from the co-chairman. Upon this re-designation, Mr. Yan assumed the roles of both the chairman of the Board and chief executive officer. This is a deviation from the code provision C.2.1 of the CG Code. The Board believes that Mr. Yan, as one of the founders of the Group, is instrumental to the Group's growth and business expansion since 1999 and that vesting the roles of chairman and chief executive officer in Mr. Yan facilitates and maximizes the effectiveness of the execution of the Group's business strategies. The Board also believes that the balance of power and authority between chairman and chief executive officer would not be impaired by such arrangement, and the significant weight of the non-executive Directors (including independent non-executive Directors) enabled the Board as a whole to effectively exercise its non-bias judgement. As at the date of this annual report, the Board comprises three executive Directors (including Mr. Yan), one non-executive Director and three independent non-executive Directors and therefore has a strong independence element in its composition. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG code.

## (A) The Board

The Board shall be liable to the shareholders, responsible for the general strategy, risk management and internal control of the Group. In order to supervise the specific affairs of the Company, the Board has established four board committees, including the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

### Composition of the Board

As at the date of this annual report, the Board consists of three executive Directors (namely Mr. Yan Hao, Mr. Xu Hai Feng and Mr. Chen Chao), one non-executive Director (namely Mr. Chen Xin Ge) and three independent non-executive Directors (namely Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William). The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the year ended 31 December 2022 and up to the date of this annual report, the Board has been in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules, independent non-executive directors shall account for at least one-third of the board members. The Company has three independent non-executive Directors currently representing more than one-third of the Board members and therefore the Company has complied with the Rule 3.10A of the Listing Rules.

## Independent Non-Executive Directors' Independence Evaluation Mechanism

The independent non-executive Directors play an important role on the Board as they provide impartial advice on the Group's strategy, performance and control issues by taking into account the interests of all shareholders. All of the independent non-executive Directors have appropriate academic qualifications, professional qualifications or relevant financial management experience. None of the independent non-executive Directors hold any other positions with the Company or any of its subsidiaries nor do they have any interest in any shares of the Company.

The independent non-executive Directors are responsible for ensuring that the Company maintains high standards of governance, strikes a balance between the powers of the Board and makes effective and independent judgments on corporate actions and operations. The Company has put in place mechanisms to ensure that the Board has access to independent views and opinions. All independent non-executive Directors have devoted sufficient time to attend all meetings of the Board and/or all meetings of their respective committees and to share their views and opinions at such meetings. During the reporting period, the chairman of the Board also held private meetings with the independent non-executive Directors without the presence of other Directors to receive their independent views on matters relating to the Group. The independent non-executive Directors may seek independent professional advice as required by reasonable request to help them discharge their duties to the Company. The Board has confirmed the implementation and effectiveness of the independent non-executive Directors in providing independent views and opinions to the Board for the year ended 31 December 2022.

To ensure that independent non-executive Directors can provide independent views and opinions to the Board, the Nomination Committee and the Board annually evaluate the independence of independent non-executive Directors, and all relevant factors considered include:

- the personality, integrity, expertise, experience and stability requisite to the performance of his/her duties;
- the dedication of time and attention to the affairs of the Company;
- the commitment to performing his/her duties as an independent non-executive Director and to devoting himself/herself to the work of the Board;
- to declare matters of conflict of interest in relation to serving as an independent non-executive Director;
- not be involved in the day-to-day management of the Company and not have any relationship or circumstance which would influence his or her independent judgment; and
- the chairman of the Board regularly meets with the independent non-executive Directors in the absence of the executive Directors.

The Company has received written annual confirmation of independence from each independent non-executive Director as required by the Listing Rules. The Company considers all the independent non-executive Directors to be independent for the purpose of the independence guidelines set out in the Rule 3.13 of the Listing Rules.

None of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee.

As regards the code provision of the CG Code requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as the names of such companies or organizations and the time involved in such offices, each Director has agreed to disclose their commitments to the Company in a timely manner.

### Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statute, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant laws and regulations from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

During the year ended 31 December 2022 and up to the date of this annual report, all Directors namely, Mr. Yan Hao, Mr. Xu Hai Feng, Mr. Chen Chao, Mr. Chen Xin Ge, Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William participated in continuous professional development. They developed and updated their knowledge and skills in respect of the Listing Rules and other statutory and regulatory requirements through participation in training programs or external seminars, thus to make contributions to the Board.

### Board Diversity and Diversity Policy

As required by Rule 13.92 of the Listing Rules, the Nomination Committee (or the Board) shall develop a policy concerning board diversity. The Company has adopted a board diversity policy (the "**Board Diversity Policy**") on 18 March 2014, and amended it on 19 December 2018. The existing Directors, who are different from each other in terms of cultural and educational background, professional experience, skills, knowledge, independence and diversity in length of service, can deliver corporate governance on a supplement basis and promise a relatively complete corporate governance system. Details are set out under the section headed "Directors and Senior Management" of this annual report.

## Board and Employee Diversity

### Board Level

Our incumbent Directors, each with different backgrounds, are complementary to the governance of the Company and form a relatively complete corporate governance system. The nomination policy of the Board is continuing to be improved. We will select qualified candidates who meet these needs in accordance with our growing business requirements to help the Company achieve growth in the future.

The Board plans to appoint at least one female Director to the Board prior to 31 December 2024 in order to increase the proportion of female members on the Board. Given that the Board is monogamous in composition at present and gender diversity on the Board needs to be improved. The Board hopes to increase and enhance the proportion of female members with the ultimate goal of achieving gender parity in the coming years. The Board will continue to search for potential successors to the Board to achieve greater gender diversity through selecting and nominating such candidates by the Nomination Committee.

The Nomination Committee is mainly responsible for identifying talent with adequate qualification to serve as a board member, and will take into account the Board Diversity Policy. The Board Diversity Policy would be reviewed by the Board on a regular basis to ensure continuous efficiency. Pursuant to the Board Diversity Policy, in relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

**Employee level**

For the year ended 31 December 2022, the workforce of the Company, including senior management, totaled 3,082 employees, of which 58.3% are male and 41.7% are female. The Company considers that it has sufficient diversity in terms of gender 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.

### Duties of the Board

The functions and duties of the Board include convening general meetings, reporting on the Board's work at these meetings, implementing the resolutions passed at these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the memorandum and articles of association of the Company (the "**Articles**").

| Name | Position and role |
|---|---|
| Mr. Yan Hao | Executive Director, chairman (re-designated as the chairman from co-chairman on 30 March 2023) and chief executive officer and member of Remuneration Committee (appointed on 30 March 2023) (overall strategic planning and business direction and day-to-day business and management) |
| Mr. Xu Hai Feng | Executive Director and vice president (assisting the chairman and chief executive officer and responsible for the day-to-day business and management of Jingrui Properties) |
| Mr. Chen Chao | Executive Director, vice president and chief financial officer (assisting the chairman and chief executive officer and responsible for the finance, financing, capital markets and fund business) |
| Mr. Chen Xin Ge | Non-executive Director (re-designated as a non-executive Director from an executive Director on 30 March 2023) and member of Nomination Committee (appointed on 30 March 2023) (overall strategic planning and business direction) |
| Mr. Han Jiong | Independent non-executive Director and member of the Audit Committee, chairman of Remuneration Committee, chairman of Nomination Committee and member of Risk Management Committee, responsible for supervising and providing independent judgment to the Board |
| Mr. Qian Shi Zheng | Independent non-executive Director and member of the Audit Committee and chairman of Risk Management Committee, responsible for supervising and providing independent judgment to the Board |
| Dr. Lo Wing Yan William | Independent non-executive Director and member of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board |

### Appointment and Re-election of Directors

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a service agreement or letter of appointment with the Company with specified terms, and is subject to retirement and re-election at the forthcoming annual general meeting of the Company.

Each of the executive Directors has entered into a service agreement with the Company. Mr. Yan Hao, an executive Director, has an initial fixed period of three years commencing from 31 October 2013. In October 2016 and August 2019, the Company renewed the service agreements with Mr. Yan Hao, an executive Director, for a further period of three years. In October 2022, the Company entered into renewed service agreements with Mr. Yan Hao, an executive Director, for a further fixed period of three years commencing from 31 October 2022 unless terminated earlier.

On 15 March 2018, the Company entered into a service agreement with Mr. Xu Hai Feng, an executive Director, for a fixed period of three years commencing from 15 March 2018. In March 2021, the Company has renewed the service agreement with Mr. Xu Hai Feng, an executive Director, for a further period of three years commencing from 15 March 2021 unless terminated earlier.

On 30 March 2020, the Company entered into a service agreement with Mr. Chen Chao, an executive Director, for a fixed period of three years commencing from 30 March 2020. In March 2023, the Company has renewed the service agreement with Mr. Chen Chao, an executive Director, for a further period of three years commencing from 30 March 2023 unless terminated earlier.

On 30 March 2023, the Company entered into a letter of appointment with Mr. Chen Xin Ge, a non-executive Director, for a fixed term of three years initially commencing from 30 March 2023 unless terminated earlier.

Each of Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William, the independent non-executive Directors, has entered into a letter of appointment with the Company, for an initial term of three years commencing from 31 October 2013. In October 2016 and August 2019, the Company renewed the letter of appointment with each of the independent non-executive Directors for a further period of three years, respectively. In October 2022, the Company entered into a renewed letter of appointment with each of our independent non-executive Directors for a further fixed term of three years commencing from 31 October 2022 unless terminated earlier.

Save as disclosed above, none of the Directors has entered into a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall offer himself/herself for election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall offer himself/herself for reelection by shareholders at the next following general meeting of the Company after appointment.

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors. In addition, the Nomination Committee has approved the retirement and re-election of four Directors of the Company, namely Mr. Xu Hai Feng, Mr. Chen Chao, Mr. Chen Xin Ge and Mr. Qian Shi Zheng at the annual general meeting to be held on 27 June 2023.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles. The Nomination Committee is responsible for reviewing the Board composition, re-election and succession planning of Directors.

### Mechanism to Ensure Board Independence

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 Meetings

The Company has adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days for all regular board meetings are given to all Directors to attend the meetings and the relevant subjects would be included in the agenda for such regular meeting. For other Board and committee meetings, reasonable notice is generally given by the Company. The agenda and related board and committee papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be 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 meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by the Directors.

During the year ended 31 December 2022, ten Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

| Role | Name | Attendance/ number of meetings held | Attendance rate |
|---|---|---|---|
| Executive Director | Mr. Yan Hao | 10/10 | 100% |
| Executive Director *(re-designated as a non-executive Director on 30 March 2023)* | Mr. Chen Xin Ge | 10/10 | 100% |
| Executive Director | Mr. Xu Hai Feng | 10/10 | 100% |
| Executive Director | Mr. Chen Chao | 10/10 | 100% |
| Independent non-executive Director | Mr. Han Jiong | 10/10 | 100% |
| Independent non-executive Director | Mr. Qian Shi Zheng | 10/10 | 100% |
| Independent non-executive Director | Dr. Lo Wing Yan William | 9/10 | 90% |

### Model Code for Securities Transactions

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 its own code of conduct regarding Directors' securities transactions. Specific enquiries to the Directors have been made and each of the Directors has confirmed that he has complied with the Model Code during the year ended 31 December 2022.

### Delegation by the Board

The Board reserves its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

## Corporate Governance Function

The corporate governance functions to be performed by the Board include:

(1) to develop and review the corporate governance policies and practices and to make recommendations to the Board;

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

(3) to review and monitor the policies and practices on compliance with legal and regulatory requirements;

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

(5) to review the compliance with the CG Code and disclosure in the corporate governance report.

## Committees of the Board

### Audit Committee

As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, being Mr. Qian Shi Zheng (Chairman), Dr. Lo Wing Yan William and Mr. Han Jiong. The main duties of the Audit Committee are:

(1) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any questions of their resignation or dismissal;

(2) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(3) to develop and implement policy on engaging external auditors to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(4) to monitor integrity of the Company's financial statements and annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

(4.1) any changes in accounting policies and practices;

(4.2) major judgmental areas;

(4.3) significant adjustments resulting from audit;

(4.4) the going concern assumptions and any qualifications;

(4.5) compliance with accounting standards; and

(4.6) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(5) regarding paragraph (4) above:

(5.1) members of the Audit Committee should liaise with the Board and the Company's senior management and the Audit Committee must meet, at least twice a year, with the Company's external auditors; and

(5.2) the Audit Committee should consider any significant or unusual items that are or may need to be, reflected in the report and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(6) to review the Company's financial reporting system and internal control procedure;

(7) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to establish and maintain effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

(8) to consider major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and management's response to these findings;

(9) to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(10) to review the Group's financial and accounting policies and practices;

(11) to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;

(12) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;

(13) to report to the Board on the matters included under the heading "Audit Committee" in Appendix 14 to the Listing Rules;

(14) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(15) to act as the key representative body for overseeing the Company's relations with the external auditors;

(16) the Audit Committee shall establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company; and

(17) to consider other matters as referred to the Audit Committee by the Board.

As at the date of this annual report, the Audit Committee has reviewed the audit plan, audit scope and major audit issues of the external auditor for the year ended 31 December 2022. In addition, the Audit Committee has held a meeting on 13 March 2023 to discuss and review the annual results and annual report of the Group for the year ended 31 December 2021 and the interim results and interim report of the Group for the six months ended 30 June 2022, and held a meeting on 30 March 2023 to discuss and review the annual results and annual report of the Group for the year ended 31 December 2022, and also reviewed the auditors' remuneration and made recommendation to the Board on the re-appointment of auditors, which is subject to approval by the shareholders at the annual general meeting.

During the year ended 31 December 2022, seven meetings were held by the Audit Committee and the attendance of each respective member at the meetings of the Audit Committee held in 2022 is set out in the following table:

| Name | Attendance/ number of meetings held |
|---|---|
| Mr. Qian Shi Zheng | 7/7 |
| Dr. Lo Wing Yan William | 7/7 |
| Mr. Han Jiong | 7/7 |

### Remuneration Committee

As at the date of this annual report, the Remuneration Committee comprises three members, being independent non-executive Directors, Mr. Han Jiong (Chairman) and Dr. Lo Wing Yan William and an executive Director, Mr. Yan Hao (appointed on 30 March 2023), while Mr. Chen Xin Ge ceased to be a member of the Remuneration Committee upon his re-designation as a non-executive Director from an executive Director on 30 March 2023. A majority of the members of the Remuneration Committee are independent non-executive Directors. The main duties of the Remuneration Committee are:

(1) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(2) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(3) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(4) to make recommendations to the Board on the remuneration of the non-executive Directors;

(5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(6) to review and approve compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(7) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(8) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;

(9) to consult with the Company's chairman and/or the president/managing director/chief executive officer about their remuneration proposals for other executive Directors;

(10) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and

(11) to consider all other matters as referred to the Remuneration Committee by the Board.

The Remuneration Committee has adopted the Model Code described in code provision E.1.2(c)(ii) of the CG Code.

As at the date of this annual report, the Remuneration Committee has reviewed the performance appraisals of the Directors and senior management of the Company in 2022, and at the same time, made recommendations on performance appraisal standards in 2023. In addition, the Remuneration Committee has reviewed the Group's current remuneration policies for the Directors and the implementation of employment contracts.

For the year ended 31 December 2022, the remuneration payable to Ms. Jiang Bing Xian, the senior management of the Company, as the company secretary, is within the range of HKD1,000,000.

During the year ended 31 December 2022, one meeting was held by the Remuneration Committee and the attendance of each respective member at the meeting of the Remuneration Committee held in 2022 is set out in the following table:

| Name | Attendance/ number of meetings held |
|---|---|
| Mr. Han Jiong | 1/1 |
| Dr. Lo Wing Yan William | 1/1 |
| Mr. Yan Hao<br>*(appointed on 30 March 2023)* | N/A |
| Mr. Chen Xin Ge<br>*(ceased to serve on 30 March 2023)* | 1/1 |

### Nomination Committee

As at the date of this annual report, the Nomination Committee comprises three members, being independent non-executive Directors, Mr. Han Jiong (Chairman, re-designated as the chairman from a member of the Nomination Committee on 30 March 2023) and Dr. Lo Wing Yan William and a non-executive Director, Mr. Chen Xin Ge (appointed upon his re-designation as a non-executive Director from an executive Director on 30 March 2023), while an executive Director, Mr. Yan Hao ceased to serve as the chairman of the Nomination Committee on 30 March 2023. A majority of the members of the Nomination Committee are independent non-executive Directors. The main duties of the Nomination Committee are:

(1) to review the structure, size and composition (including cultural and educational background, professional experience, skills, knowledge, independence, gender and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(2) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(3) to assess the independence of independent non-executive Directors; and

(4) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The main policy and procedures for nomination of Directors are:

(1) the nomination of new Directors shall be first deliberated by the Nomination Committee and then considered and approved by the Board;

(2) when nominating a Director, the Nomination Committee shall assess whether the nominee has the integrity, skills, experience and diverse perspectives required by the business of the Company, and can devote time and energy to fulfilling the duties and responsibilities;

(3) when nominating a Director, the Nomination Committee shall take into account of the contributions the nominee can bring to the Board in terms of culture and education background, professional experience, skills, knowledge, independence, gender and length of service diversity; and

(4) the responsibility of the selection and appointment of Directors shall be taken by all Directors.

On 30 March 2023, due to his onerous business commitments, Mr. Chen Xin Ge resigned as an executive Director and the co-chairman. On 30 March 2023, the Nomination Committee discussed Mr. Chen Xin Ge's resignation as the co-chairman and re-designation as a non-executive Director from an executive Director. Mr. Chen is one of the founders of the Company and has an in-depth knowledge and extensive experience in the real estate industry as well as the Group's operations and management. The Nomination Committee believes that Mr. Chen will continue to support the future development of the Group with the new identity as a non-executive Director. Meanwhile, it was proposed that Mr. Yan Hao, an executive Director, shall be re-designated as the chairman of the Board from the co-chairman and appointed as a member of the Remuneration Committee and cease to serve as the chairman of the Nomination Committee; Mr. Chen Xin Ge shall be appointed as a member of the Nomination Committee upon his re-designation as a non-executive Director, and cease to serve as a member of the Remuneration Committee; Mr. Han Jiong, an independent non-executive Director, shall be re-designated as the chairman of the Nomination Committee from a member of the Nomination Committee. The abovementioned proposed adjustments of the Board and the committees thereunder were approved upon discussion by the Board on 30 March 2023.

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and, reviewed the proposed appointment of the Directors during the Year and conducted preliminary discussions on the Company's future plans for appointment of Directors in accordance with the new requirements of the Listing Rules and the CG Code on the term of office of independent non-executive Directors and the appointment of Directors. In addition, the Nomination Committee has approved the retirement and re-election of four Directors, namely Mr. Xu Hai Feng, Mr. Chen Chao, Mr. Chen Xin Ge and Mr. Qian Shi Zheng at the annual general meeting to be held on 27 June 2023.

During the year ended 31 December 2022, one meeting was held by the Nomination Committee and the attendance of each respective member at the meeting of the Nomination Committee held in 2022 is set out in the following table:

| Name | Attendance/ number of meetings held |
|---|---|
| Mr. Han Jiong | 1/1 |
| Dr. Lo Wing Yan William | 1/1 |
| Mr. Chen Xin Ge *(appointed on 30 March 2023)* | N/A |
| Mr. Yan Hao *(ceased to serve on 30 March 2023)* | 1/1 |

### Risk Management Committee

The Risk Management Committee was established on 23 October 2015. As at the date of this annual report, it comprises three independent non-executive Directors, being Mr. Qian Shi Zheng (Chairman), Mr. Han Jiong and Dr. Lo Wing Yan William. The main duties of the Risk Management Committee are:

(1) to review the risk management and internal control policy and standard of the Company, as well as the fundamental concepts and scope of compliance management;

(2) to review and make recommendation to the Board on the overall target and basic policy of the compliance and risk management;

(3) to supervise, monitor and make recommendation to the Board on the establishment of risk and compliance management system of the Company and its development;

(4) to supervise and monitor the Company's exposure to sanctions law and implementation of the related internal control policies and procedures adopted by the Company;

(5) to review the compliance reports and risk assessment reports that need to be reviewed by the Board, and to make recommendation to the Board on improvement of the Company's compliance and risk management;

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

(7) to monitor the effective implementation of the risk and compliance management by the management of the Company, and to evaluate the performance of the senior management of the Company responsible for risk and compliance management;

(8) to evaluate and advise on the risks involved in major decisions that need to be reviewed by the Board and solutions to the major risks; and

(9) to review and evaluate the effectiveness of the risk management and internal control policies and procedures with respect to sanctions law matters from time to time.

The Risk Management Committee has completed (i) an annual review of the risk management and internal control systems of the Group for the year ended 31 December 2022, including amongst others, sufficiency of resources, qualification and experiences of staff, and their training plans and budgets; and (ii) a review of the effectiveness of the internal audit function.

During the year ended 31 December 2022, one meeting was held by the Risk Management Committee and the attendance of each respective member at the meetings of the Risk Management Committee held in 2022 is set out in the following table:

| Name | Attendance/ number of meetings held |
|---|---|
| Mr. Qian Shi Zheng | 1/1 |
| Mr. Han Jiong | 1/1 |
| Dr. Lo Wing Yan William | 1/1 |

## (B) Financial Reporting, Risk Management and Internal Control

### Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements for the year ended 31 December 2022 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the section headed "Independent Auditor's Report" of this annual report.

## Risk Management and Internal Control

The Risk Management Committee was established by the Board on 23 October 2015. The Board, through the Risk Management Committee, has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financial reporting function, and their training programmes and budget.

The Board takes full responsibilities for maintaining sound and effective risk management and internal controls to safeguard the Company's assets and shareholders' interests. The Directors confirm that the Company, through the Risk Management Committee, conducts regular review at least annually on office procedures, practices and systems to prevent assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. The regular reviews also cover all major controls, including financial, operational and compliance supervision and risk management functions of the Company.

In addition to the Risk Management Committee, the Company has an internal audit function. The risk management and internal control systems of the Group are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditor and the Risk Management Committee review and evaluate the control process, monitor any risk factors on a regular basis, and reports to the Board on any findings and measures to address the variances and identified risks. However, the mechanism under the risk management and internal control systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has established sound risk management and internal control systems, and formulated internal guidance covering a full range of businesses including investment, operation, marketing, finance and human resources management, with a complete organizational structure and clear responsibilities and authorizations.

The day-to-day operation of various departments is conducted in accordance with the abovementioned internal guidance with cross checks and balances between different departments. In addition, the status of risk management and internal control is further supervised by the departments at a higher level through daily inspection, process assessment and special guidance, and by the independent internal audit department through the review of amendments to internal control procedures, special audit and risk interview, which facilitates the Company to find, identify, assess and manage risks on a timely basis, and to take effective measures to control and mitigate risks.

The Risk Management Committee also conducts regular review and assessment of inside information, discusses with the management or authorized persons of the Company about disclosure of inside information, and reports to the Board once it has identified any for dissemination. Inside information disclosure policies are formulated to provide employees with guidelines on report and disseminating inside information, confidentiality and compliance with restrictions on trading.

## Procedures to Identify, Evaluate and Manage Significant Risks

(1) Establishment of the risk context: evaluating and reviewing the effectiveness of the risk management and internal control systems of the Group to reduce the costs of operational risk and ensure compliant operation of the Company.

(2) Formulation of the risk management policies: ensuring that the Group carries out consistent procedures and criteria for risk identification, measurement and reporting.

(3) Identification of the risks: identifying any potential risks of various business segments and key procedures.

(4) Evaluation on the risks: evaluating and rating the impact on business and its likelihood of the risks identified.

(5) Response to the risks: evaluating the risk management solutions and the effectiveness of risk management.

(6) Report and monitor: monitoring and reviewing the policies and evaluating procedures for risk management, and the measures for managing and effectiveness of controlling significant risks, and report the findings to the Board.

### Summary of Major Risk Management and Internal Control Initiatives during the Year

(1) The nature of and changes in key risk items identified during the year ended 31 December 2021 were reviewed and the likelihood of such risks and their impact on business were reevaluated.

(2) Potential risks of those key business initiatives and management procedures newly introduced in 2022 were identified and evaluated.

(3) The appropriateness and effectiveness of the measures and actions to control and reduce key risks were reviewed.

The Directors consider that the Group's existing risk management and internal control systems and the internal audit function of the Company are effective and adequate.

### External Auditor

At the request of the Board, PricewaterhouseCoopers has resigned as auditor of the Company with effect from 31 May 2022. On 27 June 2022, Elite Partners CPA Limited was appointed as the new auditor of the Company, details of which were disclosed in the announcements of the Company dated 10 and 27 June 2022.

The remuneration paid/payable to the Company's auditor, Elite Partners CPA Limited, in connection with the interim review and the annual audit of the Group's consolidated financial statements for the Year, amounted to a total of approximately RMB5,300,000. In addition to this, Elite Partners CPA Limited did not provide any other non-audit services to the Group.

## (C) Company Secretary and Shareholders' Rights

### Company Secretary

Ms. Jiang Bing Xian ("**Ms. Jiang**") is the company secretary of the Company, and is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

Ms. Jiang has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules for the year ended 31 December 2022.

### Shareholders' Rights

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting. The annual general meeting for the year ended 31 December 2022 will be held on 27 June 2023.

### Convening of extraordinary general meeting and putting forward proposals

Pursuant to Article 66 of the Articles, 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 general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary to require an extraordinary general meeting to be called by the Board, with the transaction of any business specified in such requisition. The written requisition can be lodged at the Company's principal place of business in Hong Kong for the attention of the company secretary of the Company.

**Enquiries to the Board**

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business for the Company in Hong Kong at Room 1218, 12/F, China Resources Building, 26 Harbour Road, Hong Kong.

## (D) Investor Relations and Communication with Shareholders

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its shareholders and maintains a website (www.jingruis.com), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The general meetings are valuable forums for direct communications between the Board and shareholders. The Directors and members of each Board Committees will attend the general meetings of the Company. Shareholders can raise questions directly to the Board in respect of the performance and future development of the Group. The Company maintains relevant and uniform disclosure of information to investors to ensure that they are kept informed of the business development, operational strategies and industry related updates of the Group on a regular or ad hoc basis; meanwhile, the Company adopts various channels and means to actively develop investor relations to ensure effective two-way communication and a strong connection with investors. Investors can make enquiries to the Company through the following channels:

Address: Room 1218, 12/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong;
Telephone: 852-23276858;
Email: ir@jingruis.com;
Company's website: www.jingruis.com.

The Board has reviewed the implementation and effectiveness of the shareholders' communication policy of the Company and is of the view that the current shareholders' communication policy is effectively implemented via the aforesaid channels and means.

As the audited annual results as of 31 December 2021 was postponed to be published on 13 March 2023, the Company failed to convene its annual general meeting during the year ended 31 December 2022, and the resolutions originally scheduled for approval at the 2022 annual general meeting will be approved together at the annual general meeting to be held on 27 June 2023.

**Dividend Policy**

The Company established its dividend policy in October 2013. The Articles provides that dividends may be declared and paid out of profit of the Company, realized or unrealized, or from any reserve set aside from profits in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law, Cap. 22 of the Cayman Islands (the "**Companies Law**") and the Articles.

The Directors will declare dividends, if any, in Hong Kong dollars with respect to shares on a per share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our shareholders' approval. The amount of dividend actually distributed to the shareholders of the Company will depend upon earnings and financial condition, operating requirements, capital requirements of the Company and any other conditions that our Directors may deem relevant.

The Directors currently intend to distribute to our shareholders no less than 20% of any net distributable profits from our PRC operating entities derived during the relevant period, excluding net fair value gains or losses on investment properties, for each fiscal year. However, the Company will re-evaluate our dividend policy annually and there is no assurance that dividends of any amount will be declared or distributed in any given year. At the same time, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that the Company may enter into in the future.

### Information Disclosure

The Company discloses information in compliance with the Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

### Constitutional Documents

There have been no changes in the Company's constitutional documents during the year ended 31 December 2022.

On 30 March 2022, the Board discussed and proposed that certain amendments (the "**Proposed Amendments**") be made to the existing memorandum and articles of association (the "**Existing Articles**") to, among other things, bring the Existing Articles in line with the core shareholder protection standards set out in Appendix 3 of the Listing Rules. Further, amendments are proposed to be made to the Existing Articles to reflect certain updates in relation to the applicable laws of the Cayman Islands and the Listing Rules and other house-keeping amendments that are in line with the Proposed Amendments.

Accordingly, the Board proposes to adopt amended and restated memorandum and articles of association (the "**New Articles**") in substitution for, and to the exclusion of, the Existing Articles.

The proposed adoption of the New Articles is subject to the approval of the shareholders by way of a special resolution at the forthcoming annual general meeting to be held on 27 June 2023. The Company will publish an announcement and the circular of the annual general meeting in due course, which contain the details of the Proposed Amendments.

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2022.

## Global Offering

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 7 March 2013. The shares of the Company were listed on the Stock Exchange on 31 October 2013.

## Principal Activities

The Company is an investment holding company, and the principal activities of its subsidiaries are development of and investment in real estate projects as well as management of properties. Details of the principal subsidiaries of the Company are set out in Note 40 to the consolidated financial statements.

An analysis of revenue of the Group for the year ended 31 December 2022 by principal activities is set out in Note 5 to the consolidated financial statements.

## Business Review

### Environmental Policies and Performance

The Group is subject to a number of environmental laws and regulations in the PRC concerning overall environmental protection, impact to the environment, noise pollution and environmental protection for construction projects.

We place high emphasis on complying with relevant environmental laws and regulations. We require our staff and construction contractors to comply with the PRC laws and regulations relating to the quality of construction including environmental, labour, social and safety regulations, as well as our own standards and specifications.

We believe that during the Year we have been in compliance in all material respects with applicable laws and regulations in the PRC.

### Relationships with Employees, Customers and Suppliers

During the Year, the Group ensured that its employees were offered competitive remuneration packages, as well as benefits such as social insurance, housing fund and physical examination, so as to maintain its competitiveness. As such, the Group has maintained good relationships with its employees with low outflow of key talents.

The Group focused on taking customers' views and positioned the establishment of our transformation towards a "customized lifestyle service provider". We will strive to become a customized lifestyle service provider with remarkable regional influence, gaining respect from our customers and even suppliers.

During the Year, the Group's procurement from its five largest suppliers accounted for 30.8% (2021: 46.2%) of its procurement while the Group's sales to its five largest customers accounted for 2.9% (2021: 2.6%) of its sales.

The Group maintains a high standard in selecting reputable and reliable suppliers and contractors, in order to meet our own quality, safety, environmental and product criteria. During the year ended 31 December 2022 and up to the date of this annual report, the Group has maintained good relationships with its suppliers and contractors.

The sustainable development of the Group depends on the supports and efforts of all parties concerned including our customers, suppliers and contractors, particularly the efforts and contributions of all our staff.

### Compliance with Related Laws and Regulations

The Company was incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange. The subsidiaries of the Group were incorporated in British Virgin Islands, Hong Kong and the PRC. The operations of the Group were mainly engaged by the subsidiaries of the Group incorporated in the PRC. The Group has an administrative place of business in Hong Kong.

Our business and operations are subject to related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC. During the year ended 31 December 2022 and up to the date of this annual report, we have complied with all related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC, which would have significant impact on the Group.

### Business Review and Prospect

Review on the business of the Group during the Year and the description of its future business development are set out under the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

### Financial Results

The key financial indicators set out on page 5 of this annual report under sub-section headed "Key Financial Indicators" were adopted to analyze the Group's performance during the Year. The financial risk management objectives and policy of the Group are set out in Note 3 to the consolidated financial statements.

### Risks and Uncertainties

The financial conditions and operating results of the Group may be subject to various potential risk and uncertainties. Other than the risks disclosed below, the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report also set out certain other risks to which the Group may be exposed.

### Policy Risk

The real estate industry, as an important pillar of the overall national economic development, is relatively susceptible to macroeconomic and industrial policies as a whole.

In 2022, the downward trend in the real estate industry had not been significantly improved and policies thereon entered an easing stage in all respects. In the first half of the year, the Two Sessions (NPC and CPPCC) and the Political Bureau of the CPC Central Committee repeatedly pinpointed tuning mindsets for the real estate industry, stressing that reasonable housing needs shall be supported in light of different situations in different cities and having a clear goal of "achieving stable land prices, housing prices and market expectations". In July 2022, the meeting of the Political Bureau of the CPC Central Committee set the tone for policies on the real estate industry in the second half of the year, which clearly promoted the expected recovery of the industry from two aspects, namely "city-oriented policies" and "ensuring delivery". In late August 2022, the executive meeting of the State Council released positive signals for the real estate industry in succession, embodying the Government's attitude towards the real estate industry and the importance of stabilizing the real estate market becoming more prominent. In October 2022, relevant expressions in respect of the real estate industry in the Report to the 20th National Congress of the Communist Party of China are that "Adhering to the principle that housing is for living in and not for speculation, we will move faster to build a housing system featuring multiple suppliers and various channels of support that encourages both housing rentals and purchases", which are consistent with the Report to the 19th National Congress of the Communist Party of China on the whole.

On 11 November 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission jointly issued Circular No. 254 of Notice on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market (關於做好當前金融支持房地產市場平穩健康發展工作的通知), a total of sixteen specific initiatives from six aspects were designed, including ensuring steady and orderly growth of real estate financing, actively providing financial services for "ensuring property deliveries", proactively cooperating in the risk disposal for real estate enterprises that have received payments, guaranteeing the legitimate rights and interests of housing finance consumers according to law, adjusting partial financial management policies on a phased basis, and increasing financial support for housing rental.

In addition to the aforesaid macro policy keynote and major initiatives, in 2022, particularly in the second half of the year, there were intensive favorable policies for the real estate industry. In terms of enterprises, the central government has reiterated its commitment to meeting the reasonable needs of real estate enterprises and supporting enterprises in expanding financing channels, especially with the landing of the "second arrow" and the "third arrow" at the end of 2022, which supported real estate enterprises in merger and acquisition financing, bond issuance by credit enhancement, additional loans and equity financing with total scale of financing support for the real estate industry expected to exceed RMB one trillion. In terms of residents, the measures on lowering house purchase cost to stimulate the demand for home purchase has been implemented such as the consecutive reduction of interest rates of commercial loans and provident fund loans and the loosening of lower limit of interest rate on loans for first-time homebuyers. In terms of "ensuring delivery", in the second half of 2022, various Ministries and Commissions had repeatedly stated their support for "ensuring delivery", by reinforcing the responsibility of local governments and urging the landing of the funds for ensuring property deliveries, thereby effectively promoting "ensuring delivery" endeavors.

Moreover, the real estate industry is frequently susceptible to the recurring volatility, which, in turn, will result in uncertainties as to the direction of future policies. If the Company is unable to proactively keep abreast of changes in regulatory policies and continue to improve its risk controls, business management standards and develop its reasonable business strategies, the operations and results of the Company may be adversely affected.

### Business Risk

Property project development comprises multiple phases which include site selection, land acquisition, planning, design, construction, sales and after-sales service. Project development typically requires long turnover periods, significant financial investments and interaction with numerous parties. It is also subject to approval and supervision by a number of government authorities, such as authorities for the administration of land and resources, housing and urban-rural development, fire prevention and environmental protection, and will also be affected by factors such as market conditions.

In recent years, the government has announced policies containing more stringent approval requirements for land transactions, housing layout planning, and application for construction permits and sales permits. This may result in longer turnover periods for the Company's property development and sales, and increase our development costs and development risks.

At present, the transfer of land sites for development and construction in the PRC is conducted through the "tender, auction and listing" system of transfer in the public market. Property development companies face intense competition in land acquisition. If the Company is unable to acquire land sites required for project development in a timely manner and maintain a dynamic land bank required for ongoing development, the Company's development will be restrained and the continuous growth in the Company's revenue and operating results will be affected as a result.

On the other hand, Jingrui also has a certain scale of projects for holding. The operating and profit model of projects for holding is substantially different from the property development projects, and the external environment is more complicated. In the event that the Company fails to identify the operating characteristics of the projects for holding and is unable to make adjustments in time to cope with changes in the market situation, the contribution of the projects for holding to the Company's revenue growth will be subject to limitations.

### Significant Subsequent Events

Details of significant subsequent events of the Group are set out in Note 42 to the consolidated financial statements.

# Report of the Directors

## Results

Details of the Group's results for the year ended 31 December 2022 are set out in the consolidated income statement on page 77 of this annual report.

## Subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2022 are set out in Note 40 to the consolidated financial statements.

## Final Dividend

At the Board meeting held on 30 March 2023, the Board has resolved not to recommend the distribution of final dividend for the year ended 31 December 2022 (2021: Nil).

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

## Financial Summary/Financial Review

Financial summary of results, assets and liabilities and financial review of the Group for the past five financial years are set out on page 222 of this annual report. The summary does not constitute a part of the audited consolidated financial statements.

## Major Customers and Suppliers

For the year ended 31 December 2022, the Group's procurement from its five largest suppliers accounted for 30.8% (2021: 46.2%) of the Group's total procurement, while the procurement from the largest supplier accounted for 9.1% (2021: 17.9%). For the year ended 31 December 2022, the Group's sales to its five largest customers accounted for 2.9% (2021: 2.6%) of the Group's total sales.

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

## Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2022 are set out in Note 6 to the consolidated financial statements.

## Investment Properties

Details of movements in the investment properties of the Company and the Group during the year ended 31 December 2022 are set out in Note 7 to the consolidated financial statements.

## Share Capital

Details of movements in the share capital of the Company during the Year are set out in Note 17 to the consolidated financial statements.

## Share Issuance

For the year ended 31 December 2022, the Company did not issue any shares or any securities convertible into shares in exchange for cash.

## Reserves

Details of movements in the reserves of the Group during the Year are set out in the consolidated statement of changes in equity on page 79 of this annual report and in Note 18 to the consolidated financial statements respectively.

In addition, details of movements in the reserves of the Company during the Year are set out in Note 41(a) to the consolidated financial statements.

## Distributable Reserves

As at 31 December 2022, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, amounted to approximately RMB1,631.3 million.

## Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2022 are set out in Note 19 to the consolidated financial statements.

## Directors

The Directors during the year ended 31 December 2022 and up to the date of this annual report were:

**Executive Directors:**

Mr. Yan Hao
Mr. Xu Hai Feng
Mr. Chen Chao

**Non-executive Director:**

Mr. Chen Xin Ge *(re-designated as a non-executive Director from an executive Director on 30 March 2023)*

**Independent Non-executive Directors:**

Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

## Board of Directors and Senior Management

Biographies of the Directors and senior management of the Company are set out on pages 32 to 34 of this annual report.

## Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers these Directors to be independent for the year ended 31 December 2022.

## Directors' Service Agreements and Letter of Appointments

Mr. Yan Hao, an executive Director, has entered into a service agreement with the Company on 6 October 2013 for an initial term of three years commencing from 31 October 2013 unless terminated earlier. Each of the independent non-executive Directors has signed a letter of appointment with the Company on 6 October 2013 for an initial term of three years commencing from 31 October 2013 unless terminated earlier.

In October 2016, August 2019 and October 2022, the Company has renewed the service agreements with Mr. Yan Hao, an executive Director, and renewed the letters of appointment with each of the independent non-executive Directors for a further term of three years commencing from 31 October 2016, 31 October 2019 and 31 October 2022 unless terminated earlier.

On 15 March 2018, the Company entered into a service agreement with Mr. Xu Hai Feng, an executive Director, for a fixed period of three years commencing from 15 March 2018. In March 2021, the Company has renewed the service agreement with Mr. Xu Hai Feng for a further term of three years commencing from 15 March 2021 unless terminated earlier.

On 30 March 2020, the Company entered into a service agreement with Mr. Chen Chao, an executive Director, for a fixed period of three years commencing from 30 March 2020. In March 2023, the Company has renewed the service agreement with Mr. Chen Chao for a further term of three years commencing from 30 March 2023 unless terminated earlier.

Mr. Chen Xin Ge, a non-executive Director, has signed a letter of appointment with the Company on 30 March 2023 for an initial term of three years commencing from 30 March 2023 unless terminated earlier.

## Directors' Remuneration

The Directors' remuneration is determined by reference to each Director's duties and responsibilities, individual performance and the results of the Group.

Details of the remuneration of the Directors and five highest paid individuals of the Group for the year ended 31 December 2022 are set out in Note 29 to the consolidated financial statements. For the year ended 31 December 2022, there was no agreement under which a Director waived or agreed to waive any emoluments.

## Directors' Rights to Acquire Shares or Debentures

At no time during the year ended 31 December 2022 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children to acquire benefits by means of the acquisitions of shares in the Company or in any other body corporate.

## Director's Interests in Competing Business

As at 31 December 2022, none of the Directors had any interest in business which competes or may compete directly or indirectly with the business of the Group.

## Compliance with Non-Competition Undertaking

Each of Mr. Yan Hao, Mr. Chen Xin Ge, Beyond Wisdom Limited and Sunny King International Limited (the "**Covenantors**") has entered into a deed of non-competition (the "**Deed of Non-Competition**") with and in favor of the Company on 15 October 2013 and 27 December 2018, respectively, pursuant to which the Covenantors have unconditionally, irrevocably, jointly and severally undertaken with the Group that they shall not (except through the Group), and shall procure that all their respective associates (excluding any member of the Group), shall not directly or indirectly, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group (the "**Restricted Business**").

The independent non-executive Directors have reviewed the compliance with the non-competition undertaking by the Covenantors under the Deed of Non-Competition and are of the view that such non-competition undertaking has been complied with during the year ended 31 December 2022. Each of the Covenantors has provided to the Company a written confirmation in respect of his/its compliance with the Deed of Non-Competition.

## Directors' and Controlling Shareholders' Interests in Transactions, Arrangement and Contracts

Save as disclosed in this annual report, no transaction, arrangement and contract of significance to which the Company or any of its subsidiaries was a party and in which a Director and/or any of its connected entity had a material interest, whether directly or indirectly, subsisted as at 31 December 2022 or at any time during the Year. The Company did not provide any loans to the Directors or the management personnel of the Company during the Year; in addition, no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling shareholders or any of their respective subsidiaries, subsisted as at 31 December 2022 or at any time during the Year.

## Employees and Remuneration Policies

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the sections headed "Directors' Remuneration" on page 55 and "Employees and Remuneration Policies" on page 23 of this annual report.

The Company has adopted the Share Award Scheme and the Share Option Scheme on 29 November 2017 (terminated on 29 November 2022) and 7 May 2019, respectively. Details of the Share Award Scheme and Share Option Scheme are set out in the sections headed "Share Award Scheme" and "Share Option Scheme" below.

## Management Contract

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Year.

## Pre-emptive rights

There is no provision regarding pre-emptive rights under the Articles and the laws of the Cayman Islands.

## Equity-Linked Agreements

Save for the Share Award Scheme and Share Option Scheme as disclosed in the sections headed "Share Award Scheme" and "Share Option Scheme" of this Report of the Directors, the Company has not entered into any equity-linked agreement for the year ended 31 December 2022.

## Relief of Taxation

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

## Senior Notes and Corporate Bonds

### Exchange and Additional Issuance of Senior Notes

On 22 February 2022, the Company commenced an exchange offer for USD190,000,000 12.75% senior notes due 11 March 2022 ("**Notes Due March 2022**"). As of the extended exchange expiration deadline, existing notes amounted to USD175,330,000 (representing approximately 92.28% of aggregate principal amount of outstanding existing notes) have been validly tendered for exchange and accepted pursuant to the exchange offer. Pursuant to the exchange offer, on 9 March 2022, the Company issued USD171,113,500 new notes due 9 September 2023 ("**Notes Due September 2023**") with an annual interest rate of 12.75%. Further details of senior notes exchange are disclosed in the announcements of the Company dated 22 February, 2 March, 7 March and 10 March 2022.

On 21 April 2022, the Company issued USD19,900,000 (including USD1,900,000 issued upon the acceptance of the exchange for USD2,000,000 Notes Due March 2022 pursuant to the conditions of the exchange offer dated February 2022) Notes Due September 2023 (to be consolidated and form a single series with the USD171,113,500 Notes Due September 2023 issued on 9 March 2022). Further details regarding the issuance of the senior notes are disclosed in the announcement of the Company dated 25 April 2022.

### Suspension of Payment Due for USD Denominated Senior Notes

Pursuant to the Company's restructuring management of its offshore USD denominated senior notes and fair treatment of all creditors, the Company has suspended the payment due for its offshore USD denominated senior notes.

The Group failed to pay the interest of USD240,000,000 12.5% senior notes due 26 October 2023, USD165,000,000 12% senior notes due 28 January 2024 and the Notes Due September 2023, as well as the principal and interest of USD260,000,000 12% senior notes due 25 July 2022, USD150,000,000 12% senior notes due 26 September 2022 and USD350,000,000 14.5% senior notes due 19 February 2023.

The non-payment of the principal and interest of such senior notes may lead to a request for acceleration of repayment. As at the date of this report, the Company has not received any notice for acceleration of repayment by holders of its USD denominated senior notes. The Company has appointed Admiralty Harbour Capital Limited as its financial adviser and Sidley Austin as its legal adviser in respect of its potential offshore restructuring. The offshore creditors of the Company can contact its financial adviser. Further details regarding the senior notes are disclosed in the announcements of the Company dated 17 June, 22 July, 31 August 2022 and 17 February 2023.

Details of senior notes and corporate bonds of the Group outstanding during the Year are set out in Note 19 to the consolidated financial statements.

## Share Award Scheme

On 29 November 2017, the Company adopted the Share Award Scheme, which was terminated on 29 November 2022 and its details are set out below:

### 1. Objectives

Among other things, the purposes and objectives of the Share Award Scheme are (i) to recognise and reward the contribution of employees to the growth and development of the Group, to retain such employees to work towards the Company's continuous operation and development, and to attract talented individuals to join the Company to further promote its development; (ii) to establish a benefit sharing and restrictive mechanism to align the interests of senior management and core employees directly to the shareholders of the Company and provide a platform to enhance management cohesion through sharing of the growth of the Company; (iii) to enhance the corporate culture of joint sustainable development to promote the sustainable growth of the Company; and (iv) to effectively deploy the motivation and the creativity of the senior management and the core employees of the Company to ensure that the Company's strategic and business objectives are realized.

### 2. Participants

The Board may, from time to time, in its absolute discretion, select the selected person(s) after taking into various factors as they deem appropriate and determine the number of awarded shares to be awarded to each of the selected persons. The selected persons shall cover (i) newly recruited senior management of the Company, Yan Capital Management, Jingrui Properties and Co-Fortune Capital; (ii) existing senior management of certain subsidiaries of the Group at provincial/city level; and (iii) existing senior management and core employees of the Company, Yan Capital Management, Jingrui Properties and Co-Fortune Capital.

### 3. Maximum Limit

The Board shall not make any further award of awarded shares (excluding awarded shares that have lapsed or been cancelled in accordance with the scheme rules) which will result in the aggregate number of awarded shares awarded by the Board throughout the duration of the scheme to exceed 10% of the total number of issued shares of the Company as at the adoption date (being 129,130,221 shares). In the event of any consolidation or sub-division of the share capital of the Company, such maximum limit shall be adjusted accordingly.

### 4. Duration and Termination

The scheme was effective from 29 November 2017 and shall continue in full force and effect for a term of 5 years or such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected person. In particular, awarded shares being granted but unvested before the termination of the scheme shall remain effective and shall continue to vest in accordance with the provisions of the scheme and/or the vesting schedule and conditions as set out in the grant letter.

The scheme was terminated on 29 November 2022 except that the remaining 1,141,013 awarded shares being granted but unvested before the termination of the scheme shall gradually vest in 2023 and 2024 in accordance with the vesting schedule and conditions.

### 5. Grant and Vesting of Awarded Shares

Pursuant to the scheme rules, the Board may, at its absolute discretion select any eligible participant(s) for participation in the scheme as a selected person and determine the number of shares to be awarded at nil consideration. The Remuneration Committee shall first formulate the grant plan which shall then be recommended to the Board for consideration and approval.

Upon the grant of the awarded shares, a grant letter should be provided to the selected person and such grant letter shall address, among other things, the number of awarded shares granted and the number of underlying shares represented by the awarded shares, the vesting criteria and conditions, the vesting schedule, the exercise price (where applicable) and such other terms and conditions as the Board shall determine and consider necessary and are not consistent with the scheme. A selected person may accept an offer of the grant of awarded shares in such manner as set out in the grant letter. Once accepted, the awarded shares are deemed granted from the date of the grant letter. Upon acceptance, the selected person becomes a participant in this scheme.

Selected persons shall be entitled to receive the awarded shares held by the trustee in accordance with the vesting schedule and conditions as determined by the Board in its sole discretion. Details of the vesting schedule and conditions will be provided in the grant letter to be issued by the Company to the selected persons.

### 6. Events Triggering Lapse or Immediate Vesting of Awarded Shares

The unvested awarded shares shall automatically lapse in the event of (i) in relation to Type 1 participant(s), any changes in the Type 1 participant's position due to his/her incapability for the position or non-qualifying appraisal and evaluation; and (ii) in relation to all type of participants, (a) the participant resigns voluntarily; (b) the participant resigns due to the staff cut undertaken by the Company or the Company is unwilling to renew the employment contract; (c) the participant becomes incapable and resigns for reasons other than any injury arising out of and in the course of his/her employment; or (d) the participant deceases not for a reason arising out of and in the course of his/her employment. If a participant violates the laws and professional ethics, leaks confidential information of the Company, or is negligent or conduct gross misconduct in performance of duties, which may result in material damage to the interests or reputation of the Company, the unvested awarded shares of such participant shall not be vested, as the Board may direct as it thinks fit.

If a general offer to acquire the shares (whether by offer, merger, or otherwise in a like manner) is made to all of the shareholders of the Company (or shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and the general offer to acquire the shares is approved and the offer becomes or is declared unconditional in all respects, the awarded shares granted to the participants will be vested immediately, even if the vesting period has not yet commenced.

If there occurs any special circumstance which may affect the eligibility of the selected person or the vesting of awarded shares, the awarded shares shall be dealt with in accordance with the scheme rules. However, for those which are not currently covered therein, the Board shall, from time to time, have sole discretion to determine how such awarded shares should be handled.

## 7. Details of the Movement in the Awarded Shares under the Share Award Scheme during the year ended 31 December 2022

Movements in the number of awarded shares during the Year are set out below:

| Name of grantee | Number of awarded shares as at 1 January 2022 | Date of grant | Closing price at the date of grant (HKD per share) | Granted during the Year | Vested and exercised during the Year | Closing price immediately before the date of vesting (HKD per share) | Cancelled during the Year | Lapsed during the Year | Number of awarded shares as at 31 December 2022 |
|---|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | | |
| Mr. Xu Hai Feng | 151,139 | 11 May 2020[1] | 2.30 | – | 151,139 | 1.73 | – | – | – |
| Mr. Chen Chao | 120,772 | 22 April 2021[2] | 2.30 | – | 60,386 | 1.73 | – | – | 60,386 |
| | – | 20 April 2022[3] | 1.65 | 1,600,000 | 528,000 | 1.75 | – | – | 1,072,000 |
| **Other senior management** | | | | | | | | | |
| Other senior management | 208,248 | 11 May 2020[1] | 2.30 | – | 208,248 | 1.73 | – | – | – |
| | 17,254 | 22 April 2021[2] | 2.30 | – | 8,627 | 1.73 | – | – | 8,627 |
| **Total** | 497,413 | | | 1,600,000 | 956,400 | | – | – | 1,141,013 |

(1) The awarded shares granted on 11 May 2020 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 1/2 in each of 2021 and 2022.

(2) The awarded shares granted on 22 April 2021 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 1/2 in each of 2022 and 2023.

(3) The awarded shares granted on 20 April 2022 shall (unless the Company shall otherwise determine and so notify the selected person in writing) be vested as to 528,000 shares, 528,000 shares and 544,000 shares in each of 2022, 2023 and 2024, respectively.

## SHARE OPTION SCHEME

On 7 May 2019, the Company adopted the Share Option Scheme, details of which are set out below:

### 1. Objectives

The purpose of the Share Option Scheme is to recognize and acknowledge the contributions made or may have made by the eligible participants to the Group. The Share Option Scheme will provide eligible participants with an opportunity to hold personal interests in the Company, thereby stimulating eligible participants to enhance performance efficiency for the benefit of the Group and to attract and retain eligible participants or otherwise maintain a continuous business relationship with eligible participants and the contributions of such eligible participants will benefit the Group's long-term development.

### 2. Eligible participants

The Board may, at its discretion, grant a share option to the following persons to subscribe for the relevant number of new shares as may be determined by the Board as follows: (i) any senior executive or director of the Group (including non-executive directors and independent non-executive directors); and (ii) any senior management staff of the Group.

In accepting the relevant share options, the grantee is required to pay HKD1.00 to the Company as the consideration for the grant of the share options.

### 3. Maximum Limit

The maximum number of shares in the share options that may be granted under the Share Option Scheme and any other share option scheme of the Company shall not exceed 10% of the total number of issued shares on the date of adoption. If the Company has issued a circular and approved by the shareholders at the general meeting and/or complies with such other requirements as may be prescribed by the Listing Rules from time to time, the Board may: re-determine the cap at any time at 10% of the shares in issue on the date of approval of the general meeting; and/or granting more than 10% of the options to eligible participants selected by the Board. The maximum number of shares that may be issued at any time after the exercise of all the outstanding share options granted but not yet exercised under the Share Option Scheme and any other share option scheme of the Company shall not exceed 30% of the shares in issue from time to time. On 7 May 2019, the Company received a plan authorization limit of 10% of the total number of issued shares of the Company on that date, which was a total of 140,019,421 shares, representing 9.10% of the number of shares issued by the Company as at the date of this report.

As at 1 January 2022 and 31 December 2022, the maximum number of the shares available for grant under the Share Option Scheme was 110,019,421 shares and 110,019,421 shares, respectively. As at 31 December 2022, the total number of shares available for issue under the Share Option Scheme was 115,869,421 shares, representing approximately 7.53% of the issued share capital of the Company as at the date of this report. During the year ended 31 December 2022, except for the cancellation of 15,150,000 share options, no other share options were exercised, cancelled or lapsed under the Share Option Scheme.

**4. Duration and Termination**

The scheme is effective as of 7 May 2019. The share options may be exercised at any time during the period prior to the expiration of 10 years from the date on which the options are deemed to have been granted and accepted, in accordance with the terms of the Share Option Scheme. The exercise period of the share options will be determined by the Board at its sole discretion, but not more than 10 years after the grant of the share options.

No share options may be granted after 10 years from the date of approval of the Share Option Scheme. Unless the Company terminates early through the general meeting or the Board, the Share Option Scheme will become effective and valid for a period of 10 years from the date of adoption, up to 6 May 2029.

**5. The maximum number of shares that each participant can be authorized to benefit from**

Shares issued or to be issued to each of the participants during the course of any 12-month period in which all share options (including exercised and outstanding share options) granted under the Share Option Scheme or any other share option scheme of the Company must not exceed 1% of the total number of issued shares. If the number of share options further granted exceed maximum of 1%, the granted share options shall be approved by the shareholders by voting at the general meeting.

Having been or will be granted under the Share Option Scheme or any other share option scheme of the Company during the 12-month period up to and including the date of the grant of the shareholders, shares issued or to be issued upon the exercise of the entire share options (including the exercised, cancelled and outstanding share options) (1) totaling more than 0.1% of the total number of issued shares; and (2) calculated on the date of grant if the total value of the closing price of the shares exceeds HKD5,000,000, the proposed share options must be approved by the shareholders at the general meeting by way of poll.

**6. Share subscription price**

The subscription price of the shares of any particular share options granted under the Share Option Scheme shall be the price determined by the Board at its sole discretion, provided that the price is not lower than the following highest:

(i) The official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant (which is the date on which the Stock Exchange is opened for securities trading business);

(ii) The average of the official closing prices of the shares stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant; and

(iii) The nominal value of a share.

### 7. Details of the Movement in the Share Options under the Share Option Scheme during the year ended 31 December 2022

Movements in the number of share options during the Year are set out below:

| Name of grantee | Date of grant | Exercise period | Closing price at the date of grant (HKD per share) | Exercise price (HKD per share) | Number of share options as at 1 January 2022 | Granted during the Year | Exercised during the Year | Cancelled during the Year | Lapsed during the Year | Number of share options as at 31 December 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | | | | |
| Mr. Xu Hai Feng | 9 September 2019 (1) | From 9 September 2019 to 8 September 2029 | 2.53 | 2.53 | 4,500,000 | – | – | 3,150,000 | – | 1,350,000 |
| **Other senior management** | | | | | | | | | | |
| Other senior management | 9 September 2019 (1) | From 9 September 2019 to 8 September 2029 | 2.53 | 2.53 | 13,500,000 | – | – | 9,450,000 | – | 4,050,000 |
| | 8 June 2021 (2) | From 8 June 2021 to 7 June 2031 | 2.24 | 2.53 | 3,000,000 | – | – | 2,550,000 | – | 450,000 |
| **Total** | | | | | 21,000,000 | – | – | 15,150,000 | – | 5,850,000 |

Notes:

(1) Share options granted by the Company on 9 September 2019 will be vested by batches from 2019 to 2022. The vesting of the share options is conditional upon the achievement of certain targets related to the Group including but not limited to contracted sales of the Group and net profits attributable to equity holders per financial year during the period from 2019 to 2021.

(2) The vesting of the share options granted by the Company on 8 June 2021 is conditional upon the achievement of certain targets related to the Group including but not limited to contracted sales of the Group and net profits attributable to equity holders per financial year during the period from 2020 to 2021.

## Charitable Donations

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

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2022, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which will be required to be notified to the Company and the Stock Exchange pursuant to which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in relevant provision, or which will be required, pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, are as follows:

| Name of Director | Nature of interest | Number of shares held [5] | Approximate percentage of shareholding interest [6] |
|---|---|---|---|
| Mr. Yan Hao | Founder of a discretionary trust [1] | 649,276,613 (L) | 42.20% |
| | Beneficial owner | 200,000 (L) | 0.01% |
| Mr. Chen Xin Ge | Founder of a discretionary trust [2] | 409,805,918 (L) | 26.63% |
| | Beneficial owner | 782,000 (L) | 0.05% |
| Mr. Xu Hai Feng | Beneficial owner [3] | 5,164,738 (L) | 0.34% |
| Mr. Chen Chao | Beneficial owner [4] | 2,102,772 (L) | 0.14% |

Notes:

(1) Yan Trust, as a trustee, is deemed to be interested in 649,276,613 shares through its control over Beyond Wisdom Limited. The details are as follows:

| Name of controlled corporation | Name of controlling shareholder | Percentage of shareholding (%) | Interest held directly | Number of shares |
|---|---|---|---|---|
| Beyond Wisdom Limited | Yan Trust | 100 | Y | 649,276,613 (L) |

(2) Cantrust (Far East) Limited, as a trustee, is deemed to be interested in 409,805,918 shares through its control over New Decent King Investment Limited and Sunny King International Limited. The details are as follows:

| Name of controlled corporation | Name of controlling shareholder | Percentage of shareholding (%) | Interest held directly | Number of shares |
|---|---|---|---|---|
| New Decent King Investment Limited | Cantrust (Far East) Limited | 100 | N | 409,805,918 (L) |
| Sunny King International Limited | New Decent King Investment Limited | 100 | Y | 409,805,918 (L) |

(3) Mr. Xu Hai Feng is interested in 4,500,000 share options of the Company. Details of the share options were disclosed in the section headed "Share Option Scheme".

(4) Mr. Chen Chao is interested in 1,132,386 unvested awarded shares. Details of the awarded shares were disclosed in the section headed "Share Award Scheme".

(5) (L) represents long positions in these securities.

(6) There were 1,538,813,213 shares in issue as at 31 December 2022.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2022, none of the Directors or the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered in the register referred to in relevant provision under the Section 352 of the SFO, or which will be required to be notified to the Company and the Stock Exchange under the Model Code.

## Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2022, so far as the Directors were aware, the following persons (other than the Directors or the chief executive of the Company) have interests and/or short positions in the shares or underlying shares of the Company as required to be kept under section 336 of the SFO:

| Name | Nature of interest | Number of shares [3] | Percentage of shareholding interest [4] |
|---|---|---|---|
| Beyond Wisdom Limited | Beneficial owner [1] | 649,276,613 (L) | 42.20% |
| Yan Trust | Trustee [1] | 649,276,613 (L) | 42.20% |
| Sunny King International Limited | Beneficial owner [2] | 409,805,918 (L) | 26.63% |
| New Decent King Investment Limited | Interest of a controlled corporation [2] | 409,805,918 (L) | 26.63% |
| Cantrust (Far East) Limited | Trustee [2] | 409,805,918 (L) | 26.63% |

Notes:

(1) Yan Trust, as a trustee, is deemed to be interested in 649,276,613 shares through its control over Beyond Wisdom Limited and Mr. Yan Hao (as a founder of the discretionary trust) is deemed to be interested in 649,276,613 shares.

(2) New Decent King Investment Limited is deemed to be interested in 409,805,918 shares through its control over Sunny King International Limited and Cantrust (Far East) Limited, as a trustee, is deemed to be interested in 409,805,918 shares through its control over New Decent King Investment Limited while Mr. Chen Xin Ge (as a founder of the discretionary trust) is deemed to be interested in 409,805,918 shares.

(3) (L) represents long positions in these securities.

(4) There were 1,538,813,213 shares in issue as at 31 December 2022.

Save as disclosed above and to the knowledge of the Directors, as at 31 December 2022, no other person had an interest or short position in the shares or underlying shares of the Company required to be entered in the register referred to in relevant provision under the Section 336 of the SFO.

## Directors' Indemnities

Pursuant to Article 181 of the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise.

The Group has taken out and maintained directors' liability insurance for the year ended 31 December 2022, which provides appropriate cover for the Directors. The permitted indemnity provision was in force during the year ended 31 December 2022 and remained in force as at the date of this report for the benefit of the Directors.

## Related Party Transactions

Details of the related party transactions of the Group during the year ended 31 December 2022 are set out in Note 39(b) to the consolidated financial statements.

All the related party transactions listed in Note 39(b) to the consolidated financial statements are not regarded as connected transactions under Chapter 14A of the Listing Rules as the counterparties are joint ventures and associates of the Company which do not fall under the definition of connected persons under Chapter 14A of the Listing Rules. The Board confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this annual report, there is sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

## Repurchase, Sale or Redemption of Listed Securities of the Company

On 22 February 2022, the Company commenced an exchange offer for USD190,000,000 12.75% senior notes due 11 March 2022 ("**Notes Due March 2022**"). As of the extended exchange expiration deadline, existing notes amounted to USD175,330,000 (representing approximately 92.28% of aggregate principal amount of outstanding existing notes) have been validly tendered for exchange and accepted pursuant to the exchange offer. Pursuant to the exchange offer, on 9 March 2022, the Company issued USD171,113,500 new notes due 9 September 2023 ("**Notes Due September 2023**") with an annual interest rate of 12.75%. Further details of senior notes exchange are disclosed in the announcements of the Company dated 22 February, 2 March, 7 March and 10 March 2022.

On 21 April 2022, the Company issued USD19,900,000 (including USD1,900,000 issued upon the acceptance of the exchange for USD2,000,000 Notes Due March 2022 pursuant to the conditions of the exchange offer dated February 2022) Notes Due September 2023 (to be consolidated and form a single series with the USD171,113,500 Notes Due September 2023 issued on 9 March 2022). Further details regarding the issuance of the senior notes are disclosed in the announcement of the Company dated 25 April 2022.

Save as disclosed above, the Company or any of its subsidiaries (other than the trust of the share award scheme) did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2022.

## Changes of Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information in respect of the Directors are set out below:

On 30 March 2023, Mr. Chen Xin Ge, the co-chairman of the Company and an executive Director, resigned as the co-chairman of the Company and re-designated as a non-executive Director, ceased to serve as a member of the Remuneration Committee and appointed as a member of the Nomination Committee.

On 30 March 2023, Mr. Yan Hao, the co-chairman, an executive Director and the chief executive officer of the Company, re-designated as the chairman of the Board from the co-chairman of the Company, ceased to serve as the chairman of the Nomination Committee and appointed as a member of the Remuneration Committee.

On 30 March 2023, Mr. Han Jiong, an independent non-executive Director, re-designated as the chairman of the Nomination Committee from a member of the Nomination Committee.

Save as disclosed above, from the date of the 2022 interim report of the Company to the date of this annual report, there was no other change in the information of the Directors which is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

## Review by Audit Committee

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, and discussed with them the audit, internal control and financial reporting matters of the Group, including review of the annual results and financial statements for the Year.

## Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct during the year ended 31 December 2022.

## Corporate Governance

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2022, save for the deviation from code provision C.2.1 as explained on page 35 of this annual report. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 35 to 50 of this annual report.

## Auditor

The financial statements of the Group have been audited by Elite Partners CPA Limited, who will retire at the forthcoming annual general meeting and being eligible, will offer itself for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Elite Partners CPA Limited as the auditor of the Company.

On behalf of the Board
**Yan Hao**
*Chairman*

# Independent Auditor's Report

elite partners
CERTIFIED PUBLIC ACCOUNTANTS

**To the Shareholders of Jingrui Holdings Limited**
(incorporated in Cayman Islands with limited liability)

## Opinion

We have audited the consolidated financial statements of Jingrui Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 75 to 221, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated cash flows statement for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## Basis for Opinion

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

## Material Uncertainty Related to the Going Concern

We draw attention to Note 2.1 to the consolidated financial statements, which indicates that during the year ended 31 December 2022, the Group recorded a loss for the year of approximately RMB4,277,880,000, and as at 31 December 2022, the Group's borrowings amounted to RMB18,412,689,000, among which RMB13,296,713,000 will be due for repayment within the next twelve months while the Group's cash at bank and on hand including restricted cash of RMB1,352,088,000. Further, as at 31 December 2022, the Group had not repaid certain borrowings in aggregate principle amount according to their scheduled repayment dates as described in Note 19 to the consolidated financial statements. This condition, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key Audit Matters

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

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

- Provision for properties held or under development for sale

- Valuation of investment properties

## Key Audit Matters (continued)

**Key Audit Matter 1**

**Provision for properties held or under development for sale**

Refer to Note 4 (Critical accounting estimates and judgements) and Note 14 (Properties held or under development for sale) to the consolidated financial statements.

As at 31 December 2022, the Group's properties held or under development for sale amounted to RMB26,068,319,000 (31 December 2021: RMB29,636,094,000), against which a provision of RMB275,306,000 (31 December 2021: RMB72,937,000) was provided. During the year ended 31 December 2022, an additional provision of RMB246,566,000 (year ended 31 December 2021: RMB71,931,000) was made.

Properties held or under development for sale are stated at the lower of cost and net realisable value. The determination of the estimated net realisable value of these properties is highly dependent on the Group's expectation of future selling prices and the estimated costs to complete the development projects.

We focused on this area because significant judgement is required to make estimates of future selling prices and the estimated costs to complete the development projects.

**How our audit addressed the Key Audit Matter**

Regarding the provision of properties held or under development for sale, we performed the following audit procedures:

(1) We obtained the calculation schedules for provision for properties held or under development for sale, and tested the completeness of development projects and the mathematical accuracy of the schedules.

(2) We interviewed the management to understand the reasons for the provision for those projects.

(3) We corroborated the Group's forecast selling prices by comparing them to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the properties held or under development for sale.

(4) We compared the management's budgeted total development costs against underlying contracts with vendors and supporting documents. We discussed with the project managers to assess the reasonableness of estimated costs to complete and corroborated the underlying assumptions made with our understanding of past completed similar projects.

(5) We challenged the management's assessment and estimation of net realisable value of properties held or under development for sale by using our industry knowledge and external market analysis.

(6) We compared the provision provided with the subsequent actual written-off and investigated if any significant variance exists, to assess the historical accuracy and adequacy of the provision made by the management.

Based on our audit procedures performed, we consider that the reasonableness of management's judgement and estimates applied on their assessment of provision of properties held or under development for sale is supported by the evidence we obtained.

## Key Audit Matters (continued)

**Key Audit Matter 2**

**Valuation of the investment properties**

Refer to Note 4 (Critical accounting estimates and judgements) and Note 7 (Investment properties) to the consolidated financial statements.

As at 31 December 2022, the Group's investment properties amounted to RMB5,146,100,000 as at 31 December 2022 (31 December 2021: RMB5,893,100,000) and fair value losses of approximately RMB175,252,000 (year ended 31 December 2021: gains of approximately RMB38,908,000) were presented as depreciation of investment properties under capital platform (31 December 2021: appreciation of investment properties under capital platform and fair value gains on investment properties under other platforms) in the consolidated income statement.

We focused on this area because the valuation of the investment properties is significant to the financial statements and the valuation of the investment properties was highly dependent on a range of estimates, such as future rental cash inflows, term yield and reversionary yield which were carried out by well-known independent professional qualified valuers.

**How our audit addressed the Key Audit Matter**

Regarding the valuation of the investment properties, we performed the following audit procedures:

(1) We assessed the independence and competence of the external valuer which issued the valuation report.

(2) We assessed the valuation techniques adopted in the valuation.

(3) For rental income used in the valuation, we checked the amount to rent roll and lease arrangement on a sample basis.

(4) For yield rates, market rents and recent prices of similar properties used in the valuation, we compared them with our own expectation using evidence of market transaction. Where we identified estimates and assumptions that were outside the typical ranges used, we discussed these with the valuer to understand the rationale and then assessed, based on all the available evidence and our experience in this sector, whether the use of the estimate or assumption was justified.

(5) We tested the calculation of the valuation.

Based on our audit procedures performed, we consider that the estimates and assumptions used are justified in the context of the Group's property portfolio.

## Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

When we read the corporate profile, corporate information, financial highlights, breakdown of major properties, directors and senior management, corporate governance report, report of the directors and five-year financial information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee and take appropriate action considering our legal rights and obligations.

## Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

The engagement director on the audit resulting in this independent auditor's report is Mr. Yip Kai Yin with Practising Certificate number P07854.

**Elite Partners CPA Limited**
*Certified Public Accountants*
10/F, 8 Observatory Road
Tsim Sha Tsui
Kowloon, Hong Kong

30 March 2023

# Consolidated Balance Sheet

As at 31 December 2022

| | Note | As at 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | **79,647** | 94,285 |
| Right-of-use assets | 6 | **124,430** | 127,022 |
| Investment properties | 7 | **5,146,100** | 5,893,100 |
| Intangible assets | 8 | **120,695** | 47,882 |
| Investments in joint ventures | 9 | **1,243,221** | 1,343,964 |
| Investments in associates | 10 | **824,390** | 998,562 |
| Deferred income tax assets | 22 | **603,600** | 429,344 |
| Financial assets at fair value through profit or loss | 12 | **855,504** | 1,051,261 |
| Financial assets at fair value through other comprehensive income | 12 | **492,527** | 456,703 |
| Trade and other receivables and prepayments | 15 | **714,701** | 655,304 |
| | | **10,204,815** | 11,097,427 |
| **Current assets** | | | |
| Prepayments for leasehold land | 13 | **54,304** | 54,304 |
| Properties held or under development for sale | 14 | **25,793,013** | 29,563,157 |
| Trade and other receivables and prepayments | 15 | **8,025,028** | 9,743,610 |
| Prepaid income taxes | | **488,353** | 453,714 |
| Contract acquisition costs | | **277,868** | 253,107 |
| Financial assets at fair value through profit or loss | 12 | **786,375** | 988,469 |
| Restricted cash | 16 | **681,678** | 8,779,513 |
| Cash and cash equivalents | 16 | **670,410** | 2,211,442 |
| | | **36,777,029** | 52,047,316 |
| Non-current asset held for sale | 7 | **128,000** | 105,000 |
| | | **36,905,029** | 52,152,316 |
| **Total assets** | | **47,109,844** | 63,249,743 |
| **OWNERS' EQUITY** | | | |
| **Capital and reserves attributable to equity holders of the Company** | | | |
| Share capital | 17 | **87,813** | 87,813 |
| Reserves | 18 | **1,705,859** | 5,950,678 |
| | | **1,793,672** | 6,038,491 |
| **Non-controlling interests** | 40 | **4,605,025** | 5,198,501 |
| **Total equity** | | **6,398,697** | 11,236,992 |

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

# CONSOLIDATED BALANCE SHEET

As at 31 December 2022

| | Note | As at 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 19 | **5,115,976** | 10,669,698 |
| Trade and other payables | 20 | **–** | 1,034,876 |
| Deferred income tax liabilities | 22 | **1,062,151** | 1,171,872 |
| Lease liabilities | 6 | **102,339** | 124,781 |
| | | **6,280,466** | 13,001,227 |
| **Current liabilities** | | | |
| Borrowings | 19 | **13,296,713** | 10,928,339 |
| Trade and other payables | 20 | **9,093,677** | 13,263,939 |
| Contract liabilities | | **8,689,847** | 11,172,786 |
| Amounts due to non-controlling interests of subsidiaries | 21 | **1,111,322** | 1,498,982 |
| Current income tax liabilities | | **2,215,863** | 2,127,122 |
| Lease liabilities | 6 | **23,259** | 20,356 |
| | | **34,430,681** | 39,011,524 |
| **Total liabilities** | | **40,711,147** | 52,012,751 |
| **Total equity and liabilities** | | **47,109,844** | 63,249,743 |

The consolidated financial statements on pages 75 to 221 were approved by the Board of Directors on 30 March 2023 and the consolidated balance sheet was signed on its behalf by:

**Yan Hao**
*Director*

**Chen Chao**
*Director*

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

# Consolidated Income Statement

For the year ended 31 December 2022

| | Note | Year ended 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|---|
| **Revenue** | 23 | **7,907,906** | 13,551,644 |
| Cost of sales | 26 | **(7,792,740)** | (11,111,689) |
| **Gross profit** | | **115,166** | 2,439,955 |
| (Depreciation)/appreciation of investment properties under capital platform | 7 | **(175,252)** | 37,908 |
| Fair value gains on investment properties under other platforms | 7 | **–** | 1,000 |
| Selling and marketing costs | 26 | **(560,455)** | (580,343) |
| Administrative expenses | 26 | **(922,511)** | (650,866) |
| Other income | 24 | **20,210** | 20,574 |
| Other (losses)/gains – net | 25 | **(623,219)** | 196,213 |
| **Operating (loss)/profit** | | **(2,146,061)** | 1,464,441 |
| Finance income | 27 | **299,290** | 590,338 |
| Finance costs | 27 | **(2,129,418)** | (859,158) |
| **Finance costs – net** | | **(1,830,128)** | (268,820) |
| Share of results of joint ventures | 9 | **(82,859)** | (189,355) |
| Share of results of associates | 10 | **(32,393)** | 33,992 |
| | | **(115,252)** | (155,363) |
| **(Loss)/profit before income tax** | | **(4,091,441)** | 1,040,258 |
| Income tax expense | 30 | **(186,439)** | (646,445) |
| **(Loss)/profit for the year** | | **(4,277,880)** | 393,813 |
| **Attributable to:** | | | |
| **Equity holders of the Company** | | **(4,269,792)** | 127,543 |
| **Non-controlling interests** | | **(8,088)** | 266,270 |
| | | **(4,277,880)** | 393,813 |
| **(Loss)/earnings per share for profit attributable to equity holders of the Company** | | | |
| – Basic (loss)/earnings per share | 32 | **RMB(2.78)** | RMB0.08 |
| – Diluted (loss)/earnings per share | 32 | **RMB(2.78)** | RMB0.08 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **(Loss)/profit for the year** | **(4,277,880)** | 393,813 |
| **Other comprehensive income** | | |
| *Item that will not be reclassified subsequently to profit or loss* | | |
| Changes in fair value of equity investments at fair value through other comprehensive income, net of tax | **26,850** | 84,750 |
| Other comprehensive income for the year, net of tax | **26,850** | 84,750 |
| **Total comprehensive (losses)/income for the year** | **(4,251,030)** | 478,563 |
| **Attributable to:** | | |
| Equity holders of the Company | **(4,242,942)** | 212,293 |
| Non-controlling interests | **(8,088)** | 266,270 |
| | **(4,251,030)** | 478,563 |

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

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (Note 17) | Share premium RMB'000 (Note 18) | Treasury shares RMB'000 (Note 18) | Other reserves RMB'000 (Note 18) | Retained earnings RMB'000 (Note 18) | Sub-total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **Balance at 1 January 2022** | 87,813 | 424,007 | (6,215) | 804,235 | 4,728,651 | 6,038,491 | 5,198,501 | 11,236,992 |
| **Comprehensive income** | | | | | | | | |
| Loss for the year 2022 | – | – | – | – | (4,269,792) | (4,269,792) | (8,088) | (4,277,880) |
| Other comprehensive income | | | | | | | | |
| Net changes in fair value of financial assets at fair value through other comprehensive income (Note 12) | – | – | – | 35,824 | – | 35,824 | – | 35,824 |
| Taxes on fair value changes on financial assets at fair value through other comprehensive income (Note 22) | – | – | – | (8,974) | – | (8,974) | – | (8,974) |
| **Total comprehensive income for the year 2022** | – | – | – | 26,850 | (4,269,792) | (4,242,942) | (8,088) | (4,251,030) |
| **Transactions with equity holders** | | | | | | | | |
| Share award scheme (Note 31(a)) | – | – | 1,882 | (1,171) | – | 711 | – | 711 |
| Changes in ownership interests in subsidiaries without change of control (Note 37) | – | – | – | (2,588) | – | (2,588) | (183,342) | (185,930) |
| Disposal of subsidiaries | – | – | – | – | – | – | (343,364) | (343,364) |
| Dividends of subsidiaries | – | – | – | – | – | – | (59,177) | (59,177) |
| Non-controlling interests on acquisition of subsidiaries | – | – | – | – | – | – | 495 | 495 |
| | – | – | 1,882 | (3,759) | – | (1,877) | (585,388) | (587,265) |
| **Balance at 31 December 2022** | 87,813 | 424,007 | (4,333) | 827,326 | 458,859 | 1,793,672 | 4,605,025 | 6,398,697 |

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

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 (Note 17) | Share premium RMB'000 (Note 18) | Treasury shares RMB'000 (Note 18) | Other reserves RMB'000 (Note 18) | Retained earnings RMB'000 (Note 18) | Sub-total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **Balance at 1 January 2021** | 87,813 | 744,621 | (9,573) | 742,578 | 4,601,108 | 6,166,547 | 5,130,319 | 11,296,866 |
| **Comprehensive income** | | | | | | | | |
| Profit for the year 2021 | – | – | – | – | 127,543 | 127,543 | 266,270 | 393,813 |
| Other comprehensive income | | | | | | | | |
| Net changes in fair value of financial assets at fair value through other comprehensive income (Note 12) | – | – | – | 65,949 | – | 65,949 | – | 65,949 |
| Taxes on fair value changes on financial assets at fair value through other comprehensive income (Note 22) | – | – | – | 18,801 | – | 18,801 | – | 18,801 |
| **Total comprehensive income for the year 2021** | – | – | – | 84,750 | 127,543 | 212,293 | 266,270 | 478,563 |
| **Transactions with equity holders** | | | | | | | | |
| Dividends to the Company's shareholders in respect of year 2020 (Note 33) | – | (320,614) | – | – | – | (320,614) | – | (320,614) |
| Share award scheme (Note 31(a)) | – | – | 3,358 | (2,763) | – | 595 | – | 595 |
| Share option scheme (Note 31(b)) | – | – | – | 242 | – | 242 | – | 242 |
| Capital reduction in respect of non-controlling interests | – | – | – | – | – | – | (341,100) | (341,100) |
| Contribution from non-controlling interests | – | – | – | – | – | – | 409,320 | 409,320 |
| Changes in ownership interests in subsidiaries without change of control (Note 37) | – | – | – | (20,572) | – | (20,572) | (100,977) | (121,549) |
| Disposal of subsidiaries | – | – | – | – | – | – | (135,954) | (135,954) |
| Dividends of subsidiaries | – | – | – | – | – | – | (54,488) | (54,488) |
| Non-controlling interests on acquisition of subsidiaries | – | – | – | – | – | – | 25,111 | 25,111 |
| | – | (320,614) | 3,358 | (23,093) | – | (340,349) | (198,088) | (538,437) |
| **Balance at 31 December 2021** | 87,813 | 424,007 | (6,215) | 804,235 | 4,728,651 | 6,038,491 | 5,198,501 | 11,236,992 |

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

# Consolidated Cash Flow Statement

For the year ended 31 December 2022

| | 2022<br>RMB'000 | 2021<br>RMB'000 |
|---|---|---|
| **Operating activities** | | |
| Net cash generated from/(used in) operations (Note 34(a)) | **1,485,855** | (2,344,753) |
| Interest paid | **(1,005,708)** | (1,640,806) |
| PRC income tax paid | **(73,513)** | (352,689) |
| PRC land appreciation tax paid | **(48,118)** | (506,420) |
| **Net cash generated from/(used in) operating activities** | **358,516** | (4,844,668) |
| **Investing activities** | | |
| Purchase of property, plant and equipment | **(11,363)** | (5,894) |
| Purchase of intangible assets | **(1,742)** | (2,854) |
| Acquisition cost of and capitalised expenditures incurred on investment properties | **(5,252)** | (8,892) |
| Consideration received in advance for disposal of a property | **–** | 45,266 |
| Proceeds from disposal of property, plant and equipment (Note 34(c)) | **1,186** | 10,016 |
| Cash receipt of leasing investment receivables | **13,954** | 11,195 |
| Capital injection to and acquisition of joint ventures and associates | **(10,100)** | (64,947) |
| Disposal of interests in associates | **93,000** | 12,500 |
| Acquisition of financial assets at fair value through profit or loss | **(17,690)** | (777,006) |
| Cash receipt of remaining consideration in connection with the disposal of subsidiaries | **–** | 13,098 |
| Disposal of shares in subsidiaries | **252,560** | 187,385 |
| Disposal of financial assets at fair value through profit or loss | **35,269** | 497,583 |
| Disposal of financial assets at fair value through other comprehensive income | **–** | 111,153 |
| Investment income from financial assets at fair value through profit or loss | **544** | – |
| Dividend received from financial assets at fair value through other comprehensive income | **14,745** | 66,280 |
| Repayment to third parties | **–** | (332,002) |
| Repayments from related parties | **16,389** | 14,000 |
| Cash advance to non-controlling interests of subsidiaries | **(352,335)** | (916,451) |
| Cash receipt from non-controlling interests of subsidiaries | **516,789** | 726,865 |
| Interest received | **291,515** | 328,416 |
| Acquisition of subsidiaries, net of cash (paid)/acquired (Note 38) | **(107,830)** | 127,407 |
| **Net cash generated from investing activities** | **729,639** | 43,118 |

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

# Consolidated Cash Flow Statement

For the year ended 31 December 2022

| | 2022<br>RMB'000 | 2021<br>RMB'000 |
|---|---|---|
| **Financing activities** | | |
| Proceeds from borrowings | **1,890,953** | 8,678,513 |
| Proceeds from issuance of senior notes | **–** | 3,328,902 |
| Proceeds from corporate bonds | **–** | 1,398,690 |
| Repayments of borrowings | **(5,629,990)** | (8,522,434) |
| Repayments of senior notes | **(27,280)** | (2,599,768) |
| Repayments of corporate bonds | **–** | (1,222,436) |
| Dividends paid | **–** | (320,614) |
| Dividends paid of subsidiaries | **(45,274)** | (30,253) |
| Capital contribution from non-controlling interests | **–** | 409,320 |
| Capital reduction in respect of non-controlling interests | **–** | (341,100) |
| Cash receipt from non-controlling interests of subsidiaries | **22,520** | 729,293 |
| Repayment to non-controlling interests of subsidiaries | **(96,280)** | (644,354) |
| Changes in advance from related parties | **(2,618)** | (307,566) |
| Decrease/(increase) in restricted cash relating to financing activities | **2,592,653** | (400,284) |
| Changes in ownership interests in subsidiaries without change of control (Note 37) | **–** | (121,549) |
| Repayment of the payables for acquisition of equity investments | **(465,418)** | (847,282) |
| Change in amounts due to third parties | **(734,323)** | (2,990,978) |
| Principal elements of lease payments | **(33,188)** | (22,763) |
| Changes in deposits paid to secure borrowings | **(99,294)** | (54,924) |
| **Net cash used in financing activities** | **(2,627,539)** | (3,881,587) |
| **Net decrease in cash and cash equivalents** | **(1,539,384)** | (8,683,137) |
| Effect of foreign exchange rate changes | **(1,648)** | (1,385) |
| Cash and cash equivalents at beginning of the year | **2,211,442** | 10,895,964 |
| **Cash and cash equivalents at end of the year (Note 16)** | **670,410** | 2,211,442 |

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

## 1 General information

Jingrui Holdings Limited (the "Company") was incorporated in the Cayman Islands on 7 March 2013 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as "the Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

The ultimate holding company of the Company is Beyond Wisdom Limited and the ultimate controlling shareholder of the Company is Mr. Yan Hao.

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 October 2013.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

## 2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

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

During the year ended 31 December 2022, the Group recorded a loss for the year of approximately RMB4,277,880,000, and as at 31 December 2022, the Group's borrowings amounted to RMB18,412,689,000, among which RMB13,296,713,000 will be due for repayment within the next twelve months while the Group's cash at bank and on hand (including restricted cash) amounted to RMB1,352,088,000.

On 22 February 2022, the Company commenced an exchange offer to the bond holders of the senior notes due on 11 March 2022 with an annual interest rate of 12.75% ("Notes Due March 2022"). On 9 March 2022, USD175,330,000 (representing approximately 92.28% of the aggregate principal amount of outstanding existing notes) was validly exchanged for new senior notes of USD171,113,500 due on 9 September 2023 with an annual interest rate of 12.75% ("Notes Due September 2023").

## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

In connection with the exchange offer, on 9 March 2022, the Company also successfully solicited consents (the "Consent Solicitation") from holders of all its other outstanding senior notes such that the events of default provisions under each of them will carve out any cross-default events arising directly or indirectly from any defaults or events of default under the Notes Due March 2022.

On 21 April 2022, the Company issued USD19,900,000 Notes Due September 2023, including USD1,900,000 issued upon the acceptance of the exchange for USD2,000,000 Notes Due March 2022 pursuant to the conditions of the exchange offer dated February 2022, to be consolidated and form a single series with the USD171,113,500 Notes Due September 2023 issued on 9 March 2022. The remaining outstanding principal amount of USD12,670,000 (equivalent to RMB87,279,000), representing approximately 6.67% of the aggregate principal amount, became due on 11 March 2022 and has not yet been repaid.

Since 31 December 2021, the Group has failed to pay the interest of 12.5% senior notes due October 2023 ("Notes Due October 2023"), 12.0% senior notes due January 2024 ("Notes Due January 2024") and the Notes Due September 2023, as well as the principal and interest of 12.0% senior notes due July 2022 ("Notes Due July 2022"), 12.0% senior notes due September 2022 ("Notes Due September 2022") and 14.5% senior notes due February 2023 ("Notes Due February 2023"). Pursuant to the Company's restructuring management of its offshore USD denominated senior notes and fair treatment of all creditors, the Company will suspend the payment due for other offshore USD denominated senior notes. The non-payment of the principal and interest of such senior notes may lead to a request for acceleration of repayment. As at the date of this report, the Company has not received any notice for acceleration of payment by holders of its USD denominated senior notes. The Company has appointed Admiralty Harbour Capital Limited as its financial adviser and Sidley Austin as its legal adviser to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all the stakeholders as soon as possible.

The non-payments described above resulted in certain of the Group's borrowings amounted to RMB5,658,738,000 (including the over-due senior notes of RMB5,322,615,000) as at 30 March 2023, becoming immediately repayable (if requested by the lenders), among which RMB5,511,210,000 represented loans with scheduled repayment dates within one year, while RMB147,528,000 represented non-current loans with original maturity dates beyond one year, which would be reclassified as current liabilities, and among which RMB180,512,000 were fully pledged by the Group's bank deposits.

In addition, a wholly-owned subsidiary of the Group did not repay the outstanding borrowing principal of RMB96,000,000 due on 31 December 2021 to its non-wholly owned subsidiary, which also constituted an event of default on 31 December 2021. As of 30 March 2023, the principal of the outstanding borrowings was RMB38,770,000. The event of default resulted in certain of the Group's borrowings amounted to RMB293,800,000 as at 31 December 2021, becoming immediately repayable (if requested by the lender), among which RMB136,000,000 represented loans with scheduled repayment dates within one year, while RMB157,800,000 represented non-current loans with original maturity dates beyond one year, which were reclassified as current liabilities as at 31 December 2021. As of 30 March 2023, the principal of the outstanding borrowings was RMB155,528,000. All of such cross-default borrowings (the amount outstanding) were also included in the above-mentioned borrowings of RMB5,658,738,000 as at 30 March 2023. As at the date of this report, the Company has not received any notice regarding acceleration action by the aforementioned lenders.

## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

For the twelve months ended 31 December 2022, influenced by a slowdown in the property market, coupled with the limited sources of financing from the capital market, the Group's aggregated contracted sales was RMB7,076 million (for the twelve months ended 31 December 2021: RMB27,011 million). It was not as high as the Group anticipated at the beginning of the year, and the Group may take longer time than expected to realize cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations.

As of 30 March 2023, the contractual consideration for the sale of non-core properties by the Group was approximately RMB458 million, and the amount received will be used for working capital replenishment.

The above condition indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve its cash flows:

i. Although no demand for immediate repayment has been made by the relevant lenders, the Group has been proactively communicating with the relevant lenders to explain the Group's business, operations and financial condition, and the Group has sufficient financial resources to support the repayments of the relevant loans under original repayment schedules. As at the date of this report, based on the status of the ongoing discussions, the Directors are of the view that the relevant lenders will not exercise their rights to request the Group for immediate repayment of the loans prior to their scheduled contractual repayment dates;

ii. The Group has appointed Admiralty Harbour Capital Limited as its financial adviser to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all the stakeholders;

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

iv. When necessary, the Group will identify suitable buyers for further sales of certain self-owned properties to replenish its working capital;

v. The Group will continuously enhance payment collection progress from customers in respect of the property sales and pre-sales through closely following up with customers and communicating and coordinating with banks for timely grant of individual mortgage loans to the customers;

## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

vi. The Group will continue to maintain continuous communication and agree with major constructors and suppliers to arrange payments to these vendors and complete the construction progress as scheduled;

vii. The Group will continue to actively communicate with relevant banks so that the projects can timely secure necessary project development loans for qualified project development;

viii. The Group will continue to adjust acquisitions of land based on progress of new financing and to ensure continuous development and sales of all existing projects as budgeted without material interruptions;

ix. The Group will continuously seek re-financing from other financial institutions, including but not limited to exchange of existing senior notes or other borrowings;

x. The Group will continue to seek suitable opportunities to dispose of its equity interest in certain companies to generate additional cash inflows; and

xi. The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The Directors have reviewed the Group's cash flow forecast prepared by management, which covers a period of at least 18 months from 31 December 2022. They are of the opinion that, taking into account the abovementioned status, plans and measures, the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next 12 months from 31 December 2022. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, given the volatility of the real estate sector in the PRC and the uncertainties to obtain support by the banks and the Group's creditors, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Should the Group be unable to achieve the abovementioned plans and measures and operate as a going concern, 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 effects of these adjustments have not been reflected in these consolidated financial statements.

## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### *2.1.1 Changes in accounting policies and disclosures*

Save as described below, the accounting policies and calculation methods applied in the Group's annual financial statements for the year ended 31 December 2022 are consistent with those set out in the Group's annual financial statements for the year ended 31 December 2021.

In the current year, the Group has adopted, for the first time, the following amendments to HKFRSs for the preparation of the Group's consolidated financial statements.

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

The application of the revised standards in the current year has had no material impact on the amounts reported in these financial statements and/or disclosures set out in these financial statements.

***New standards, amendments and interpretation of HKFRSs not yet adopted***

Certain new accounting standards, amendments and interpretation of HKFRSs have been published that are not mandatory for the financial year beginning on 1 January 2022 and have not been early adopted by the Group. The Group has already commenced an assessment of the impact of these new standards, amendments and interpretation, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the directors, the Group does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position.

### 2.2 Subsidiaries

#### *2.2.1 Consolidation*

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

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

## 2 Summary of significant accounting policies (continued)

### 2.2 Subsidiaries (continued)

#### *2.2.1 Consolidation (continued)*

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

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

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

*Changes in the Group's interests in existing subsidiaries*

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## 2 Summary of significant accounting policies (continued)

### 2.2 Subsidiaries (continued)

#### *2.2.1 Consolidation (continued)*

*(a) Business combinations*

The Group applies the acquisition method as described below to account for business combination. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed must meet the definitions of an asset and liability in the Framework for Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010). The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the reorganised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

## 2 Summary of significant accounting policies (continued)

### 2.2 Subsidiaries (continued)

#### *2.2.1 Consolidation (continued)*

(a) *Business combinations (continued)*

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

If the business combination is achieved in stages, the acquisitions date carrying value of the acquirer's previously held equity interests in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held equity interest measured is less than the fair value of the identifiable net assets of the subsidiary acquired as in the case of a bargain purchase, the difference is recognised directly in profit or loss.

## 2 Summary of significant accounting policies (continued)

### 2.2 Subsidiaries (continued)

#### *2.2.2 Separate financial statements*

In the Company's balance sheet, the investments in subsidiaries are stated at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

Impairment testing of the investments in subsidiaries is also required according to Note 2.11.

### 2.3 Joint arrangements

Joint arrangements are classified as either joint ventures or joint operations depending on the contracted rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint venture gives the parties rights to the net assets or outcome of the arrangement. A joint venture does not have rights to individual assets or obligations for individual liabilities of the joint venture. Instead, joint ventures share the net assets and, in turn, the outcome (profit or loss) of the activity undertaken by the joint venture. In contrast, a joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. A joint operator will recognise its interest based on its involvement in the joint operation (that is, based on its direct rights and obligations) rather than on the participation interest it has in the joint arrangement.

Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

Investment in a joint venture is accounted for using the equity method of accounting and is initially recognised at cost. The consolidated income statement include the Group's share of the post-acquisition results of joint ventures, and the consolidated balance sheet include the Group's share of the net assets of the joint ventures and goodwill identified on acquisition net of any accumulated impairment losses.

## 2 Summary of significant accounting policies (continued)

### 2.4 Associates

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

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movement in other comprehensive income is recognized in other comprehensive income with a corresponding adjustments to the carrying amount of the investment. When the Group's share of losses in an associate equal or exceeds its interests in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. The impairment amount, as the difference between the recoverable amount of the associate and its carrying value is recognised in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

### 2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors that make strategic decisions.

### 2.6 Foreign currency translation

#### *(a) Functional and presentation currency*

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

## 2 Summary of significant accounting policies (continued)

### 2.6 Foreign currency translation (continued)

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "Finance income or expenses – net". All other foreign exchange gains and losses are presented in the consolidated income statement within "Other (losses)/gains – net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

#### *(c) Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rate; and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

### 2.7 Property, plant and equipment

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

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

## 2 Summary of significant accounting policies (continued)

### 2.7 Property, plant and equipment (continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| – Self-use properties and right-of-use assets-office properties | 6-29 years |
| – Motor vehicles | 6 years |
| – Furniture, fittings and equipment | 5 years |
| – Leasehold improvements and others | shorter of remaining lease term or useful life estimated 5 years |

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimated accounted for on a prospective basis.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised as "Other (losses)/gains – net" in the consolidated income statement.

### 2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement in fair value gains or losses on investment properties.

Property that is currently being constructed or developed for future use as an investment property is classified as investment property and stated at fair value. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed, whichever is earlier. Any difference between the fair value of the property at that date and its then carrying amount shall be recognised in the consolidated income statement.

## 2 Summary of significant accounting policies (continued)

### 2.9 Intangible assets

#### *(a) Goodwill*

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the CGU level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### *(b) Computer software*

Intangible assets of the Group mainly comprise acquired computer software which is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

### 2.10 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere.

### 2.11 Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2 Summary of significant accounting policies (continued)

### 2.12 Properties held or under development for sale

Properties held or under development for sale are included in current assets at the lower of cost and net realisable value. The costs of properties held or under development consist of costs of leasehold land, resettlement costs (if any), construction expenditure, capitalised borrowing costs and other direct costs incurred during the development period. The costs of properties held are determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

### 2.13 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties held or under development for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights fall within investment properties are classified as investment properties (Note 2.8).

### 2.14 Financial assets

#### *2.14.1 Classification*

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

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

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

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

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

## 2 Summary of significant accounting policies (continued)

### 2.14 Financial assets (continued)

#### *2.14.2 Recognition and derecognition*

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

#### *2.14.3 Measurement*

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

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

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

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

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

## 2 Summary of significant accounting policies (continued)

### 2.14 Financial assets (continued)

#### *2.14.3 Measurement (continued)*

*Equity instruments*

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

Changes in the fair value of financial assets at FVPL are recognised in other (losses)/gains – net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### *2.14.4 Impairment*

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 Financial Instruments ("HKFRS 9"), which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 15 for further details.

### 2.15 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated income statement.

### 2.16 Offsetting financial instruments

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

## 2 Summary of significant accounting policies (continued)

### 2.17 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.18 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Restricted cash is excluded from cash and cash equivalents.

### 2.19 Share capital

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

### 2.20 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within twelve months after the reporting period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

## 2 Summary of significant accounting policies (continued)

### 2.21 Borrowings and borrowing costs

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

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

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

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

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

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential 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 are 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.

## 2 Summary of significant accounting policies (continued)

### 2.22 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

***(a) Current income tax***

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

***(b) Deferred income tax***

*Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

*Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, joint ventures and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

## 2 Summary of significant accounting policies (continued)

### 2.22 Current and deferred income tax (continued)

#### *(c) Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.23 Put option arrangements

The potential cash payments related to put options issued by the Group over the equity of subsidiary companies are accounted for as financial liabilities as there is an obligation for the Group to deliver cash or other financial assets in exchange of its own equity shares. The amount that may become payable under the option on exercise is initially recognised at present value with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interests, adjacent to non-controlling interests in the net assets of consolidated subsidiaries.

Such options, including the transaction costs, are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a financing cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

### 2.24 Employee benefits

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

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

The contributions are recognised as employee benefit expense when they are due.

## 2 Summary of significant accounting policies (continued)

### 2.25 Share-based payments

The Group operates equity-settled share based compensation plans under which the entity receives services from employees as consideration for equity instruments (including shares options and share awards) of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (for example, an entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (for example profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions

Non-market performance and service conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

### 2.26 Provisions and contingent liabilities

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

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2 Summary of significant accounting policies (continued)

### 2.26 Provisions and contingent liabilities (continued)

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated balance sheet.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

### 2.27 Financial guarantee liabilities

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

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

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

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

## 2 Summary of significant accounting policies (continued)

### 2.28 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

#### *(a) Sales of properties*

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

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

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

The progress towards complete satisfaction of the performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the property is accepted by the customer, or deemed as accepted according to the contract, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property, and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. If on the contract commencement date, the Group expects that the interval between the customer's obtaining control of the property and the payment of consideration by the customer will not exceed 1 year, the financing component will not be considered as significant.

## 2 Summary of significant accounting policies (continued)

### 2.28 Revenue recognition (continued)

#### *(b) Service income*

Revenue from services is recognised when services have been provided, total amount of revenue and costs can be estimated reliably and the collectability of the related receivables is reasonably assured.

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling price are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

#### *(c) Sales of goods*

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

#### *(d) Contract acquisition cost*

Costs did not qualify for recognition as an asset were expensed when incurred. Costs related directly to the contract, generating resources used in satisfying the contract and expectedly to be recovered are capitalised as contract acquisition cost.

### 2.29 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

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

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

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

## 2 Summary of significant accounting policies (continued)

### 2.30 Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

### 2.31 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs they are intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to an entity within the Group with no future related costs are recognised as income of the period in which they become receivable.

### 2.32 Leases

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

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

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

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

## 2 Summary of significant accounting policies (continued)

### 2.32 Leases (continued)

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

## 2 Summary of significant accounting policies (continued)

### 2.32 Leases (continued)

Right-of-use assets that meet the definition of investment property are measured at fair value applying the fair value model.

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

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

Right-of-use assets which do not meet the definition of investment property are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

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

### 2.33 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

## 3 Financial risk management

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

### 3.1 Market risk

#### *(a) Foreign exchange risk*

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. The Group's functional currency is RMB, accordingly cash and borrowings denominated in Hong Kong Dollar ("HKD") or United States Dollar ("USD") are subject to foreign exchange risk.

Fluctuation of the exchange rates for HKD and USD against RMB will affect the Group's result of operations. The Group currently does not have a foreign currency hedging policy. However, management closely monitors the foreign exchange exposure and will take actions when necessary.

As at 31 December 2022, if HKD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax loss of the Group for the year 2022 would have been higher/lower by RMB9,986,000 (2021: post-tax profit would have been lower/higher by RMB2,622,000), mainly as a result of foreign exchange gain/loss from trade and other receivables and prepayments and bank deposits net off trade and other payables and bank borrowings denominated in HKD.

As at 31 December 2022, if USD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax loss of the Group for the year 2022 would have been lower/higher by RMB341,553,000 (2021: post-tax profit would have been higher/lower by RMB363,131,000), mainly as a result of foreign exchange gain/loss from borrowings net off bank deposits denominated in USD.

#### *(b) Cash flow and fair value interest rate risk*

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits with stable interest rates, the Group has no other significant interest-bearing assets.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from banks and non-bank financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 19.

## 3 Financial risk management (continued)

### 3.1 Market risk (continued)

#### *(b) Cash flow and fair value interest rate risk (continued)*

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

As at 31 December 2022 and 2021, if interest rates on borrowings at floating rates had been 50 basis points higher/lower with all other variables held constant, the post-tax results and capitalised interest for the years ended 31 December 2022 and 2021 would have changed as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Post-tax results better/(weaker) | | |
| – 50 basis points higher | **(4,632)** | (895) |
| – 50 basis points lower | **4,632** | 895 |
| Capitalised interest increase/(decrease) | | |
| – 50 basis points higher | **3,336** | 4,920 |
| – 50 basis points lower | **(3,336)** | (4,920) |

### 3.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge the obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group considered the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

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

## 3 Financial risk management (continued)

### 3.2 Credit risk (continued)

#### (a) Cash in banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited with state-owned banks and other listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

#### (b) Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

As at 31 December 2022 and 2021, on that basis, the loss allowance was determined as follows for trade receivables:

| **As at 31 December 2022** | **Current RMB'000** | **More than 90 days past due RMB'000** | **More than 180 days past due RMB'000** | **Within 1 year RMB'000** | **More than 1 year past due RMB'000** | **Total RMB'000** |
|---|---|---|---|---|---|---|
| Expected loss rate | **2.50%** | **6.71%** | **13.50%** | **8.84%** | **18.50%** | |
| Gross carrying amount | **111,480** | **7,949** | **79,487** | **445,125** | **151,025** | **795,066** |
| Loss allowance | **(2,782)** | **(533)** | **(10,731)** | **(39,361)** | **(27,940)** | **(81,347)** |
| Accounts receivables-net | **108,698** | **7,416** | **68,756** | **405,764** | **123,085** | **713,719** |

| As at 31 December 2021 | Current RMB'000 | More than 90 days past due RMB'000 | More than 180 days past due RMB'000 | Within 1 year RMB'000 | More than 1 year past due RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| Expected loss rate | 2.06% | 5.63% | 13.03% | 4.33% | 18.19% | |
| Gross carrying amount | 68,219 | 952 | 58,005 | 281,525 | 93,021 | 501,722 |
| Loss allowance | (1,408) | (54) | (7,557) | (12,193) | (16,925) | (38,137) |
| Accounts receivables-net | 66,811 | 898 | 50,448 | 269,332 | 76,096 | 463,585 |

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for trade receivables during the years ended 31 December 2022 and 2021.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

## 3 Financial risk management (continued)

### 3.2 Credit risk (continued)

#### *(c) Other receivables*

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

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

| Category | Group definition of category | Basis for recognition of expected credit loss provision | Basis for calculation of interest revenue |
|---|---|---|---|
| Stage one | Borrowers have a low risk of default and a strong capacity to meet contractual cash flow | 12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime | Gross carrying amount |
| Stage two | Receivables for which there is a significant increase in credit risk since initial recognition; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due | Lifetime expected losses (not credit-impaired) | Gross carrying amount |
| Stage three | Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy | Lifetime expected losses (credit-impaired) | Amortised cost carrying amount (net of credit allowance) |

## 3 Financial risk management (continued)

### 3.2 Credit risk (continued)

#### *(c) Other receivables (continued)*

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

Management considered other receivables to be low credit risk as they have a low risk of default and the counterparty has a strong capacity to meet contractual cash flow obligation in the near term, and thus the impairment provision recognised was based on 12 months expected losses.

| | Receivables from government related bodies RMB'000 | Due from related parties and non-controlling interests RMB'000 | Receivables from third parties other than government related bodies RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **As at 31 December 2022** | | | | |
| Gross amount of other receivables | **397,638** | **4,179,387** | **3,074,548** | **7,651,573** |
| Expected credit loss rate | **0.10%** | **6.07%** | **7.89%** | |
| Loss allowance | **(398)** | **(253,492)** | **(242,601)** | **(496,491)** |
| Other receivables – net | **397,240** | **3,925,895** | **2,831,947** | **7,155,082** |

| | Receivables from government related bodies RMB'000 | Due from related parties and non-controlling interests RMB'000 | Receivables from third parties other than government related bodies RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **As at 31 December 2021** | | | | |
| Gross amount of other receivables | 319,009 | 6,249,188 | 2,777,210 | 9,345,407 |
| Expected credit loss rate | 0.10% | 1.34% | 1.98% | |
| Loss allowance | (319) | (83,720) | (55,090) | (139,129) |
| Other receivables – net | 318,690 | 6,165,468 | 2,722,120 | 9,206,278 |

## 3 Financial risk management (continued)

### 3.2 Credit risk (continued)

#### *(c) Other receivables (continued)*

Other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group made no written off for other receivables during the years ended 31 December 2022 and 2021.

#### *(d) Financial guarantee*

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

The Group also provides guarantees to certain related parties of the Group to obtain borrowings after assessing the credit history of these related parties. The Group closely monitors the repayment progress of the relevant borrowings by these related parties. In the opinion of the directors of the Group, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties. The directors consider that the likelihood of default in payments is minimal and the financial guarantees measured at fair value is immaterial.

## 3 Financial risk management (continued)

### 3.3 Liquidity risk

Management of the Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects.

The table below analyses the Group's non-derivative financial liabilities and gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivatives financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Within 1 year RMB'000 | 1 and 2 years RMB'000 | 2 and 5 years RMB'000 | Over 5 years RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **As at 31 December 2022** | | | | | |
| Borrowings, principal (Note 19) | **13,296,713** | **4,273,976** | **45,000** | **797,000** | **18,412,689** |
| Interest payments on borrowings (a) | **1,175,561** | **197,669** | **187,224** | **76,020** | **1,636,474** |
| Trade and other payables | **8,026,801** | **–** | **–** | **–** | **8,026,801** |
| Amounts due to non-controlling interests of subsidiaries (Note 21) | **1,111,322** | **–** | **–** | **–** | **1,111,322** |
| Lease liabilities | **23,259** | **27,814** | **61,944** | **12,581** | **125,598** |
| Financial guarantees (Note 36) | **3,164,159** | **286,468** | **–** | **–** | **3,450,627** |
| | **26,797,815** | **4,785,927** | **294,168** | **885,601** | **32,763,511** |
| **As at 31 December 2021** | | | | | |
| Borrowings, principal (Note 19) | 10,928,339 | 7,642,118 | 2,861,580 | 166,000 | 21,598,037 |
| Interest payments on borrowings (a) | 1,449,592 | 578,593 | 79,586 | 17,718 | 2,125,489 |
| Trade and other payables | 11,971,888 | 1,034,876 | – | – | 13,006,764 |
| Amounts due to non-controlling interests of subsidiaries (Note 21) | 1,498,982 | – | – | – | 1,498,982 |
| Lease liabilities | 20,356 | 26,772 | 66,700 | 55,720 | 169,548 |
| Financial guarantees (Note 36) | 5,719,295 | – | – | – | 5,719,295 |
| | 31,588,452 | 9,282,359 | 3,007,866 | 239,438 | 44,118,115 |

Note:

(a) The interest on borrowings is calculated based on borrowings held as at 31 December 2022 and 2021, respectively. Floating-rate interests are estimated using the current interest rate as at 31 December 2022 and 2021, respectively.

## 3 Financial risk management (continued)

### 3.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and deposits pledged for borrowings. Total capital is calculated as total equity, as shown in the consolidated balance sheets, plus net debt.

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

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Borrowings | **18,412,689** | 21,598,037 |
| Less: Cash at bank and on hand (Note 16) | **(670,410)** | (2,211,442) |
| Restricted cash deposits pledged for borrowings (Note 16) | **–** | (2,592,653) |
| Net debt | **17,742,279** | 16,793,942 |
| Total equity | **6,398,697** | 11,236,992 |
| Total capital | **24,140,976** | 28,030,934 |
| Gearing ratio | **73%** | 60% |

### 3.5 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2022 and 2021 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## 3 Financial risk management (continued)

### 3.5 Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2022 and 2021.

| | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | |
| 31 December 2022 | – | – | **1,641,879** | **1,641,879** |
| **Financial assets at fair value through other comprehensive income** | | | | |
| 31 December 2022 | – | – | **492,527** | **492,527** |

| | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Financial assets at fair value through profit or loss** | | | | |
| 31 December 2021 | 56 | – | 2,039,674 | 2,039,730 |
| **Financial assets at fair value through other comprehensive income** | | | | |
| 31 December 2021 | – | – | 456,703 | 456,703 |

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The instrument is included in level 1.

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Other than certain financial assets at fair value through profit or loss at 31 December 2021 traded in the market and therefore measured at fair value by level 1, the Group's other financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as at 31 December 2022 and 2021 are measured at fair value by level 3. There were no changes in valuation techniques during the year. The changes in the value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss during the years are presented in Note 12.

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### 4.1 Provision for write-down of properties held or under development for sale

The management makes provision for write-down of properties held or under development for sale based on the estimate of the net realisable value of the properties. Given the volatility of the property market in the PRC, the actual net realisable value may be higher or lower than the estimate made as at the end of the reporting period. Any increase or decrease in the provision would affect the Group's operating performance in future years.

### 4.2 Fair value of investment properties

The fair value of investment properties is determined by using valuation techniques. Details of the judgement and assumptions have been disclosed in Note 7.

### 4.3 Development costs directly attributable to property development activities

The Group allocates portions of land and development costs to properties held and under development for sale. As certain of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in future years.

### 4.4 Land appreciation tax of the PRC

The Group is subject to land appreciation tax in the PRC. However, since the implementation and settlement of the tax varies among various tax jurisdictions in cities of the PRC, significant judgement is required in determining the amount of the land appreciation tax. The Group recognises the land appreciation tax based on management's best estimates according to its understanding of the interpretation of tax rules and latest practice of tax jurisdictions in the cities where the Group's projects are located. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the current income tax and the deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

## 4 Critical accounting estimates and judgements (continued)

### 4.5 Current and deferred income tax

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

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

### 4.6 Fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss

The fair value of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that are not traded in an active market is determined by using valuation techniques or net asset value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

### 4.7 Impairment of trade receivables and other receivables

For trade receivables, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

### 4.8 Assumption of going concern

As stated in Note 2.1, the Group's consolidated financial statements for the year ended 31 December 2022 have been prepared on a going concern basis, when making assessment of the assumption of going concern, the Directors and management shall make significant judgements about the future outcome of events or conditions which are uncertain. The Directors and management have been devising plans and measures to alleviate the Group's liquidity pressure and believe that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2022 on a going concern basis.

## 5 Segment information

Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The reporting segments are as follows:

- Property development platform engages in real estate development in the PRC;
- Capital platform invests in office buildings and apartments in the PRC for their rental income potential and/or for capital appreciation; and
- All other platforms, including property management platform which provides management and security services to residential and commercial properties in the PRC, the property design and decoration platform, investment platform and other miscellaneous businesses. The revenue derived from all other platforms generally include service fees and investment income.

## 5 Segment information (continued)

The three operating segments are consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the above reportable segments.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit or loss before income tax. The measurement basis excludes the effects of income tax expense.

| | Year ended 31 December 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Property development platform RMB'000 | Capital platform RMB'000 | All other platforms RMB'000 | Total segment RMB'000 | Elimination RMB'000 | Total Group RMB'000 |
| Segment revenue | 6,885,540 | 300,872 | 798,681 | 7,985,093 | (77,187) | 7,907,906 |
| Segment loss before income tax expense | (4,052,884) | (86,841) | 77,845 | (4,061,880) | (29,561) | (4,091,441) |
| Finance income | 292,268 | 95 | 6,927 | 299,290 | – | 299,290 |
| Finance costs | (2,034,712) | (69,912) | (24,794) | (2,129,418) | – | (2,129,418) |
| Share of results of joint ventures | 12,272 | (97,183) | 2,052 | (82,859) | – | (82,859) |
| Share of results of associates | (50,126) | – | 17,733 | (32,393) | – | (32,393) |
| Depreciation and amortisation | (13,620) | (10,452) | (6,313) | (30,385) | – | (30,385) |
| A reconciliation to loss for the year is as follows: | | | | | | |
| Total segment loss before income tax expense | | | | | | (4,091,441) |
| Income tax expense | | | | | | (186,439) |
| Loss for the year | | | | | | (4,277,880) |
| Segment assets | 68,202,884 | 7,303,763 | 11,112,249 | 86,618,896 | (39,509,052) | 47,109,844 |
| Segment assets include: | | | | | | |
| Investments in joint ventures | 877,929 | 321,567 | 43,725 | 1,243,221 | – | 1,243,221 |
| Investments in associates | 762,928 | – | 61,462 | 824,390 | – | 824,390 |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | 10,063 | 4,242 | 39 | 14,344 | – | 14,344 |
| Segment liabilities | 63,696,635 | 5,003,365 | 10,747,444 | 79,447,444 | (38,736,297) | 40,711,147 |

## 5 Segment information (continued)

| | Year ended 31 December 2021 | | | | | |
|---|---|---|---|---|---|---|
| | Property development platform RMB'000 | Capital platform RMB'000 | All other platforms RMB'000 | Total segment RMB'000 | Elimination RMB'000 | Total Group RMB'000 |
| Segment revenue | 12,695,876 | 190,244 | 882,642 | 13,768,762 | (217,118) | 13,551,644 |
| Segment profit before income tax expense | 913,940 | (21,904) | 187,123 | 1,079,159 | (38,901) | 1,040,258 |
| Finance income | 444,304 | 63,818 | 82,216 | 590,338 | – | 590,338 |
| Finance costs | (794,861) | (52,917) | (46,533) | (894,311) | 35,153 | (859,158) |
| Share of results of joint ventures | (11,505) | (177,850) | – | (189,355) | – | (189,355) |
| Share of results of associates | 31,583 | 3,563 | (1,154) | 33,992 | – | 33,992 |
| Depreciation and amortisation | (16,944) | (3,856) | (781) | (21,581) | – | (21,581) |

A reconciliation to profit for the year is as follows:

| | |
|---|---|
| Total segment profits before income tax expense | 1,040,258 |
| Income tax expense | (646,445) |
| Profit for the year | 393,813 |

| | Property development platform RMB'000 | Capital platform RMB'000 | All other platforms RMB'000 | Total segment RMB'000 | Elimination RMB'000 | Total Group RMB'000 |
|---|---|---|---|---|---|---|
| Segment assets | 110,696,344 | 8,535,922 | 19,886,915 | 139,119,181 | (75,869,438) | 63,249,743 |
| Segment assets include: | | | | | | |
| Investments in joint ventures | 830,837 | 513,127 | – | 1,343,964 | – | 1,343,964 |
| Investments in associates | 901,831 | 3,564 | 93,167 | 998,562 | – | 998,562 |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | 366,735 | 4,885 | 3,844 | 375,464 | – | 375,464 |
| Segment liabilities | 104,990,760 | 6,197,169 | 16,700,164 | 127,888,093 | (75,875,342) | 52,012,751 |

## 6 Property, plant and equipment and right-of-use assets

### 6.1 Property, plant and equipment

| | Motor vehicles RMB'000 | Furniture, fittings and equipment RMB'000 | Leasehold improvements and others RMB'000 | Self-use properties and right-of-use assets-office properties RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **At 1 January 2022** | | | | | |
| **Cost** | 21,610 | 40,018 | 42,966 | 88,378 | 192,972 |
| **Accumulated depreciation** | (18,306) | (26,172) | (32,141) | (22,068) | (98,687) |
| **Net book amount** | 3,304 | 13,846 | 10,825 | 66,310 | 94,285 |
| **Year ended 31 December 2022** | | | | | |
| Opening net book amount | 3,304 | 13,846 | 10,825 | 66,310 | 94,285 |
| Addition from acquisition of subsidiaries | 7,263 | 221 | – | – | 7,484 |
| Reduction arising from disposal of a subsidiary | (195) | (98) | – | – | (293) |
| Other additions | 1,033 | 2,612 | (2,569) | 8,203 | 14,417 |
| Disposals | (1,992) | (3,914) | (2,314) | (2,756) | (10,976) |
| Depreciation charge (Note 26) | (2,674) | (2,535) | (2,868) | (17,193) | (25,270) |
| **Closing net book amount** | 6,739 | 10,132 | 8,212 | 54,564 | 79,647 |
| **At 31 December 2022** | | | | | |
| **Cost** | 32,288 | 39,207 | 44,130 | 99,891 | 215,516 |
| **Accumulated depreciation** | (25,549) | (29,075) | (35,918) | (45,327) | (135,869) |
| **Net book amount** | 6,739 | 10,132 | 8,212 | 54,564 | 79,647 |

## 6 Property, plant and equipment and right-of-use assets (continued)

### 6.1 Property, plant and equipment (continued)

| | Motor vehicles RMB'000 | Furniture, fittings and equipment RMB'000 | Leasehold improvements and others RMB'000 | Self-use properties and right-of-use assets-office properties RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **At 1 January 2021** | | | | | |
| **Cost** | 23,348 | 42,840 | 44,053 | 94,019 | 204,260 |
| **Accumulated depreciation** | (19,209) | (25,267) | (28,919) | (29,535) | (102,930) |
| **Net book amount** | 4,139 | 17,573 | 15,134 | 64,484 | 101,330 |
| **Year ended 31 December 2021** | | | | | |
| Opening net book amount | 4,139 | 17,573 | 15,134 | 64,484 | 101,330 |
| Addition from acquisition of subsidiaries | 166 | 111 | – | – | 277 |
| Reduction arising from disposal of a subsidiary | (53) | (42) | – | – | (95) |
| Other additions | 1,962 | 2,465 | 1,468 | 16,694 | 22,589 |
| Disposals | (1,483) | (3,500) | (2,055) | (2,668) | (9,706) |
| Depreciation charge (Note 26) | (1,427) | (2,761) | (3,722) | (12,200) | (20,110) |
| **Closing net book amount** | 3,304 | 13,846 | 10,825 | 66,310 | 94,285 |
| **At 31 December 2021** | | | | | |
| **Cost** | 21,610 | 40,018 | 42,966 | 88,378 | 192,972 |
| **Accumulated depreciation** | (18,306) | (26,172) | (32,141) | (22,068) | (98,687) |
| **Net book amount** | 3,304 | 13,846 | 10,825 | 66,310 | 94,285 |

Depreciation charges of the Group have all been included in administrative expenses and selling and marketing costs for both years ended 31 December 2022 and 2021.

During the year, the Group assessed the recoverable amount of all cash generating units and no impairment loss has been recognised (2021: Nil).

## 6 Property, plant and equipment and right-of-use assets (continued)

### 6.2 Lease

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

#### *(a) Amounts recognised in the consolidated balance sheet*

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

| | 31 December 2022 RMB'000 | 31 December 2021 RMB'000 |
|---|---|---|
| **Right-of-use assets** | | |
| – Office properties (included in property, plant and equipment) | 10,666 | 14,391 |
| – Land use rights | 124,430 | 127,022 |
| **Investment properties (Note 7)** | 53,100 | 60,100 |
| | 188,196 | 201,513 |
| **Lease liabilities** | | |
| Current | 23,259 | 20,356 |
| Non-current | 102,339 | 124,781 |
| | 125,598 | 145,137 |

#### *(b) Amounts recognised in the consolidated income statement*

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

| | For the year ended 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|
| Depreciation charge of right-of-use assets | | |
| – Office properties (included in property, plant and equipment) | 8,593 | 9,010 |
| – Land use rights | 2,592 | 2,592 |
| | 11,185 | 11,602 |
| Interest expense (included in finance costs – Note 27) | 10,300 | 12,439 |
| Expense relating to short-term leases (included in administrative expenses and selling and marketing costs – Note 26) | 7,753 | 8,003 |

The total cash outflow for leases for the year ended 31 December 2022 was RMB33,188,000,000 (31 December 2021: RMB43,205,000).

## 6 Property, plant and equipment and right-of-use assets (continued)

### 6.2 Lease (Continued)

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

For both years ended 31 December 2022 and 2021, the Group leases various offices and apartments. Rental contracts are typically made for fixed periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

## 7 Investment properties and non-current assets held for sale

| | Investment properties under capital platform RMB'000 | Investment properties under other platforms RMB'000 | Non-current assets held for sale RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| **Year ended 31 December 2022** | | | | |
| Opening balance | **4,989,100** | **904,000** | **105,000** | **5,998,100** |
| Subsequent expenditures capitalised | **5,252** | **–** | **–** | **5,252** |
| Depreciation of investment properties under capital platform | **(175,252)** | **–** | **–** | **(175,252)** |
| Transfer from investment properties to non-current assets held for sale (Note) | **(128,000)** | **–** | **128,000** | **–** |
| Disposals | **(449,000)** | **–** | **(105,000)** | **(554,000)** |
| Ending balance | **4,242,100** | **904,000** | **128,000** | **5,274,100** |
| **Year ended 31 December 2021** | | | | |
| Opening balance | 5,047,300 | 903,000 | – | 5,950,300 |
| Subsequent expenditures capitalised | 8,892 | – | – | 8,892 |
| Appreciation of investment properties under capital platform | 37,908 | – | – | 37,908 |
| Fair value gains on investment properties under other platforms | – | 1,000 | – | 1,000 |
| Transfer from investment properties to non-current assets held for sale (Note) | (105,000) | – | 105,000 | – |
| Ending balance | 4,989,100 | 904,000 | 105,000 | 5,998,100 |

Note:

Beijing San Quan Apartments, investment properties located in Beijing amounting to RMB1,797,000,000 as at 31 December 2022 (31 December 2021: RMB1,793,000,000), is held by the Group, whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. The Group has measured the deferred tax relating to the temporary differences of the investment properties using the tax rates and the tax base that are consistent with the expected manner of recovery of the investment properties.

In December 2022, the Group entered into agreements with a third party, pursuant to which the Group will sell a service apartment property to the third party, which was in the condition available for immediate sale and expected to be completed in 2023 within one year as at 31 December 2022. The service apartment properties were classified as held for sale.

## 7 Investment properties and non-current assets held for sale (continued)

Independent valuations of the Group's investment properties were performed by the valuer, Cushman & Wakefield, to determine the fair value of the investment properties as at 31 December 2022 and 2021. The following table analyses the investment properties carried at fair value, by valuation method.

### Fair value hierarchy

| Description | Fair value measurements at 31 December 2022 using Quoted prices in active markets for identical assets (Level 1) RMB'000 | Significant other observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 |
|---|---|---|---|
| Recurring fair value measurements | | | |
| Investment properties located in the PRC: | | | |
| – Retail | **–** | **–** | **1,585,000** |
| – Office and car parks | **–** | **–** | **843,000** |
| – Service apartment and car parks | **–** | **–** | **2,718,100** |
| | **–** | **–** | **5,146,100** |

| Description | Fair value measurements at 31 December 2021 using Quoted prices in active markets for identical assets (Level 1) RMB'000 | Significant other observable inputs (Level 2) RMB'000 | Significant unobservable inputs (Level 3) RMB'000 |
|---|---|---|---|
| Recurring fair value measurements | | | |
| Investment properties located in the PRC: | | | |
| – Retail | – | – | 1,648,000 |
| – Office and car parks | – | – | 847,000 |
| – Service apartment and car parks | – | – | 3,398,100 |
| | – | – | 5,893,100 |

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels 1, 2 and 3 during the year.

## 7 Investment properties and non-current assets held for sale (continued)

**Valuation processes of the Group**

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

The Group's finance team will review the valuation performed by the valuers, including:

- verifies all major inputs to the independent valuation report;
- assesses property valuations movements when compared to the prior year valuation report;
- holds discussions with independent valuers.

**Valuation techniques**

The Group has nine investment properties as at 31 December 2022 (31 December 2021: thirteen), among which three investment properties located in Shanghai, Zhejiang Province and Jiangsu Province are under other platforms and six investment properties located in Beijing and Shanghai are under capital platform, all of which were completed as at 31 December 2022 (31 December 2021: among which three investment properties located in Shanghai, Zhejiang Province and Jiangsu Province are under other platforms and ten investment properties located in Beijing, Shanghai and Jiangsu Province are under capital platform, all of which were completed as at 31 December 2021).

The Group also has three right-of-use assets of investment properties which are located in Shanghai and Zhejiang Province under capital platform as at 31 December 2022 (31 December 2021: three).

The valuation of completed retail properties and office buildings, service apartments and car parks were determined using a combination of the income capitalisation approach (term and reversionary method) which was based on capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties and direct comparison approach by making reference to comparable sales transaction as available in the relevant market. For those investment properties with signed sales contract, the valuation were determined using the actual selling price.

The valuation of service apartments under renovation were determined using combination of the discounted cash flows with estimated renovation costs to complete approach and direct comparison approach by making reference to comparable sales transactions as available in the relevant market with incurred renovation costs.

The valuation of right-of-use assets of investment properties were determined using the income capitalisation approach (term and reversionary method) which was based on capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

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

## 7 Investment properties and non-current assets held for sale (continued)

Information about fair value measurements as at 31 December 2022 using significant unobservable inputs (Level 3):

| Description | Fair value at 31 December 2022 (RMB'000) | Valuation technique(s) | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| Completed office buildings and car parks | 843,000 (31 December 2021: 864,000) | Income capitalisation approach | Term yield (a) | Term yield of 4%~4.5% (31 December 2021: 4%~4.5%). | The higher the term yield, the lower the fair value |
| | | | Reversionary yield (b) | Reversionary yield of 4.5%~5% (31 December 2021: 4.5%~5%). | The higher the reversionary yield, the lower the fair value |
| | | | Market unit rent of individual unit (c) | RMB217~RMB459 (31 December 2021: RMB211~RMB461) per square meter per month. | The higher the market unit rent, the higher the fair value |
| | | Direct comparison approach | Adjusted recent prices of similar properties (d) | RMB41,278~RMB83,900 (31 December 2021: RMB41,289~ RMB83,700) per square meter. | The higher the unit price, the higher the fair value |

| Description | Fair value at 31 December 2022 (RMB'000) | Valuation technique(s) | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| Service apartment and car parks | 2,665,000 (31 December 2021: 3,351,200) | Income capitalisation approach | Term yield (a) | Term yield of 2%~3.5% (31 December 2021: 2.5%~4%). | The higher the term yield, the lower the fair value |
| | | | Reversionary yield (b) | Reversionary yield of 2.5%~4% (31 December 2021: 3%~4.5%). | The higher the reversionary yield, the lower the fair value |
| | | | Market unit rent of individual unit (c) | RMB185~RMB359 (31 December 2021: RMB139~RMB495) per square meter per month. | The higher the market unit rent, the higher the fair value |
| | | Direct comparison approach | Adjusted recent prices of similar properties (d) | RMB32,914~RMB82,600(31 December 2021: RMB29,175~RMB85,900) per square meter. | The higher the unit price, the higher the fair value |

## 7 Investment properties and non-current assets held for sale (continued)

Information about fair value measurements as at 31 December 2022 using significant unobservable inputs (Level 3): (continued)

| Description | Fair value at 31 December 2022 (RMB'000) | Valuation technique(s) | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| Completed retail property | 1,585,000 (31 December 2021: 1,617,800) | Income capitalisation approach | Term yield (a) | Term yield of 3%~5% (31 December 2021: 3%~5%). | The higher the term yield, the lower the fair value |
| | | | Reversionary yield (b) | Reversionary yield of 3%~5.5% (31 December 2021: 3.5%~5.75%). | The higher the reversionary yield, the lower the fair value |
| | | | Market unit rent of individual unit (c) | RMB63~RMB459 (31 December 2021: RMB62~RMB501) per square meter per month. | The higher the market unit rent, the higher the fair value |
| | | Direct comparison approach | Adjusted recent prices of similar properties (d) | RMB15,800~RMB69,200 (31 December 2021: RMB15,800~ RMB81,000) per square meter. | The higher the unit price, the higher the fair value |

| Description | Fair value at 31 December 2022 (RMB'000) | Valuation technique(s) | Unobservable inputs | Range of unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|
| Right-of-use assets of investment properties | 53,100 (31 December 2021: 60,100) | Income capitalisation approach | Term yield (a) | Term yield of 4%~4.5% (31 December 2021: 4%~4.5%). | The higher the term yield, the lower the fair value |
| | | | Reversionary yield (b) | Reversionary yield of 4.5%~5% (31 December 2021: 4.5%~5%). | The higher the reversionary yield, the lower the fair value |
| | | | Market unit rent of individual unit (c) | RMB95~RMB103 (31 December 2021: RMB89 ~RMB92) per square meter per month. | The higher the market unit rent, the higher the fair value |

## 7 Investment properties and non-current assets held for sale (continued)

(a) For term yield, the Group has taken into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.

(b) For reversionary yield, the Group has taken into account of annual unit market rental income and unit market value of the comparable properties.

(c) For market unit rent of individual unit, the Group used direct market comparable and has taken into account of location and other individual factors, such as road frontage, size of property and facilities.

(d) For adjusted recent prices of similar properties, the Group has taken into account of location and other individual factors, such as road frontage, size of property and facilities.

(e) The rental income from investment properties has been recognised in the consolidated financial statement:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Rental income | **232,983** | 237,648 |

The Group's interests in investment properties at their net book values are analysed as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| In the PRC, held on: | | |
| Right-of-use assets of investment properties with original lease term of less than 11 years | **53,100** | 60,100 |
| Leases with original term of 70 years (and remaining unexpired period between 10 to 70 years) | **2,517,000** | 2,554,000 |
| Leases with original term of 50 years (and remaining unexpired period between 10 to 50 years) | **2,576,000** | 3,279,000 |
| | **5,146,100** | 5,893,100 |

Investment properties with a total carrying amount of RMB3,498,052,000 and RMB4,612,653,000 at 31 December 2022 and 2021 respectively were pledged as collateral for the Group's borrowings (Note 19).

## 8 Intangible assets

| | Goodwill RMB'000 | Computer software RMB'000 | Others RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| At 1 January 2022 | | | | |
| Cost | **96,853** | **15,493** | **3,351** | **115,697** |
| Accumulated impairment and amortisation | **(54,426)** | **(13,142)** | **(247)** | **(67,815)** |
| Net book amount | **42,427** | **2,351** | **3,104** | **47,882** |
| Year ended 31 December 2022 | | | | |
| Opening net book amount | **42,427** | **2,351** | **3,104** | **47,882** |
| Other additions | **–** | **1,742** | **–** | **1,742** |
| Amortisation charge (Note 26) | **–** | **(2,132)** | **(2,983)** | **(5,115)** |
| Reduction due to disposal | **–** | **(539)** | **–** | **(539)** |
| Additions from acquisition of subsidiaries | **76,725** | **–** | **–** | **76,725** |
| Closing net book amount | **119,152** | **1,422** | **121** | **120,695** |
| At 31 December 2022 | | | | |
| Cost | **173,578** | **17,235** | **3,351** | **194,164** |
| Accumulated impairment and amortisation | **–** | **(15,274)** | **(3,230)** | **(18,504)** |
| Impairment on goodwill | **(54,426)** | **–** | **–** | **(54,426)** |
| Reduction due to disposal | **–** | **(539)** | **–** | **(539)** |
| Net book amount | **119,152** | **1,422** | **121** | **120,695** |
| At 1 January 2021 | | | | |
| Cost | 96,853 | 13,744 | 3,045 | 113,642 |
| Accumulated impairment and amortisation | (26,168) | (11,785) | (133) | (38,086) |
| Net book amount | 70,685 | 1,959 | 2,912 | 75,556 |
| Year ended 31 December 2021 | | | | |
| Opening net book amount | 70,685 | 1,959 | 2,912 | 75,556 |
| Other additions | – | 1,749 | 306 | 2,055 |
| Amortisation charge (Note 26) | – | (1,357) | (114) | (1,471) |
| Impairment on goodwill (Note 26) | (28,258) | – | – | (28,258) |
| Closing net book amount | 42,427 | 2,351 | 3,104 | 47,882 |
| At 31 December 2021 | | | | |
| Cost | 96,853 | 15,493 | 3,351 | 115,697 |
| Accumulated impairment and amortisation | (54,426) | (13,142) | (247) | (67,815) |
| Net book amount | 42,427 | 2,351 | 3,104 | 47,882 |

Note:

Amortisation charges of the Group have all been included in administrative expenses for both years ended 31 December 2022 and 2021.

## 8 Intangible assets (continued)

Goodwill is allocated to the Group's CGUs identified according to business segment for impairment testing. A segment level summary of the goodwill is presented below:

| | **As at 31 December 2022 RMB'000** | As at 31 December 2021 RMB'000 |
|---|---|---|
| Property development platform (a) | **55,330** | 14,287 |
| All other platforms (b) | **61,279** | 28,140 |
| | **116,609** | 42,427 |

(a) As at 31 December 2022, goodwill of RMB55,330,000 (2021: RMB14,287,000) has been allocated to the cash-generated unit of the property development subsidiary acquired for impairment testing.

The value in use calculation used pre-tax cash flow projections based on approved budgets covering a five-year period.

The following table sets forth each key assumption as at 31 December 2022 and 2021, on which management has based its cash flow projections to undertake impairment testing of goodwill:

| | **As at 31 December 2022** | As at 31 December 2021 |
|---|---|---|
| Gross profit margin during the forecast period | **21.6%-24.6%** | 20.7%-24.2% |
| Pre-tax discount rate | **9.0%** | 9.0% |

The directors of the Group believe that any reasonably possible changes in the key assumptions of the value in use calculation would not cause the excess of its carrying amounts over the recoverable amounts of the property management subsidiaries acquired.

With reference to the recoverable amount assessed as at 31 December 2022, the directors of the Group determined that no provision for impairment of goodwill was required as at 31 December 2022.

As at 31 December 2022, goodwill of RMB55,330,000 has been allocated to the cash-generating unit of the property management subsidiaries acquired for impairment testing. With reference to the recoverable amount assessed as at 31 December 2022, the directors of the Group were of the view that no provision for impairment of goodwill was required as at 31 December 2022. (As at 31 December 2021: the Group made provision for impairment of goodwill with the amount of RMB13,258,000.)

## 8 Intangible assets (continued)

(b) As at 31 December 2022, goodwill of RMB61,279,000 (2021: RMB28,140,000) has been allocated to the cash-generated unit of the property management subsidiaries acquired for impairment testing.

The value in use calculation used pre-tax cash flow projections based on approved budgets covering a five-year period.

The following table sets forth each key assumption as at 31 December 2022 and 2021, on which management has based its cash flow projections to undertake impairment testing of goodwill:

| | As at 31 December 2022 | As at 31 December 2021 |
|---|---|---|
| Revenue growth rate during the forecast period | 1.9%-2.0% | 1.9%-2.0% |
| Gross profit margin during the forecast period | 13.4%-29.9% | 14.0%-23.0% |
| Pre-tax discount rate | 17.0% | 17.0% |

The directors of the Group believe that any reasonably possible changes in the key assumptions of the value in use calculation would not cause the excess of its carrying amounts over the recoverable amounts of the property management subsidiaries acquired.

With reference to the recoverable amount assessed as at 31 December 2022, the directors of the Group determined that no provision for impairment of goodwill was required as at 31 December 2022.

As at 31 December 2022, goodwill of RMB61,279,000 has been allocated to the cash-generating unit of the property management subsidiaries acquired for impairment testing. With reference to the recoverable amount assessed as at 31 December 2022, the directors of the Group were of the view that no provision for impairment of goodwill was required as at 31 December 2022. (As at 31 December 2021: the directors of the Group made provision for impairment of goodwill with the amount of RMB15,000,000.)

## 9 Investments in joint ventures

| | Year ended 31 December | |
|---|---|---|
| | 2022 RMB'000 | 2021 RMB'000 |
| At beginning of the year | 1,343,964 | 1,534,959 |
| Additions (a)(b) | 137,149 | 43,957 |
| Change from joint ventures to subsidiaries (b)(e) | (60,655) | (44,265) |
| Share of results | (82,859) | (189,355) |
| Disposals (d) | (94,378) | – |
| Unrealised profit in connection with the transaction between the Group and joint ventures | – | (1,332) |
| At end of the year | 1,243,221 | 1,343,964 |

## 9 Investments in joint ventures (continued)

The particulars of the joint ventures of the Group, which are unlisted entities, are set out as follows:

| Company name | Country/date of incorporation | Paid-in capital 2022 | Paid-in capital 2021 | % interests held As at 31 December 2022 | % interests held As at 31 December 2021 | Principal activities |
|---|---|---|---|---|---|---|
| Suzhou Lingrui Property Co., Ltd. ("Suzhou Lingrui") | 8 June 2017, Jiangsu, the PRC | RMB50,000,000 | RMB50,000,000 | 50% | 50% | Property development |
| Suzhou Chengrui Property Co., Ltd. ("Suzhou Chengrui") | 8 June 2017, Jiangsu, the PRC | RMB50,000,000 | RMB50,000,000 | 50% | 50% | Property development |
| Tianjin Yuanming Property Co., Ltd. ("Tianjin Yuanming") | 9 October 2016, Tianjin, the PRC | Nil | Nil | 20% | 20% | Investment holding |
| Changshu Zhicheng Property Development Co., Ltd. ("Changshu Zhicheng") | 8 May 2017,Jiangsu, the PRC | RMB80,000,000 | RMB80,000,000 | 25% | 25% | Property development |
| Tianjin Junyou Property Information Consultancy Co., Ltd. ("Tianjin Junyou") | 31 January 2018, Tianjin, the PRC | RMB1,000,000 | RMB1,000,000 | 33% | 33% | Property development |
| Nanjing Shansheng Property Development Co., Ltd. ("Nanjing Shansheng") | 21 August 2018, Jiangsu, the PRC | RMB900,000,000 | RMB900,000,000 | 19.75% | 19.75% | Property development |
| Ningbo Puhong Investment Management LLP ("Ningbo Puhong") | 11 May 2018, Zhejiang, the PRC | RMB650,000,000 | RMB650,000,000 | 46.17% | 46.17% | Investment holding |
| Shanghai Weishu Information & Technology Co., Ltd. | 11 November 2015, Shanghai, the PRC | RMB2,240,000 | RMB2,240,000 | 28.05% | 28.05% | Information Technology |
| Tianjin Shunhe Decoration Engineering Co., Ltd. | 28 September 2018, Tianjin, the PRC | Nil | Nil | 33% | 33% | Customised decoration |
| Yangzhou Hengyu Property Co., Ltd. ("Yangzhou Hengyu") | 3 December 2020, Jiangsu, the PRC | RMB1,100,000,000 | RMB1,100,000,000 | 30% | 30% | Property development |

## 9 Investments in joint ventures (continued)

| Company name | Country/date of incorporation | Paid-in capital 2022 | Paid-in capital 2021 | % interests held As at 31 December 2022 | % interests held As at 31 December 2021 | Principal activities |
|---|---|---|---|---|---|---|
| Taicang Jingchen Consulting Management Co., Ltd. ("Taicang Jingchen") (b) | 1 April 2017, Jiangsu, the PRC | **RMB135,494,118** | RMB135,494,118 | **100%** | 48.48% | Investment holding |
| Suzhou Jingjuan Consulting Management Co., Ltd. ("Suzhou Jingjuan") (b) | 14 November 2019, Jiangsu, the PRC | **RMB390,000,000** | RMB390,000,000 | **33%** | Nil | Property development |
| Beijing Jingshuo Hotel Management Co., Ltd. ("Beijing Jingshuo") (d) | 31 May 2018, Beijing, the PRC | **Nil** | Nil | **Nil** | 25% | Investment holding |
| Beijing Tian'an Huafeng Travel Investment Co., Ltd ("Tian'an Huafeng") (d) | 18 December 2006, Beijing, the PRC | **RMB50,261,500** | RMB50,261,500 | **Nil** | 50.16% | Property development |
| Suzhou Jingya Consulting Management Co., Ltd. ("Suzhou Jingya") | 5 April 2017, Jiangsu, the PRC | **RMB250,000** | RMB250,000 | **40%** | 40% | Investment holding |
| Jiangsu Jingyang Enterprise Management Co., Ltd. ("Jiangsu Jingyang") (c) | 21 August 2020, Jiangsu, the PRC | **Nil** | Nil | **N/A** | 49% | Investment holding |
| Suzhou Jingyi Consulting Management Co., Ltd. ("Suzhou Jingyi") (c) | 21 August 2020, Jiangsu, the PRC | **Nil** | Nil | **N/A** | 75% | Investment holding |
| Hunan Jinruihua City Management Co., Ltd. ("Hunan Jinruihua") (a) | 26 May 2021, Hunan, the PRC | **RMB49,000,000** | RMB49,000,000 | **39%** | 39% | Property management |
| Chongqing Jinghuanjin Property Co., Ltd. ("Chongqing Jinghuanjin") (a) | 12 October 2021, Chongqing, the PRC | **RMB20,000,000** | RMB5,000,000 | **51%** | 51% | Property development |
| Taicang Haoying Consulting Management Co., Ltd. ("Taicang Haoying") (c) | 14 May 2021, Jiangsu, the PRC | **Nil** | Nil | **N/A** | 75% | Investment holding |
| Taicang Shiji Consulting Management Co., Ltd. ("Taicang Shiji") (c) | 14 May 2021, Jiangsu, the PRC | **Nil** | Nil | **N/A** | 75% | Investment holding |
| Taicang Zhengwen Consulting Management Co., Ltd. ("Taicang Zhengwen") (c) | 14 May 2021, Jiangsu, the PRC | **Nil** | Nil | **N/A** | 75% | Investment holding |
| Taicang Yuzhou Consulting Management Co., Ltd. ("Taicang Yuzhou") (c) | 13 May 2021, Jiangsu, the PRC | **Nil** | Nil | **N/A** | 75% | Investment holding |
| Taicang Shuoshi Consulting Management Co., Ltd. ("Taicang Shuoshi") (c) | 13 May 2021, Jiangsu, the PRC | **Nil** | Nil | **N/A** | 75% | Investment holding |
| Nantong Gaojing City Operation and Management Service Co., Ltd. (南通皋景城市運營管理服務有限公司) ("Nantong Gaojing") (a) | 8 March 2022, Jiangsu, the PRC | **RMB5,000,000** | N/A | **49%** | Nil | Property management |

## 9 Investments in joint ventures (continued)

Notes:

(a) During 2022, certain subsidiaries of the Group further injected, or invested in certain joint ventures, including Nantong Gaojing and Chongqing Jinghuanjin. The total addition of investments in joint ventures amounted to RMB10,100,000.

During 2021, certain subsidiaries of the Group further injected, or invested in certain joint ventures, including Chongqing Jinghuanjin and Hunan Jinruihua. The total addition of investments in joint ventures amounted to RMB43,957,000.

(b) In July 2022, the Group acquired the 51.52% equity interests of Taicang Jingchen held by the other joint venture partner at a total consideration of RMB82,290,000. Since then, the Group held 100% equity interests in Taicang Jingchen, which became a wholly owned subsidiary of the Group, and Suzhou Jingjuan, a joint venture of Taicang Jingchen became an additional joint venture of the Group.

(c) In June 2022, certain joint ventures of the Group were deregistered, including Taicang Haoying, Taicang Shiji, Taicang Zhengwen, Taicang Yuzhou, Jiangsu Jingyang, Taicang Shuoshi and Suzhou Jingyi.

(d) In June 2022, the Group indirectly transferred 50.16% equity interests in Tian'an Huafeng at a consideration of RMB15,670,000 to an independent third party. Loss of RMB4,227,000 on disposal of equity interests was recognised and recorded as other losses.

(e) In May 2021, the Group acquired the 35% equity interests of Nanjing Caicheng held by the other joint venture partner at a total consideration of RMB30,000,000. Since then, the Group held 100% equity interests in Nanjing Caicheng, which became a wholly owned subsidiary of the Group.

## 9 Investments in joint ventures (continued)

### Summarised financial information for material joint ventures

Set out below are the summarised financial information for Nanjing Shansheng, Ningbo Puhong and Yangzhou Hengyu, which are accounted for using the equity method.

### Summarised balance sheet

| | Nanjing Shansheng As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| **Current** | | |
| Assets | 4,197,470 | 4,191,183 |
| Liabilities | (3,038,620) | (3,034,033) |
| **Total current net assets** | 1,158,850 | 1,157,150 |
| **Non-current** | | |
| Assets | – | – |
| Liabilities | – | – |
| **Total non-current net assets/(liabilities)** | – | – |
| **Net assets** | 1,158,850 | 1,157,150 |

| | Ningbo Puhong As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| **Current** | | |
| Assets | 1,923,623 | 1,938,126 |
| Liabilities | (2,709,361) | (2,610,117) |
| **Total current net liabilities** | (785,738) | (671,991) |
| **Non-current** | | |
| Assets | 3,649,063 | 3,743,007 |
| Liabilities | (2,166,774) | (2,168,120) |
| **Total non-current net assets** | 1,482,289 | 1,574,887 |
| **Net assets** | 696,551 | 902,896 |

## 9 Investments in joint ventures (continued)

### Summarised balance sheet (continued)

| | Yangzhou Hengyu As at 31 December | |
|---|---|---|
| | 2022 RMB'000 | 2021 RMB'000 |
| **Current** | | |
| Assets | 3,120,108 | 2,893,615 |
| Liabilities | (1,375,325) | (752,696) |
| **Total current net assets** | 1,744,783 | 2,140,919 |
| **Non-current** | | |
| Assets | 2,178 | 225 |
| Liabilities | (719,950) | (1,050,000) |
| **Total non-current net liabilities** | (717,772) | (1,049,775) |
| **Net assets** | 1,027,011 | 1,091,144 |

### Summarised statement of comprehensive income

| | Nanjing Shansheng For the year ended 31 December | |
|---|---|---|
| | 2022 RMB'000 | 2021 RMB'000 |
| Revenue | 37,986 | 150,063 |
| Profit/(loss) before income tax | 1,700 | (94,452) |
| Income tax expense | – | – |
| Post-tax profit/(loss) | 1,700 | (94,452) |
| Other comprehensive income | – | – |
| **Total comprehensive income/(loss)** | 1,700 | (94,452) |
| **Dividends received from joint ventures** | – | – |

## 9 Investments in joint ventures (continued)

**Summarised statement of comprehensive income (continued)**

| | Ningbo Puhong | |
|---|---|---|
| | **For the year ended 31 December 2022 RMB'000** | For the year ended 31 December 2021 RMB'000 |
| Revenue | **7,133** | – |
| Loss before income tax | **(229,692)** | (457,950) |
| Income tax credit | **23,347** | 81,202 |
| Post-tax loss | **(206,345)** | (376,748) |
| Other comprehensive income | **–** | – |
| **Total comprehensive loss** | **(206,345)** | (376,748) |
| **Dividends received from joint ventures** | **–** | – |

| | Yangzhou Hengyu | |
|---|---|---|
| | **For the year ended 31 December 2022 RMB'000** | For the period from 3 December 2021 to 31 December 2021 RMB'000 |
| Revenue | **–** | – |
| Loss before income tax | **(64,133)** | (2,926) |
| Income tax expense | **–** | – |
| Post-tax loss | **(64,133)** | (2,926) |
| Other comprehensive income | **–** | – |
| **Total comprehensive loss** | **(64,133)** | (2,926) |
| **Dividends received from joint ventures** | **–** | – |

## 9 Investments in joint ventures (continued)

### Summarised statement of comprehensive income (continued)

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, and not the Group's share of those amounts.

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in joint ventures is as follows:

| | Nanjing Shansheng For the year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Opening net assets** | **1,157,150** | 1,251,602 |
| Profit/(loss) for the year | **1,700** | (94,452) |
| **Closing net assets** | **1,158,850** | 1,157,150 |
| Interests in joint ventures | **19.75%** | 19.75% |
| | **228,873** | 228,537 |
| **Carrying value** | **228,873** | 228,537 |

| | Ningbo Puhong | |
|---|---|---|
| | **For the year ended 31 December 2022** | For the year ended 31 December 2021 |
| | **RMB'000** | RMB'000 |
| **Opening net assets** | **902,896** | 1,279,644 |
| Loss for the year | **(206,345)** | (376,748) |
| **Closing net assets** | **696,551** | 902,896 |
| Interests in joint ventures | **46.17%** | 46.17% |
| **Carrying value** | **321,567** | 416,828 |

## 9 Investments in joint ventures (continued)

**Summarised statement of comprehensive income (continued)**

| | Yangzhou Hengyu | |
|---|---|---|
| | **For the year ended 31 December 2022 RMB'000** | For the year ended 31 December 2021 RMB'000 |
| **Opening net assets** | **1,091,144** | 1,094,070 |
| Loss for the year | **(64,133)** | (2,926) |
| **Closing net assets** | **1,027,011** | 1,091,144 |
| Interests in joint ventures | **30%** | 30% |
| **Carrying value** | **308,103** | 327,343 |

The commitment relating to the Group's interests in joint ventures is presented in Note 35(b).

The contingent liabilities relating to the Group's interests in joint ventures is presented in Note 36.

## 10 INVESTMENTS IN ASSOCIATES

| | Year ended 31 December | |
|---|---|---|
| | **2022 RMB'000** | 2021 RMB'000 |
| At beginning of the year | **998,562** | 1,635,556 |
| Additions (d) | **–** | 20,990 |
| Disposals (c)(e)(f) | **(3,564)** | (460,726) |
| Change from associates to subsidiaries (a)(b) | **(138,215)** | – |
| Reduction of capital contribution from associates | **–** | (231,250) |
| Share of results | **(32,393)** | 33,992 |
| At end of the year | **824,390** | 998,562 |

## 10 INVESTMENTS IN ASSOCIATES (continued)

The particulars of the associates of the Group, all of which are unlisted, are set out as follows:

| Company name | Country/date of incorporation | Paid-in capital 2022 | 2021 | % interests held as at 31 December 2022 | % interests held as at 31 December 2021 | Principal activities |
|---|---|---|---|---|---|---|
| Nanjing Yuning Property Co., Ltd. ("Nanjing Yuning") | 5 December 2016, Jiangsu, the PRC | **RMB60,000,000** | RMB60,000,000 | **17%** | 17% | Property development |
| Ningbo Rong'an Education and Investment Management Co., Ltd. ("Ningbo Rong'an Education") | 1 April 2016, Zhejiang, the PRC | **RMB5,000,000** | RMB5,000,000 | **25%** | 25% | Investment holding |
| Ningbo Jiamu Investment Co., Ltd. ("Ningbo Jiamu") | 4 August 2016, Zhejiang, the PRC | **RMB5,000,000** | RMB5,000,000 | **40%** | 40% | Investment holding |
| Hangzhou Zhenlu Investment Co., Ltd. ("Hangzhou Zhenlu") | 2 December 2016, Zhejiang, the PRC | **RMB600,000,000** | RMB600,000,000 | **7%** | 7% | Investment holding |
| Tropica Development Limited ("Tropica Development") | 31 August 2007, Hongkong, the PRC | **HKD100** | HKD100 | **25%** | 25% | Investment holding |
| Lingtu Education Investment (Beijing) Co., Ltd. | 11 August 2016, Beijing, the PRC | **RMB1,015,620** | RMB1,015,620 | **20%** | 20% | Technology development |
| Shanghai Zhengmin Information Technology Co., Ltd. ("Shanghai Zhengmin") | 28 February 2017, Shanghai the PRC | **Nil** | Nil | **49%** | 49% | Computer information technology development |
| Ningbo Jingfeng Property Co., Ltd. ("Ningbo Jingfeng") | 23 June 2017, Zhejiang, the PRC | **RMB10,000,000** | RMB10,000,000 | **50%** | 50% | Property development |
| Tianjin Xuming Property Co., Ltd. ("Tianjin Xuming") (b) | 7 December 2015, Tianjin, the PRC | **RMB170,000,000** | RMB170,000,000 | **100%** | 50% | Property development |
| Tianjin Ruihui Commercial Management Co., Ltd. ("Tianjin Ruihui") | 5 July 2018, Tianjin, the PRC | **RMB375,000,000** | RMB375,000,000 | **49%** | 49% | Investment holding |
| Yangling Guanghui (Tianjin) Real Estate Development Co., Ltd. ("Yangling Guanghui") | 10 August 2012, Tianjin, the PRC | **RMB607,843,000** | RMB607,843,000 | **49%** | 49% | Property development |
| Shanghai Pinzhai Decoration Technology Co., Ltd. ("Shanghai Pinzhai") (f) | 17 July 2015, Shanghai, the PRC | **RMB22,850,000** | RMB22,850,000 | **23.1%** | 23.1% | Customised decoration |
| SHQ Investment Holdings II Limited ("SHQ") (c)(d) | 17 March 2021, British Virgin Islands | **USD120** | USD120 | **Nil** | 25% | Investment holding |
| Changshu Shengfeng Property Management Co., Ltd. ("Changshu Shengfeng") (a)(d) | 8 August 2014, Jiangsu, the PRC | **RMB1,000,000** | RMB1,000,000 | **70%** | 30% | Property management |

## 10 INVESTMENTS IN ASSOCIATES (continued)

Notes:

(a) In March 2022, the Group acquired the 40% equity interests of Changshu Shengfeng held by the other associate partner at a total consideration of RMB28,000,000. Since then, the Group held 70% equity interests in Changshu Shengfeng, which became a non-wholly owned subsidiary of the Group.

(b) In March 2022, the Group acquired the 50% equity interests of Tianjin Xuming held by the other associate partner at a total consideration of RMB85,000,000. Since then, the Group held 100% equity interests in Tianjin Xuming, which became a wholly owned subsidiary of the Group.

(c) In October 2022, the Group disposed 25% equity interests in SHQ to a third party at a consideration of RMB121,814,000. Losses of RMB12,331,000 on disposal of equity interests was recognised and recorded as other gains (Note 25).

(d) During 2021, certain subsidiaries of the Group further injected, or invested in certain associates, including SHQ and Changshu Shengfeng. The total addition of investments in associates amounted to approximately RMB20,990,000.

(e) In May 2021, the Group transferred 100% equity interest of its wholly-owned subsidiary Nanjing Jingtang Property Co., Ltd. ("Nanjing Jingtang"), which held 30% equity interests of Nanjing Yuesheng, to a third party at a total consideration of RMB97,000,000. The Group recognised a gain from disposal of investments in Nanjing Jingtang amounting to RMB147,902,000.

(f) In April 2021, the Group disposed 5% equity interests of Shanghai Pinzhai to a third party at a consideration of RMB12,500,000. Subsequently, another third party injected capital contribution of RMB30,900,000 to Shanghai Pinzhai to acquire 6.5% equity interests of Shanghai Pinzhai, which had an effective dilution of the Group's interests in Shanghai Pinzhai. After these transactions, the Group still accounted for Shanghai Pinzhai as an associate.

### Summarised financial information for material associates

Set out below are the summarised financial information for Yangling Guanghui, Tianjin Xuming and Tianjin Ruihui which are accounted for using the equity method.

### Summarised balance sheet

| | Yangling Guanghui As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Current** | | |
| Assets | **982,801** | 3,093,043 |
| Liabilities | **(575,788)** | (2,259,034) |
| **Total current net assets** | **407,013** | 834,009 |
| **Non-current** | | |
| Assets | **34,218** | 43,062 |
| Liabilities | **(423)** | (304,224) |
| **Total non-current net (liabilities)/assets** | **33,795** | (261,162) |
| **Net assets** | **440,808** | 572,847 |

## 10 INVESTMENTS IN ASSOCIATES (continued)

### Summarised balance sheet (continued)

| | Tianjin Ruihui As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Current** | | |
| Assets | **590,577** | 552,901 |
| Liabilities | **(176,982)** | (37,098) |
| **Total current net assets** | **413,595** | 515,803 |
| **Non-current** | | |
| Assets | **60** | 55 |
| Liabilities | **–** | (98,400) |
| **Total non-current net liabilities** | **60** | (98,345) |
| **Net assets** | **413,655** | 417,458 |

### Summarised statement of comprehensive income

| | Yangling Guanghui Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Revenue | **2,218,263** | – |
| Loss before income tax | **(43,041)** | (4,831) |
| Income tax expense | **(62,122)** | (105) |
| Post-tax loss | **(105,163)** | (4,936) |
| Other comprehensive income | **–** | – |
| **Total comprehensive loss** | **(105,163)** | (4,936) |
| **Dividends received from associates** | **–** | – |

## 10 INVESTMENTS IN ASSOCIATES (continued)

**Summarised statement of comprehensive income (continued)**

| | Tianjin Ruihui Year ended 31 December 2022 RMB'000 | Tianjin Ruihui Year ended 31 December 2021 RMB'000 |
|---|---|---|
| Revenue | **16,830** | 309,155 |
| (Loss)/profit before income tax | **(3,776)** | 45,702 |
| Income tax expense | **(27)** | (2,253) |
| Post-tax (loss)/profit | **(3,803)** | 43,449 |
| Other comprehensive income | **–** | – |
| **Total comprehensive (loss)/income** | **(3,803)** | 43,449 |
| **Dividends received from associates** | **–** | – |

The information above reflects the amounts presented in the financial statements of the associates, adjusted for differences in accounting policies between the Group and the associates, and not the Group's share of those amounts.

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in associates is as follows:

| | Yangling Guanghui Year ended 31 December 2022 RMB'000 | Yangling Guanghui Year ended 31 December 2021 RMB'000 |
|---|---|---|
| **Opening net assets** | **545,971** | 577,783 |
| Loss for the year | **(105,163)** | (31,812) |
| **Closing net assets** | **440,808** | 545,971 |
| Interests in associates | **49%** | 49% |
| | **215,996** | 267,526 |
| Unrealised profit in connection with the transaction between the Group and an associate | **–** | – |
| **Carrying value** | **215,996** | 267,526 |

## 10 INVESTMENTS IN ASSOCIATES (continued)

**Summarised statement of comprehensive income (continued)**

| | Tianjin Ruihui | |
|---|---|---|
| | Year ended 31 December | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| **Opening net assets** | 417,458 | 374,009 |
| (Loss)/profit for the year | (3,803) | 43,449 |
| Other comprehensive income | – | – |
| **Closing net assets** | 413,655 | 417,458 |
| Interests in associate | 49% | 49% |
| **Carrying value** | 202,691 | 204,554 |

The commitment relating to the Group's interests in associates is presented in Note 35(b).

The contingent liabilities relating to the Group's interests in associates is presented in Note 36.

## 11 Financial instruments by category

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| **Financial assets** | | |
| Trade and other receivables excluding prepayments | 7,868,801 | 9,574,862 |
| Cash and cash equivalents | 670,410 | 2,211,442 |
| Restricted cash | 681,678 | 8,779,513 |
| Financial assets at fair value through other comprehensive income | 492,527 | 456,703 |
| Financial assets at fair value through profit or loss | 1,641,879 | 2,039,730 |
| | 11,355,295 | 23,062,250 |

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| **Financial liabilities** | | |
| Borrowings | 18,412,689 | 21,598,037 |
| Trade and other payables excluding non-financial liabilities | 8,026,801 | 13,006,764 |
| Amounts due to non-controlling interests of subsidiaries | 1,111,322 | 1,498,982 |
| Lease liabilities | 125,598 | 145,137 |
| | 27,676,410 | 36,248,920 |

## 12 Financial assets at fair value through other comprehensive income/at fair value through profit or loss

### (i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

### (ii) Equity investments at fair value through other comprehensive income

| | Year ended 31 December 2022 RMB'000 | Year ended 31 December 2021 RMB'000 |
|---|---|---|
| At beginning of the year | 456,703 | 501,907 |
| Disposals | – | (111,153) |
| Net fair value gains recognised in other comprehensive income (Note 18) | 35,824 | 65,949 |
| At end of the year | 492,527 | 456,703 |
| Less: Non-current portion | (492,527) | (456,703) |
| Current portion | – | – |

Financial assets at fair value through other comprehensive income include the following:

| | As at 31 December 2022 RMB'000 | As at 31 December 2021 RMB'000 |
|---|---|---|
| Unlisted equity securities (a) | 492,527 | 456,703 |

(a) The investments mainly represent the unlisted equity securities, the fair value of which were determined mainly based on the valuation techniques of comparison approach with Price-to-Sales multiple. The fair values are within level 3 of the fair value hierarchy.

Financial assets at fair value through other comprehensive income are denominated in the following currencies:

| | As at 31 December 2022 RMB'000 | As at 31 December 2021 RMB'000 |
|---|---|---|
| RMB | 492,527 | 456,703 |
| | 492,527 | 456,703 |

## 12 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

### (iii) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

- debt investments that do not qualify for measurement at either amortised cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

| | Year ended 31 December 2022 RMB'000 | Year ended 31 December 2021 RMB'000 |
|---|---|---|
| At beginning of the year | 2,039,730 | 2,306,613 |
| Additions | 17,690 | 386,115 |
| Disposals | (35,269) | (775,688) |
| Net fair value (losses)/gains recognised in profit or loss (Note 25) | (380,272) | 122,690 |
| At end of the year | 1,641,879 | 2,039,730 |
| Less: Non-current portion | (855,504) | (1,051,261) |
| **Current portion** | 786,375 | 988,469 |

Financial assets at fair value through profit or loss include the following:

| | As at 31 December 2022 RMB'000 | As at 31 December 2021 RMB'000 |
|---|---|---|
| Unlisted equity securities (a) | 256,100 | 256,100 |
| Debt investments (b) | 195,400 | 195,400 |
| Private fund investments (c) | 1,122,967 | 1,372,670 |
| Wealth management products (d) | 67,412 | 215,504 |
| Listed equity securities (e) | – | 56 |
| | 1,641,879 | 2,039,730 |

## 12 Financial assets at fair value through other comprehensive income/at fair value through profit or loss (continued)

### (iii) Classification of financial assets at fair value through profit or loss (continued)

Notes:

(a) The fair value of unlisted equity securities are based on valuation techniques. The fair value is within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted ratios of the comparable company.

(b) The fair values of debt investments are based on the discounted cash flows. The fair values are within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted discount rate of the cash flows.

(c) The fair values of private fund investments are based on net asset value adjusted based on market prices of portfolio assets in the fund. The fair values are within level 3 of the fair value hierarchy. The significant unobservable inputs are the adjusted net assets price based on market prices of portfolio assets in the fund.

(d) Wealth management products are mainly investments in financial products issued by commercial banks. The fair values of these investments approximated their carrying values as at 31 December 2022 and 2021.

(e) This represented equity interest in listed companies. The fair value of the investment at 31 December 2022 and 2021 was calculated using the quoted market price and is within level 1 of the fair value hierarchy.

Financial assets at fair value through profit of loss are denominated in the following currencies:

| | As at 31 December 2022 RMB'000 | As at 31 December 2021 RMB'000 |
|---|---|---|
| RMB | 387,807 | 538,820 |
| HKD | 60,159 | 115,414 |
| USD | 1,193,913 | 1,385,496 |
| | 1,641,879 | 2,039,730 |

## 13 Prepayments for leasehold land

The Group made prepayments of RMB54,304,000 as at 31 December 2022 (31 December 2021: RMB54,304,000) for the acquisition of leasehold land, which will be transferred to properties under development for sale upon receipt of ownership certificates or commencement of development activities.

## 14 Properties held or under development for sale

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Properties under development for sale | **22,588,313** | 24,371,385 |
| Properties held for sale | **3,480,006** | 5,264,709 |
| | **26,068,319** | 29,636,094 |
| Less: Provision for write-down | **(275,306)** | (72,937) |
| | **25,793,013** | 29,563,157 |

The properties held or under development for sale are all located in the PRC.

Borrowing costs capitalised in properties under development for sale and held for sale for the year ended 31 December 2022 were RMB889,722,000 (2021: RMB1,538,453,000).

The capitalisation rate of borrowings was 10.62% for the year ended 31 December 2022 (2021: 12.28%).

As at 31 December 2022 and 2021, the Group's following properties under development for sale and properties held for sale were pledged as collateral for the Group's borrowings (Note 19).

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Carrying value pledged: | | |
| Properties under development for sale | **8,572,683** | 9,661,441 |
| Properties held for sale | **659,994** | 425,046 |

As at 31 December 2022, properties under development for sale with a total carrying amount of RMB3,013,286,000 (31 December 2021: RMB2,928,318,000) were related to property projects which were not scheduled to complete within one year from reporting period end although pre-sales of some of these properties may occur. The other balances in properties under development for sale as at 31 December 2022 and 2021 were expected to be recovered within one year from respective reporting period end.

## 15 Trade and other receivables and prepayments

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Trade receivables | **795,066** | 501,722 |
| Less: provision for impairment of trade receivables | **(81,347)** | (38,137) |
| Trade receivables – net | **713,719** | 463,585 |
| Amounts due from related parties (Note 39(d)) | **1,321,734** | 1,861,356 |
| Prepaid taxes and surcharges and input value added tax to be deducted (a) | **661,406** | 665,090 |
| Deposits with public housing fund centres (b) | **9,345** | 9,249 |
| Prepayments of construction costs | **209,522** | 25,998 |
| Temporary funding receivables (c) | **140,064** | 114,303 |
| Deposits paid for construction work | **217,083** | 228,035 |
| Amounts due from non-controlling interests (d) | **2,857,653** | 3,913,092 |
| Deposits paid to secure borrowings | **180,477** | 81,183 |
| Prepayments for acquisition of completed properties for sale (e) | **–** | 37,964 |
| Deposits for potential investment | **270,268** | 289,634 |
| Dividend receivables | **20,004** | 34,749 |
| Net leasing investment receivables | **88,714** | 101,132 |
| Receivables from third parties (f) | **1,429,069** | 1,194,675 |
| Receivables in connection with the compensation of demolition costs | **–** | 43,203 |
| Amounts due from related parties of non-controlling interests of a subsidiary | **–** | 474,740 |
| Deposits paid for advanced proceeds received from customers (g) | **248,229** | 152,253 |
| Others | **868,933** | 847,802 |
| Less: provision for impairment of other receivables | **(496,491)** | (139,129) |
| | **8,739,729** | 10,398,914 |
| Less: non-current portion (h) | **(714,701)** | (655,304) |
| | **8,025,028** | 9,743,610 |

## 15 Trade and other receivables and prepayments (continued)

Notes:

(a) Turnover taxes and surcharges are levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised.

(b) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(c) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing, unsecured and repayable on demand.

(d) The balances represents the funding provided to non-controlling interests of certain subsidiaries, which are unsecured, non-interest bearing and repayable on demand.

(e) The balance represents the prepayments paid to third parties for the selling rights of certain completed properties and for decoration work located in Hangzhou.

(f) The balance as at 31 December 2022 includes the loan principal and interest receivable, totaling USD159,943,000 and HKD352,782,000 (totaling equivalent to RMB1,429,069,000) (31 December 2021: USD146,065,000 and HKD322,175,000, equivalent to RMB1,194,675,000), due from third parties, which will be matured in 2023 and 2025, respectively.

(g) The balance represented the deposits paid to local government for the advanced proceeds of properties received from customers in Changzhou.

(h) The balance as at 31 December 2022 includes the long-term portion of the loan principal and interest receivables of RMB634,123,000 (31 December 2021: RMB568,327,000) due from third parties, the long-term portion of net leasing investment receivables of RMB80,578,000 (31 December 2021: RMB86,977,000).

## 15 Trade and other receivables and prepayments (continued)

The aging analysis of trade receivables, based on the property delivery or service rendered date is as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Less than 1 year | **609,794** | 384,807 |
| Between 1 and 2 years | **102,644** | 64,773 |
| Between 2 and 3 years | **68,834** | 43,437 |
| Over 3 years | **13,794** | 8,705 |
| | **795,066** | 501,722 |

Movements on the provision for impairment of trade and other receivables are as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| At beginning of the year | **177,266** | 114,677 |
| Accrual of provision for impairment during the year | **400,572** | 62,589 |
| At end of the year | **577,838** | 177,266 |

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above.

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

Trade and other receivables with a total carrying amount of RMB9,434,000 as at 31 December 2022 (31 December 2021: RMB18,611,000) were pledged as collateral for the Group's borrowings (Note 19).

As at 31 December 2022 and 2021, the carrying amounts of trade and other receivables and prepayments are denominated in below currencies:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| – RMB | **6,824,250** | 8,912,918 |
| – USD | **1,457,980** | 1,129,974 |
| – HKD | **457,499** | 356,022 |
| | **8,739,729** | 10,398,914 |

## 16 Cash at bank and on hand

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Cash at bank and on hand | | |
| – denominated in RMB | **1,304,186** | 10,983,237 |
| – denominated in USD | **44,252** | 5,609 |
| – denominated in HKD | **3,605** | 2,099 |
| – denominated in SGD | **45** | 10 |
| | **1,352,088** | 10,990,955 |

Cash and cash equivalents of the Group were determined as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Cash at bank and on hand | **1,352,088** | 10,990,955 |
| Less: restricted cash | **(681,678)** | (8,779,513) |
| | **670,410** | 2,211,442 |

Restricted cash of the Group comprised of the following:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Deposits as security for property purchasers' mortgage loans (a) | **592** | 11,928 |
| Deposits pledged for borrowings (Note 19) | **–** | 2,592,653 |
| Deposits for advanced proceeds received from property purchasers | **643,154** | 1,251,299 |
| Deposits for letters of guarantee issued for project construction | **–** | 6,045 |
| Deposits for ongoing litigations | **33,145** | 935 |
| Deposits pledged for special financing arrangements (b) | **–** | 4,910,000 |
| Others | **4,787** | 6,653 |
| | **681,678** | 8,779,513 |

## 16 Cash at bank and on hand (continued)

Notes:

(a) These bank deposits are restricted to secure the bank loans taken by certain property purchasers of the Group pursuant to the local regulations of certain cities. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(b) During the year ended 31 December 2021, seven onshore subsidiaries of the Company placed the deposits in the aggregate amount of RMB4,910,000,000 (the "Relevant Deposits") with a bank in the PRC (the "Relevant Bank"). The term of the Relevant Deposits ranged from approximately eight months to twelve months except for one that had a term of more than twelve months.

The arrangement to which the Relevant Deposits was subject involved the pledge of the Deposits to obtain funds from the Relevant Bank. The arrangement is set out below.

(1) The relevant subsidiaries pledged the Relevant Deposits to the Relevant Bank.

(2) Against the pledge, the Relevant Bank issued banker's acceptance to certain trading companies. The trading companies were selected and introduced to the Group by the Relevant Bank. The payees of the banker's acceptance comprised suppliers of these trading companies as the issuer. After receipt of the banker's acceptance, the payees would present the banker's acceptance to another financial institution for payment. The ultimate beneficial owners of the issuers, the payees and the financial institutions are not a related party of the Group.

(3) The payees would remit the amount to certain business partners of the Group, including suppliers or joint venture partners of the Group, which would in turn remit the same amount to subsidiaries of the Group.

(4) The Group was responsible for paying the payees the difference between the stated amount of the banker's acceptance and the actual payment received by the payees on presenting the banker's acceptance. The difference represents the interest that the financial institution would charge for providing the funds to the payees.

(5) Upon maturity of the Relevant Deposits, the Relevant Bank will release the Relevant Deposits and repay the stated amount of the banker's acceptance against the Relevant Deposits.

To ensure that the amount drawn under the banker's acceptance would be remitted to the Group, the Group entered into agreements with the issuer of the banker's acceptance and the relevant business partners of the Group such that senior employees of the Group were physically present when the banker's acceptance was presented for payment and immediately deposited into the accounts controlled by the Group.

Up to the date of approval of these consolidated financial statements, the Relevant Bank has released all the Relevant Deposits against the Group's payment in full of the banker's acceptance.

## 17 Share capital

### (a) Authorised shares

| | Number of authorised shares |
|---|---|
| As at 31 December 2022 and 2021 | 10,000,000,000 |

### (b) Ordinary shares, issued and fully paid and treasury shares

| | Number of ordinary shares | Ordinary shares (nominal value) RMB'000 | Treasury shares RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| As at 31 December 2020 | 1,538,813,213 | 87,813 | (9,573) | 78,240 |
| Share award scheme | – | – | 3,358 | 3,358 |
| As at 31 December 2021 and 1 January 2022 | 1,538,813,213 | 87,813 | (6,215) | 81,598 |
| Share award scheme | – | – | 1,882 | 1,882 |
| As at 31 December 2022 | 1,538,813,213 | 87,813 | (4,333) | 83,480 |

## 18 Reserves

| | Share premium RMB'000 (c) | Treasury shares RMB'000 | Merger reserve RMB'000 (a) | Capital reserve RMB'000 | Share award scheme RMB'000 | Share option scheme RMB'000 | Statutory surplus reserve RMB'000 (b) | Financial assets at fair value through other comprehensive income RMB'000 (d) | Retained earnings RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2022** | 424,007 | (6,215) | 125,481 | 289,155 | 89,481 | 3,197 | 245,437 | 51,484 | 4,728,651 | 5,950,678 |
| **Comprehensive income** | | | | | | | | | | |
| Loss for the year 2022 | – | – | – | – | – | – | – | – | (4,269,792) | (4,269,792) |
| Net changes in fair value of financial assets through other comprehensive income (Note 12) | – | – | – | – | – | – | – | 35,824 | – | 35,824 |
| Taxes on fair value changes on financial assets through other comprehensive income (Note 22) | – | – | – | – | – | – | – | (8,974) | – | (8,974) |
| **Total comprehensive income for the year 2022** | – | – | – | – | – | – | – | 26,850 | (4,269,792) | (4,242,942) |
| **Transactions with owners** | | | | | | | | | | |
| Changes in ownership interests in subsidiaries without change of control (Note 37) | – | – | – | (2,588) | – | – | – | – | – | (2,588) |
| Share award scheme (Note 31) | – | 1,882 | – | – | (1,171) | – | – | – | – | 711 |
| | – | 1,882 | – | (2,588) | (1,171) | – | – | – | – | (1,877) |
| **Balance at 31 December 2022** | 424,007 | (4,333) | 125,481 | 286,567 | 88,310 | 3,197 | 245,437 | 78,334 | 458,859 | 1,705,859 |

## 18 Reserves (continued)

| | Share premium RMB'000 (c) | Treasury shares RMB'000 | Merger reserve RMB'000 (a) | Capital reserve RMB'000 | Share award scheme RMB'000 | Share option scheme RMB'000 | Statutory surplus reserve RMB'000 (b) | Financial assets at fair value through other comprehensive income RMB'000 (d) | Retained earnings RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | 744,621 | (9,573) | 125,481 | 309,727 | 92,244 | 2,955 | 245,437 | (33,266) | 4,601,108 | 6,078,734 |
| **Comprehensive income** | | | | | | | | | | |
| Profit for the year 2021 | – | – | – | – | – | – | – | – | 127,543 | 127,543 |
| Net changes in fair value of financial assets through other comprehensive losses (Note 12) | – | – | – | – | – | – | – | 65,949 | – | 65,949 |
| Taxes on fair value changes on financial assets through other comprehensive income (Note 22) | – | – | – | – | – | – | – | 18,801 | – | 18,801 |
| **Total comprehensive income for the year 2021** | – | – | – | – | – | – | – | 84,750 | 127,543 | 212,293 |
| **Transactions with owners** | | | | | | | | | | |
| Dividends (Note 33) | (320,614) | – | – | – | – | – | – | – | – | (320,614) |
| Changes in ownership interests in subsidiaries without change of control (Note 37) | – | – | – | (20,572) | – | – | – | – | – | (20,572) |
| Share award scheme (Note 31) | – | 3,358 | – | – | (2,763) | – | – | – | – | 595 |
| Share option scheme (Note 31) | – | – | – | – | – | 242 | – | – | – | 242 |
| | (320,614) | 3,358 | – | (20,572) | (2,763) | 242 | – | – | – | (340,349) |
| **Balance at 31 December 2021** | 424,007 | (6,215) | 125,481 | 289,155 | 89,481 | 3,197 | 245,437 | 51,484 | 4,728,651 | 5,950,678 |

## 18 Reserves (continued)

Notes:

(a) Merger reserve

Merger reserve represent the difference of aggregate consideration paid by the Group for the acquisition of subsidiaries pursuant to the reorganisation in 2013 and the aggregate capital of the subsidiaries acquired, after elimination of investment in subsidiaries.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, these subsidiaries registered in the PRC shall appropriate 10% of its annual statutory profit (after offsetting any prior years' losses) to the statutory surplus reserve ("SSR") account. When the balance of SSR reaches 50% of the registered capital/share capital of these subsidiaries, any further appropriation is optional. The SSR can be utilised to offset prior years' losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

(c) Under the Cayman Companies Law, the share premium account may be applied by the Company for paying distributions or dividends to shareholders if immediately following the date on which the Company proposes to distribute the dividend, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. Details of the proposed final dividend are set out in Note 33.

(d) Financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in Note 2.14. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

## 19 Borrowings

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Borrowings included in non-current liabilities | | |
| – Bank loans, secured (a) | **4,347,950** | 5,529,006 |
| – Other loans, secured (k) | **963,500** | 1,129,034 |
| – Trust financing arrangements, secured (b) | **1,410,412** | 2,003,400 |
| – Senior notes due 2022, secured, issued in July 2019 (c) | **1,810,796** | 1,652,591 |
| – Senior notes due 2022, secured, issued in March 2020 (d) | **88,241** | 1,210,478 |
| – Senior notes due 2022, secured, issued in June 2020 (e) | **1,044,946** | 953,456 |
| – Senior notes due 2023, issued in November 2020 and March 2021, secured (f) | **2,437,084** | 2,226,420 |
| – Senior notes due 2023, issued in April 2021 and May 2021 and August 2021, secured (g) | **1,667,431** | 1,521,498 |
| – Senior notes due 2024, secured, issued in September 2021 (h) | **1,148,781** | 1,050,994 |
| – Senior notes due 2023, issued in March 2022, secured (d) | **1,171,168** | – |
| – Senior notes due 2023, issued in April 2022, secured (d) | **138,358** | – |
| – Corporate bonds due August 2024 (i) | **351,214** | 341,749 |
| – Corporate bonds due May 2024 (j) | **1,344,707** | 1,341,286 |
| | **17,924,588** | 18,959,912 |
| Less: Current portion of long-term borrowings | **(12,808,612)** | (8,290,214) |
| | **5,115,976** | 10,669,698 |
| Borrowings included in current liabilities | | |
| – Bank loans, secured (a) | **488,101** | 2,502,906 |
| – Other loans, secured (k) | **–** | 25,219 |
| – Trust financing arrangements, secured (b) | **–** | 110,000 |
| | **488,101** | 2,638,125 |
| Add: Current portion of long-term borrowings | **12,808,612** | 8,290,214 |
| | **13,296,713** | 10,928,339 |

Notes:

(a) The Group's bank borrowings are secured by properties held or under development for sale (Note 14), trade and other receivables (Note 15), investment properties (Note 7) and bank deposits (Note 16) of the Group or guaranteed by subsidiaries of the Company.

(b) These borrowings are mainly obtained through trust arrangements with trust financing companies. Borrowings under trust financing arrangements are secured by investment properties (Note 7), certain properties held or under development for sale (Note 14) and shares of certain subsidiaries of the Group or guaranteed by subsidiaries of the Company. Under the conventional loan trust financing arrangements, these trust financing companies provide loans to the Group through loan agreements entered into with the Group.

## 19 Borrowings (continued)

Notes: (continued)

(c) Senior notes due 2022, issued in July 2019

In July 2019, the Company issued 3-year senior notes with principal amount of USD260,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 25 July 2019 at 12% per annum payable semi-annually in arrears, and are due for repayment on 25 July 2022. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 25 July 2022, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The Group purchased back part of senior notes due 2022, issued in July 2019 in the aggregate principal amount of USD500,000 with unpaid accrued interest in 2020.

The Company has not repaid the principal and interest due on 25 July 2022 for the senior notes, which constitutes an event of default, and has engaged a financial advisor to carry out the restructuring of USD debt (Note 2.1).

## 19 Borrowings (continued)

Notes: (continued)

(d) Senior notes due 2022, issued in March 2020, and senior notes due 2023, issued in March 2023

In March 2020, the Company issued 2-year senior notes with principal amount of USD190,000,000, which were listed on the Singapore Exchange Securities Trading Limited. These notes are denominated in USD, and bear interest from 11 March 2020 at 12.75% per annum payable semi–annually in arrears, and are due for repayment on 11 March 2022 ("Notes Due March 2023").

The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 11 March 2022, the Company may at its option redeem the whole or a portion of Notes Due March 2023 at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

On 22 February 2022, the Company commenced an exchange offer to the bond holders of Notes Due March 2022. On 9 March 2022, a total amount of USD175,330,000 (representing approximately 92.28% of the aggregate principal amount of outstanding existing notes) has been validly exchanged for new senior notes of USD171,113,500 due on 9 September 2023 with an annual interest rate of 12.75% ("Notes Due September 2023").

In connection with the exchange offer, on 9 March 2022, the Company also successfully solicited consents (the "Consent Solicitation") from holders of all its other outstanding senior notes such that the events of default provisions under each of them will carve out any cross-default events arising directly or indirectly from any defaults or events of default under the Notes Due March 2022.

On 21 April 2022, the Company issued USD19,900,000 Notes Due September 2023, including USD1,900,000 issued upon the acceptance of the exchange for USD2,000,000 Notes Due March 2022 pursuant to the conditions of the exchange offer dated February 2022, to be consolidated and form a single series with the USD171,113,500 Notes Due September 2023 issued on 9 March 2022.

At any time and from time to time prior to 9 September 2023, the Company may at its option redeem the whole or a portion of Notes Due September 2023 at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options of Notes Due September 2023 are regarded as embedded derivatives not closely related to the host contract. The board of directors of the Group is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2022.

The Company has not repaid the remaining USD12,670,000 of the principal and its interest of Notes Due March 2022 and the interest due on 9 September 2022 and 9 March 2023 for Notes Due September 2023, which constitutes an event of default, and has engaged a financial advisor to carry out the restructuring of USD debt (Note 2.1).

(e) Senior notes due 2022, issued in June 2020

In June 2020, the Company issued 2.25-year senior notes with principal amount of USD150,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 26 June 2020 at 12% per annum payable semi-annually in arrears, and are due for repayment on 26 September 2022. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 26 September 2022, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The Company has not repaid the interest due on 26 March 2022 and the principal and interest due on 26 September 2022 for the senior notes, which constitutes an event of default, and has engaged a financial advisor to carry out the restructuring of USD debt (Note 2.1).

## 19 Borrowings (continued)

Notes: (continued)

(f) Senior notes due 2023, issued in November 2020 and March 2021

In November 2020, the Company issued 2.25-year senior notes with principal amount of USD240,000,000, USD142,815,000 of which are senior notes issued pursuant to the exchange offer with respect to the senior notes due 2021, issued in April 2018, including the principal amount of USD20,000,000 exchanged by Beyond Wisdom Limited (Note (c)). The senior notes due 2023, issued in November 2020 were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 19 November 2020 at 14.5% per annum payable semi-annually in arrears, and are due for repayment on 19 February 2023.

In March 2021, the Company issued 1.92-year senior notes with principal amount of USD110,000,000, which were consolidated and form a single series with the USD240,000,000 14.5% senior notes due 2023 issued by the Company in November 2020 and listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 19 March 2021 at 14.5% per annum payable semi-annually in arrears, and are due for repayment on 19 February 2023.

The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 19 February 2023, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The Company has not repaid the interest due on 19 May 2022 and 19 November 2022 and the principal and interest due on 19 February 2023 for the senior notes, which constitutes an event of default, and has engaged a financial advisor to carry out the restructuring of USD debt (Note 2.1).

(g) Senior notes due 2023, issued in April 2021 and May 2021 and August 2021

In April 2021, the Company issued 2.5-year senior notes with principal amount of USD157,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 26 April 2020 at 12.5% per annum payable semi-annually in arrears, and are due for repayment on 26 October 2023.

In May 2021, the Company issued 2.44-year senior notes with principal amount of USD33,000,000, which were consolidated and form a single series with our outstanding USD157,000,000 12.5% senior notes due 2023 issued in April 2021 and listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 17 May 2021 at 12.5% per annum payable semi-annually in arrears, and are due for repayment on 26 October 2023.

In August 2021, the Company issued 2.19-year senior notes with principal amount of USD50,000,000, which were consolidated and form a single series with our outstanding USD157,000,000 12.5% senior notes due 2023 issued in April 2021 and USD33,000,000 12.5% senior notes due 2023 issued in May 2021 and listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 17 August 2021 at 12.5% per annum payable semi-annually in arrears, and are due for repayment on 26 October 2023.

The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 26 October 2023, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Group are of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2022.

The Company has not repaid the interest due on 26 April 2022 and 26 October 2022 for the senior notes, which constitutes an event of default, and has engaged a financial advisor to carry out the restructuring of USD debt (Note 2.1).

## 19 Borrowings (continued)

Notes: (continued)

(h) Senior notes due 2024, issued in September 2021

In September 2021, the Company issued 2.33-year senior notes with principal amount of USD165,000,000, which were listed on the Stock Exchange. These notes are denominated in USD, and bear interest from 28 September 2021 at 12.0% per annum payable semi-annually in arrears, and are due for repayment on 28 January 2024.

The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

At any time and from time to time prior to 28 January 2024, the Company may at its option redeem the whole or a portion of the senior notes at redemption prices agreed in the terms, plus accrued and unpaid interest up to the redemption date.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Group are of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2022.

The Company has not repaid the interest due on 28 March 2022, 28 September 2022 and 28 March 2023 for the senior notes, which constitutes an event of default, and has engaged a financial advisor to carry out the restructuring of USD debt (Note 2.1).

(i) Corporate bonds due August 2024

In August 2019, the Group issued five-year corporate bonds with principal amount of RMB500,000,000 ("Corporate bonds due August 2024"), which were listed on the Shanghai Stock Exchange. The corporate bonds due August 2024 are denominated in RMB, and bear interest rate at 7.00% per annum, payable annually in arrears.

The Group purchased back Corporate bonds due August 2024 in the net principal amount of RMB157,740,000 with unpaid accrued interest in 31 December 2022.

(j) Corporate bonds due May 2024

In May 2021, the Group issued three-year corporate bonds with principal amount of RMB1,350,000,000 ("Corporate bonds due May 2024"), which were listed on the Shanghai Stock Exchange. The corporate bonds due May 2024 are denominated in RMB, and bear interest rate at 7.20% per annum for the first two years, payable annually in arrears.

According to the terms of corporate bonds due May 2024, the Group may at its option to adjust the coupon rate of the corporate bonds due May 2024 at the end of the first two years. Meanwhile, The bondholders may at their option to sell the whole or a portion of the bonds at nominal value of the bonds to the Group at the end of the first two years.

(k) Other loans

Other loans, mainly including the loans from other financial institutions, are secured by properties held or under development for sale, investment properties, trade and other receivables, equity interests in the subsidiaries of the Company and guaranteed by a subsidiary of the Company. Included in other loans, there is a commercial mortgage backed securitisation which was issued in July 2018 and is due on 28 November 2029 with principal amount of RMB720,000,000 including priority tranche of RMB684,000,000 with an annual interest rate at 5.50% and posterior tranche of RMB36,000,000 which were subscribed by the Group. The commercial mortgage backed securitisation are guaranteed by certain subsidiaries and secured by the investment properties of Beijing San Quan Apartment (Note 8) and accounts receivables of rental income generated from Beijing San Quan Apartment (Note 15). The commercial mortgage backed securitisation are denominated in RMB, and bear the above interest rate per annum for the second three years, payable quarterly in arrears.

## 19 Borrowings (continued)

The maturity of non-current borrowings at the reporting dates is as follows:

| | As at 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|
| Between 1 and 2 years | **4,273,976** | 7,642,118 |
| Between 2 and 5 years | **45,000** | 2,861,580 |
| Above 5 years | **797,000** | 166,000 |
| | **5,115,976** | 10,669,698 |

The range of effective interest rates as at 31 December 2022 and 2021 were as follows:

| | As at 31 December 2022 | 2021 |
|---|---|---|
| Bank and other loans | **3.65%-14.5%** | 0.65%-12.0% |
| Trust financing arrangements | **9.75%-11.5%** | 5.6%-12.0% |

The cost of financing of the trust financing arrangements includes the interest costs and administrative fees, such as arrangement or consultancy fees and trustee fees.

As at 31 December 2022 and 2021, the fair values for borrowings approximate their carrying amounts.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity whichever is the earlier date is as follows:

| | 6 months or less RMB'000 | 6 – 12 months RMB'000 | 1 – 5 years RMB'000 | Over 5 years RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| Borrowings included in non-current liabilities: | | | | | |
| As at 31 December 2022 | – | – | 4,318,976 | 797,000 | 5,115,976 |
| As at 31 December 2021 | 486,000 | 480,000 | 9,703,698 | – | 10,669,698 |
| Borrowings included in current liabilities: | | | | | |
| As at 31 December 2022 | 5,084,345 | 8,212,368 | – | – | 13,296,713 |
| As at 31 December 2021 | 6,202,038 | 4,726,301 | – | – | 10,928,339 |

## 19 Borrowings (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies:

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| RMB | 8,722,143 | 10,989,424 |
| USD | 9,506,806 | 10,351,888 |
| HKD | 183,740 | 256,725 |
| | 18,412,689 | 21,598,037 |

## 20 Trade and other payables

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Trade payables | 2,619,847 | 4,569,378 |
| Notes payable | 16,201 | 100,857 |
| Amounts due to related parties (Note 39(d)(ii)) | 1,614,983 | 2,231,294 |
| Turnover taxes payable | 1,027,533 | 1,256,657 |
| Electricity fee and cleaning fee collected on behalf | 57,739 | 105,093 |
| Deed tax collected on behalf | 2,470 | 3,445 |
| Accrued payroll | 39,343 | 35,394 |
| Interest payable | 1,367,413 | 380,855 |
| Temporary funding payable | 63,941 | 849,943 |
| Construction deposits received from suppliers | 47,863 | 48,387 |
| Deposits received from customers | 123,382 | 428,310 |
| Consideration payables for acquisition | 69,510 | 304,141 |
| Dividend payable to non-controlling interests of certain subsidiaries | 223,582 | 286,138 |
| Amount received in connection with the transferring the right of collection of future receivables (a) | – | 107,656 |
| Payable to related parties of non-controlling interests of subsidiaries (b) | 305,320 | 884,441 |
| Deposits received in connection with cooperation with third parties for property development and property investment | 54,567 | 389,386 |
| Payables for acquisition of equity investments (c) | 1,131,360 | 1,596,778 |
| Payables to third parties | 126,260 | 76,027 |
| Consideration received in advance for disposal of an investment property | – | 45,266 |
| Others | 202,363 | 599,369 |
| | 9,093,677 | 14,298,815 |
| Less: non-current portion | – | (1,034,876) |
| | 9,093,677 | 13,263,939 |

## 20 Trade and other payables (Continued)

Notes:

(a) The balance as at 31 December 2022 and 2021 represents the consideration received from a third party in connection with the transferring the right of collection of certain future trade receivables for the remaining receipts from sales of properties.

(b) The balance represents the payables to related parties of non-controlling interests of certain subsidiaries which are unsecured, non-interest bearing and repayable on demand.

(c) The balance represents the interest-bearing payables relating to the acquisition of equity interests in certain subsidiaries, joint ventures and associates by the Group from independent third parties. The interest rate is approximately ranging from 7.93% – 11.06% per annum.

The aging analysis of trade payables and notes payable, based on the invoice date or service rendered date are as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Less than 1 year | **2,209,209** | 4,177,532 |
| Between 1 and 2 years | **219,800** | 229,376 |
| Between 2 and 3 years | **169,159** | 203,854 |
| Over 3 years | **37,880** | 59,473 |
| | **2,636,048** | 4,670,235 |

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

As at 31 December 2022 and 31 December 2021, the carrying amounts of trade and other payables are denominated in below currencies:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| RMB | **7,979,088** | 13,800,148 |
| USD | **1,103,516** | 467,191 |
| HKD | **11,073** | 31,476 |
| | **9,093,677** | 14,298,815 |

## 21 Amounts due to non-controlling interests of subsidiaries

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Amounts due to non-controlling interests of subsidiaries | **1,111,322** | 1,498,982 |

The balance as at 31 December 2022 includes amounts of RMB103,224,000 (31 December 2021: RMB103,224,000), which were the outstanding principal balance of shareholder's loan of Tianjin Huajing Property Co., Ltd. ("Tianjin Huajing"), a non-controlling shareholder, to Tianjin Ruijun Real Estate Development Co., Ltd. ("Tianjin Ruijun"), a subsidiary of the Group. This shareholder's loan was guaranteed by Jingrui Properties (Group) Co., Ltd., ("Jingrui Properties") which was another subsidiary of the Group, and was secured over Tianjin Jingrui Yuexitai Project, and repayable on demand with an annual interest rate of 12%.

The balance as at 31 December 2022 includes amounts of RMB17,493,000 (31 December 2021: RMB17,493,000), which were the outstanding principal balance of shareholder's loan from Tianjin Huajing, a non-controlling shareholder, to Tianjin Ruijun, a subsidiary of the Group. The shareholder's loan was unsecured and repayable on demand with an annual interest rate of 4.75%.

As at 31 December 2022 and 31 December 2021, save as aforesaid interest-bearing shareholder's loan, the fundings from non-controlling interests of certain subsidiaries for their operational purpose in property development are unsecured, non-interest bearing and repayable on demand.

## 22 Deferred income tax

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Deferred tax assets to be recovered | | |
| – within 12 months | **373,757** | 321,497 |
| – after 12 months | **229,843** | 107,847 |
| | **603,600** | 429,344 |
| Deferred tax liabilities to be settled | | |
| – within 12 months | **(323,655)** | (353,460) |
| – after 12 months | **(738,496)** | (818,412) |
| | **(1,062,151)** | (1,171,872) |
| Deferred tax liabilities, net | **(458,551)** | (742,528) |

## 22 Deferred income tax (continued)

The gross movement on the deferred income tax account is as follows:

| | Year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Opening balance | (742,528) | (1,125,167) |
| Addition arising from acquisition of subsidiaries (Note 38) | – | 9,167 |
| Charged to disposal of subsidiaries | 35,719 | 75,087 |
| Charged to the consolidated income statement (Note 30) | 257,232 | 279,584 |
| Addition arising from other comprehensive income (Note 18) | (8,974) | 18,801 |
| Ending balance | (458,551) | (742,528) |

As at 31 December 2022, RMB29,905,000 (31 December 2021: RMB29,905,000) of deferred income tax assets and deferred income tax liabilities were offset.

The movement in deferred income tax assets and liabilities for both years ended 31 December 2022 and 2021 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

### Deferred income tax assets

| | Tax losses RMB'000 | Provision for impairment of properties held for sale and receivables RMB'000 | Elimination of inter-company transactions RMB'000 | Temporary difference on recognition of sales and cost of sales RMB'000 | Accruals RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| At 1 January 2022 | 103,434 | 30,586 | 5,548 | 315,054 | 4,628 | 459,250 |
| Credited/(charged) to the consolidated income statement | 13,896 | 161,784 | (1,425) | – | – | 174,255 |
| At 31 December 2022 | 117,330 | 192,370 | 4,123 | 315,054 | 4,628 | 633,505 |

## 22 Deferred income tax (continued)

### Deferred income tax assets (continued)

| | Tax losses RMB'000 | Provision for impairment of properties held for sale and receivables RMB'000 | Elimination of inter-company transactions RMB'000 | Temporary difference on recognition of sales and cost of sales RMB'000 | Accruals RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| At 1 January 2021 | 75,310 | 2,247 | 10,173 | 206,310 | 10,327 | 304,367 |
| Addition arising from acquisition of subsidiaries | – | 10,967 | – | 86,861 | 1,934 | 99,762 |
| Disposal of a subsidiary | – | (10,732) | – | – | – | (10,732) |
| Credited/(charged) to the consolidated income statement | 28,124 | 28,104 | (4,625) | 21,883 | (7,633) | 65,853 |
| At 31 December 2021 | 103,434 | 30,586 | 5,548 | 315,054 | 4,628 | 459,250 |

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group did not recognise deferred income tax assets of RMB1,253,065,000 (31 December 2021: RMB689,575,000) in respect of tax losses amounting to RMB5,012,258,000 (31 December 2021: RMB2,758,298,000 ) as at 31 December 2022. All these tax losses will expire within five years.

## 22 Deferred income tax (continued)

### Deferred income tax liabilities

| | Temporary difference on recognition of fair value gains RMB'000 | Temporary difference on recognition of cost of sales and expenses RMB'000 | Undistributed profits of PRC subsidiaries RMB'000 | Acquisition of subsidiaries RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| At 1 January 2022 | **369,938** | **240,527** | **16,524** | **574,789** | **1,201,778** |
| Disposal of a subsidiary | **–** | **–** | **–** | **(35,719)** | **(35,719)** |
| Charged to the consolidated income statement | **(43,813)** | **(39,164)** | **–** | **–** | **(82,977)** |
| Credited to other comprehensive income (Note 18) | **8,974** | **–** | **–** | **–** | **8,974** |
| At 31 December 2022 | **335,099** | **201,363** | **16,524** | **539,070** | **1,092,056** |
| | | | | | |
| At 1 January 2021 | 386,004 | 264,539 | 16,524 | 762,467 | 1,429,534 |
| Addition arising from acquisition of subsidiaries | – | 1,800 | – | 88,795 | 90,595 |
| Disposal of a subsidiary | – | (4,535) | – | (81,284) | (85,819) |
| Credited to the consolidated income statement | 2,735 | (21,277) | – | (195,189) | (213,731) |
| Credited to other comprehensive income (Note 18) | (18,801) | – | – | – | (18,801) |
| At 31 December 2021 | 369,938 | 240,527 | 16,524 | 574,789 | 1,201,778 |

Deferred income tax arose as a result of differences in timing of recognition of certain revenues, costs and expenses between the tax based accounts and the financial statements prepared in accordance with HKFRSs. This constitutes temporary differences, being the differences between the carrying amounts of the assets or liabilities in the consolidated balance sheets and their tax bases, in accordance with HKAS 12.

## 23 Revenue

Revenue of the Group consists of the following:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **Revenue from contracts with customers recognised at a point in time** | | |
| – Sales of properties | **6,807,914** | 12,150,385 |
| – Others | **84,592** | 56,649 |
| | **6,892,506** | 12,207,034 |
| **Revenue from contract with customers recognised over time** | | |
| – Property management service | **780,091** | 723,098 |
| – Decoration of properties | **–** | 380,475 |
| | **780,091** | 1,103,573 |
| **Rental income** | **235,309** | 241,037 |
| | **7,907,906** | 13,551,644 |

## 24 Other income

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Government grants | **15,394** | 17,232 |
| Compensation income | **4,816** | 3,342 |
| | **20,210** | 20,574 |

## 25 Other (losses)/gains, net

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Gains from re-measurement of the existing interests in a joint venture upon obtaining of control | **22,461** | – |
| Net foreign exchange gains/(losses) | **73,493** | (73,023) |
| Fair value (losses)/gains from financial assets at fair value through profit or loss (Note 12) | **(380,272)** | 122,690 |
| Investment income from financial assets at fair value through profit or loss | **9,255** | 56,412 |
| Investment income from financial assets at fair value through other comprehensive income | **–** | 14,389 |
| Gains from disposal of property, plant and equipment | **228** | 310 |
| Changes in fair values of derivative financial instrument | **–** | 25,600 |
| (Losses)/gains from disposal of shares in an associate | **(12,331)** | 1,061 |
| (Losses)/gains from disposal of shares in subsidiaries (Note 38(h)(i)) | **(316,151)** | 156,584 |
| Compensation and late payment charges | **(29,382)** | (110,605) |
| Others | **9,480** | 2,795 |
| | **(623,219)** | 196,213 |

## 26 Expenses by nature

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

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Cost of properties sold | **6,945,936** | 10,280,739 |
| Cost of properties management | **502,131** | 515,168 |
| Cost of design and decoration of properties | **–** | 93,203 |
| Surcharges | **38,065** | 54,569 |
| Accrual of provision for write-down of properties held or under development for sale | **246,566** | 71,931 |
| Depreciation of property, plant and equipment (Note 6) | **25,270** | 20,110 |
| Amortisation of intangible assets (Note 8) | **5,115** | 1,471 |
| Bank charges | **25,300** | 12,731 |
| Staff costs (Note 28) | **436,500** | 495,076 |
| Entertainment expenses | **17,178** | 28,899 |
| Stamp duty and other taxes | **26,333** | 29,070 |
| Professional fees | **140,940** | 127,499 |
| Auditors' remuneration | | |
| – annual audit and interim review | **5,300** | 4,120 |
| – non-audit services | **–** | 2,700 |
| Sales commission | **183,263** | 152,962 |
| Advertising and publicity costs | **46,010** | 96,990 |
| Office and meeting expenses | **35,369** | 49,663 |
| Rental expenses (Note 6) | **7,753** | 8,003 |
| Travelling expenses | **3,939** | 16,860 |
| Net impairment losses on financial assets (Note 15) | **400,572** | 62,589 |
| Impairment losses on goodwill (Note 8) | **–** | 28,258 |
| Other expenses | **184,166** | 190,287 |
| Total cost of sales, selling and marketing costs and administrative expenses | **9,275,706** | 12,342,898 |

Employees in the Group's subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal governments. The Group's subsidiaries in Mainland China contribute funds which are calculated on certain percentage of the average employee salary, subject to a certain ceiling, as agreed by municipal governments to the scheme to fund the retirement benefits of the employees.

The Group's subsidiaries in Hong Kong contribute funds which are calculated on fixed rate of the employee salary of current month subject to a certain ceiling.

Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees.

As at 31 December 2022 and 2021, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

## 27 Finance costs – net

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Finance income | | |
| – Interest income on bank deposits and financial assets | **299,290** | 335,945 |
| – Net foreign exchange gains on financing activities | **–** | 254,393 |
| | **299,290** | 590,338 |
| Finance costs | | |
| – Interest on financing arrangements | **(2,124,881)** | (2,385,172) |
| – Net foreign exchange loss on financing activities | **(883,959)** | – |
| – Interest on lease liabilities (Note 6) | **(10,300)** | (12,439) |
| – Less: amount capitalised | **889,722** | 1,538,453 |
| | **(2,129,418)** | (859,158) |
| Finance costs – net | **(1,830,128)** | (268,820) |

## 28 Staff costs (including directors' emoluments)

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Wages and salaries | **389,854** | 421,623 |
| Pension | **6,758** | 13,121 |
| Other welfare benefit expenses | **39,177** | 59,495 |
| Share award scheme (Note 31) | **711** | 595 |
| Share option scheme (Note 31) | **–** | 242 |
| | **436,500** | 495,076 |

## 29 Benefits and interests of directors

### (a) Directors' and chief executive's emoluments

The remuneration of each director and the chief executive is set out below:

| Name of director | Fees | Salaries and other allowances | Discretionary bonus | Employer's contribution to a retirement benefit scheme | Share award scheme | Share option scheme | Total |
|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Year ended 31 December 2022: | | | | | | | |
| Chen Xin Ge (陳新戈) (ii) | – | – | – | – | – | – | – |
| Yan Hao (閆浩) (i)(ii) | – | 1,315 | – | 77 | – | – | 1,392 |
| Xu Hai Feng (徐海峰) (ii) | – | 1,870 | – | 77 | 235 | – | 2,182 |
| Chen Chao (陳超) (ii) | – | 1,567 | – | 77 | 872 | – | 2,516 |
| Han Jiong (韓炯) (iii) | 263 | – | – | – | – | – | 263 |
| Qian Shi Zheng (錢世政) (iii) | 263 | – | – | – | – | – | 263 |
| Lo Wing Yan (盧永仁) (iii) | 263 | – | – | – | – | – | 263 |
| | 789 | 4,752 | – | 231 | 1,107 | – | 6,879 |
| Year ended 31 December 2021: | | | | | | | |
| Chen Xin Ge (陳新戈) (ii) | – | – | – | – | – | – | – |
| Yan Hao (閆浩) (i)(ii) | – | 1,514 | 2,129 | 72 | – | – | 3,715 |
| Xu Hai Feng (徐海峰) (ii) | – | 2,543 | – | 72 | 488 | 30 | 3,133 |
| Chen Chao (陳超) (ii) | – | 1,734 | 1,512 | 72 | 1,095 | – | 4,413 |
| Han Jiong (韓炯) (iii) | 256 | – | – | – | – | – | 256 |
| Qian Shi Zheng (錢世政) (iii) | 256 | – | – | – | – | – | 256 |
| Lo Wing Yan (盧永仁) (iii) | 256 | – | – | – | – | – | 256 |
| | 768 | 5,791 | 3,641 | 216 | 1,583 | 30 | 12,029 |

## 29 Benefits and interests of directors (continued)

### (a) Directors' and chief executive's emoluments (continued)

Notes:

(i) The chief executive of the Company is Yan Hao, who is also one of the executive directors of the Company.

(ii) Yan Hao and Chen Xin Ge were appointed as the executive directors of the Company in October 2013. In October 2022, the Company renewed the service agreement with Yan Hao for a fixed term of three years commencing on 31 October 2022. Pursuant to the service agreement, the service agreement renewed between Chen Xin Ge and the Company was automatically renewed upon the expiry of the term on 31 October 2022 until 30 March 2023 at which time Chen Xin Ge resigned as an executive director of the Company and concurrently, on 30 March 2023, Chen Xin Ge was appointed as a non-executive director of the Company and signed a letter of appointment with the Company for a fixed term of three years commencing from 30 March 2023.

Xu Hai Feng was appointed as executive director of the Company. In March 2021, the Company has renewed the service agreement with Xu Hai Feng for a further term of three years commencing from 15 March 2021.

Chen Chao was appointed as executive director of the Company. In March 2022, the Company has renewed the service agreement with Mr. Chen Chao for a further term of three years commencing from 30 March 2022.

(iii) Han Jiong (韓炯), Qian Shi Zheng (錢世政) and Lo Wing Yan (盧永仁) were appointed as independent non-executive directors of the Company. In October 2022, the Company entered into a renewed letter of appointment with each of independent non-executive directors for a further term of three years commencing from 31 October 2022.

### (b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group during the year ended 31 December 2022 include three (2021: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2021: two) individuals are as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Basic salaries, housing allowances, other allowances, share award, share option and benefits in kind | **2,704** | 3,000 |
| Bonuses | **–** | 1,152 |
| | **2,704** | 4,152 |

## 29 Benefits and interests of directors (continued)

### (b) Five highest paid individuals (continued)

The emoluments fell within the following bands:

| | Number of individuals | |
|---|---|---|
| | **2022** | 2021 |
| Emoluments bands (in Hong Kong dollar) | | |
| HKD1,000,000 and below | **–** | – |
| HKD1,000,001 – HKD1,500,000 | **1** | 1 |
| HKD1,500,001 – HKD2,000,000 | **1** | 1 |
| | **2** | 2 |

**(c)** During the year ended 31 December 2022, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2021: Nil).

During the year ended 31 December 2022, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2021: Nil).

During the year ended 31 December 2022, no consideration was provided to or receivable by third parties for making available director's services (2021: Nil).

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the years ended 31 December 2022 and 2021.

## 30 Income tax expense

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Current income tax | | |
| – PRC land appreciation tax | **225,236** | 256,954 |
| – PRC corporate income tax | **218,435** | 669,075 |
| | **443,671** | 926,029 |
| Deferred income tax (Note 22) | **(257,232)** | (279,584) |
| Total income tax charged for the year | **186,439** | 646,445 |

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| (Loss)/profit before income tax | **(4,091,441)** | 1,040,259 |
| PRC land appreciation tax | **(225,236)** | (256,954) |
| | **(4,316,677)** | 783,305 |
| Income tax calculated at statutory rate of 25% | **(1,079,169)** | 195,826 |
| The difference from income tax calculated at statutory rate | **–** | (5,525) |
| Effect of expenses not deductible for income tax purposes | **382,327** | 183,115 |
| Share of results of joint ventures and associates | **28,813** | 38,842 |
| Income not subject to tax | **(25,633)** | (47,835) |
| Utilisation of previously unrecognised tax losses | **(3,693)** | (74,882) |
| Tax losses and temporary differences not recognised as deferred tax assets | **563,490** | 193,318 |
| PRC land appreciation tax and other tax on change in fair value | **95,068** | (124,490) |
| PRC land appreciation tax deductible for calculation of income tax purpose | **–** | 31,122 |
| PRC land appreciation tax | **225,236** | 256,954 |
| Total income tax expense | **186,439** | 646,445 |

## 30 Income tax expense (continued)

### PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Group had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued for the year ended 31 December 2022 (2021: Nil). The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2022, the Group did not recognise deferred income tax for PRC withholding income tax with amount of RMB727,319,000 (31 December 2021: RMB658,962,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB7,273,188,000 (31 December 2021: RMB6,589,615,000).

### Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statement as income tax expense.

## 31 Share-based payments

### (a) New share award scheme

The Company's Board approved and adopted the Share Award Scheme on 29 November 2017 (the "New Share Scheme"). Pursuant to the New Share Scheme, subject to certain vesting conditions, the shares can be vested in tranches on 1 January 2018, 2019, 2020 and 2021 respectively. In May 2020 and in April 2021, under the same scheme, certain shares were granted to the selected employees and can be vested in tranches in January 2021, January 2022 and January 2023 respectively subject to certain vesting conditions.

An expenses of RMB711,000 was recognised for the year ended 31 December 2022 in relation to the employees' service provided (2021: RMB595,000).

## 31 Share-based payments (continued)

### (b) Share option scheme

The Company's Board approved and adopted the Share Option Scheme on 7 May 2019. On 9 September 2019, the Company granted 27,000,000 share options with an exercise price of HKD2.53 per share to certain directors of the Group and certain employees of the Company and its subsidiaries. Under the same scheme, 3,000,000 share options granted to a senior management of the Company in June 2021.

The amount of options that will vest depends on the achievement of certain targets of the Group mainly including contracted sales and net profits attributable to equity holders of the Company. Once vested, the options remain exercisable at any time during the period prior to the expiration of 10 years from the date on which the options are granted and accepted, in accordance with the terms of the Share Option Scheme.

Set out below are summaries of options granted under the plan:

| | **2022** | | 2021 | |
|---|---|---|---|---|
| | **Exercise price Per share option (HKD per share)** | **Number of options** | Exercise price Per share option (HKD per share) | Number of options |
| As at 1 January | **2.53** | **9,900,000** | 2.53 | 18,000,000 |
| Granted during the year | **–** | **–** | 2.53 | 3,000,000 |
| Lapsed during the year | **–** | **–** | – | – |
| Cancelled during the year | **2.53** | **(4,050,000)** | 2.53 | (11,100,000) |
| As at 31 December | **2.53** | **5,850,000** | 2.53 | 9,900,000 |

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| **Grant Date** | **Expiry date** | **Exercise price in HKD per share** | **Share options at 31 December 2022** | Share options at 31 December 2021 |
|---|---|---|---|---|
| 9 September 2019 | 8 September 2029 | 2.53 | **5,400,000** | 9,000,000 |
| 8 June 2021 | 7 June 2031 | 2.53 | **450,000** | 900,000 |
| | | | **5,850,000** | 9,900,000 |

The Group has to estimate the expected percentage of grantees that will stay within the Group at the end of vesting periods of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss.

An independent valuation was performed by the valuer, Cushman & Wakefield, to determine the fair value of the share option at 9 September 2019. The valuation was determined using the Binomial model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk free interest rate for the term of the option. An expenses of RMB Nil was recognised for the year ended 31 December 2022 (2021: a gain of RMB242,000).

## 32 (Loss)/earnings per share

### (a) Basic (loss)/earnings per share

Basic (loss)/earnings per share for the years ended 31 December 2022 and 2021 are calculated by dividing the Group's (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| Group's (loss)/profit attributable to equity holders of the Company (RMB'000) | **(4,269,792)** | 127,543 |
| Weighted average number of shares in issue (in thousand) | **1,536,908** | 1,536,319 |
| Basic (loss)/earnings per share (RMB) | **(2.78)** | 0.08 |

### (b) Diluted (loss)/earnings per share

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| Group's (loss)/profit attributable to equity holders of the Company (RMB'000) | **(4,269,792)** | 127,543 |
| Weighted average number of shares in issue (in thousand) | **1,536,908** | 1,536,319 |
| Effect of dilutive potential ordinary shares in respect of share award scheme (in thousand) | **–** | 497 |
| Weighted average number of ordinary shares for diluted (loss)/earnings per share (in thousand) | **1,536,908** | 1,536,816 |
| Diluted (loss)/earnings per share (RMB) | **(2.78)** | 0.08 |

As the Group incurred loss for the year ended 31 December 2022, the effect of dilutive potential ordinary shares in respect of share award scheme were not included in the calculation of the diluted loss per share as their inclusion would be anti-dilutive and the diluted loss per share is the same as the basic loss per share.

## 33 Dividends

The Board did not recommend any payment of dividend for the years ended 31 December 2022 and 2021.

## 34 Notes to the consolidated cash flow statement

### (a) Net cash generated from operations:

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **(Loss)/profit before income tax** | **(4,091,441)** | 1,040,258 |
| **Adjustments for:** | | |
| Depreciation (Note 26) | **25,270** | 20,110 |
| Amortisation (Note 26) | **5,115** | 1,471 |
| Gains from disposals of property, plant and equipment (Note 25) | **(228)** | (310) |
| Loss of disposals of intangible assets | **–** | 800 |
| Net impairment losses on financial assets (Note 26) | **400,572** | 62,589 |
| Losses/(gains) on disposal of shares in subsidiaries (Note 25) | **316,151** | (156,584) |
| Losses/(gains) from disposal of shares in an associate | **12,331** | (1,061) |
| Gains from re-measurement of the existing interests in a joint venture upon obtaining of control (Note 25) | **(22,416)** | – |
| Change in fair value of financial assets at fair value through profit or loss (Note 25) | **380,272** | (122,690) |
| Provision for write-down of properties held for sale (Note 26) | **246,566** | 71,931 |
| Depreciation/(appreciation) of investment properties under capital platform (Note 7) | **175,252** | (37,908) |
| Fair value gains on investment properties under other platforms (Note 7) | **–** | (1,000) |
| Share of results of joint ventures (Note 9) | **82,859** | 189,355 |
| Share of results of associates (Note 10) | **32,393** | (33,992) |
| Foreign exchange losses/(gains) (Note 27) | **883,959** | (254,393) |
| Finance costs (Note 27) | **1,245,459** | 859,158 |
| Interest income (Note 27) | **(299,290)** | (335,945) |
| Share award scheme (Note 31) | **711** | 595 |
| Share option scheme (Note 31) | **–** | 242 |
| Changes in fair value of derivative financial instruments (Note 25) | **–** | (25,600) |
| Investment income from financial assets at fair value through other comprehensive income (Note 25) | **–** | (14,389) |
| Investment income from financial assets at fair value through profit or loss (Note 25) | **(9,255)** | (56,412) |
| Impairment loss on goodwill | **–** | 28,258 |
| Unrealised profit | **–** | 1,331 |
| **Changes in working capital** | | |
| – Restricted cash relating to operating activities | **595,182** | (5,628,704) |
| – Prepayments for leasehold land | **–** | 1,185,476 |
| – Properties held or under development for sales (excluding capitalised interest) | **4,501,071** | 1,127,274 |
| – Trade and other receivables and prepayments | **774,977** | (305,167) |
| – Contract liabilities | **(2,482,939)** | (1,851,314) |
| – Trade and other payables | **(1,196,256)** | 1,781,585 |
| – Amounts due from related parties | **523,233** | 1,158,232 |
| – Amounts due to related parties | **(613,693)** | (1,047,949) |
| **Net cash generated from/(used in) operations** | **1,485,855** | (2,344,753) |

## 34 Notes to the consolidated cash flow statement (continued)

### (b) Major non-cash transaction:

During the year ended 31 December 2021, the Group settled amounts due to a third party of RMB400,190,000 by transferring certain financial assets at fair value through profit or loss based on the fair value of such financial assets as at the transfer date.

During the year ended 31 December 2021, the Group reduced capital contribution with the amounts of RMB231,249,000 from certain associates by netting off with the amounts due to the associates.

During the year ended 31 December 2021, certain subsidiaries of the Group settled dividends payable to the non-controlling interest of RMB54,060,000, among which RMB32,415,000 was settled by netting off with the amounts due from non-controlling interests of the subsidiaries and RMB21,645,000 was settled by transferring certain properties held for sale to the non-controlling interests of the subsidiaries.

## 34 Notes to the consolidated cash flow statement (continued)

### (c) Net debt reconciliation:

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

*Net debt*

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Borrowings | **18,412,689** | 21,598,037 |
| Leases liabilities | **125,598** | 145,137 |
| Amounts due to related parties | **74,581** | 75,037 |
| Amounts due to non-controlling interests of subsidiaries | **1,111,322** | 1,498,982 |
| | **19,724,190** | 23,317,193 |

| | **Borrowings RMB'000** | **Leases liabilities RMB'000** | **Amounts due to related parties RMB'000** | **Amounts due to non-controlling interests of subsidiaries RMB'000** | **Total RMB'000** |
|---|---|---|---|---|---|
| Balance as at 1 January 2022 | **21,598,037** | **145,137** | **75,037** | **1,498,982** | **23,317,193** |
| Net cash flows | **(3,766,317)** | **(33,188)** | **(2,618)** | **(73,760)** | **(3,875,883)** |
| Acquisition of subsidiaries | **9,500** | **–** | **–** | **–** | **9,500** |
| Disposal of subsidiaries | **(170,521)** | **–** | **–** | **–** | **(170,521)** |
| Foreign exchange movements | **836,135** | **–** | **–** | **–** | **836,135** |
| Other non-cash movements | **(94,145)** | **13,649** | **2,162** | **(313,900)** | **(392,234)** |
| Balance as at 31 December 2022 | **18,412,689** | **125,598** | **74,581** | **1,111,322** | **19,724,190** |

| | Borrowings RMB'000 | Leases liabilities RMB'000 | Amounts due to related parties RMB'000 | Amounts due to non-controlling interests of subsidiaries RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| Balance as at 1 January 2021 | 21,444,808 | 153,799 | 1,211,911 | 1,414,043 | 24,224,561 |
| Net cash flows | 1,061,467 | (35,203) | (307,566) | 84,939 | 803,637 |
| Acquisition of subsidiaries | 30,000 | – | 924,657 | – | 954,657 |
| Disposal of subsidiaries | (720,000) | – | – | – | (720,000) |
| Foreign exchange movements | (249,245) | – | – | – | (249,245) |
| Other non-cash movements | 31,007 | 26,541 | (1,753,965) | – | (1,696,417) |
| Balance as at 31 December 2021 | 21,598,037 | 145,137 | 75,037 | 1,498,982 | 23,317,193 |

## 35 Commitments

### (a) Property development expenditure commitments

Property development expenditure committed at each balance sheet date but not yet incurred is as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Land use rights | **397,696** | 397,696 |
| Other property development expenditure | **3,564,698** | 4,461,423 |
| | **3,962,394** | 4,859,119 |

### (b) Investment commitments

As at 31 December 2022 and 2021, committed investments are as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Committed investments | **–** | 25,013 |

### (c) Operating lease rental receivables

As at 31 December 2022 and 2021, the future aggregate minimum rental receipts under non-cancellable operating lease in respect of certain buildings are receivable in the following periods:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Within 1 year | **99,811** | 118,002 |
| 1 to 5 years | **205,975** | 300,348 |
| After 5 years | **80,884** | 176,640 |
| | **386,670** | 594,990 |

## 36 Financial guarantees and contingent liabilities

### (a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at each balance sheet date:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties | **2,906,674** | 4,971,869 |

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser, or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors of the Group consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

### (b) Guarantees provided to joint ventures and associates and joint ventures' related parties

As at 31 December 2022, the Group provided guarantees for a total of bank borrowings of RMB543,953,000 of its joint ventures, associates and joint ventures' related parties (31 December 2021: RMB747,426,000 ).

## 37 Changes in ownership interests in subsidiaries without change of control

### Acquisition of additional interests in subsidiaries

In 2022, the Group acquired additional equity interests of certain subsidiaries from the relevant non-controlling interests for a total cash consideration of RMB185,930,000 (2021: RMB321,549,000). The excess of RMB2,588,000 in total compared to the carrying amount of the non-controlling interests of RMB183,342,000 was recognised in equity attributable to equity holders of the Company.

During 2022 and 2021, major acquisition of additional interests in subsidiaries are as follows:

(a) In September 2022, the Group acquired an additional 56% equity interests of its subsidiary of Ningbo Xiaoyong Investment Co., Ltd. ("Ningbo Xiaoyong") at a consideration of RMB5,600,000. The deficiency of RMB14,482,000 compared to the negative carrying amount of the non-controlling interests of RMB20,082,000 was recognised in equity attributable to equity holders of the Company.

## 37 Changes in ownership interests in subsidiaries without change of control (continued)

### Acquisition of additional interests in subsidiaries (continued)

(b) In December 2022, the Group acquired an additional 49% equity interests of its subsidiary of Shanghai Juanyu Real Estate Development Co., Ltd. ("Shanghai Juanyu") at a consideration of RMB180,330,000. The excess of RMB17,070,000 compared to the carrying amount of the non-controlling interests of RMB163,260,000 was recognised in equity attributable to equity holders of the Company.

(c) In January 2021, the Group acquired an additional 30% equity interests of its subsidiary of Tianjin Ruijie Commercial Management Co., Ltd. ("Tianjin Ruijie") at a consideration of RMB7,641,000. The excess of RMB8,631,000 over the negative carrying amount of the non-controlling interests of RMB990,000 was recognised in equity attributable to equity holders of the Company.

(d) In January 2021, the Group acquired an additional 30% equity interests of its subsidiary of Tianjin Ruidong Commercial Management Co., Ltd. ("Tianjin Ruidong") at a consideration of RMB7,147,000. The excess of RMB8,072,000 over the negative carrying amount of the non-controlling interests of RMB925,000 was recognised in equity attributable to equity holders of the Company.

(e) In December 2021, the Group acquired an additional 8.16% equity interests of its subsidiary of Taicang Jinghui Consulting Co., Ltd. ("Taicang Jinghui") at a consideration of RMB36,900,000. The excess of RMB6,582,000 over the carrying amount of the non-controlling interests of RMB30,318,000 was recognised in equity attributable to equity holders of the Company.

(f) In December 2021, the Group acquired an additional 48.78% equity interests of its subsidiary Ningbo Meishan Free Trade Port Jingkai Investment Management Co., Ltd. ("Meishan Jingkai") at a consideration of RMB230,012,000. The excess of RMB35,991,000 over the carrying amount of the non-controlling interests of RMB194,021,000 was recognised in equity attributable to equity holders of the Company.

(g) In December 2021, the Group acquired an additional 10.00% equity interests of its subsidiary Zhoushan Jingshang Property Co., Ltd. ("Zhoushan Jingshang") at a consideration of RMB39,500,000. The deficiency of RMB34,353,000 compared to the carrying amount of the non-controlling interests of RMB73,853,000 was recognised in equity attributable to equity holders of the Company.

(h) During 2021, the Group acquired equity interests in certain limited liability partnerships subsidiaries held by the Group from certain employees at an aggregate consideration of RMB349,000.

The following table summarises the carrying amount of non-controlling interests acquired, considerations need to be paid to non-controlling interests and excess of consideration paid recognised within equity at the acquisition date.

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Consideration need be paid to non-controlling interests | **(185,930)** | (321,549) |
| Carrying amount of non-controlling interests acquired | **183,342** | 295,888 |
| Excess of consideration paid recognised within equity | **(2,588)** | (25,661) |

## 37 Changes in ownership interests in subsidiaries without change of control (continued)

### Disposal of interests in subsidiaries without loss of control

In December 2021, pursuant to certain agreements, the Group disposed of 18.80% equity interests in Shanghai Youshuo Enterprise Management Co., Ltd. ("Shanghai Youshuo"), a wholly owned subsidiary of the Group, at a total consideration of RMB200,000,000 to a third party. The Group recognised an increase in non-controlling interests of RMB194,911,000 and an increase in equity attributable to equity holders of the Company of RMB5,089,000.

The following table summarises the carrying amount of non-controlling interests disposed of, considerations received from non-controlling interests and gain on disposal recognised within equity at the disposal date.

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Carrying amount of disposal to non-controlling interests | – | (194,911) |
| Consideration received from non-controlling interests | – | 200,000 |
| Gain on disposal recognised within equity | – | 5,089 |

## 37 Changes in ownership interests in subsidiaries without change of control (continued)

### Deemed disposal of interests in subsidiaries without loss of control (continued)

Aggregate effects of all above transactions with non-controlling interests on the equity attributable to equity holders of the Company for the year ended 31 December 2022 and 2021.

| | Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Excess of consideration paid recognised within equity | **(2,588)** | (25,661) |
| Gain on disposal recognised within equity | **–** | 5,089 |
| Net effects for transactions with non-controlling interests on equity attributable to equity holders for the Company | **(2,588)** | (20,572) |

## 38 Business combination and assets acquisitions

### Business combination in 2022

(a) In March 2022, the Group entered into a share purchase agreement with a third party, pursuant to which the Group acquired 40% equity interest in Changshu Shengfeng Property Management Co., Ltd. ("Changshu Shengfeng") on top of 30% original shareholding, at a consideration of RMB28,000,000, which was fully paid in 2022.

Completion of the share purchase took place on 31 March 2022 and Changshu Shengfeng became a non-wholly owned subsidiary of the Group since then.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date of 31 March 2022.

| | RMB'000 |
|---|---|
| **Consideration in cash** | |
| – Amount paid | 28,000 |
| – Fair value of the 30% original equity interest in Changshu Shengfeng | 20,990 |
| | 48,990 |
| **Recognised amounts of identifiable assets acquired and liabilities assumed** | |
| Cash and cash equivalents | 2,458 |
| Trade and other receivables and prepayments | 13,239 |
| Financial assets at fair value through profit or loss | 3,200 |
| Completed properties held for sale | 66 |
| Property, plant and equipment | 5,810 |
| Borrowings | (9,500) |
| Trade and other payables | (13,447) |
| Current income tax liabilities | (177) |
| **Total identifiable net assets** | 1,649 |
| Non-controlling interests | (495) |
| Goodwill | 47,836 |
| | 48,990 |
| Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2022) | 150 |

The acquired business contributed revenue of RMB30,682,000 and net profit of RMB5,070,000 to the Group for the period from 31 March 2022 to 31 December 2022. Had Changshu Shengfeng been consolidated on 1 January 2022, the pro-forma revenue included in the consolidated income statement contributed by Changshu Shengfeng would be RMB40,349,000. Changshu Shengfeng also would contribute pro-forma net profit of RMB5,822,000.

## 38 Business combination and assets acquisitions (continued)

### Business combination in 2022 (continued)

(b) In July 2022, the Group entered into a share purchase agreement with three third parties, pursuant to which the Group acquired 51.52% equity interests of Taicang Jingchen Consulting Management Co., Ltd. ("Taicang Jingchen") on top of 48.48% original shareholding, at a consideration of RMB82,290,000, and fully paid in 2022.

Completion of the share purchase took place on 1 July 2022 and Taicang Jingchen became a wholly owned subsidiary of the Group since then.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date of 1 July 2022.

| | RMB'000 |
|---|---|
| **Consideration** | |
| – Amount paid | 82,290 |
| – Fair value of original 48.48% equity interests in Taicang Jingchen | 77,434 |
| | 159,724 |
| **Recognised amounts of identifiable assets acquired and liabilities assumed** | |
| Cash and cash equivalents | 2 |
| Trade and other receivables and prepayments | 2,428 |
| Associates | 128,700 |
| Trade and other payables | (295) |
| **Total identifiable net assets** | 130,835 |
| Non-controlling interests | – |
| Goodwill | 28,889 |
| | 159,724 |
| Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2022) | 3 |

The acquired business contributed revenue of RMB0 and net profit of RMB24,163,000 to the Group for the period from 1 July 2022 to 31 December 2022. Had Taicang Jingchen been consolidated on 1 January 2022, the pro-forma revenue included in the consolidated income statement contributed by Taicang Jingchen would be RMB0. Taicang Jingchen also would contribute pro-forma net profit of RMB44,365,000.

## 38 Business combination and assets acquisitions (continued)

### Business combination in 2021

(c) In September 2021, the Group entered into a share purchase agreement with a third party, pursuant to which the Group acquired 80% equity interests of Xiushui Jiusong Shanhe Property Co., Ltd. ("Xiushui Jiusong") at a consideration RMB44,000,000, which was fully paid in 2021.

Completion of the share purchase took place on 30 September 2021 and Xiushui Jiusong became a non-wholly owned subsidiary of the Group since then.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date of 30 September 2021.

| | RMB'000 |
|---|---|
| **Consideration in cash** | |
| – Amount paid | 44,000 |
| **Recognised amounts of identifiable assets acquired and liabilities assumed** | |
| Cash and cash equivalents | 129,763 |
| Trade and other receivables and prepayments | 499,022 |
| Properties held or under development for sale | 1,623,345 |
| Prepaid income taxes | 17,259 |
| Property, plant and equipment | 97 |
| Deferred tax assets | 36,370 |
| Trade and other payables | (342,528) |
| Borrowings | (30,000) |
| Contract liabilities | (1,826,082) |
| Deferred tax liabilities | (52,246) |
| **Total identifiable net assets** | 55,000 |
| Non-controlling interests | (11,000) |
| | 44,000 |
| Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2021) | 70 |

The acquired business contributed revenue of RMB1,416,166,000 and net profit of RMB158,906,000 to the Group for the period from 30 September 2021 to 31 December 2021. Had Xiushui Jiusong been consolidated on 1 January 2021, the pro-forma revenue included in the consolidated income statement contributed by Xiushui Jiusong would be RMB1,416,186,000. Xiushui Jiusong also would contribute pro-forma net profit of RMB149,287,000.

## 38 Business combination and assets acquisitions (continued)

### Business combination in 2021 (continued)

(d) In September 2021, the Group entered into a share purchase agreement with a third party, pursuant to which the Group acquired 80% equity interests of Gao'an Jiusong Shanhe Property Co., Ltd. ("Gao'an Jiusong") at a consideration RMB52,000,000, which was fully paid in 2021.

Completion of the share purchase took place on 30 September 2021 and Gao'an Jiusong became a non-wholly owned subsidiary of the Group since then.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired and liabilities assumed at the acquisition date of 30 September 2021.

| | RMB'000 |
|---|---|
| **Consideration** | |
| – Amount paid | 52,000 |
| **Recognised amounts of identifiable assets acquired and liabilities assumed** | |
| Cash and cash equivalents | 93,646 |
| Trade and other receivables and prepayments | 42,685 |
| Properties held or under development for sale | 1,471,113 |
| Prepaid income taxes | 22,124 |
| Property, plant and equipment | 180 |
| Deferred tax assets | 32,753 |
| Trade and other payables | (120,527) |
| Current Income tax liabilities | (5,147) |
| Contract liabilities | (1,435,278) |
| Deferred tax liabilities | (36,549) |
| **Total identifiable net assets** | 65,000 |
| Non-controlling interests | (13,000) |
| | 52,000 |
| Acquisition-related costs (included in administrative expenses in the consolidated income statement for the year ended 31 December 2021) | 70 |

The acquired business contributed revenue of RMB1,005,660,000 and net profit of RMB115,358,000 to the Group for the period from 30 September 2021 to 31 December 2021. Had Gao'an Jiusong been consolidated on 1 January 2021, the pro-forma revenue included in the consolidated income statement contributed by Gao'an Jiusong would be RMB1,005,660,000. Gao'an Jiusong also would contribute pro-forma net profit of RMB97,747,000.

## 38 Business combination and assets acquisitions (continued)

### Assets acquisitions in 2022

(e) In March 2022, the Group entered into a purchase agreement with a third party, pursuant to which the Group acquired 50% equity interests of Tianjin Xuming Property Co., Ltd. ("Tianjin Xuming") at a consideration of RMB85,000,000, which was fully paid by 30 June 2022. The transaction was regarded as assets acquisition which was completed in March 2022.

### Assets acquisitions in 2021

(f) In June 2021, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 90% equity interests of Wuhan Yaozhitai Property Co., Ltd. ("Wuhan Yaozhitai") to the Group at a total consideration of RMB9,998,000, which was fully paid in 2021. The transaction was regarded as assets acquisition which was completed in June 2021.

(g) In May 2021, the Group entered into a purchase agreement with a third party, pursuant to which the third party transferred 35% equity interests of Nanjing Caicheng, a joint venture of the Group, to the Group at a total consideration of RMB30,000,000. The transaction was regarded as assets acquisition which was completed in May 2021. As at 31 December 2021, the consideration payable balance was RMB19,000,000, which was included in the trade and other payables (Note 20).

### Disposal of subsidiaries in 2022

(h) For the year ended 31 December 2022, the Group disposed of certain subsidiaries engaged in property development business at a total consideration of RMB408,920,000. Upon the completion of the disposals, the Group recognized a loss of approximately RMB230,633,000.

(i) For the year ended 31 December 2022, the Group disposed of certain subsidiaries engaged in property management business at a total consideration of RMB201,376,000. Upon the completion of the disposals, the Group recognized a loss of approximately RMB85,518,000.

## 39 Related-party transactions

### (a) Name and relationship with related parties

| Name | Relationship with the Group |
|---|---|
| Ningbo Jiamu | Associate |
| Ningbo Jinghang Property Co., Ltd. ("Ningbo Jinghang") | A subsidiary of an associate |
| Nanjing Yuning | Associate |
| Ningbo Rong'an Education | Associate |
| Ningbo Kanghua Property Co.,Ltd. | A subsidiary of an associate |
| Changshu Zhicheng | Joint venture |
| Tianjin Yuanming | Joint venture |
| Hangzhou Zhenlu | Associate |
| Hangzhou Lvcheng Guixi Real Estate Development Co., Ltd. ("Lvcheng Guixi") | A subsidiary of an associate |
| Suzhou Lingrui | Joint venture |
| Suzhou Chengrui | Joint venture |
| Tropica Development | Associate |
| Chongqing Jinghuanjin | Joint venture |
| Ningbo Jingfeng | Associate |
| Tianjin Junyou | Joint venture |
| Tianjin Xinyou Property Co.,Ltd. ("Tianjin Xinyou") | A subsidiary of a joint venture |
| Changshu Huihuang | An associate of a joint venture |
| Nanjing Shansheng | Joint venture |
| Tianjin Ruihui | Associate |
| Tianjin Ruihui Real Estate Development Co.,Ltd. ("Tianjin Ruihui Development") | A subsidiary of an associate |
| Shanghai Pinzhai | Associate |
| Shanghai Jidong Decoration Engineering Co., Ltd. ("Shanghai Jidong") | A subsidiary of an associate |
| Pinzhuang Jianzhu Design Consulting Co., Ltd. ("Pinzhuang Jianzhu") | A subsidiary of an associate |
| Yangling Guanghui | Associate |
| Tianjin Xuming | Joint venture before April 2022, a subsidiary thereafter |

## 39 Related-party transactions (continued)

### (a) Name and relationship with related parties (continued)

| Name | Relationship with the Group |
|---|---|
| Tianjin Hesheng Real Estate Development Co., Ltd. ("Tianjin Hesheng") | A subsidiary of an associate before April 2022, a subsidiary thereafter |
| Ningbo Puhong | Joint venture |
| Tianjin Xinghuacheng Property Co., Ltd. ("Tianjin Xinghuacheng") | Joint venture |
| Shanghai Puhong Property Co., Ltd. ("Shanghai Puhong") | A subsidiary of a joint venture |
| Hangzhou Yuerong Real Estate Co., Ltd. ("Hangzhou Yuerong") | A subsidiary of an associate |
| Shanghai Maglink Enterprise Management Co., Ltd. ("Shanghai Maglink") | A subsidiary of a joint venture |
| Yangpu Scien-Tech Industry Co., Ltd. ("Yangpu Scien-Tech") | A company wholly owned by Yan Hao |
| Shanghai Zhengmin | Associate |
| Beyond Wisdom Limited | A company wholly owned by Yan Hao |
| Sunny King International Limited | A company wholly owned by Chen Xin Ge |
| Yan Hao | Substantial shareholder, director, co-chairmen, chief executive officer |
| Chen Xin Ge | Substantial shareholder, director, co-chairmen |
| Suzhou Jingya | Joint venture |
| Yangzhou Hengyu (i) | Joint venture |
| Taicang Jingchen (ii) | Joint venture before 2022, a subsidiary thereafter |
| Taicang Haoying | Deregistered in 2022 |
| Taicang Shiji | Deregistered in 2022 |
| Taicang Zhengwen | Deregistered in 2022 |
| Taicang Yuzhou | Deregistered in 2022 |
| Taicang Shuoshi | Deregistered in 2022 |
| Suzhou Jingyi | Deregistered in 2022 |
| Taicang Ruiyi | Joint venture |
| Changshu Shengfeng | Joint venture before April 2022, a subsidiary thereafter |
| Suzhou Jingjuan | Joint venture under a joint venture before July 2022, a joint venture thereafter |

## 39 Related-party transactions (continued)

### (b) Transactions with related parties

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2022** | 2021 |
| | | **RMB'000** | RMB'000 |
| (i) | Providing decoration services to a related party | | |
| | – Nanjing Caicheng | **–** | 261 |
| (ii) | Receiving decoration services from related parties | | |
| | – Shanghai Jidong | **2,607** | 45,442 |
| | – Shanghai Pinzhai | **258** | – |
| | – Pinzhuang Jianzhu | **295** | 1,053 |
| | | **3,160** | 46,495 |
| (iii) | Providing property management services to related parties | | |
| | – Shanghai Maglink | **1,888** | 1,599 |
| | | **1,888** | 1,599 |
| (iv) | Interest income from related parties | | |
| | – Shanghai Pinzhai | **425** | 992 |
| | | **425** | 992 |
| (v) | Interest expense to a related party | | |
| | – Yangpu Scien-Tech | **–** | 142 |
| (vi) | Providing consulting service to related parties | | |
| | – Ningbo Jingfeng | **–** | 5,000 |
| | – Chongqing Jinghuanjin | **4,388** | 4,415 |
| | – Tianjin Ruihui Development | **–** | 3,566 |
| | | **4,388** | 12,981 |
| (vii) | Senior notes subscribed by a related party Beyond Wisdom Limited | | |
| | – Fully capitalised interest | **20,197** | 11,827 |
| | | **20,197** | 11,827 |

## 39 Related-party transactions (continued)

### (b) Transactions with related parties (continued)

| | Year ended 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|
| (viii) Guarantee provided to joint ventures and associates (Note 37) | | |
| – Changshu Huihuang | **119,500** | – |
| – Taicang Jingchen | **–** | 65,250 |
| – Tianjin Ruihui Development | **–** | 48,216 |
| – Yangzhou Hengyu | **215,985** | 315,000 |
| – Yangling Guanghui | **–** | 148,470 |
| – Chongqing Jinghuanjin | **208,468** | 122,690 |
| – Suzhou Jingya | **–** | 47,800 |
| | **543,953** | 747,426 |

(ix) Guarantee provided by related parties

As at 31 December 2022, no amount payable to third parties was guaranteed by Mr. Yan Hao (as at 31 December 2021: the amount payable to a third party of RMB65,769,000 was guaranteed by Mr. Yan Hao).

### (c) Key management compensation

Key management includes directors (executive and non-executive), chief financial officer, vice presidents, head of Capital Platform, head of Jingrui Service, head of Yan Capital Management and company secretary. The compensation paid or payable to key management for employee services is shown below:

| | Year ended 31 December 2022 RMB'000 | 2021 RMB'000 |
|---|---|---|
| Salaries and other short-term employee benefits | **8,163** | 15,917 |
| Share award scheme | **1,238** | 1,929 |
| Share option scheme | **–** | 80 |
| Post-employment benefits | **434** | 461 |
| | **9,835** | 18,387 |

## 39 Related-party transactions (continued)

### (d) Related-party balances

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| (i) Amounts due from related parties (Note 15) | | |
| – Ningbo Jinghang | **9,935** | 9,970 |
| – Tianjin Yuanming | **311,730** | 311,729 |
| – Ningbo Jingfeng | **4,824** | 5,688 |
| – Suzhou Chengrui | **59,720** | 59,720 |
| – Tianjin Junyou | **85,430** | 85,430 |
| – Chongqing Jinghuanjin | **68,342** | 440,582 |
| – Ningbo Puhong | **86,135** | 80,655 |
| – Yangling Guanghui (a) | **110,163** | 131,300 |
| – Shanghai Maglink | **94,808** | 82,808 |
| – Tianjin Hesheng | **–** | 2,372 |
| – Tianjin Ruihui | **2** | 2 |
| – Tianjin Ruihui Development | **–** | 3,780 |
| – Shanghai Pinzhai (b) | **5,083** | 6,083 |
| – Tian'an Huafeng | **–** | 91,496 |
| – Yangzhou Hengyu | **219,600** | 219,600 |
| – Ningbo Jiamu | **98,845** | 94,845 |
| – Suzhou Jingya | **124,085** | 129,510 |
| – Beijing Jingshuo | **–** | 40,098 |
| – Shanghai Puhong | **43,030** | 43,030 |
| – SHQ Investment Holdings II Limited | **–** | 22,550 |
| – Suzhou Jingyi | **–** | 3 |
| – Taicang Jingchen | **–** | 100 |
| – Taicang Yuzhou | **–** | 1 |
| – Taicang Shuoshi | **–** | 1 |
| – Taicang Zhenwen | **–** | 1 |
| – Taicang Haoying | **–** | 1 |
| – Taicang Ruiyi | **2** | 1 |
| | **1,321,734** | 1,861,356 |

Notes:

(a) The balance as at 31 December 2022 includes an amount of RMB110,163,000 (31 December 2021: RMB124,447,000) due from Yangling Guanghui, which represents the outstanding principal for a shareholder's loan granted to Yangling Guanghui and interest receivable. The shareholder loan has an annual interest rate of 10% and unsecured.

(b) The balance of RMB4,083,000 as at 31 December 2022 (31 December 2021: RMB6,083,000) represents the outstanding principal for a shareholder's loan granted to Shanghai Pinzhai. The shareholder loan has an annual interest rate of 10% and unsecured.

## 39 Related-party transactions (continued)

### (d) Related-party balances (continued)

| | As at 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| (ii) Amounts due to related parties (Note 20) | | |
| – Yangzhou Hengyu | 421,996 | 400,996 |
| – Chongqing Jinghuanjin | – | 360,000 |
| – Ningbo Jiamu | 205,853 | 205,855 |
| – Ningbo Jinghang | 2 | – |
| – Changshu Zhicheng | 23,040 | 17,541 |
| – Suzhou Lingrui | 28,363 | 31,363 |
| – Suzhou Chengrui | 99,883 | 98,414 |
| – Ningbo Rong'an Education | 20,500 | 20,500 |
| – Lvcheng Guixi | 42,000 | 42,000 |
| – Hangzhou Zhenlu | 10,500 | 10,500 |
| – Tianjin Xinghuacheng | 16,000 | 16,000 |
| – Nanjing Yuning | 60,694 | 60,694 |
| – Ningbo Jingfeng | 54,814 | 54,814 |
| – Tianjin Xinyou | 60,258 | 54,945 |
| – Changshu Huihuang | 22,396 | 15,451 |
| – Nanjing Shansheng | 204,445 | 196,033 |
| – Ningbo Puhong | 18,276 | 18,276 |
| – Shanghai Pinzhai | – | 4,799 |
| – Hangzhou Yuerong | 32,513 | 32,513 |
| – Tianjin Hesheng | – | 105,000 |
| – Suzhou Jingya | – | 58,446 |
| – Tian'an Huafeng | – | 123,559 |
| – Shanghai Jidong | – | 16,598 |
| – Pinzhuang Jianzhu | – | 77 |
| – Taicang Jingchen | – | 129,486 |
| – Tianjin Ruihui Development | 81,632 | 84,817 |
| – Tianjin Changxin | 12,200 | 12,200 |
| – Beyond Wisdom Limited | 15,297 | 17,916 |
| – Sunny King international Limited (a) | 44,664 | 42,501 |
| – Suzhou Jingjuan | 139,657 | – |
| | 1,614,983 | 2,231,294 |

## 39 Related-party transactions (continued)

### (d) Related-party balances (continued)

Notes:

(a) The balance as at 31 December 2022 includes an amount of RMB44,664,000 (31 December 2021: RMB42,501,000) due to Sunny King international Limited, which represents the outstanding principal for a loan received from Sunny King international Limited, and will be matured in 2023. The loan has an annual interest rate of 8.88% and unsecured.

Except for those balances disclosed above, other fundings provided to or from related parties are unsecured, non-interest bearing and repayable on demand.

## 40 Particulars of principal subsidiaries

Particulars of the subsidiaries of the Group as at 31 December 2022 and 2021 are as follows:

| Company name | Date of incorporation/ establishment | Authorised or registered capital RMB'000 | Issued and fully paid capital RMB'000 | Percentage of attributable equity interest as at 31 December 2022 | 2021 | Principal activities |
|---|---|---|---|---|---|---|
| **Subsidiaries established in the PRC** | | | | | | |
| Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)有限公司)("Jingrui Properties") (b) | 8 September 1993 | 1,621,079 | 1,621,079 | 100% | 100% | Property land investment holding |
| Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司) | 20 February 2013 | 620,000 | 620,000 | 100% | 100% | Property development |
| Equity International Urban Facilities Development (Tianjin) Co, Ltd. (權益城市設施開發(天津)有限公司) (b) | 25 June 2007 | USD 71,600 | USD 71,600 | 100% | 100% | Urban infrastructure development |
| EI Urban Facilities Development (Tianjin) Co., Ltd. (天津億安城市設施開發有限公司) (b) | 15 August 2007 | 533,325 | 533,325 | 100% | 100% | Urban infrastructure development |
| Shanghai Xiaoyi Investment Co., Ltd. (上海驍意投資有限公司) ("Shanghai Xiaoyi") (c) | 13 May 2014 | 100 | 100 | 65% | 65% | Investment holding |
| Suzhou Jinghui Property Co., Ltd. (蘇州璟輝置業有限公司) | 14 April 2016 | 600,000 | 600,000 | 100% | 100% | Property development |
| Wuhan Ruixiao Real Estate Investment Co., Ltd. (武漢瑞驍房地產投資有限公司) ("Wuhan Ruixiao") | 17 March 2017 | 1,003,000 | 1,003,000 | 100% | 100% | Investment holding |
| Wuhan Ruiqian Business Consulting Co., Ltd. (武漢瑞乾商務諮詢有限公司) ("Wuhan Ruiqian") (c) | 12 December 2017 | 200,000 | 200,000 | 60% | 60% | Property management |
| Taicang Jingrui Business Consulting Co., Ltd. (太倉璟睿諮詢有限公司) | 1 April 2017 | 1,000,000 | 1,000,000 | 100% | 100% | Investment holding |
| Shanghai Shenran Business Consulting Co., Ltd. (上海燊冉商務諮詢有限公司) ("Shanghai Shenran") (c) | 17 December 2018 | 1,000,000 | 1,000,000 | 30% | 30% | Investment holding |

## 40 Particulars of principal subsidiaries (continued)

| Company name | Date of incorporation/ establishment | Authorised or registered capital RMB'000 | Issued and fully paid capital RMB'000 | Percentage of attributable equity interest as at 31 December 2022 | 2021 | Principal activities |
|---|---|---|---|---|---|---|
| **Subsidiaries established in the PRC** | | | | | | |
| Shanghai Guicui Information Consulting Co., Ltd. (上海晷翠信息諮詢有限公司) ("Shanghai Guicui") (c) | 17 December 2018 | 1,000,000 | 1,000,000 | 30% | 30% | Investment holding |
| Shanghai Jingrui Property Management Co., Ltd. (上海景瑞物業管理有限公司) ("Jingrui Property Management") | 31 December 1996 | 47,882 | 47,882 | 82% | 82% | Property management |
| Shanghai Lichen Building Decoration Engineering Co., Ltd. (上海立臣建築裝飾工程有限公司) | 4 November 2011 | 500,000 | 500,000 | 100% | 100% | Building decoration engineering |
| Shanghai Jingrui Investment Co.,Ltd. (上海景瑞投資有限公司) | 22 July 2003 | 100,000 | 100,000 | 100% | 100% | Investment holding |
| Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) | 14 April 2006 | 80,000 | 80,000 | 100% | 100% | Property development |
| Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司)) | 23 February 2011 | 620,000 | 620,000 | 100% | 100% | Property development |
| Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) ("Nantong Jingrui") | 26 January 2010 | 210,520 | 210,520 | 100% | 100% | Property development |
| Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司) | 16 February 2006 | 50,000 | 50,000 | 100% | 100% | Property development |
| Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司) ("Zhoushan Jingshang") | 17 August 2010 | 200,000 | 200,000 | 100% | 100% | Property development |
| Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司) | 27 June 2011 | 100,000 | 100,000 | 100% | 100% | Property development |
| Shanghai Huajiang Construction and Development Co., Ltd. (上海華江建設發展有限公司) ("Shanghai Huajiang") | 16 August 2002 | 10,000 | 10,000 | 67.5% | 67.5% | Property development |
| Hainan Jingshen Investment Management Co., Ltd. (海南景申投資管理有限公司) | 14 May 2013 | 10,000 | 10,000 | 100% | 100% | Property management and investment holding |
| Hainan Jingshang Commercial Management Co., Ltd. (海南景尚商業管理有限公司) | 17 April 2013 | USD 2,000 | USD 2,000 | 100% | 100% | Property management and investment holding |
| Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司) | 23 June 1998 | 100,000 | 100,000 | 100% | 100% | Property development |
| Shaoxing Jingming Property Co., Ltd. (紹興景明置業有限公司) | 22 January 2014 | 5,000 | 5,000 | 51% | 51% | Property development |
| Shanghai Hefu Investment Co., Ltd. (上海合福投資管理有限公司) | 16 October 2015 | 100,000 | 100,000 | 100% | 100% | Investment holding |
| Shanghai Shangpu Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥)) | 23 July 2015 | 192,030 | 192,030 | 100% | 100% | Investment holding |

## 40 Particulars of principal subsidiaries (continued)

| Company name | Date of incorporation/ establishment | Authorised or registered capital RMB'000 | Issued and fully paid capital RMB'000 | Percentage of attributable equity interest as at 31 December 2022 | 2021 | Principal activities |
|---|---|---|---|---|---|---|
| **Subsidiaries established in the PRC** | | | | | | |
| Ningbo Gangcheng Business and Trading Co., Ltd. (寧波港程商貿有限公司) | 28 February 2014 | 50,000 | 50,000 | **50%** | 50% | Property development |
| Suzhou Ailide Trade Co., Ltd. (蘇州艾力得貿易有限公司) ("Suzhou Ailide") (c) | 8 January 2015 | 50,000 | 50,000 | **50%** | 50% | Hardware and building materials |
| Ningbo Harbour City Business Management Co., Ltd. (寧波海港城商業管理有限公司) | 23 April 2014 | 1,000 | 1,000 | **50%** | 50% | Investment holding |
| Hangzhou Jingcheng Property Co., Ltd. (杭州景程置業有限公司) | 6 November 2017 | 5,000 | 5,000 | **100%** | 100% | Property development |
| Tianjin Tianrui Investment Development Co., Ltd. (天津天瑞投資發展有限公司) | 14 October 2011 | 30,000 | 30,000 | **70%** | 70% | Property development |
| Ningbo Jingshen Property Co., Ltd. (寧波景申置業有限公司)("Ningbo Jingshen") (c) | 31 May 2016 | 30,000 | 30,000 | **65%** | 65% | Property development |
| Ningbo Jingjun Property Co., Ltd. (寧波景鈞置業有限公司) ("Ningbo Jingjun") | 21 October 2016 | 10,000 | 10,000 | **100%** | 44% | Property development |
| Ningbo Xiaoyong Investment Co., Ltd. (寧波驍勇投資有限公司) ("Ningbo Xiaoyong") | 19 October 2016 | 10,000 | 10,000 | **100%** | 44% | Investment holding |
| Wuhan Yanzhuo Building Decoration Engineering Co., Ltd. (武漢衍琢裝飾工程有限公司) ("Wuhan Yanzhuo") (c) | 27 June 2018 | 20,000 | 20,000 | **40%** | 40% | Property development |
| Shanghai Xiaoze Investment Co., Ltd. (上海驍澤投資有限公司) | 7 May 2014 | 100,000 | 100,000 | **70%** | 70% | Investment holding |
| Shanghai Linjia Life Development Co., Ltd. (上海鄰加生活企業發展股份有限公司) | 23 December 2015 | 30,000 | 30,000 | **100%** | 100% | Property management |
| Ningbo Xiangjun Investment Co., Ltd. (寧波翔竣投資有限公司) ("Ningbo Xiangjun") | 19 October 2016 | 400,000 | 400,000 | **51%** | 51% | Investment holding |
| Beijing Jingxiu Business Management Centre (Limited Partner) (北京景秀商業管理中心(有限合夥)) | 12 January 2017 | 1,000 | 1,000 | **100%** | 100% | Property management |
| Ningbo Meishan Free Trade Port Youyue Investment Co., Ltd. (寧波梅山保税港區優鉞資產管理有限公司) | 23 February 2017 | 100,000 | 30,000 | **100%** | 100% | Investment holding |
| Ningbo Jingtong Property Co., Ltd. (寧波景通置業有限公司) | 23 May 2017 | 40,000 | 40,000 | **100%** | 100% | Property development |
| Shanghai Ruiyue Hotel Management Co., Ltd. (上海瑞越酒店管理有限公司) | 16 March 2017 | 100,000 | 40,000 | **100%** | 100% | Property management |
| Shanghai Shenxin Real Estate Co., Ltd. (上海申信房地產有限公司) | 20 October 1992 | 10,800 | 10,800 | **100%** | 100% | Property management |

## 40 Particulars of principal subsidiaries (continued)

| Company name | Date of incorporation/ establishment | Authorised or registered capital RMB'000 | Issued and fully paid capital RMB'000 | Percentage of attributable equity interest as at 31 December 2022 | 2021 | Principal activities |
|---|---|---|---|---|---|---|
| **Subsidiaries established in the PRC** | | | | | | |
| Beijing Zhongguan Xinyuan Management LLP (北京中關信苑企業管理有限公司) | 8 March 2017 | 10,000 | 10,000 | 100% | 100% | Property management |
| Shanghai Hutai Real Estate Development Co., Ltd. (上海滬泰房地產發展有限公司) ("Shanghai Hutai") (a) | 16 November 1992 | 79,475 | 79,475 | 100% | 100% | Property management |
| Shanghai Zhaoliang Advertising Co., Ltd. (上海兆量廣告有限公司) | 7 January 2008 | 10,000 | 10,000 | 100% | 100% | Property management |
| Wuhan Yingjin Jiayuan Real Estate Development Co.,Ltd. (武漢盈錦嘉園房地產開發有限公司)(" Wuhan Jiayuan")(c) | 23 November 2016 | 60,000 | 60,000 | 40% | 40% | Property development |
| Hangzhou Ruimeng Hotel Management Co., Ltd. (杭州瑞夢酒店管理有限公司) | 27 December 2017 | 10,000 | 10,000 | 100% | 100% | Property management |
| Zhongguan Yayuan Enterprise Management Co., Ltd. (北京中關雅苑企業管理有限公司) | 9 March 2017 | 10,000 | 10,000 | 100% | 100% | Property management |
| Zhongfa Wenchan Property(Wuhan) Co., Ltd. (中法文產置業(武漢)有限公司) | 15 June 2017 | 55,000 | 55,000 | 60% | 60% | Property development |
| Tianjin Ruihua Real Estate Development Co., Ltd. (天津瑞華房地產開發有限責任公司) | 14 February 2018 | 30,000 | 30,000 | 100% | 100% | Property development |
| Tianjin Ruisheng Real Estate Development Co., Ltd. (天津瑞盛房地產開發有限公司) ("Tianjin Ruisheng") (a) | 7 March 2018 | 30,000 | 30,000 | 100% | 100% | Property development |
| Hangzhou Jingqi Corporate Management Consulting Co., Ltd. (杭州景祺企業管理諮詢有限公司) ("Hangzhou Jingqi") | 17 May 2018 | 330,000 | 330,000 | 100% | 100% | Investment holding |
| Hangzhou Jingsheng Property Co., Ltd. (杭州景勝置業有限公司) | 17 May 2018 | 330,000 | 330,000 | 100% | 100% | Property development |
| Shanghai Shanding Property Management Co., Ltd. (上海山鼎物業管理有限公司) | 7 November 2017 | 1,000 | 1,000 | 100% | 100% | Property management |
| Shanghai Shenshi Property Co., Ltd. (上海申實置業有限公司) | 28 April 2017 | 10,000 | 10,000 | 100% | 100% | Property management |
| Tianjin Ruijun Real Estate Development Co., Ltd. (天津瑞駿房地產開發有限責任公司) ("Tianjin Ruijun") | 13 June 2019 | 337,000 | 337,000 | 51% | 51% | Property development |
| Ningbo Jingxin Property Co., Ltd. (寧波景心置業有限公司) | 12 June 2019 | 1,222,320 | 1,092,655 | 100% | 100% | Property development |
| Wuhan Ruiyihongfa Real Estate Development Co., Ltd. (武漢瑞毅弘發房地產開發有限公司) ("Wuhan Ruiyihongfa") (c) | 22 July 2019 | 200,000 | 200,000 | 30% | 30% | Property development |

## 40 Particulars of principal subsidiaries (continued)

| Company name | Date of incorporation/ establishment | Authorised or registered capital RMB'000 | Issued and fully paid capital RMB'000 | Percentage of attributable equity interest as at 31 December 2022 | 2021 | Principal activities |
|---|---|---|---|---|---|---|
| **Subsidiaries established in the PRC** | | | | | | |
| Hangzhou Juanheng Property Co., Ltd. (杭州雋恒置業有限公司) | 22 September 2019 | 350,000 | 350,000 | 51% | 51% | Property development |
| Hangzhou Xiaoying Real Estate Development Co., Ltd. (杭州銷穎房地產開發有限公司) ("Hangzhou Xiaoying") (c) | 13 January 2011 | 30,000 | 30,000 | 50% | 50% | Property development |
| Wuhan Botongshirong Real Estate Development Co., Ltd. (武漢博通世融房地產開發有限公司) ("Wuhan Botongshirong") (c) | 22 July 2019 | 10,000 | 10,000 | 60% | 60% | Property development |
| Shanghai Jingyao Property Co., Ltd. (上海璟曜置業有限公司) | 25 May 2020 | 285,000 | 285,000 | 100% | 70% | Property development |
| Chengdu Jingxu Property Co., Ltd. (成都景旭置業有限公司) | 13 March 2020 | 10,000 | – | 100% | 100% | Property development |
| Chongqing Jiuruixin Trading Co., Ltd. (重慶九睿鑫貿易有限責任公司) ("Chongqing Jiuruixin") (a) | 23 September 2019 | 237,969 | 217,969 | 100% | 100% | Property development |
| Chengdu Jingyu Property Co., Ltd. (成都景煜置業有限公司) | 14 April 2020 | 10,000 | 10,000 | 79% | 79% | Property development |
| Hangzhou Jinghui Property Co., Ltd. (杭州景暉置業有限公司) | 11 June 2020 | 100,000 | 100,000 | 100% | 100% | Property development |
| Chongqing Hushenghui Management Consulting Co., Ltd .(重慶滬昇暉企業管理諮詢有限公司) | 11 June 2020 | 10,000 | 10,000 | 100% | 100% | Investment holding |
| Yangzhou Jingxiao Property Co., Ltd. (揚州景驍置業有限公司) (a) | 27 September 2020 | 20,000 | 20,000 | 100% | 100% | Property development |
| Wuxi Jingyi Property Co., Ltd. (無錫景屹置業有限公司) | 9 September 2020 | 200,000 | 200,000 | 83% | 83% | Property development |
| Changzhou Jingrong Property Co., Ltd. (常州景榮置業有限公司) | 16 September 2020 | 20,000 | 20,000 | 100% | 100% | Property development |
| Chengdu Shijichunqiu Property Co., Ltd. (成都世紀春秋置業有限公司) ("Chengdu Shijichunqiu") | 23 July 2014 | 20,000 | 20,000 | 100% | 100% | Property development |
| Shanghai Youjing Enterprise Management Co., Ltd (上海優璟企業管理有限公司) ("Shanghai Youjing")(c) | 19 November 2020 | 450,000 | 450,000 | 60% | 60% | Property management |
| Shanghai Youshou Enterprise Management Co., Ltd (上海優朔企業管理有限公司) ("Shanghai Youshou")(c) | 19 November 2020 | 450,000 | 450,000 | 37.97% | 81.20% | Property management |

## 40 Particulars of principal subsidiaries (continued)

| Company name | Date of incorporation/ establishment | Authorised or registered capital RMB'000 | Issued and fully paid capital RMB'000 | Percentage of attributable equity interest as at 31 December 2022 | 2021 | Principal activities |
|---|---|---|---|---|---|---|
| **Subsidiaries established in the PRC** | | | | | | |
| Chengdu Yaqing Trading Co., Ltd. (成都亞慶貿易有限責任公司) ("Chengdu Yaqing") | 28 October 1994 | 8,800 | 8,800 | **80%** | 80% | Property development |
| Tianjin Ruiming Real Estate Development Co., Ltd. (天津瑞明房地產開發有限公司) (a) | 11 November 2020 | 30,000 | 30,000 | **100%** | 100% | Property development |
| Wuxi Jinghang Consultant Management Co., Ltd. (無錫璟航諮詢管理有限公司) ("Wuxi Jinghang") | 13 November 2020 | 255,000 | 255,000 | **71%** | 71% | Investment holding |
| Changshu Jiangnan Zhongying Real Estate Property Co., Ltd. (常熟市江南中盈房地產置業有限責任公司) ("Jiangnan Zhongying") (a) | 2 April 2011 | 306,200 | 306,200 | **34%** | 34% | Property management |
| Changshu Jiangnan Guotai Real Estate Property Co., Ltd. (常熟市江南國泰房地產置業有限責任公司) ("Jiangnan Guotai") (a) | 15 March 2011 | 400,000 | 400,000 | **34%** | 34% | Property management |
| Shanghai Youkun Management Consulting Co., Ltd. (上海優昆企業管理有限公司) ("Shanghai Youkun") (c) | 19 November 2020 | 450,000 | 180,000 | **64%** | 64% | Investment holding |
| Changshu Junchun Trading Co., Ltd. (常熟駿淳貿易集團有限公司) ("Changshu Junchun") (c) | 4 September 2018 | 500,000 | 500,000 | **34%** | 34% | Investment holding |
| Taicang Jinghui Consulting Co., Ltd. (太倉璟惠諮詢管理有限公司) ("Taicang Jinghui") | 1 April 2017 | 364,000 | 364,000 | **79%** | 79% | Investment holding |
| Hunan Kunpeng Property Service Co., Ltd. (湖南鯤鵬物業服務有限公司) ("Hunan Kunpeng") | 31 March 2005 | 20,000 | 20,000 | **51%** | 51% | Property management |
| Jiangsu Xinxiang Property Co., Ltd. (江蘇欣祥物業有限公司) ("Jiangsu Xinxiang") | 25 January 2008 | 10,000 | 5,000 | **51%** | 51% | Property management |
| Jiaxing Jinghong Property Co., Ltd. (嘉興璟鴻置業有限公司) ("Jiaxing Jinghong") (c) | 20 December 2019 | 300,000 | 300,000 | **40%** | 40% | Property development |
| Ningbo Meishan Free Trade Port Jingkai investment management Co., Ltd. (寧波梅山保税港區景凱投資管理有限公司) ("Meishan Jingkai") | 21 December 2017 | 410,000 | 207,750 | **51%** | 51% | Investment holding |
| Ningbo Jingcheng Property Co., Ltd. (寧波景程置業有限公司) ("Ningbo Jingcheng") (a) | 2 April 2021 | 5,000 | – | **100%** | 100% | Property development |
| Nanjing Caicheng Property Co., Ltd. (南京彩程置業有限公司) ("Nanjing Caicheng") | 18 July 2017 | 100,000 | 100,000 | **100%** | 100% | Property development |
| Wuhan Ruixuan Real Estate Development Co., Ltd. (武漢瑞軒房地產開發有限公司)("Wuhan Ruixuan") (c) | 19 August 2020 | 10,000 | 10,000 | **60%** | 60% | Property development |
| Suzhou Jinghan Consulting Management Co., Ltd. (蘇州璟翰諮詢管理有限公司) (c) | 28 July 2020 | 100 | 100 | **63.24%** | 63.24% | Property management |

## 40 Particulars of principal subsidiaries (continued)

| Company name | Date of incorporation/ establishment | Authorised or registered capital RMB'000 | Issued and fully paid capital RMB'000 | Percentage of attributable equity interest as at 31 December 2022 | 2021 | Principal activities |
|---|---|---|---|---|---|---|
| **Subsidiaries established in the PRC** | | | | | | |
| Jinhua Jingxi Property Co.,Ltd. (金華景熙置業有限公司) ("Jinghua Jingxi") (a) | 2 July 2021 | 10,000 | – | 100% | 100% | Property development |
| Wuhan Yaozhitai Property Co., Ltd. (武漢市耀之泰置業有限公司) ("Wuhan Yaozhitai") | 7 December 2020 | 10,000 | 10,000 | 90% | 90% | Property development |
| **Subsidiaries incorporated in Hong Kong** | | | | | | |
| Jingrui HK Holdings Limited ("EI HK") (b) | 25 June 2007 | USD10 | USD10 | 100% | 100% | Property and investment holding |
| Sincere Paragon Limited | 5 February 2013 | HKD380,000 | HKD380,000 | 100% | 100% | Investment holding |
| **Subsidiaries incorporated in BVI** | | | | | | |
| Faithful Gem Limited | 18 September 2013 | USD50,000 | – | 100% | 100% | Investment holding |
| Natural Apex Limited | 9 January 2013 | USD50,000 | USD50,000 | 100% | 100% | Investment holding |

(a) Certain equity interests in the subsidiaries of the Company were pledged for trust financing arrangement as at 31 December 2022 and 2021 (Note 19). For details, please refer to the table below:

| | As at 31 December 2022 | 2021 |
|---|---|---|
| Percentage of equity interests in Tianjin Ruiming | 100% | 100% |
| Percentage of equity interests in Tianjin Ruisheng | 100% | 100% |
| Percentage of equity interests in Ningbo Jingcheng | 100% | 100% |
| Percentage of equity interests in Jinghua Jingxi | 100% | 100% |
| Percentage of equity interests in Yangzhou Jingxiao | 100% | 100% |
| Percentage of equity interests in Shanghai Hutai | 100% | 100% |
| Percentage of equity interests in Chongqing Jiuruixin | 100% | 100% |
| Percentage of equity interests in Jiangnan Zhongying | 90% | 90% |
| Percentage of equity interests in Jiangnan Guotai | 90% | 90% |

## 40 Particulars of principal subsidiaries (continued)

(b) The companies are investment holding companies without any business other than the holding of 20.3% equity interests in Jingrui Properties. They were acquired by the Group in April 2013 for the purpose of the reorganisation.

(c) As at 31 December 2022, the Group owned 50% equity interests in Suzhou Ailide, 40% equity interests in Wuhan Jiayuan, 40% equity interests in Wuhan Yanzhuo, 30% equity interests in Shanghai Shenran, 30% equity interests in Shanghai Guicui, 50% equity interests in Wuhan Ruiyihongfa, 60% equity interests in Wuhan Ruiyue, 60% equity interests in Wuhan Botongshirong, 60% equity interests in Wuhan Ruiqian, 60% equity interests in Wuhan Ruixuan, 40% equity interests in Jiaxing Jinghong, 34% equity interests in Changshu Junchun, 50% equity interests in Hangzhou Xiaoying, 65% equity interests in Shanghai Xiaoyi, 65% equity interests in Ningbo Jingshen, 64% equity interests in Shanghai Youkun, 37.97% equity interests in Shanghai Youshuo, 60% equity interests in Shanghai Youjing and 63.24% equity interests in Suzhou Jinghan.

The directors of the Group consider that the Group has effective control over the above-mentioned companies, because according to agreements between the Group and other shareholders of these companies, other shareholders of these companies follow the Group on all substantive decision on the operating and financing policies during the life of these companies.

## 40 Particulars of principal subsidiaries (continued)

(d) Summarised financial information on subsidiaries with non-controlling interests material to the Group.

The non-controlling interests of the Group are as follows:

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Non-controlling interests for | | |
| – Ningbo Xiaoyong | **–** | 48,089 |
| – Ningbo Xiangjun | **16,800** | 17,003 |
| – Wuhan Ruiqian | **69,180** | 80,719 |
| – Wuhan Jiayuan | **713,534** | 727,088 |
| – Shanghai Guicui | **699,995** | 699,996 |
| – Shanghai Shenran | **699,995** | 699,995 |
| – Tianjin Ruijun | **170,730** | 172,276 |
| – Wuhan Yanzhuo | **143,667** | 144,271 |
| – Taicang Jinghui | **73,936** | 77,900 |
| – Shanghai Huajiang | **65,495** | 65,686 |
| – Shanghai Juanyu | **–** | 265,938 |
| – Jiaxing Jinghong | **327,856** | 169,109 |
| – Nanchang Jinle | **–** | 255,790 |
| – Changshu Junchun | **483,327** | 499,270 |
| – Wuxi Jinghang | **66,232** | 69,704 |
| – Shanghai Youkun | **146,035** | 148,715 |
| – Shanghai Youshuo | **194,496** | 194,497 |
| – Shanghai Youjing | **177,295** | 180,000 |
| – Suzhou Jinghan | **157,052** | 159,400 |
| – Xiushui Jiusong | **–** | 42,781 |
| – Gao'an Jiusong | **–** | 36,072 |
| – Other subsidiaries | **399,400** | 444,202 |
| | **4,605,025** | 5,198,501 |

## 40 Particulars of principal subsidiaries (continued)

Set out below are the summarised financial information for the subsidiaries including Wuhan Jiayuan, Changshu Junchun, Shanghai Shenran, Shanghai Guicui and Wuhan Yanzhuo that have non-controlling interests that are material to the Group, and the information below is the amounts before inter-company eliminations.

**Summarised balance sheet**

| | Wuhan Jiayuan As at 31 December | | Changshu Junchun As at 31 December | |
|---|---|---|---|---|
| | **2022 RMB'000** | 2021 RMB'000 | **2022 RMB'000** | 2021 RMB'000 |
| **Current** | | | | |
| Assets | **4,378,419** | 4,578,419 | **4,086,450** | 4,661,948 |
| Liabilities | **(3,242,385)** | (3,419,853) | **(3,389,809)** | (3,951,823) |
| **Total current net assets** | **1,136,034** | 1,158,566 | **696,641** | 710,125 |
| **Non-current** | | | | |
| Assets | **53,190** | 53,248 | **42,401** | 42,467 |
| Liabilities | **–** | – | **(6,728)** | (6,728) |
| **Total non-current net assets/(liabilities)** | **53,190** | 53,248 | **35,673** | 35,739 |
| **Net assets** | **1,189,224** | 1,211,814 | **732,314** | 745,864 |

| | Shanghai Shenran As at 31 December | | Shanghai Guicui As at 31 December | |
|---|---|---|---|---|
| | **2022 RMB'000** | 2021 RMB'000 | **2022 RMB'000** | 2021 RMB'000 |
| **Current** | | | | |
| Assets | **1,135,999** | 1,136,000 | **999,992** | 999,993 |
| Liabilities | **(136,007)** | (136,007) | **–** | – |
| **Total current net assets** | **999,992** | 999,993 | **999,992** | 999,993 |
| **Non-current** | | | | |
| Assets | **–** | – | **–** | – |
| Liabilities | **–** | – | **–** | – |
| **Total non-current net assets/(liabilities)** | **–** | – | **–** | – |
| **Net assets** | **999,992** | 999,993 | **999,992** | 999,993 |

## 40 Particulars of principal subsidiaries (continued)

### Summarised balance sheet (continued)

| | Wuhan Yanzhuo | |
|---|---|---|
| | As at 31 December | |
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| **Current** | | |
| Assets | **330,061** | 351,073 |
| Liabilities | **(90,616)** | (110,621) |
| **Total current net assets** | **239,445** | 240,452 |
| **Non-current** | | |
| Assets | **–** | – |
| Liabilities | **–** | – |
| **Total non-current net assets/(liabilities)** | **–** | – |
| **Net assets** | **239,445** | 240,452 |

### Summarised statement of comprehensive income

| | Wuhan Jiayuan | | Changshu Junchun | |
|---|---|---|---|---|
| | Year ended 31 December | | Year ended 31 December | For the period as of 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue | **52,364** | 1,479,088 | **317,029** | 793,172 |
| (Loss)/profit before income tax | **(21,311)** | (6,149) | **(15,287)** | 43,795 |
| Income tax (expense)/credit | **(1,279)** | (204,968) | **1,737** | (18,949) |
| Post-tax (loss)/profit | **(22,590)** | (211,117) | **(13,550)** | 24,846 |
| Other comprehensive income | **–** | – | **–** | – |
| **Total comprehensive (loss)/income** | **(22,590)** | (211,117) | **(13,550)** | 24,846 |
| **(Loss)/profit allocated to non-controlling interests** | **(13,554)** | (126,670) | **(8,943)** | 16,399 |

## 40 Particulars of principal subsidiaries (continued)

### Summarised statement of comprehensive income (continued)

| | Shanghai Shenran Year ended 31 December | | Shanghai Guicui Year ended 31 December | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | **RMB'000** | RMB'000 | **RMB'000** | RMB'000 |
| Revenue | **–** | – | **–** | – |
| Loss before income tax | **(1)** | (2) | **(1)** | (2) |
| Income tax expense | **–** | – | **–** | – |
| Post-tax loss | **(1)** | (2) | **(1)** | (2) |
| Other comprehensive income | **–** | – | **–** | – |
| **Total comprehensive income** | **(1)** | (2) | **(1)** | (2) |
| **Loss allocated to non-controlling interests** | **–** | (1) | **(1)** | (2) |

| | Wuhan Yanzhuo Year ended 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| Revenue | **1,100** | 312,381 |
| Profit/(loss) before income tax | **(1,007)** | 225,113 |
| Income tax expense | **–** | (56,283) |
| Post-tax profit/(loss) | **(1,007)** | 168,830 |
| Other comprehensive income | **–** | – |
| **Total comprehensive income/(loss)** | **(1,007)** | 168,830 |
| **Profit/(loss) allocated to non-controlling interests** | **(604)** | 101,298 |

## 40 Particulars of principal subsidiaries (continued)

### Summarised cash flow statement

| | Wuhan Jiayuan | | Changshu Junchun | |
|---|---|---|---|---|
| | For the year ended 31 December | | For the year ended 31 December | For the period as of 31 December |
| | 2022 | 2021 | 2022 | 2021 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Net cash generated from/(used in) operating activities | 238,825 | 341,405 | 497,335 | 552,370 |
| Net cash generated from investing activities | – | – | – | – |
| Net cash (used in)/generated from financing activities | (304,203) | (676,000) | (482,377) | (543,400) |
| **Net (decrease)/increase in cash and cash equivalents** | (65,378) | (334,595) | 14,958 | 8,970 |
| Cash and cash equivalents at beginning of the year | 136,306 | 470,901 | 167,665 | 158,695 |
| Cash and cash equivalents at end of the year | 70,928 | 136,306 | 182,623 | 167,665 |

## 40 Particulars of principal subsidiaries (continued)

### Summarised cash flow statement (continued)

| | Shanghai Shenran For the year ended 31 December | | Shanghai Guicui For the year ended 31 December | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Net cash generated from/(used in) operating activities | (1) | 1 | 1 | – |
| Net cash generated from investing activities | – | – | – | – |
| Net cash generated from financing activities | – | – | – | – |
| **Net increase/(decrease) in cash and cash equivalents** | (1) | 1 | 1 | – |
| Cash and cash equivalents at beginning of the year | 3 | 2 | 1 | 1 |
| Cash and cash equivalents at end of the year | 2 | 3 | 2 | 1 |

| | Wuhan Yanzhuo For the year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | RMB'000 | RMB'000 |
| Net cash (used in)/generated from operating activities | (838) | (446) |
| Net cash generated from investing activities | – | – |
| Net cash used in financing activities | – | – |
| **Net (decrease)/increase in cash and cash equivalents** | (838) | (446) |
| Cash and cash equivalents at beginning of the year | 931 | 1,377 |
| Cash and cash equivalents at end of the year | 93 | 931 |

## 41 Balance sheet and reserve movements of the Company

### Balance sheet of the Company

| | As at 31 December | |
|---|---|---|
| | **2022** | 2021 |
| | **RMB'000** | RMB'000 |
| **ASSETS** | | |
| **Non-current assets** | | |
| Interests in subsidiaries | **2,800,393** | 2,799,682 |
| Financial assets at fair value through profit or loss | **210,841** | 217,962 |
| | **3,011,234** | 3,017,644 |
| **Current assets** | | |
| Amounts due from subsidiaries | **5,247,683** | 4,445,980 |
| Cash at bank and on hand | **38,558** | 6,326 |
| Trade and other receivables and prepayments | **202,645** | 198,362 |
| Financial assets at fair value through profit or loss | **22,563** | 31,086 |
| | **5,511,449** | 4,681,754 |
| **Total assets** | **8,522,683** | 7,699,398 |
| **OWNERS' EQUITY** | | |
| **Capital and reserves attributable to equity holders of the Company** | | |
| Share capital | **87,813** | 87,813 |
| Reserves (note (a)) | **(4,860,743)** | (2,835,688) |
| **Total equity** | **(4,772,930)** | (2,747,875) |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Borrowings | **1,148,781** | 4,798,912 |
| **Current liabilities** | | |
| Trade and other payables | **1,217,096** | 310,085 |
| Amounts due to subsidiaries | **2,390,897** | 602,553 |
| Amounts due to a related party | **15,298** | 17,916 |
| Borrowings | **8,523,541** | 4,717,807 |
| | **12,146,832** | 5,648,361 |
| **Total liabilities** | **13,295,613** | 10,447,273 |
| **Total equity and liabilities** | **8,522,683** | 7,699,398 |

The balance sheet of the Company was approved by the Board of Directors on 30 March 2023 and was signed on its behalf by:

**Yan Hao**
*Director*

**Chen Chao**
*Director*

## 41 Balance sheet and reserve movements of the Company (continued)

### (a) Reserve movements of the Company

| | Share premium RMB'000 | Treasury shares RMB'000 | Share award scheme RMB'000 | Share option scheme RMB'000 | Contributed surplus RMB'000 | Other reserves RMB'000 | Accumulated losses RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2022** | **424,007** | **(6,215)** | **89,482** | **3,197** | **1,115,742** | **(2,364)** | **(4,459,537)** | **(2,835,688)** |
| **Comprehensive income/(loss)** | – | – | – | – | – | – | – | – |
| Loss for the year 2022 | – | – | – | – | – | – | **(2,025,766)** | **(2,025,766)** |
| Other comprehensive income | – | – | – | – | – | – | – | – |
| **Total comprehensive loss for the year 2022** | – | – | – | – | – | – | **(2,025,766)** | **(2,025,766)** |
| **Transactions with owners** | – | – | – | – | – | – | – | – |
| Share award scheme (Note 31) | – | **1,882** | **(1,171)** | – | – | – | – | **711** |
| **Balance at 31 December 2022** | **424,007** | **(4,333)** | **88,311** | **3,197** | **1,115,742** | **(2,364)** | **(6,485,303)** | **(4,860,743)** |
| **Balance at 1 January 2021** | 744,621 | (9,573) | 92,245 | 2,955 | 1,115,742 | (2,364) | (3,406,355) | (1,462,729) |
| **Comprehensive income/(loss)** | | | | | | | | |
| Loss for the year 2021 | – | – | – | – | – | – | (1,053,182) | (1,053,182) |
| Other comprehensive income | – | – | – | – | – | – | – | – |
| **Total comprehensive loss for the year 2021** | – | – | – | – | – | – | (1,053,182) | (1,053,182) |
| **Transactions with owners** | | | | | | | | |
| Share award scheme (Note 31) | – | 3,358 | (2,763) | – | – | – | – | 595 |
| Share option scheme (Note 31) | – | – | – | 242 | – | – | – | 242 |
| 2020 final dividend | (320,614) | – | – | – | – | – | – | (320,614) |
| **Balance at 31 December 2021** | 424,007 | (6,215) | 89,482 | 3,197 | 1,115,742 | (2,364) | (4,459,537) | (2,835,688) |

## 42 Events after the reporting period

Save as disclosed below, there is no other material subsequent event undertaken by the Group after 31 December 2022.

On 12 March 2023, the Company sold all shares of its indirect wholly-owned subsidiary, Shanghai Shenxin Real Estate Co., Ltd.* (上海申信房地產有限公司) at a consideration of RMB132,386,667. It is expected that the Company will record a profit of approximately RMB1,363,170 from the disposal. Further details of disposal of the subsidiary are disclosed in the announcement of the Company dated 12 March 2023.

## 43 Authorisation for issue of the financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 30 March 2023.

# Five-Year Financial Information

## 1 Key data of income statement

| | 2018<br>RMB'000 | 2019<br>RMB'000 | 2020<br>RMB'000 | 2021<br>RMB'000 | **2022**<br>**RMB'000** |
|---|---|---|---|---|---|
| **Revenue** | 11,268,203 | 13,285,127 | 12,782,429 | 13,551,644 | **7,907,906** |
| Cost of sales | (8,721,010) | (10,599,949) | (10,278,382) | (11,111,689) | **(7,792,740)** |
| **Gross profit** | 2,547,193 | 2,685,178 | 2,504,047 | 2,439,955 | **115,166** |
| Appreciation/(depreciation) of investment properties under capital platform | 388,051 | (21,474) | 56,687 | 37,908 | **(175,252)** |
| Fair value gains/(losses) on investment properties under other platform | 54,708 | 96,022 | (17,000) | 1,000 | **–** |
| Selling and marketing costs | (307,179) | (385,575) | (522,334) | (580,343) | **(560,455)** |
| Administrative expenses | (780,274) | (606,562) | (664,564) | (650,866) | **(922,511)** |
| Other income | 68,338 | 158,470 | 223,121 | 20,574 | **20,210** |
| Other gains/(losses)-net | 228,830 | 146,740 | 327,373 | 196,213 | **(623,219)** |
| **Operating profit/(loss)** | 2,199,667 | 2,072,799 | 1,907,330 | 1,464,441 | **(2,146,061)** |
| Finance income | 53,343 | 261,507 | 1,013,552 | 590,338 | **299,290** |
| Finance costs | (337,650) | (526,987) | (752,519) | (859,158) | **(2,129,418)** |
| **Finance (costs)/income-net** | (284,307) | (265,480) | 261,033 | (268,820) | **(1,830,128)** |
| Share of results of joint ventures | (47,324) | 170,409 | 40,609 | (189,355) | **(82,859)** |
| Share of results of associates | 172,387 | 172,148 | 130,034 | 33,992 | **(32,393)** |
| **Profit/(loss) before income tax** | 2,040,423 | 2,149,876 | 2,339,006 | 1,040,258 | **(4,091,441)** |
| Income tax expense | (737,532) | (864,866) | (1,065,502) | (646,445) | **(186,439)** |
| **Profit/(loss) for the year** | 1,302,891 | 1,285,010 | 1,273,504 | 393,813 | **(4,277,880)** |
| **Attributable to:** | | | | | |
| Equity holders of the Company | 1,031,919 | 903,591 | 958,092 | 127,543 | **(4,269,792)** |
| Non-controlling interests | 270,972 | 381,419 | 315,412 | 266,270 | **(8,088)** |
| | 1,302,891 | 1,285,010 | 1,273,504 | 393,813 | **(4,277,880)** |

## 2 Key data of financial position

| | 2018<br>RMB'000 | 2019<br>RMB'000 | 2020<br>RMB'000 | 2021<br>RMB'000 | **2022**<br>**RMB'000** |
|---|---|---|---|---|---|
| **Total non-current assets** | 9,933,699 | 11,831,982 | 12,108,187 | 11,097,427 | **10,204,815** |
| **Total current assets** | 37,948,896 | 40,531,207 | 56,211,056 | 52,152,316 | **36,905,029** |
| **Total assets** | 47,882,595 | 52,363,189 | 68,319,243 | 63,249,743 | **47,109,844** |
| **Total non-current liabilities** | 13,338,592 | 11,099,251 | 13,858,588 | 13,001,227 | **6,280,466** |
| **Total current liabilities** | 25,730,856 | 32,157,188 | 43,163,789 | 39,011,524 | **34,430,681** |
| **Total liabilities** | 39,069,448 | 43,256,439 | 57,022,377 | 52,012,751 | **40,711,147** |
| **Total equity attributable to:** | | | | | |
| Equity holders of the Company | 4,686,992 | 5,306,836 | 6,166,547 | 6,038,491 | **1,793,672** |
| Non-controlling interests | 4,126,155 | 3,799,914 | 5,130,319 | 5,198,501 | **4,605,025** |
| **Total equity** | 8,813,147 | 9,106,750 | 11,296,866 | 11,236,992 | **6,398,697** |

景瑞控股
JINGRUI HOLDINGS