

COUNTRY GARDEN

Holdings Company Limited

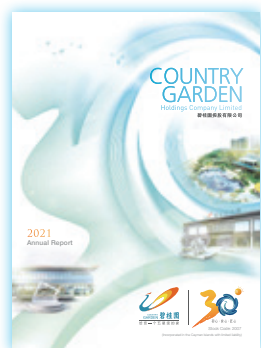
碧桂園控股有限公司

2021
Annual Report



Stock Code: 2007

(Incorporated in the Cayman Islands with limited liability)



Design Concept

Taking the 30th anniversary as the main theme, the design utilizes mix of lines to indicate time scale and showcases the Group's past and future development with different project photos. Chinese ink painting of sceneries in four seasons implies that Country Garden, being steadfast at its 30th anniversary, would strive forward through ups and downs, survive winter times, and embrace spring times.

What Is Country Garden?

Country Garden is a diversified technology company that creates a happy life for the world.

We are committed to robotics

Technology is advancing from day to day. In fact, the age of robots is already here. Country Garden is committed to scientific innovation. Our team is growing by the day, particularly our team of top scientists. Today, we have over 200 thousand employees, including more than 1,000 PhDs. Their combined brainpower channels the power of science to craft better lives for all, and to make China a more technologically advanced country.

We established Bright Dream Robotics to develop smart construction systems built around construction robots, prefabrication systems, and BIM. Bright Dream Robotics is working to achieve the perfect marriage of safety, quality, speed, environmental friendliness and technology, and is leading a revolution in the construction sector. Meanwhile, Bright Dream Robotics is also developing, manufacturing, and operating robots for catering, healthcare, agriculture, and home services.

We set up Qianxi Robotics to build the world's most advanced robot restaurant. This is how we can offer our community food that is tasty, safe, nutritious, healthy, and reasonably priced and provide an entirely new dining experience to the consumers.

We build good housing and good communities

Country Garden is committed to supporting China's new urbanization process. We bring true craft and care to the task of making homes that are safe, healthy, attractive, economical, practical, and long-lasting. We provide good homes, beautifully decorated; friendly green spaces for quality of life; comprehensive local amenities; and thoughtful resident services. We have brought modern living to over 1,400 towns around China, and more than 4.5 million people have chosen to make their home in a Country Garden property. We are proud to have made an important contribution to the urbanization and modernization of our country.

We are active supporters of modern agriculture and rural revitalization

We established Country Garden Agriculture to apply self-driving technologies to advance Chinese agriculture. It will help raise productivity, and improve crop yields and quality. It is our contribution to the problem of feeding the world.

We also set up Bi You Xuan, a company that helps farmers set up high-quality crop and livestock sites with direct commercial links to urban markets. It delivers a wide range of safe, tasty, reasonably priced produce straight from the field to where urban shoppers live: services bringing a better life for every Chinese family.

Make the world a better place for having us in it

For us, targeted poverty alleviation programs and rural revitalization are key parts of our business. Country Garden and its founder have donated over 10 billion yuan to charitable causes. We are actively engaged in targeted poverty relief and rural revitalization projects in 57 counties across 16 different provinces. These programs have helped lift 490,000 people out of poverty. Going forward, we will consolidate the progress in poverty alleviation and make our contribution to rural rejuvenation.

Country Garden is a Fortune 500 company that has been publicly listed in Hong Kong since 2007 and is tracked as a component of the Hang Seng Index. We are also a major taxpayer with annual tax contribution of over 60 billion yuan. In Country Garden, ethics, corporate social responsibility, and transparency are vital. Going forward, we are committed to being a force for human progress.

Country Garden — Five-star living for you.



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GOVERNANCE

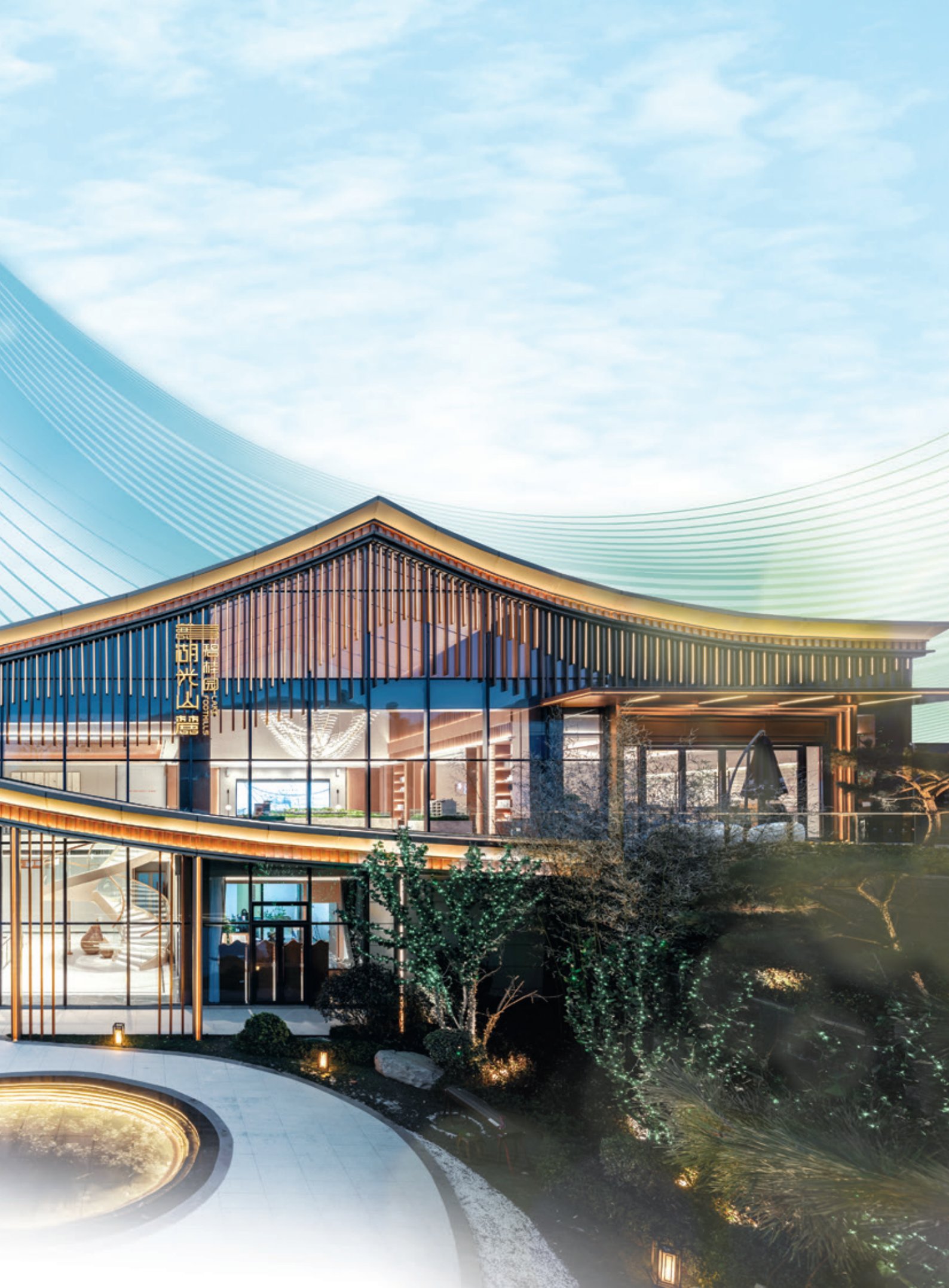
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CORPORATE OVERVIEW





CORPORATE PROFILE

Country Garden Holdings Company Limited (stock code: 2007.HK) is one of the China's largest residential property developers that capitalizes on urbanization. With centralized management and standardization, the Group runs the businesses of property development, construction, interior decoration, property investment, and the development and management of hotels. Country Garden offers a broad range of products to cater for diverse demands, namely residential projects such as townhouses, condominiums, car parks and retail shop spaces. The Group also develops and manages hotels at some of its property projects with the aim of enhancing the properties' marketability. The Group's other businesses are robotics and modern agriculture.

Country Garden was listed on the main board of the Stock Exchange on 20 April 2007. The listing has allowed the Group to tap the international capital market for funds to sustain its healthy growth in the future. Since its listing, Country Garden has been recognized by the market for its business performance. The Group became a constituent stock of MSCI Global Standard Indices on 1 September 2007, of Hang Seng Composite Index and Hang Seng Mainland 100 on 10 September 2007, of FTSE China 50 Index on 14 September 2016, of Hang Seng China (Hong Kong-listed) 25 Index on 12 June 2017, of Hang Seng China 50 Index on 5 March 2018, and of Hang Seng China Enterprises Index on 17 June 2019. Country Garden is also a constituent stock of Hang Seng Index. All this shows that the capital market regards Country Garden as a major component of the Hong Kong stock market. This has also strengthened the Group's position in the international capital markets.



Since its establishment, Country Garden has been benefitting from China's thriving economy. Its business presence has been extended from Guangdong province to other economically vibrant regions of the country. Country Garden had projects of property development and operation in a number of locations of strategic importance in all the provinces, municipalities and autonomous regions of the country by the end of 2021. The Group ranked 139th in Fortune Global 500 as of August 2021.

Looking ahead, Country Garden will continue to enhance and consolidate its various community-based businesses that centre around its real estate business. It will do so by means of financing and integrating community resources. Specifically, it will build businesses that can meet all the needs in the entire human life cycle. All this can unlock the value of all of the Group's businesses and serve to reinforce its market leadership.



CORE VALUE

1

Value:

A transparent company with a conscience and social responsibility

2

Vision:

Country Garden is a diversified technology company that creates a happy life for the world

3

Corporate Mission:

Make the world a better place for having us in it

4

Corporate Spirit:

Good for people and good for society

5

Brand:

Five-star living for you



THE COUNTRY GARDEN THAT I DREAM OF

- This is an elitist company
- This is a good place for the talents
- This is a place to learn and make progress
- This is a harmonious big family
- This is a company of integrity and commitment, operating in compliance with laws and regulations
- This is a sensible company that constantly corrects itself
- This is a company of equality which rewards Excellence
- This is a company that prospers and constantly betters itself with experiences and practices
- This is a company that creates a happy life for the world
- This is a company that excels in social well being, corporate benefits and staff benefits
- This is a company that is highly recognized and appreciated by the society
- This is a company dedicates to the development of human society

YEUNG Kwok Keung



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. YEUNG Kwok Keung (*Chairman*)
Ms. YANG Huiyan (*Co-Chairman*)
Mr. MO Bin (*President*)
Ms. YANG Ziyang
Mr. YANG Zhicheng
Mr. SONG Jun
Mr. SU Baiyuan

Non-executive Director

Mr. CHEN Chong

Independent Non-executive Directors

Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung
Mr. HUANG Hongyan
Mr. TO Yau Kwok

CHIEF FINANCIAL OFFICER

Ms. WU Bijun

JOINT COMPANY SECRETARIES

Mr. LEUNG Chong Shun
Mr. LUO Jie

AUTHORIZED REPRESENTATIVES

Ms. YANG Huiyan
Mr. MO Bin
Ms. MA Shichao (*alternate to Ms. YANG Huiyan*)
(appointed on 18 March 2022)
Mr. LUO Jie (*alternate to Mr. MO Bin*)
Mr. LI Chengran (*alternate to Ms. YANG Huiyan*)
(resigned on 18 March 2022)

AUDIT COMMITTEE

Mr. LAI Ming, Joseph (*Chairman*)
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung
Mr. HUANG Hongyan

REMUNERATION COMMITTEE

Mr. TONG Wui Tung (*Chairman*)
Mr. YEUNG Kwok Keung
Mr. MO Bin
Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. HUANG Hongyan

NOMINATION COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
Mr. LAI Ming, Joseph
Mr. TONG Wui Tung
Mr. HUANG Hongyan

CORPORATE GOVERNANCE COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
Ms. YANG Huiyan
Mr. MO Bin

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
Ms. YANG Huiyan
Mr. MO Bin
Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung

EXECUTIVE COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
Ms. YANG Huiyan
Mr. MO Bin
Ms. YANG Ziyang
Mr. YANG Zhicheng

FINANCE COMMITTEE*

Ms. WU Bijun (*Chairman*)
Ms. YANG Huiyan
Mr. MO Bin
Ms. YANG Ziyang
Mr. YANG Zhicheng

* Other two members are senior management of the finance centre of the Company

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Country Garden Centre
No. 1 Country Garden Road
Beijiao Town, Shunde District, Foshan
Guangdong Province 528312
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1702, 17/F.
Dina House, Ruttonjee Centre
11 Duddell Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

(In Alphabetical Order)

Agricultural Bank of China Limited
Bank of Beijing Co., Ltd.
Bank of China (Hong Kong) Limited
Bank of China Limited
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Development Bank Corporation
China Everbright Bank Company Limited
China Guangfa Bank Co., Ltd.
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
China Zheshang Bank Co., Ltd.
Chong Hing Bank Limited
CIMB Bank Berhad
CMB Wing Lung Bank Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd.
Malayan Banking Berhad
Ping An Bank Company Limited
Postal Savings Bank of China
Shanghai Pudong Development Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

As to Hong Kong law:

Woo Kwan Lee & Lo
Sidley Austin
Lu, Lai & Li
Baker & McKenzie

As to PRC law:

Allbright Law Offices
DeHeng Law Offices
Dentons Law Firm
Grandall Law Firm
Guangdong GuoDing Law Firm
King & Wood Mallesons
TianTong Law Firm
Yingke Law Firm

STOCK CODES

Stock Exchange	2007
Reuters	2007.HK
Bloomberg	2007 HK Equity

WEBSITE

<http://www.countrygarden.com.cn>

FINANCIAL CALENDAR 2022

Announcement of 2021 annual results	30 March
2022 AGM	26 May
Ex-dividend date for proposed final dividend	7 June
Record Date for Eligible Shareholders to be entitled to proposed final dividend	10 June
Despatch of dividend warrants	12 August
Announcement of 2022 interim results	August

PERFORMANCE





CHAIRMAN STATEMENT



Country Garden celebrates its 30th anniversary this year. It has been upholding its corporate spirit of “good for people and good for society” since its establishment. It builds high-quality yet affordable housing as a practitioner in China’s new urbanization process. In the course of the company’s development, I am grateful for the opportunities afforded by an epoch of great social change and the entire staff for their diligence. We started off in Shunde, Guangdong, and are now journeying into global markets. During the journey, we have encountered challenges but have overcome and kept scaling new heights. We dedicate ourselves to building quality housing and good communities, and take the business to the next level by branching out into smart construction and modernization of agriculture, and by participating in the meaningful work of rural revitalization and poverty alleviation. Country Garden is a diversified technology company that creates a happy life for the world.



CHAIRMAN STATEMENT



Country Garden — Hemingzhou, Qingyuan

In the past year, the property development sector underwent turbulences and upheavals, the property market cooled down and the financial institutions' risk preference started to shrink. This has posed big challenges to all the industry participants. However, I remain confident about the steady growth and long-term prospect of our country's economy, and believe the property sector is gradually getting back into a healthy cycle. The challenges that we are facing involve new opportunities. China's new type of urbanization still has a long way to go, the desire for a good life will always remain in people's hearts. The reasonable house purchasing demands of "new citizens" should be fulfilled. As a well-established company with a history of 30 years, we prosper and constantly better ourselves with experiences and practices, keep enhancing the Company's overall competitiveness throughout property projects' life cycle and stick to high-quality development. Only then can we expect to succeed in surmounting the ups and downs of the economic and industry cycles. We firmly believe that only the most competitive enterprises can succeed in the market.

For the year ended 31 December 2021 ("Year"), the Group and its joint ventures and associates together recorded approximately RMB558.00 billion in contracted sales attributable to the shareholders of the Company. In particular, 68% of the sales revenue were derived from tie 3 and 4 cities. The overall sell-through rate for the whole year reached 67%. Cash collected from property sales attributable to the shareholders of the Company was RMB502.20 billion with a cash collection ratio higher than 90% for 6 consecutive years. During the Year, the Group recorded revenue of approximately RMB523.06 billion, net profit of approximately RMB40.98 billion and approximately RMB26.93 billion in core net profit attributable to the owners of the Company.

As at the end of 2021, the Group had entered contracts to acquire or had already acquired a total of 3,216 property projects in mainland China. It had footholds in 299 municipal administrative regions* and 1,425 counties/townships in 31 provinces/autonomous regions/municipalities with saleable resources totaling

* Municipal administrative region includes prefecture-level cities, prefectures, autonomous prefectures, leagues, provincial-controlled divisions.

approximately RMB1,484.6 billion. When it comes to making decision about investment, the Company insists on its investment standards, and actively furthering the development of the property markets of the urban areas in cities of various tiers so that it has a balanced geographical market coverage nationwide. It also firmly applies its criteria for assessing what property projects are worth investing in and opportunely acquires lands. During the Year, the Company acquired 333 property projects at a total attributable cost of RMB141.62 billion, in which 85% of the lands were acquired in the five biggest metropolitan areas in mainland China and 29% of the lands were acquired through diverse channels. The premium land bank provides strong support to Company's future financial results.

The Company continued with its prudent approach to financial management, enhancing the stability of its financial position and thus manifesting its resilience in surmounting the fluctuations in economic and industry cycles. As at 31 December 2021, the Group had available cash* of RMB181.30; total interest-bearing debts decreased to RMB317.92 billion with net gearing ratio of 45.4%, which was down by 10.2 percentage points compared with that at the end of the previous year; its weighed average borrowing cost decreased by 36 basis points to 5.20% compared with that at the end of the previous year. We firmly believe that a sound and healthy financial position gives the best support to the Company to surmount the ups and downs in economic and industry cycles. During the Year, the controlling shareholder increased its holding in the Company on 29 trading days by a total of approximately 328 million shares at the average prices that range from HK\$7.23 to HK\$9.99 per share. The increased holding accounted for approximately 1.42% of the total issued share capital of the Company. This demonstrated the controlling shareholder's confidence about the Company's prospect and its recognition of its enterprise value.

Technology is driving social progress as an inexorable force. This is the great era for us to start hi-tech businesses. Three years ago, the Company decided to transform itself into a hi-tech enterprise by engaging in robotics and modern agriculture, aiming to transform the modes of production, business operation and lifestyle service with technology. The policy level has recently issued the "14th Five-year Plan for the Development of Construction Industry" and the "14th Five-year Plan for the Development of Robotics Industry" to foster the progress of intelligentization, industrialization and digitalization in construction industry. This has strengthened our faith and boosted our determination to well develop the smart construction business. At the Beijing 2022 Winter Olympics, our catering robots operated round the clock to provide good catering service and contributed to pandemic prevention by reducing the face-to-face contact. They have been praised, both at home and abroad, for helping to popularize the intelligentization of catering service at the Winter Olympics and making the service more efficient and safer. We believe that harnessing the power of technology can add impetus to the Company's future growth. The technology businesses that we have been running in recent years will soon turn into the company's second growth curve, creating value for society and our customers.

Presently, Guangdong Bright Dream Robotics Co., Ltd. ("Bright Dream Robotics") has achieved many preliminary results. It has established an intellectual construction system which construction robots serve as the core and is supported by building information modeling (BIM) and digitalization. Such intellectual construction system allows the incorporation of advanced construction technologies, the combined use of new types of plastic formwork and new types of prefabricated construction. The new ways of organizing and managing construction works that compatible with

* It represents the sum of cash and cash equivalents and restricted cash.

CHAIRMAN STATEMENT

the intellectual construction system, have effectively improve our performances on safety, quality, efficiency and 'green' statistics. Bright Dream Robotics has developed 12 types of construction robot product lines working jointly and separately to perform a range of tasks, including concrete construction, concrete finishing, bricklaying, plastering and interior wall decoration. The robots are capable to work in different construction processes such as structural construction, outer wall construction, basement construction, concrete finishing and interior decoration. As at 31 December 2021, 18 types of construction robots had been commercialized, and put up for sale or leased out. A cumulative total of over 730 units of such construction robots have been delivered and applied to more than 350 construction projects in 25 provinces/autonomous regions/municipalities and had completed a cumulative total floor area of over 7 million sq.m. under construction.

On 30 December 2021, Bright Dream Robotics finished the acceptance testing of the multi-machine construction system of "BIM+FMS+WMS+ Construction Robot" for the first time. Eight types of construction robots and 11 types of ancillary equipment were put into operation together at multi-machine construction projects, thus starting off the experiment of end-to-end smart construction system. This makes construction works as scientific and orderly as an automated conveyor assembly lines, and manifests the cluster effect of multiple construction robots and pieces of ancillary equipment by enabling coordination between them with smart technology. This year, we will make an all-out effort to roll out an experiment with the application of the smart construction system. We will first apply the system to our property projects upon the successful internal testing. With the advantage of hi-tech, smart construction, the Company will actively involve itself in the States' multi-tiered system of housing supply to contribute to the steady and healthy development of the property market.

In the business of modern agriculture, we have also made encouraging progress. The high horsepower unmanned tractor and unmanned harvester developed by the Company have debuted at the Model Base of Modern Urban Agriculture in the Guangdong-Hong Kong-Macao Greater Bay Area in Sanshui, Foshan City. This marked the Company's first stride towards the intelligentization of unmanned agricultural machines, the digitalization of agriculture and the development of unmanned farms. Aiming to strengthen agriculture with technology, the Company has established three core operations in its agriculture business segment, namely modernized planting, intelligent agricultural machinery platform and equipment manufacturing, and overseas agriculture on an industrial scale. In the future, we will apply "smart farm" as a new business model and a new type of operation to help the world solve the problem of food security.

The 14th Five-year Plan marks the first five years of our country's striving for its goals set for the second century of the rule of the Communist Party of China. Having thrown in our lot with the whole country, we forge ahead in the face of adversity and strive for breakthroughs. Since the establishment of Country Garden, the Group, my family and I have donated a cumulative total of over RMB10 billion to charity and carried out our work in poverty alleviation in 57 counties in 16 provinces, helping 490,000 people to overcome poverty. To consolidate our achievement in poverty alleviation, we have established a dynamic monitoring mechanism for preventing reversion to poverty. We have established a multiple tiers diagnostic system to monitor the progress of previous poverty-stricken households and those which had not yet firmly stayed out of poverty, and carried out special poverty alleviation plans to help them. We aim to consolidate our success in eradicating poverty with continued participation in rural revitalization, a meaningful mission where our responsibility and social conscience lie.

Carbon emission peak and carbon neutrality are far-reaching changes. With reverence for nature, we enthusiastically respond to the national strategy for attaining carbon emission peak and carbon neutrality. Therefore, we incorporate the concept of sustainable development into the life cycle of our products and the daily operation of the Company. We have started setting carbon neutrality targets and planning the work on the campaign. As a company that aims for green development, Country Garden is doing its utmost to fulfil its social and environmental responsibilities. 'Making the world a better place for having us in it' is our corporate mission, we will continue to promote high-quality and sustainable development for centuries.

Having survived the winter, we will see the spring coming. All of us at Country Garden should have our feet on the ground and dedicate to the development of human society. Let's work together for a better tomorrow!

There is no royal road to success. Perseverance is the only way forward!

YEUNG Kwok Keung

*Country Garden Holdings Company Limited
Chairman*

Foshan, Guangdong Province,
the PRC, 30th March 2022



Country Garden — Coral Palace, Sanya

BUSINESS OVERVIEW

PROPERTY DEVELOPMENT

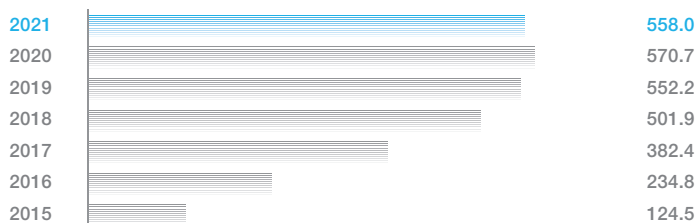
Contracted Sales

In 2021, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB558.00 billion with contracted sales GFA attributable to the shareholders of the Company of approximately 66.41 million sq.m.

In 2021, the attributable contracted sales outside Guangdong Province was around 83% of that of the Group, reflecting the Group's efforts in geographic diversification.

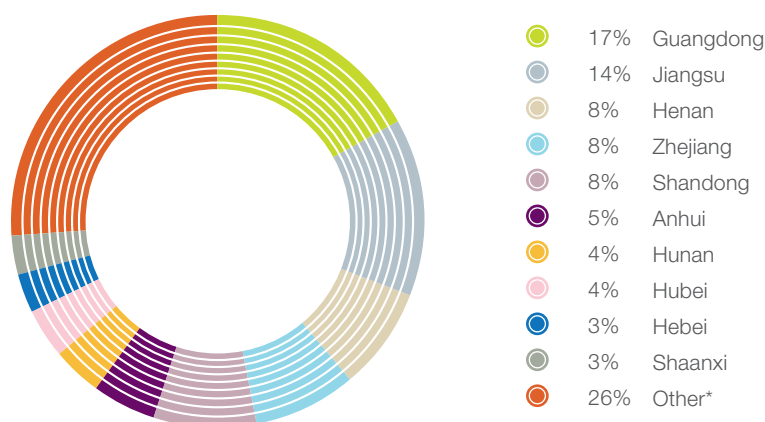
In terms of tier cities, around 64% of the attributable contracted sales in Mainland China was contributed by projects located in tier 3&4 cities targeting tier 3&4 cities, around 25% was contributed by projects located in tier 2 cities targeting tier 2 cities and 11% was contributed by the others.

Attributable contracted sales (RMB billion)



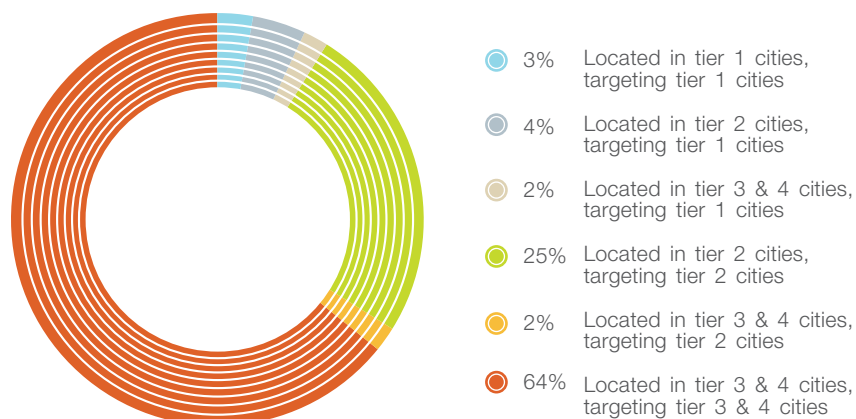
 **29% CAGR**

Geographical breakdown of contracted sales in 2021 (By Attributable Value)

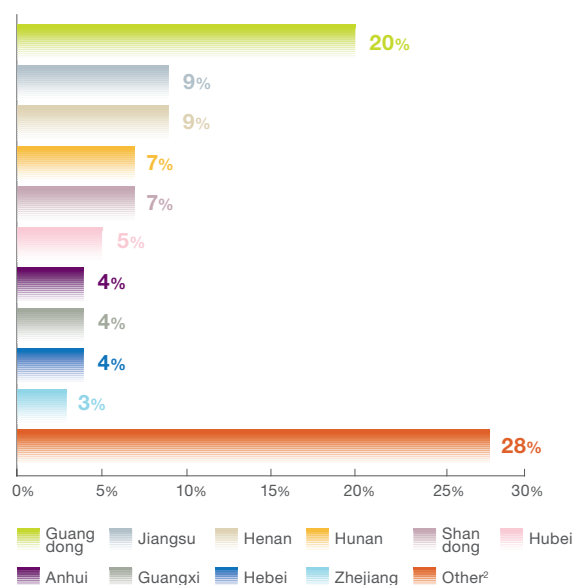


Note: Other* include Guangxi, Hainan, Sichuan, Jiangxi, Liaoning, Fujian, Shanxi, Gansu, Guizhou, Yunnan, Shanghai, Chongqing, Tianjin, Inner Mongolia, Xinjiang, Jilin, Qinghai, Beijing, Ningxia, Thailand, Heilongjiang, Tibet, the United States, Australia, Hong Kong, Malaysia, New Zealand, Indonesia, India and the United Kingdom.

Contracted sales breakdown in Mainland China by city type in 2021 (By Attributable Value)

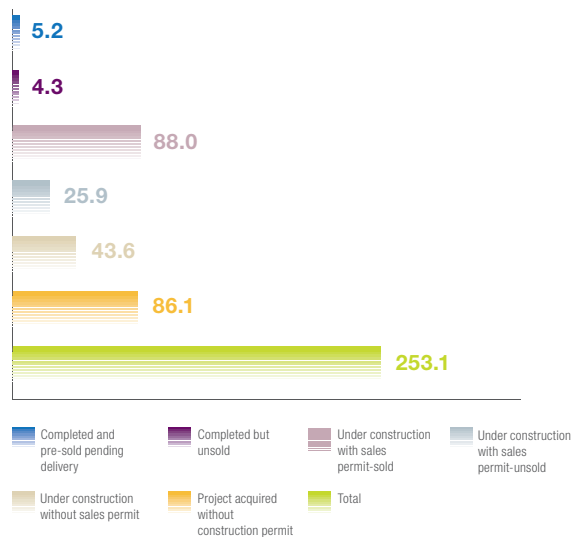


Landbank breakdown by province in Mainland China (By attributable GFA)



Other* include Sichuan, Guizhou, Shaanxi, Liaoning, Jiangxi, Gansu, Shanxi, Hainan, Inner Mongolia, Yunnan, Fujian, Xinjiang, Chongqing, Tianjin, Qinghai, Beijing, Jilin, Shanghai, Heilongjiang, Ningxia and Tibet.

Attributable landbank GFA breakdown by development stage in Mainland China (million sq.m.)



Landbank — Mainland China

As of December 31 2021, the acquired attributable GFA in Mainland China together with its joint venture and associates was 253.13 million sq.m. 80% of the landbank was located outside of Guangdong province.

BUSINESS OVERVIEW



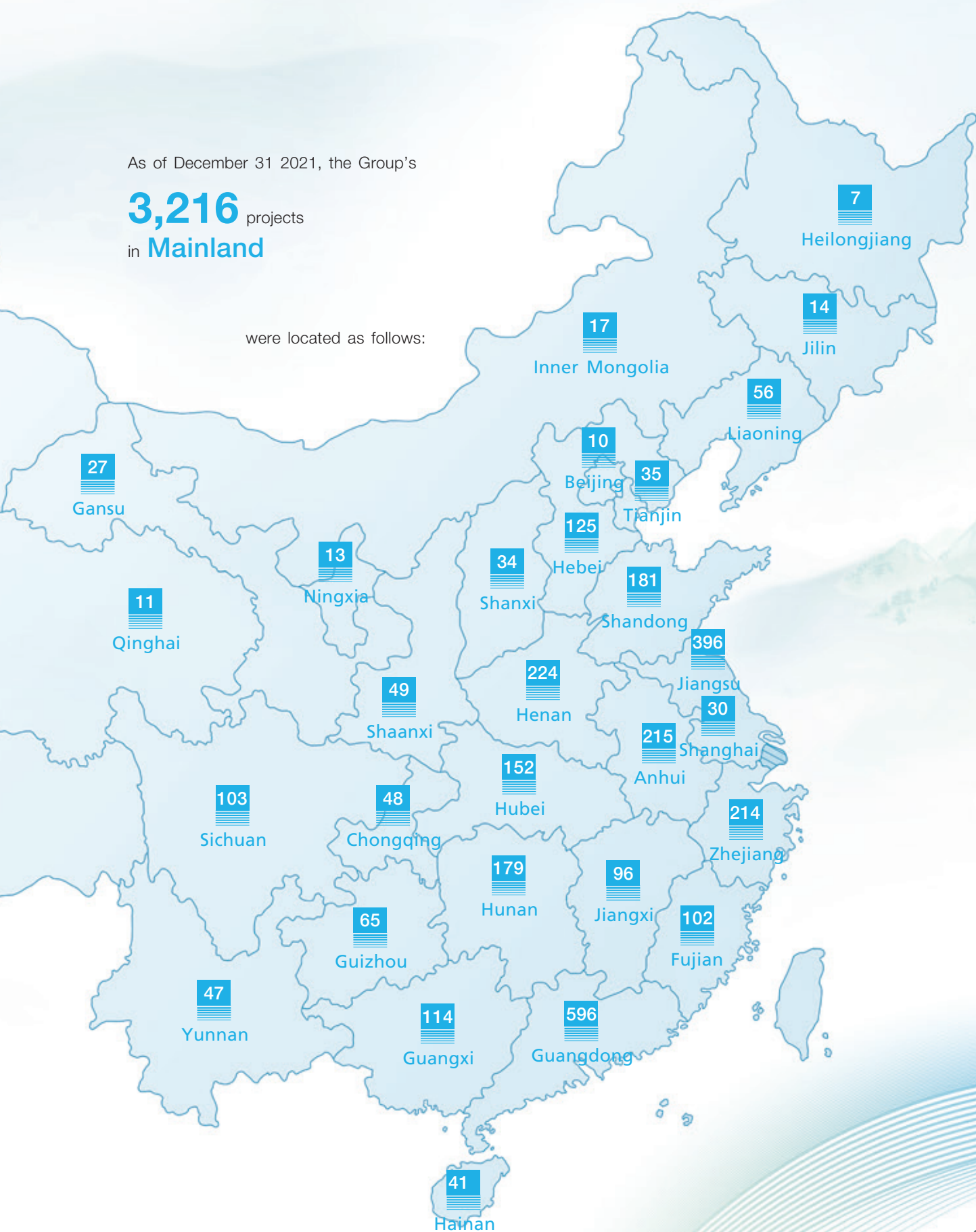
Project Location

As of December 31, 2021, the Group operated 3,247 projects under different development stages, 3,216 of these projects were located in Mainland China and 31 were outside Mainland China.

As of December 31, 2021, the Group's

3,216 projects
in **Mainland**

were located as follows:



BUSINESS OVERVIEW

Project Location Top 100 Projects of Equity Contract Sales in Mainland China in 2021⁽¹⁾

Serial number	Project	City (District)	Aggregate saleable GFA for entire project	Completed property developments ⁽²⁾			
				Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
1	Country garden — Songhu Pearl (碧桂園•松湖明珠)	Dongguan (Hengli)	243,825				
2	Country Garden Phoenix City (碧桂園•鳳凰城)	Zhenjiang (Jurong)	7,059,790	4,306,143	4,296,263	436	
3	Lanzhou Country Garden (蘭州碧桂園)	Lanzhou (Chengguan)	6,063,718	2,939,967	2,920,168	1,508	
4	Asian Games City (亞運城)	Guangzhou (Panyu)	3,975,671	2,739,002	2,686,338	50,437	
5	Country garden — Yun Jing (碧桂園•雲境)	Lishui (Liandu)	170,815				
6	Country garden — Bailiwan (碧桂園•柏麗灣)	Dongguan (Shatin)	321,782	229,373	229,373		
7	Country garden — Yunyue Bizhen (碧桂園•雲樾碧臻)	Foshan (Nanhai)	252,249				
8	Country garden — Mountain Lake City (碧桂園山湖城)	Qingyuan (Qingcheng)	2,162,864	1,876,578	1,875,227	1,351	
9	Country garden — Wangjiang Yipin (碧桂園•望江一品)	Taizhou (Jingjiang)	113,279				
10	Country garden — Didang Lake (碧桂園•迪蕩湖)	Shaoxing (Yuecheng)	251,025				
11	Country garden — Jiuduhui (碧桂園•玖都荟)	Taizhou (Wenling)	95,284				
12	Country garden — Tianyue Mansion (碧桂園•天樾府)	Lianyungang (Ganyu)	238,634				
13	Country Garden — Chaoming (碧桂園•潮鳴)	Jinhua (Yiwu)	94,728				
14	Country garden — Jiyang Mansion (碧桂園•暨陽府)	Wuxi (Jiangyin)	801,095	380,237	377,275	213	
15	Country garden — Tongquetai (碧桂園•銅雀臺)	Dongguan (Mayong)	224,649	123,937	70,963		
16	Country Garden Phoenix City (碧桂園•鳳凰城)	Zhongshan (South District)	1,087,661	532,748	532,595		
17	Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	4,301,671	3,379,140	3,370,700	7,112	
18	Shaoguan Country Garden — Sun City (韶關碧桂園•太陽城)	Shaoguan (Wujiang)	4,026,394	2,346,258	2,346,046		
19	Country garden — 28 light years (碧桂園•28光年)	Foshan (Shunde)	97,871				
20	Anqing Country Garden (安慶碧桂園)	Anqing (Yingjiang)	2,888,360	2,239,333	2,239,333		

	Properties under development ⁽³⁾				Properties for future development ⁽⁴⁾		
Completion date	Total saleable GFA under development	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated pre-sale commencement date	Estimated completion date
	sq.m.	sq.m.			sq.m.		
	243,825	161,309	30-Oct-20	2nd Quarter, 2024			
24-Nov-21	917,459	331,988	5-Jun-20	4th Quarter, 2025	1,836,188	2nd Quarter, 2022	4th Quarter, 2027
24-Dec-21	1,107,282	799,772	16-Oct-19	4th Quarter, 2025	2,016,469	3rd Quarter, 2022	4th Quarter, 2027
20-Aug-21	922,044	474,575	3-Jul-20	4th Quarter, 2025	314,625	4th Quarter, 2022	2nd Quarter, 2027
	170,815	159,619	10-Mar-21	3rd Quarter, 2024			
30-Jun-14	92,409	90,581	24-Dec-20	4th Quarter, 2022			
	252,249	102,848	27-Oct-20	1st Quarter, 2024			
30-Sep-21	286,286	272,953	17-Aug-20	3rd Quarter, 2024			
	113,279	113,079	30-Nov-20	4th Quarter, 2022			
	251,025	167,774	20-Dec-19	3rd Quarter, 2023			
	95,284	94,250	16-Nov-20	1st Quarter, 2023			
	238,634	233,950	29-Nov-20	2nd Quarter, 2023			
	94,728	81,934	9-Mar-21	3rd Quarter, 2023			
29-Sep-20	420,858	341,576	14-May-20	4th Quarter, 2024			
31-Mar-21	100,712	98,056	30-Sep-20	2nd Quarter, 2023			
17-Dec-20	377,800	98,799	5-Feb-21	4th Quarter, 2024	177,113	4th Quarter, 2022	4th Quarter, 2025
29-Nov-21	427,952	246,266	28-Apr-20	2nd Quarter, 2024	494,579	4th Quarter, 2022	4th Quarter, 2026
14-May-21	532,327	259,071	21-Aug-20	4th Quarter, 2024	1,147,809	4th Quarter, 2022	4th Quarter, 2027
	97,871	76,679	11-Nov-20	4th Quarter, 2022			
13-Jun-19	573,183	441,009	30-Oct-19	4th Quarter, 2024	75,844	4th Quarter, 2022	4th Quarter, 2025

BUSINESS OVERVIEW

Serial number	Project	City (District)	Aggregate saleable GFA for entire project	Completed property developments ⁽²⁾			
				Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
21	Country garden — Jinlin Mansion (碧桂園•錦麟府)	Handan (Congtai)	145,151				
22	Country garden Shenhui City (碧桂園深薈城)	Huizhou (Huiyang)	475,020	293,189	293,189		
23	Anning Country Garden (安寧碧桂園)	Lanzhou (Anning)	392,296				
24	Country garden — Feili Lanting (碧桂園•翡麗蘭庭)	Linyi (Lanshan)	203,153				
25	Country garden lion ocean (碧桂園獅子洋)	Dongguan (Shatin)	97,746	38,309	38,309		
26	Taishan Country Garden (臺山碧桂園)	Jiangmen (Taishan)	2,446,201	1,782,004	1,782,004		
27	Country garden — Golden Age (碧桂園•黃金時代)	Wuhu (Wanhe)	194,127				
28	Country garden — Genting (碧桂園•雲頂)	Taiyuan (Yingze)	453,133				
29	Country Garden Phoenix City (碧桂園鳳凰城)	Baoji (Weibin)	1,099,750	278,644	277,051		
30	Country Garden Century City (碧桂園•世紀城)	Maoming (Xinyi)	448,086				
31	Country garden — Changqiao Jiangshan (碧桂園•長橋江山)	Chongqing (Beibei)	270,750	74,156	72,760		
32	Country garden — Yuefu (碧桂園•樾府)	Dongguan (Xie Gang)	88,278				
33	Country garden — Phoenix Bay (碧桂園•鳳凰灣)	Yangjiang (Yangdong)	1,149,191	93,832	93,832		
34	Country garden — Xinghui (碧桂園•星匯)	Liaocheng (Dongchangfu)	286,060				
35	Xiangcheng Country Garden (項城碧桂園)	Zhoukou (Xiangcheng)	392,481				
36	Country garden — Duhui Chengpin (碧桂園•都會誠品)	Nanjing (Pukou)	203,682				
37	Country garden — Yunxitai (碧桂園•雲熙臺)	Cangzhou (Xianxian county)	137,717				
38	Country garden — Lingjiang Mansion (碧桂園•陵江府)	Yangzhou (Guangling)	179,145	101,224	100,776		
39	Country garden — Ten Miles Beach Victoria Harbour (碧桂園•十里銀灘維港灣)	Huizhou (Huidong)	958,967	603,300	573,650	228	
40	Country garden — Times City (碧桂園•時代城)	Xinxiang (Hongqi)	218,612				

	Properties under development ⁽³⁾				Properties for future development ⁽⁴⁾		
Completion date	Total saleable GFA under development	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated pre-sale commencement date	Estimated completion date
	sq.m.	sq.m.			sq.m.		
	145,151	137,586	25-Aug-20	3rd Quarter, 2023			
19-Nov-18	181,831	166,862	30-Jul-20	2nd Quarter, 2023			
	392,296	297,049	22-Nov-19	3rd Quarter, 2023			
	203,153	151,851	14-Sep-20	3rd Quarter, 2023			
1-Jul-19	59,437	47,084	9-Apr-21	1st Quarter, 2023			
28-Jun-20	266,853	163,104	8-May-20	4th Quarter, 2023	397,344	1st Quarter, 2022	4th Quarter, 2025
	194,127	182,410	30-Sep-20	3rd Quarter, 2023			
	157,870	107,900	26-Nov-20	4th Quarter, 2024	295,263	1st Quarter, 2022	4th Quarter, 2026
31-Aug-21	324,893	220,433	21-Apr-20	3rd Quarter, 2024	496,213	2nd Quarter, 2022	2nd Quarter, 2027
	448,086	160,335	11-Dec-20	2nd Quarter, 2024			
1-Dec-21	110,264	81,090	24-Sep-20	4th Quarter, 2023	86,330	1st Quarter, 2022	4th Quarter, 2024
	88,278	63,988	7-Feb-21	2nd Quarter, 2023			
28-Apr-20	352,688	246,189	20-Dec-19	4th Quarter, 2024	702,671	2nd Quarter, 2022	4th Quarter, 2027
	189,081	105,740	18-Jun-21	3rd Quarter, 2024	96,979	2nd Quarter, 2022	4th Quarter, 2024
	252,703	205,061	14-May-21	3rd Quarter, 2024	139,778	1st Quarter, 2022	4th Quarter, 2024
	171,115	111,540	2-Dec-20	3rd Quarter, 2023	32,567	2nd Quarter, 2022	2nd Quarter, 2024
	137,717	121,511	17-Nov-20	3rd Quarter, 2023			
10-Dec-21	77,921	55,858	11-Sep-20	3rd Quarter, 2023			
2-Sep-21	248,673	61,102	30-Apr-20	4th Quarter, 2024	106,994	3rd Quarter, 2022	4th Quarter, 2025
	218,612	179,024	17-Apr-20	3rd Quarter, 2023			

BUSINESS OVERVIEW

Serial number	Project	City (District)	Aggregate saleable GFA for entire project	Completed property developments ⁽²⁾			
				Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
41	Country garden — Park Era (碧桂園 • 公園時代)	Suzhou (Wuzhong)	104,944				
42	Country garden — Hill of joviality (碧桂園 • 雲悅半山)	Dongguan (Chang'an)	54,256				
43	Country garden — Tianjiao Mansion (碧桂園 • 天驕公館)	Suqian (Shuyang)	149,372				
44	Country garden — Binjiang No.1 (碧桂園 • 濱江壹號)	Wenzhou (Lucheng)	89,484				
45	Country garden — Shiguangli (碧桂園 • 拾光里)	Urumqi (Shayibak)	137,540				
46	Country garden — Binjiang Mansion (碧桂園 • 濱江府)	Huizhou (Boluo)	446,689	143,923	143,781		
47	Country garden, Yanshan Road (弇山路碧桂園)	Suzhou (Taicang)	137,034				
48	Country garden — Yunxi (碧桂園 • 雲璽)	Jining (Zoucheng)	173,810				
49	Lushan Country Garden (廬山碧桂園)	Jiujiang (Lushan)	165,100				
50	Shishi Country Garden (石獅碧桂園)	Quanzhou (Shishi)	237,836	121,893	121,460		
51	Country garden — Yunjing (碧桂園 • 雲璟)	Yingde (Qingyuan)	562,414	221,459	221,459		
52	Country garden — Fengqitai (碧桂園 • 鳳棲台)	Datong (Pingcheng)	425,878				
53	Country garden — Fengxiang Garden (碧桂園 • 鳳翔花園)	Huizhou (Zhongkai)	117,284				
54	Country garden — Seal Bay (碧桂園 • 天璽灣)	Ningbo (Xiangshan)	194,219	113,259	113,259		
55	Country garden — Fenglin Mansion (碧桂園 • 鳳麟府)	Yancheng (Yandu)	248,706				
56	Country garden — Jiuxi (碧桂園 • 玖璽)	Shanghai (Minhang)	78,512				
57	Country garden — Jiang lanyue (碧桂園 • 江蘭樾)	Shaoguan (Wengyuan)	295,860				
58	Country garden — City Light (碧桂園 • 都會之光)	Lishui (Liandu)	121,128				
59	Country garden — Duhui Xingchen (碧桂園 • 都荟星辰)	Bozhou (Mengcheng)	254,888				
60	Country garden — Xinghui Shidai (碧桂園 • 星荟時代)	Dalian (Jinzhou)	319,445				
61	Changshu Guli Country Garden (常熟古里碧桂園)	Suzhou (Changshu)	210,407	210,407	209,042		

	Properties under development ⁽³⁾				Properties for future development ⁽⁴⁾		
Completion date	Total saleable GFA under development	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated pre-sale commencement date	Estimated completion date
	sq.m.	sq.m.			sq.m.		
	104,944	64,604	28-May-21	2nd Quarter, 2024			
	54,256	21,783	13-Aug-21	1st Quarter, 2023			
	149,372	147,427	26-Nov-20	3rd Quarter, 2023			
	89,484	87,804	19-May-20	4th Quarter, 2022			
	137,540	113,174	22-Oct-20	3rd Quarter, 2023			
9-Jul-21	302,766	129,732	6-Nov-20	4th Quarter, 2024			
	137,034	52,550	29-Jan-21	2nd Quarter, 2024			
	173,810	135,629	24-Nov-20	2nd Quarter, 2024			
	165,100	123,251	27-Nov-20	1st Quarter, 2024			
19-Oct-21	115,943	81,827	23-Aug-18	4th Quarter, 2023			
14-Jan-21	175,156	161,472	10-Aug-20	4th Quarter, 2023	165,799	2nd Quarter, 2022	2nd Quarter, 2025
	352,703	147,381	30-Sep-20	3rd Quarter, 2024	73,175	4th Quarter, 2022	4th Quarter, 2024
	117,284	108,276	20-May-20	3rd Quarter, 2022			
15-Dec-21	80,960	57,972	20-Oct-20	3rd Quarter, 2023			
	246,062	165,858	27-Nov-20	3rd Quarter, 2023	2,644	1st Quarter, 2022	1st Quarter, 2024
	78,512	76,479	20-Jun-20	2nd Quarter, 2022			
	295,860	163,062	27-Sep-20	3rd Quarter, 2024			
	121,128	71,596	25-Dec-20	3rd Quarter, 2023			
	234,635	153,677	1-Sep-20	2nd Quarter, 2024	20,253	2nd Quarter, 2022	2nd Quarter, 2024
	138,143	70,094	15-Jun-21	3rd Quarter, 2024	181,302	2nd Quarter, 2022	4th Quarter, 2025
24-May-21							

BUSINESS OVERVIEW

Serial number	Project	City (District)	Aggregate saleable GFA for entire project	Completed property developments ⁽²⁾			
				Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
62	Country garden — Yonghua Mansion (碧桂园•雍华府)	Handan (Fuxing)	234,449				
63	Wenxian Country Garden (温县碧桂园)	Jiaozuo (Wenxian county)	484,842				
64	Country garden — Jiangshan Fu (碧桂园•江山赋)	Yibin (Cuiping)	264,777				
65	Country garden — lion mountain source (碧桂园•狮山源著)	Huzhou (Deqing)	48,771				
66	Songhu Country Garden (松湖碧桂园)	Dongguan (Dalingshan)	495,980	348,423	348,423		
67	Country garden — Star Bay (碧桂园•星辰湾)	Chizhou (Qingyang)	124,518				
68	Country garden — spring city image (碧桂园•春城映象)	Kunming (Wuhua)	497,363	113,924	112,819	48	
69	Country garden Yonghua Mansion (碧桂园雍华府)	Tangshan (Zunhua)	282,369				
70	Country garden — Central capital (碧桂园•城央首府)	Meishan (Hongya)	363,364	129,593	129,460		
71	Country garden — Jade capital (碧桂园•翡翠首府)	Dezhou (Wucheng)	264,362	89,781	38,767	51,014	
72	Country garden — Longyue Bay (碧桂园•珑樾湾)	Dazhou (Tongchuan)	252,294	101,310		100,310	
73	Country garden — The Mansion of star (碧桂园•星作)	Hohhot (new urban area)	183,097				
74	Country garden Daming Mansion (碧桂园大名府)	Nantong (Qidong)	647,622	583,046	547,529		
75	Country garden — Sanya Hui (碧桂园•三亚荟)	Sanya (Jiyang)	76,427	16,357	16,357		
76	Country garden Jincheng (碧桂园•锦程)	Xi'an (Weiyang)	57,167				
77	Country garden Xinhai cloud Valley (碧桂园新海雲谷)	Lianyungang (Haizhou)	600,761	162,324	161,905		
78	Country garden — Xingxi platform (碧桂园•星禧台)	Guangzhou (Zengcheng)	97,862				
79	Taichang Wanda South Country Garden (太倉萬達南碧桂园)	Suzhou (Taichang)	90,049	52,200	51,871		
80	Country garden — Ruiyuan Langyue Bay (碧桂园•瑞源朗悦湾)	Qingdao (Huangdao)	83,254				
81	Country garden — Riverside Era (碧桂园•滨江时代)	Meizhou (Fengshun)	665,085				
82	Country garden — Tianyue Bay (碧桂园•天悦湾)	Zhumadian (Yicheng)	200,948				

	Properties under development ⁽³⁾				Properties for future development ⁽⁴⁾		
Completion date	Total saleable GFA under development	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated pre-sale commencement date	Estimated completion date
	sq.m.	sq.m.			sq.m.		
	234,449	81,111	30-Oct-20	3rd Quarter, 2024			
	233,696	136,868	28-Apr-21	3rd Quarter, 2024	251,146	2nd Quarter, 2022	2nd Quarter, 2026
	206,411	156,643	27-May-20	2nd Quarter, 2024	58,366	2nd Quarter, 2022	2nd Quarter, 2024
	48,771	48,576	25-May-20	2nd Quarter, 2023			
18-Jan-19	147,557	139,918	31-Jul-20	4th Quarter, 2022			
	124,518	103,014	6-Apr-21	2nd Quarter, 2024			
30-Dec-21	383,439	189,541	3-Jan-20	4th Quarter, 2024			
	282,369	254,647	14-Oct-19	3rd Quarter, 2023			
31-Dec-21	233,771	172,828	26-Dec-19	2nd Quarter, 2024			
31-Dec-21	174,581	141,299	12-Nov-18	2nd Quarter, 2024			
31-Dec-21	150,984	149,331	30-Jul-20	2nd Quarter, 2023			
	141,317	66,969	24-Nov-20	1st Quarter, 2025	41,780	2nd Quarter, 2022	2nd Quarter, 2025
29-Apr-21	64,576	49,018	2-Dec-20	3rd Quarter, 2023			
28-Jun-19	60,070	42,176	29-Jun-20	4th Quarter, 2023			
	57,167	43,289	11-Jun-21	2nd Quarter, 2023			
24-Dec-21	246,349	155,019	14-Apr-20	2nd Quarter, 2024	192,088	2nd Quarter, 2022	4th Quarter, 2025
	97,862	52,089	16-Apr-21	1st Quarter, 2024			
25-Nov-21	37,849	37,346	24-Sep-20	3rd Quarter, 2022			
	83,254	64,209	4-Dec-20	2nd Quarter, 2024			
	285,330	180,230	10-Jun-20	4th Quarter, 2023	379,755	2nd Quarter, 2022	4th Quarter, 2025
	199,516	169,635	13-Dec-19	2nd Quarter, 2024	1,432	1st Quarter, 2022	4th Quarter, 2024

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Serial number	Project	City (District)	Aggregate saleable GFA for entire project	Completed property developments ⁽²⁾			
				Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
83	Country garden — Huyue Tianjing (碧桂园•湖樾天境)	Dezhou (Leling)	121,278				
84	Yihe Country Garden — Tianyu University (颐和碧桂园•天誉学府)	Cangzhou (Qingxian)	81,355				
85	Country Garden Phoenix City (碧桂园•凤凰城)	Meizhou (Wuhua)	1,141,952	631,025	623,088	1,024	
86	Country garden future city Yanhuli (碧桂园未来城燕湖里)	Qingyuan (Qingcheng)	200,950				
87	Country garden — Longyuelanting (碧桂园•珑悦蘭庭)	Xining (in the city)	290,600				
88	Country garden — Moon platform (碧桂园•映月臺)	Ma'anshan (Dangtu)	84,027				
89	Country garden — Genting (碧桂园•雲頂)	Yuncheng (Salt Lake)	211,969				
90	Country garden — Xingyueli (碧桂园•星悦里)	Jiaxing (Pinghu)	74,562				
91	Country garden — Peach and plum Oriental (碧桂园•桃李東方)	Qingdao (Pingdu)	142,088				
92	Quzhou Peninsula Country Garden (衢州半島碧桂园)	Quzhou (Kecheng)	96,606				
93	Country garden — Baiyue (碧桂园•铂悦)	Xining (in the city)	174,566				
94	Country garden — Nine seals (碧桂园•九璽)	Chuzhou (Mingguang)	146,750				
95	Country garden — Cloud landscape (碧桂园•雲境)	Lhasa (Chengguan)	97,626				
96	Country garden smart city (碧桂园智慧城市)	Changsha (Yuelu)	531,194				
97	Country garden — Chu Yuetai (碧桂园•楚悦台)	Jingmen (Duodao)	237,349				
98	Country Garden Phoenix City (碧桂园•凤凰城)	Qiannan (Longli)	1,147,019				
99	Country garden — Jiangyu City (碧桂园•江嶼城)	Jiujiang (Xiushui)	336,655				
100	Country garden — Daming Mansion (碧桂园•大名府)	Maoming (Maonan)	242,997	131,516	129,565	252	

Note:

- (1) All the GFAs displayed in this section are attributable to the owners of the Company.
- (2) Based on the measurement reports from relevant government departments.
- (3) Based on the actual measurements by the project management department of the Group.
- (4) GFA for future development for each project is the GFA expected to be built.

	Properties under development ⁽³⁾				Properties for future development ⁽⁴⁾		
Completion date	Total saleable GFA under development	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated pre-sale commencement date	Estimated completion date
	sq.m.	sq.m.			sq.m.		
	121,278	108,624	8-Sep-20	2nd Quarter, 2024			
	81,355	81,103	18-Dec-20	4th Quarter, 2023			
31-Dec-21	234,169	80,248	13-Nov-20	4th Quarter, 2024	276,758	4th Quarter, 2022	2nd Quarter, 2025
	200,950	116,343	9-Jun-20	3rd Quarter, 2023			
	254,326	220,834	22-Nov-19	3rd Quarter, 2023	36,274	1st Quarter, 2022	1st Quarter, 2024
	84,027	80,341	29-Jan-21	2nd Quarter, 2023			
	177,328	101,050	18-Sep-20	3rd Quarter, 2024	34,641	2nd Quarter, 2022	4th Quarter, 2024
	74,562	50,448	16-Apr-21	4th Quarter, 2023			
	142,088	84,302	3-Mar-21	2nd Quarter, 2024			
	96,606	96,436	22-Nov-19	3rd Quarter, 2022			
	174,566	83,768	20-Nov-20	2nd Quarter, 2024			
	146,750	111,847	21-Jan-21	2nd Quarter, 2023			
	97,626	78,280	27-Sep-20	4th Quarter, 2023			
	397,389	136,637	24-Sep-20	4th Quarter, 2024	133,805	2nd Quarter, 2022	4th Quarter, 2025
	236,805	207,484	27-Sep-19	3rd Quarter, 2023	544	1st Quarter, 2022	4th Quarter, 2023
	623,848	362,708	14-Jun-19	2nd Quarter, 2024	523,171	2nd Quarter, 2022	4th Quarter, 2027
	169,476	81,569	12-Jun-21	2nd Quarter, 2024	167,178	2nd Quarter, 2022	4th Quarter, 2024
30-Jun-21	97,429	94,119	17-Aug-20	3rd Quarter, 2022	14,052	2nd Quarter, 2022	4th Quarter, 2023

BUSINESS OVERVIEW

Landbank GFA breakdown by location in Mainland China⁽¹⁾

Province/Location	Aggregate saleable GFA	Completed property developments ⁽²⁾			Properties under development ⁽³⁾		Properties for future development ⁽⁴⁾
		Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	Total saleable GFA under development	Total saleable GFA pre-sold	GFA for future development
	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.	sq.m.
Guangdong	143,437,930	94,580,647	92,489,283	1,228,216	24,831,844	10,338,135	24,025,439
Jiangsu	54,917,885	32,423,718	31,530,855	371,781	15,768,882	9,152,838	6,725,285
Anhui	38,496,781	27,769,578	27,413,077	145,186	8,480,489	5,537,128	2,246,714
Hunan	34,604,206	16,852,232	16,294,331	239,203	11,203,374	6,635,785	6,548,600
Henan	33,137,567	11,461,541	11,116,503	221,759	16,663,978	10,275,467	5,012,048
Shandong	27,808,490	11,128,250	10,583,091	302,585	11,443,777	6,511,498	5,236,463
Hubei	26,927,228	15,689,448	15,128,034	285,155	6,554,953	3,233,703	4,682,827
Guangxi	20,193,060	10,477,775	10,352,412	80,266	7,378,088	5,058,252	2,337,197
Zhejiang	18,975,913	11,190,553	10,493,460	439,271	7,257,740	4,247,202	527,620
Guizhou	16,259,473	9,534,973	9,096,605	223,830	3,249,655	1,849,589	3,474,845
Liaoning	15,193,840	9,109,218	9,003,429	4,683	3,376,565	1,816,803	2,708,057
Hebei	15,108,855	5,501,614	5,334,251	38,521	6,848,540	3,837,959	2,758,701
Sichuan	14,592,952	7,261,588	6,878,287	332,110	5,125,135	3,211,945	2,206,229
Shaanxi	10,735,710	4,385,261	3,990,977	315,361	4,051,958	2,290,507	2,298,491
Jiangxi	10,544,610	5,255,856	5,146,883	88,211	4,087,452	2,440,854	1,201,302
Fujian	9,182,156	6,811,259	6,274,857	363,200	1,992,306	966,905	378,591
Gansu	9,123,421	4,045,431	4,013,346	2,329	2,812,864	1,925,291	2,265,126
Hainan	8,806,908	4,368,205	4,087,048	26,760	2,114,107	544,406	2,324,596
Chongqing	6,272,035	4,223,320	4,118,797	37,519	1,437,927	786,676	610,788
Inner Mongolia	6,083,755	2,255,146	2,232,483	0	1,588,132	860,768	2,240,477
Shanxi	6,076,190	1,322,714	1,075,198	195,427	3,070,514	1,759,461	1,682,962
Yunnan	5,746,076	2,218,262	2,180,650	13,049	2,582,177	1,536,677	945,637
Tianjin	4,133,660	2,186,075	2,006,016	126,545	971,104	612,128	976,481
Xinjiang	3,213,194	630,107	500,206	113,037	1,276,457	733,795	1,306,630
Qinghai	1,834,427	841,328	833,577	0	855,668	575,604	137,431
Jilin	1,535,573	561,388	552,074	1,043	800,068	420,576	174,117
Ningxia	1,305,955	766,737	763,836	361	474,962	330,479	64,256
Shanghai	1,233,448	624,805	555,618	14,891	416,811	149,566	191,832
Beijing	1,176,259	212,051	183,904	722	222,154	101,855	742,054
Heilongjiang	1,074,330	501,132	494,285	0	492,436	204,211	80,762
Tibet	156,532	36,353	36,121	0	120,179	101,723	0
Total	547,888,418	304,226,565	294,759,493	5,211,023	157,550,295	88,047,786	86,111,558

Note:

- (1) All the GFAs displayed in this section are attributable to the owners of the Company.
- (2) Based on the measurement reports from relevant government departments.
- (3) Based on the actual measurements by the project management department of the Group.
- (4) GFA for future development for each project is the GFA expected to be built.

FINANCIAL SUMMARY

Consolidated Results

	2017 RMB million	2018 RMB million	2019 RMB million	2020 RMB million	2021 RMB million
Revenue	226,900	379,079	485,908	462,856	523,064
Profit before income tax	46,522	79,563	98,939	85,529	68,949
Income tax expense	(17,770)	(31,021)	(37,737)	(31,411)	(27,967)
Profit for the year	28,752	48,542	61,202	54,118	40,982
Profit attributable to:					
Owners of the Company	26,064	34,618	39,550	35,022	26,797
Non-controlling interests	2,688	13,924	21,652	19,096	14,185
	28,752	48,542	61,202	54,118	40,982
Earnings per share:					
Basic (RMB Yuan)	1.23	1.61	1.85	1.62	1.22

Consolidated Financial Position






	2017 RMB million	2018 RMB million	2019 RMB million	2020 RMB million	2021 RMB million
Non-current assets	181,754	229,944	275,635	273,653	234,428
Current assets	867,915	1,399,750	1,631,517	1,742,156	1,713,937
Current liabilities	769,537	1,219,406	1,398,752	1,492,959	1,378,905
Net current assets	98,378	180,344	232,765	249,197	335,032
Total assets less current liabilities	280,132	410,288	508,400	522,850	569,460
Non-current liabilities	163,520	236,880	289,792	265,847	268,833
Equity attributable to owners of the Company	93,671	121,330	151,939	175,102	198,736
Non-controlling interests	22,941	52,078	66,669	81,901	101,891
Total equity	116,612	173,408	218,608	257,003	300,627
Equity attributable to owners of the Company					
— NBV per share (RMB Yuan)	4.40	5.61	6.96	7.95	8.59
Net debt¹	66,362	85,932	101,255	142,862	136,622
Net gearing ratio (%)	56.9	49.6	46.3	55.6	45.4

Note:






1. Net debt equals to total debt (representing bank and other borrowings, senior notes, corporate bonds and convertible bonds) net of available cash.

FINANCIAL HIGHLIGHTS






Revenue (RMB billion)

2021		523.1
2020		462.9
2019		485.9
2018		379.1
2017		226.9






Profit attributable to owners of the Company (RMB billion)

2021		26.8
2020		35.0
2019		39.6
2018		34.6
2017		26.1






Core net profit attributable to owners of the Company (RMB billion)

2021		26.9
2020		32.4
2019		40.1
2018		34.1
2017		24.7






Basic earnings per share (RMB Yuan)

2021		1.22
2020		1.62
2019		1.85
2018		1.61
2017		1.23

Equity attributable to owners of the Company (RMB billion)

2021		198.7
2020		175.1
2019		151.9
2018		121.3
2017		93.7

Equity attributable to owners of the Company — NBV per share (RMB Yuan)

2021		8.59
2020		7.95
2019		6.96
2018		5.61
2017		4.40

MANAGEMENT DISCUSSION AND ANALYSIS



Country Garden — Yunding, Guangzhou

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from two business segments as follows: Property development and Construction. Revenue of the Group increased by 13.0% to approximately RMB523,064 million in 2021 from approximately RMB462,856 million in 2020. 97.0% of the Group's revenue was generated from the sales of properties (2020: 97.1%), and 3.0% from Construction and Others segments (2020: 2.9%).

Property Development

Due to the increase of GFA delivered, revenue generated from property development increased by 12.9% to approximately RMB507,478 million in 2021 from approximately RMB449,341 million in 2020. The recognised average selling price of property delivered (value-added taxes not included) was approximately RMB7,455 per sq.m. in 2021.

The Group recorded
revenue of
approximately RMB
523,064million

Revenue generated from
property development
was
approximately RMB
507,478million

MANAGEMENT DISCUSSION AND ANALYSIS

Construction

Construction revenue from external parties increased by 6.6% to approximately RMB9,360 million in 2021 from approximately RMB8,779 million in 2020, primarily due to the increase in the construction volume.

Others

Others segment mainly includes property investment, hotel operation and others, such as smart construction, robotic catering, new retail and modern agriculture businesses. Revenue from external parties of these segments increased by 31.5% to approximately RMB6,226 million in 2021 from approximately RMB4,736 million in 2020.

Selling and marketing costs and Administrative expenses

Benefited by the excellent cost control and the improvement of organization efficiency, the Group's selling and marketing costs and administrative expenses amounted to approximately RMB28,834 million in 2021. It accounted for 5.5% of the revenue in 2021, with a decrease of 0.5 percentage points compared with 2020.

Finance Income — Net

The Group recorded net finance income of approximately RMB3,497 million in 2021 (2020: approximately RMB7,306 million).

In 2021, the Group recorded post-hedging net foreign exchange gains of approximately RMB1,686 million (2020: net foreign exchange gains of approximately RMB3,242 million), interest income of approximately RMB2,138 million (2020: approximately RMB4,102 million), and early redemption costs of senior notes and convertible bonds of approximately RMB327 million in 2021 (2020: approximately RMB38 million). Interest expenses, amounting to approximately RMB18,111 million in 2021 (2020: approximately RMB23,278 million) was fully capitalised on qualifying assets. Interest expenses decreased primarily due to the decrease of total debt and weighted average borrowing cost.

Construction revenue was approximately RMB

9,360 million

Selling and marketing costs and administrative expenses over revenue decreased by

0.5 percentage points

to

5.5%

Profit and Core Net Profit Attributable to Owners of the Company

In 2021, the profit attributable to owners of the Company was approximately RMB26,797 million (2020: approximately RMB35,022 million).

After deduction of effects such as fair value changes and net foreign exchange gains/losses from realized earnings, the core net profit attributable to owners of the Company in 2021 was approximately RMB26,932 million (2020: approximately RMB32,362 million).

Liquidity, Financial and Capital Resources

Cash position

As at 31 December 2021, the Group's available cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB181,300 million (31 December 2020: approximately RMB183,623 million), including approximately RMB146,954 million in cash and cash equivalents and approximately RMB34,346 million in restricted cash.

Restricted cash mainly represented unreleased guarantee deposits for construction of pre-sale properties placed in designated bank accounts as at 31 December 2021, and will be released in accordance with certain construction progress.

As at 31 December 2021, 96.9% (31 December 2020: 97.1%) of the Group's available cash was denominated in Renminbi and 3.1% (31 December 2020: 2.9%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

Profit attributable to owners of the Company was

approximately RMB

26,797 million

Core net profit attributable to owners of the Company was

approximately RMB

26,932 million

Group's available cash amounted to

approximately RMB

181,300 million

MANAGEMENT DISCUSSION AND ANALYSIS

Debt Composition

As at 31 December 2021, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB206,525 million, RMB75,069 million, RMB34,160 million and RMB2,168 million respectively (31 December 2020: approximately RMB207,323 million, RMB73,410 million, RMB40,480 million and RMB5,272 million respectively).

For bank and other borrowings, approximately RMB64,382 million, RMB139,005 million and RMB3,138 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2020: approximately RMB68,218 million, RMB132,880 million and RMB6,225 million respectively). As at 31 December 2021 and 31 December 2020, the majority of the bank and other borrowings were secured by certain properties, right-of-use assets and equipment of the Group and secured by the equity interests of certain group companies, and/or guaranteed by the Group.

The Group strictly manages the debt scale. As at 31 December 2021, the total debt decreased to approximately RMB317,922 million, from approximately RMB326,485 million as at 31 December 2020. And the Group continues to optimize its borrowing structure by exchanging high-cost debts with debts at lower cost. Take senior notes as an example, during the year the Group has early redeemed senior notes with par value of USD1,226 million whose interest rates were between 4.750% to 7.125% with the funds of newly issued senior notes with interest rates between 2.700% to 3.300%.

Net Gearing Ratio

Net gearing ratio is measured by the net debt (representing bank and other borrowings, senior notes, corporate bonds and convertible bonds, net of available cash, which equals to the sum of cash and cash equivalents and restricted cash) over total equity. The Group's net gearing ratio decreased from approximately 55.6% as at 31 December 2020 to approximately 45.4% as at 31 December 2021.

Key Risk Factors and Uncertainties

The following lists out the key risks and uncertainties the Group is facing. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Risks Pertaining to the Property Market and Operation

The Group's businesses and prospects are largely dependent on the performance of the property market in mainland China. The property market in mainland China is affected by a number of factors, including

Net gearing ratio was
approximately

45.4%

changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and environmental conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. Therefore, the Group continues to implement its strategies to develop and strengthen penetration of different regional markets thereby reducing its dependence on specific markets. Meanwhile, the Group's operation is subject to a number of risk factors distinctive to property development, property investment and property related businesses, such as default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors which may have various levels of negative impact on the results of operations.

Interest Rate Risk

The Group's bank and other borrowings mainly bear floating rates. As at 31 December 2021, the weighted average borrowing cost of the Group's total debt was 5.20%, decreased by 36 basic points as compared with that as at 31 December 2020. The Group has implemented certain interest rate management which includes, among others, close monitoring of interest rate movements, refinancing on existing banking facilities and entering into new banking facilities when good pricing opportunities arise.

Foreign Exchange Risk

The Group's business is mainly denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars, HK dollars and Malaysian Ringgit). Since 2015, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast repayments of foreign debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging. The Group uses a combination of foreign exchange forward contracts, foreign currency option contracts and foreign exchange structured derivatives and cross currency swaps to hedge its exposure to foreign exchange risk.

Guarantees

As at 31 December 2021, the Group had guarantees in respect of mortgage facilities for certain property buyers amounting to approximately RMB383,217 million (31 December 2020: approximately RMB381,302 million).

**At 31 December 2021,
the weighted average
borrowing cost
decreased by
36 basic points
to
5.20%**

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees were to be discharged upon the earlier of: (i) issuance of the real estate ownership certificate which are generally available within three months after the buyers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the property buyers.

The Group considers that in case of default in payments by property buyers, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

In addition, as at 31 December 2021, the Group had provided guarantees amounting to approximately RMB43,221 million (31 December 2020: approximately RMB64,603 million) for certain liabilities of the joint ventures, associates and other related parties of the Group.

Employees and Remuneration Policy

Human resource has always been the most valuable resource of the Group. As at 31 December 2021, the Group had approximately 100,705 full-time employees.

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group believes that the salaries and benefits that the employees receive are competitive in comparison with market rates. The



Country Garden — Huaxi, Guiyang

Group is subject to social insurance contribution plans or other pension schemes organised by the regional governments and is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing fund or to contribute regularly to other mandatory provident fund schemes on behalf of the employees. As at the date of this report, there were no significant labor disputes which adversely affect or are likely to have an adverse effect on the operations of the Group.

In order to achieve sustainable development and corporate core advantage, the Group is establishing a “Corporate University”. Employees from different levels and different fields can all have opportunities to receive training, including Leadership Development Program, New Staff Campaign and On-the-job Training. All the projects are aimed at enabling employees to become senior management and inter-disciplinary talent and form a perfect HR training system of the Group.

In order to adapt itself to the fast growing and ever changing market, the Group came up with the partnership scheme, aligning the interests of employees with that of the Group. Not only could this profit and loss sharing program help lower operational cost and increase profit and returns, but also make employees better understand the Company’s culture of “home experience”, and allow them to further develop together with the Group.

The Group has approved and/or adopted certain share option scheme and employee incentive scheme, details can be referred in the sections headed “SHARE OPTION SCHEME” and “EMPLOYEE INCENTIVE SCHEME” in “Report of the Directors” of this report.

Forward Looking

In the past year, the property development sector underwent turbulences and upheavals, this has posed big challenges to all the industry participants. But in the long run, the property sector will eventually get back into a healthy cycle. It is expected that the government will continue to implement a long-term mechanism for real estate market for its steady and healthy

development, adhering to the general principle of “houses are for living not for speculation” and the control target of “stabilizing land prices, housing prices and expectation”. There is still a long way to go for China’s urbanization, which still presents both opportunities and challenges for the property sector.

To further enhance value for our shareholders, the Group will focus more on its brand awareness and reputation in established markets and strengthen our competitive edge in these markets. Meanwhile, we will also utilize our advanced construction technology and plan our projects within manageable radii of modular and pre-fabrication centres. We will consolidate our operations to markets commensurate with our mode of operation.

To embrace the challenges and opportunities mentioned above, the Group continues to adopt prudent financial policies and risk control measures, ensure the quality and safety of the buildings, apply a more prudent strategy on new land acquisition, strengthen its contracted sales and cash collection to strengthen operating cash flows and ensure good investment return.

In conjunction with our property development and construction business, the Group has incurred research and development expenses to approximately RMB3,308 million in 2021 and established our diversified business covering smart construction, robotic catering, modern agriculture and new retail. The way forward, we will rely more on the application of artificial intelligence to solve the aging problem of workforce in the construction, industry workforce and the increasing consumer demand for sustainable environment and food safety. At the same time, we will also take full advantages of smart construction and respond to the call of the government by participating in the escrow and agency construction of government housing projects, helping accelerating the process of government-subsidized housing construction, supporting the commodity housing market to better meet the reasonable needs of homebuyers. The Group will continue to provide an integrated platform covering the needs of various stages in life for our clients.

GOVERNANCE

An aerial photograph of a coastal development. In the foreground, a sandy beach curves along a turquoise sea. Behind the beach is a dense line of palm trees and lush greenery. In the middle ground, several modern buildings with prominent green roofs are visible. In the background, a large construction site with multiple cranes and a large white dome structure is situated near the water. The sky is blue with scattered white clouds. The word 'GOVERNANCE' is printed in large, bold, orange capital letters across the upper portion of the image. Decorative elements include a thick orange horizontal line below the title and several thin, curved green lines that sweep across the right side of the image.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



YEUNG Kwok Keung
楊國強

Executive Directors

YEUNG Kwok Keung (楊國強), aged 67, was appointed as the Chairman and an executive Director in December 2006. Mr. YEUNG is also the chairman of the Nomination Committee, the Corporate Governance Committee, the Environmental, Social and Governance Committee and the Executive Committee, a member of the Remuneration Committee and a director of various members of the Group. Mr. YEUNG is responsible for the formulation of development strategies, investment planning and overall project planning as well as ensuring the Board functions properly with good corporate governance practice. From 1992 to 1997, Mr. YEUNG was the general manager of Shunde Sanhe Co., the real estate business in which Mr. YEUNG was engaged in before he founded the Group. From 1986 to 1997, Mr. YEUNG served as the general manager and the chairman of Beijiao Construction Co. and also served as the general manager of the Group from 1997 to 2003. He has been the Chairman since the Company was listed in 2007. Mr. YEUNG has over 44 years of experience in construction and over 30 years of experience in property development. Mr. YEUNG was awarded “China Charity Outstanding Contributions Person” and “Top Ten Contributions Persons to China Real Estate” in 2009, “China Real Estate Entrepreneur Charity Award” and “Person of China Real Estate” in 2010, “Individual under Non-collectively Own Category for Helping Poverty in Guangdong” in 2011, “2012 China Corporate Social Responsibility Award for Outstanding Entrepreneur” in 2012, “National Outstanding Individual for Poverty Relief” Honorable Mention in 2014, “2015 China Poverty Eradication Award” in 2015, “China Charity Award-The Most Caring Contributing Individual” and “National Contribution Award for Poverty Relief” in 2016, as well as “National Outstanding Individual in Poverty Alleviation” in 2021. Mr. YEUNG is a member of the 12th and 13th National Committee of the Chinese People’s Political Consultative Conference, the Honorary President of Guangdong Foundation for Poverty Alleviation and the Honorable Director of Tsinghua University. Mr. YEUNG is the father of Ms. YANG Huiyan, the Co-Chairman, an executive Director and the controlling Shareholder; the father of Ms. YANG Ziying, an executive Director; the uncle of Mr. YANG Zhicheng, an executive Director; and the father-in-law of Mr. CHEN Chong, a non-executive Director.

YANG Huiyan (楊惠妍), aged 40, was appointed as an executive Director in December 2006 and a Vice Chairman in March 2012 and was re-designated from a Vice Chairman to a Co-Chairman in December 2018. Ms. YANG is also a member of the Corporate Governance Committee, the Environmental, Social and Governance Committee, the Executive Committee and the Finance Committee and a director of various members of the Group. Ms. YANG graduated from Ohio State University with a bachelor degree in marketing and logistics and she also obtained an EMBA degree from Tsinghua University in 2019. Ms. YANG joined the Group in 2005 and served as the manager of the procurement department. Currently, she is primarily responsible for assisting Mr. YEUNG Kwok Keung, the Chairman, in the day-to-day work of the Group, and responsible for the Group's strategic investments and new business exploration based on the existing business, such as new retail business, contributing to the Company's sustainable development. Ms. YANG is a director of Concrete Win Limited, the substantial shareholder of the Company, which has an interest in the Shares and underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO. Ms. YANG was appointed as a director and the chairperson of the board of Bright Scholar Education Holdings Limited, a company whose shares are listed on The New York Stock Exchange, in February and April 2017 respectively, and as the chairman and a non-executive director of CG Services, a company whose shares are listed on the Stock Exchange, in March 2018. Ms. YANG was awarded "China Charity Award Special Contribution Award" in 2008, "China Poverty Alleviation Award Contribution Award" in 2019 and "The 11th China Charity Award Individual Donor Award" in 2021. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; the sister of Ms. YANG Ziying, an executive Director; a cousin of Mr. YANG Zhicheng, an executive Director; and the wife of Mr. CHEN Chong, a non-executive Director.



YANG Huiyan
楊惠妍

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



MO Bin
莫斌

MO Bin (莫斌), aged 55, was appointed as the President and an executive Director in July 2010. Mr. MO is also a member of the Remuneration Committee, the Corporate Governance Committee, the Environmental, Social and Governance Committee, the Executive Committee and the Finance Committee and a director of several members of the Group. Mr. MO graduated from Hengyang Institute of Technology (currently known as University of South China) with a bachelor degree in industrial and civil architecture. He obtained his postgraduate degree from Zhongnan University of Economics and Law and is a professor-grade senior engineer. Mr. MO is primarily responsible for the management of daily operation and general administration of the Group. Prior to joining the Group, Mr. MO was employed by an internationally competitive construction and property group in Mainland China, China Construction, in a number of senior positions since 1989, most recently as a director and general manager of China Construction Fifth Division. Mr. MO ceased to be a non-executive director of E-House (China) Enterprise Holdings Limited with effect from 31 August 2020, a company whose shares are listed on the Stock Exchange. Mr. MO has over 32 years of extensive experience in property development, construction business, construction management, marketing, cost control and corporate management. Mr. MO won the 1st place of “Best CEO — Property (Combined)/(Buy-Side)/(Sell-Side)” at the “2019 All-Asia Executive Team” and the 1st place of “Best CEO — Property (Sell-side)” at the “2020 All-Asia Corporate Executive Team” organised by financial magazine, Institutional Investor.

YANG Ziying (楊子瑩), aged 34, was appointed as an executive Director in May 2011. Ms. YANG is also a member of the Executive Committee and the Finance Committee. Ms. YANG graduated from Ohio State University with a bachelor degree in psychology. Ms. YANG joined the Group in 2008 as an assistant to the Chairman. Currently, she is primarily responsible for overseeing the finance of the Group, including offshore and onshore financing. Prior to joining the Group, Ms. YANG worked in a renowned global investment bank. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; the sister of Ms. YANG Huiyan, the Co-Chairman, an executive Director and the controlling Shareholder; a cousin of Mr. YANG Zhicheng, an executive Director; and a sister-in-law of Mr. CHEN Chong, a non-executive Director.



YANG Ziying
楊子瑩

YANG Zhicheng (楊志成), aged 48, was appointed as an executive Director in December 2006, a regional president of the Group, a member of the Executive Committee and the Finance Committee. Mr. YANG is primarily responsible for the overall development and management of certain property development projects of the Group. Prior to joining the Group in 1997, Mr. YANG served as a project manager of Shunde Sanhe Co. and the general manager of Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. After joining the Group, he served as the project general manager and was appointed as a vice President in November 2017. Mr. YANG was appointed as a non-executive director of CG Services, a company whose shares are listed on the Stock Exchange, in March 2018. Mr. YANG has approximately 28 years of experience in project development. Mr. YANG is a nephew of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; a cousin of Ms. YANG Huiyan, the Co-Chairman, an executive Director and the controlling Shareholder; a cousin of Ms. YANG Ziying, an executive Director; and a cousin-in-law of Mr. CHEN Chong, a non-executive Director.



YANG Zhicheng
楊志成

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



SONG Jun
宋軍

SONG Jun (宋軍), aged 54, was appointed as an executive Director in May 2013. Mr. SONG graduated from Chongqing College of Construction and Architecture (currently known as Chongqing University) with a bachelor degree in engineering and is a qualified PRC architect. Prior to joining the Group in 1994, Mr. SONG worked in Hunan Province Jishou City Construction Institute and Elite Architectural and was responsible for architectural design work. Since 1997, he served as a project manager and a general manager of Shunde Country Garden and Guangzhou Country Garden Company, and has been serving as vice President since 2005, and has been responsible for the management of property project development of the Group. Currently, Mr. SONG is responsible for the overall operation, management and sustainable development of property projects of the Group in certain regions and holds a concurrent post of the Director of the Group's Structural Adjustment and Optimization Office. Mr. SONG has 25 years of experience in the management of property development.



SU Baiyuan
蘇柏垣

SU Baiyuan (蘇柏垣), aged 56, was appointed as an executive Director in December 2013. Mr. SU graduated from Guangzhou Normal Institute (currently known as Guangzhou University) with a degree in geography and obtained a postgraduate degree in human geography from Sun Yat-sen University. Prior to joining the Group in 2005, Mr. SU had over 10 years of experience in land planning and development as well as operational management. Mr. SU was a vice President until February 2013, and was primarily responsible for investment development and the overall management of certain property development projects of the Group. Mr. SU was reappointed as a vice President in November 2013. Currently, he is primarily responsible for overseas development and the management of certain overseas property development projects of the Group.

Non-executive Director

CHEN Chong (陳翀), aged 43, was appointed as a non-executive Director in December 2016. Mr. CHEN graduated from Tsinghua University with a bachelor of science in chemistry and obtained an EMBA degree in 2016. Mr. CHEN also obtained a master of science in biological sciences research from Royal Holloway and Bedford New College, University of London. In 2015, Mr. CHEN was appointed as the first president of the Overseas Study Youth Association of Guangdong Province, and was elected as a member of the 13th Standing Committee of the All-China Youth Federation in 2020. Mr. Chen is a member of the 12th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference and the President of Guoqiang Foundation. Mr. CHEN is the son-in-law of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; the husband of Ms. YANG Huiyan, the Co-Chairman, an executive Director and the controlling Shareholder; a brother-in-law of Ms. YANG Ziyang, an executive Director; and a cousin-in-law of Mr. YANG Zhicheng, an executive Director.



CHEN Chong
陳翀

Independent Non-Executive Directors

LAI Ming, Joseph (黎明), aged 77, was appointed as an independent non-executive Director in December 2006 and is currently the chairman of the Audit Committee and a member of the Remuneration Committee, the Nomination Committee and the Environmental, Social and Governance Committee. Mr. LAI is a fellow member of the HKICPA, CPA Australia, CIMA and the Hong Kong Institute of Directors. Mr. LAI was one of the co-founders of the Hong Kong Branch of CIMA founded in 1973 and was its president in 1974/75 and 1979/80. He was the president of the HKICPA in 1986. Mr. LAI resigned as an independent non-executive director of Jolimark Holdings Limited on 21 May 2019, a company whose shares are listed on the Stock Exchange. Mr. LAI also holds directorships in several private companies engaging in property development in Canada. He is also an independent non-executive director of Nan Fung Group Holdings Limited.



LAI Ming, Joseph
黎明

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



SHEK Lai Him, Abraham
石禮謙

SHEK Lai Him, Abraham (石禮謙) G.B.S., S.B.S., J.P., aged 76, was appointed as an independent non-executive Director in December 2006 and is currently a member of the Audit Committee, the Remuneration Committee and the Environmental, Social and Governance Committee. Mr. SHEK graduated from the University of Sydney and holds a bachelor of Arts degree and a diploma in Education. Mr. SHEK was appointed as a Justice of the Peace in 1995 and was awarded the Silver Bauhinia Star and the Gold Bauhinia Star by the Government of the HKSAR in 2007 and 2013 respectively. Mr. SHEK is an honorary member of the court of Hong Kong University of Science and Technology, a member of Court and Council of University of Hong Kong and a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption. He acted as a member of the HKSAR Legislative Council representing the Real Estate and Construction Functional Constituency until 31 December 2021.

Mr. SHEK currently holds directorship in a number of listed companies on the Main Board of the Stock Exchange: (i) the honorary chairman and independent non-executive director of Chuang's China Investments Limited; (ii) the vice chairman and an independent non-executive director of ITC Properties Group Limited; and (iii) an independent non-executive director of Far East Consortium International Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Paliburg Holdings Limited, Lai Fung Holdings Limited, Chuang's Consortium International Limited, China Resources Cement Holdings Limited, Cosmopolitan International Holdings Limited, Everbright Grand China Assets Limited, CSI Properties Limited, Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust), Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust), Landing International Development Limited and Hao Tian International Construction Investment Group Limited respectively.

Mr. SHEK has been appointed as the vice chairman and re-designated from independent non-executive director to executive director of Goldin Financial Holdings Limited with effect from 1 March 2021, has been appointed as an advisor of SJM Holdings Limited with effect from 28 May 2021, and has been appointed as an independent non-executive director of International Alliance Financial Leasing Co., Ltd. with effect from 28 July 2021, all of which are companies listed on the Main Board of the Stock Exchange.

Mr. SHEK was (i) the chairman of Chuang's China Investments Limited (retired on 29 April 2019); and (ii) an independent non-executive director of MTR Corporation Limited (retired on 22 May 2019), of Hop Hing Group Holdings Limited (retired on 2 June 2020), and of SJM Holdings Limited (retired on 28 May 2021), all of which are companies listed on the Main Board of the Stock Exchange, respectively.

TONG Wui Tung (唐滙棟), aged 71, was appointed as an independent non-executive Director in December 2006. He is the chairman of the Remuneration Committee and a member of the Audit Committee, the Nomination Committee and the Environmental, Social and Governance Committee. Mr. TONG has been practicing as a solicitor in Hong Kong for over 40 years and became a partner of the law firm, Messrs. Ronald Tong & Co., with effect from 1 June 2021. Mr. TONG is the company secretary of Y.T. Realty Group Limited with effect from 1 August 2021, a company whose shares are listed on the Stock Exchange. He is also a Notary Public and a China Appointed Attesting Officer, and is admitted as a solicitor in several other jurisdictions. Mr. TONG ceased to be a partner of Messrs. Cheung, Tong & Rosa Solicitors with effect from 31 July 2021.



TONG Wui Tung
唐滙棟

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



HUANG Hongyan
黃洪燕

HUANG Hongyan (黃洪燕), aged 51, was appointed as an independent non-executive Director in December 2012. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. HUANG graduated from Toulouse Business School, Doctorate of Business Administration, and is also qualified as a Chinese certified public accountant, a Chinese certified tax agent, a Chinese certified public valuer, a certified internal auditor and a corporate accountant. Currently, Mr. HUANG serves as a general manager of Foshan Yestar Consulting Co., Ltd.. Mr. HUANG has been an independent director of Guangdong Shenling Environmental System Co., Ltd. (whose shares are listed on the Shenzhen Stock Exchange on 7 July 2021) since 29 June 2016, and ceased to be an independent director of such company from 13 September 2021. Mr. HUANG ceased to be an independent director of C&S Paper Co., Ltd. from 22 January 2021 and Guangdong Transtek Medical Electronics Co., Ltd. from 21 February 2019, those companies whose shares are listed on the Shenzhen Stock Exchange.



TO Yau Kwok
杜友國

TO Yau Kwok (杜友國), aged 69, was appointed as an independent non-executive Director in June 2019. Mr. TO graduated from Jinan University majoring in economics and management in 1992. Since 1993, Mr. TO engaged in business activities in Mainland China such as property development, and had gained ample experience in areas such as property development, wholesale and retail, and machinery trade. Mr. TO is currently the honorary chairman of Foshan City Shunde District Xinlixin Business Development Limited and Foshan City Shunde District Renfu Car Maintenance Plant Limited respectively.

Joint Company Secretaries

LEUNG Chong Shun (梁創順), aged 56, was appointed as the company secretary of the Company on 1 October 2016 and remained as the joint company secretary from March 2019. Mr. LEUNG graduated from the University of Hong Kong in November 1988 where he was awarded a bachelor degree of Laws with honors. He is qualified as solicitor in both Hong Kong and England and has been a practicing lawyer in Hong Kong since 1991.

LUO Jie (羅杰), aged 42, was appointed as a joint company secretary of the Company in March 2019. Mr. LUO graduated from Sun Yat-sen University in June 2002 where he was awarded a bachelor of Laws degree. He graduated from The Chinese University of Hong Kong in 2008 where he was awarded a Juris Doctor degree, and obtained the Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong in 2009. He passed the National Judicial Examination of the PRC in 2005 and obtained the Legal Profession Qualification Certificate. He is qualified as a solicitor in Hong Kong since 2011. He joined the Company in May 2017 and was appointed as the joint company secretary in March 2019.

Senior Management

CHENG Guangyu (程光煜), aged 41, is an executive vice President. Mr. CHENG graduated from Tsinghua University with a bachelor's and doctoral degree in civil engineering in 2002 and 2007 respectively, and from Guanghua School of Management of Peking University with an EMBA degree in 2015. Mr. CHENG joined the Group in 2007 and has been responsible for overall operation management and sustainable development of property projects in certain regions under his supervision from 2012 to 2014. Since 2014, Mr. CHENG has been responsible for the overall sales and marketing management of the Group. Currently, Mr. CHENG is responsible for the overall sales and marketing management, brand management, investment planning management and product design management of the Group. Mr. CHENG also oversees the Risk Control, Audit and Supervision Center and Commercial and Culture Tourism Group. Mr. CHENG has over 14 years of experience in management of property development.

WU Bijun (伍碧君), aged 48, was appointed as a vice President and the Chief Financial Officer in April 2014 and April 2017 respectively. Ms. WU is also the chairman of the Finance Committee and the general manager of the finance centre of the Company. Ms. WU graduated from the Department of Public Finance and Taxation of Zhongnan University of Finance and Economics (currently known as Zhongnan University of Economics and Law) with a bachelor's degree of economics majoring in public finance in 1995, and obtained an EMBA degree from China Europe International Business School in 2015. She is qualified as a Chinese certified public accountant and a Chinese certified tax agent. Ms. WU is responsible for finance and capital management of the Group. Prior to joining the Group in 2005, Ms. WU worked at Hubei Branch of China Construction Bank and was responsible for accounting and auditing management. From 1999 to 2002, Ms. WU was the chief auditor of Guangdong Foshan Zhixin Certified Public Accountants Co., Ltd. and was responsible for reviewing the auditor's reports. From 2002 to 2005, Ms. WU worked at Shunde Finance Bureau and was responsible for the financial management of foreign investment enterprises. Since joining the Group in 2005, Ms. WU has been mainly responsible for the financial management of the Group. Ms. WU has 17 years of experience in the management of real estate financial resources and approximately 27 years of experience in financial management. Ms. WU won the 1st place of "Best CFO — Property (Combined)/(Sell-Side)" at the "2019 All-Asia Executive Team" and the 1st place of "Best CFO — Property (Sell-Side)" at the "2020 All-Asia Corporate Executive Team" organized by financial magazine, Institutional Investor.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

LI Xiaolin (黎曉林), aged 50, is a vice President. Mr. LI graduated from Department of Civil Engineering of Tsinghua University and Guanghua School of Management of Peking University with a bachelor degree of architecture and structural engineering with EMBA respectively, and is a qualified PRC architecture engineer and a qualified real estate appraiser in the PRC. Prior to joining the Group in 2008, Mr. LI worked in Zhuhai Zhuguang Architecture Design Engineering Company and was responsible for architecture design, as well as in various property developers, namely China Vanke Co., Ltd., Zhongshan Paramount Development Co., Ltd., and New Home (Zhuhai) Real Estate Co. Ltd., and was responsible for property development and management. Since 2008, Mr. LI has been responsible for the overall operation, management and sustainable development of property projects in certain regions of the Group. He has been served as the regional President of the Hunan region, Chongqing region, Sichuan region and Jiangxi Region. Mr. LI was appointed as a vice President of the Group in 2013, and he was designated to the general manager of the human resource management centre of the Group since February 2020 and also served as the general manager of the operation center of the Group in October 2020. Mr. LI has 25 years of experience in the management of property development.

YANG Cuilong (楊翠瓏), aged 50, is a vice President. Ms. YANG graduated from South China University of Technology with a bachelor's degree of architecture and is a national first class registered architect in the PRC and a senior engineer. In 2019, Ms. YANG also obtained an EMBA degree from Tsinghua University School of Economics and Management. Prior to joining the Group in 2000, Ms. YANG worked in Elite Architectural as director of the architectural office from 1993 to 2000 and was responsible for architecture design. Since 2000, she served as the head of general office of the projects and an assistant to President, as well as the general manager for project tendering management department of the Group. She was appointed as the vice President and served as the general manager of the cost management centre of the Group since September 2014 and was responsible for the Group's construction cost, construction tendering and cost management. Since January 2019, Ms. YANG was appointed as the general manager of the design management centre of the Group and was responsible for the design system management. Since February 2020, Ms. YANG was re-appointed as the general manager of the cost management center of the Group. Since November 2021, Ms. YANG was appointed as the general manager of the Office of Cost Analysis for Smart Building. Ms. YANG has 11 years of experience in architectural design and management and 20 years of experience in operation management and construction cost management for real estate.

YANG Lixing (楊麗興), aged 51, is a vice President. Ms. YANG graduated from South China University of Technology majoring in management. Ms. YANG joined the Group in 1992 and has been responsible for procurement management of the Group. Ms. YANG was appointed as the vice President in September 2014 as well as the general manager of the bidding and procurement center of the Group in November 2021. Ms. YANG was appointed as the president of the general manager of the procurement center of the Group during the period from September 2014 to November 2021. Ms. YANG has 29 years of experience in the procurement management for real estate.

HUANG Yuzang (黃宇瑩), aged 46, is a vice President and was appointed as the general manager of Innovative Business Promotion Office of the Group in April 2021. Mr. HUANG graduated from Zhejiang University with a bachelor's degree in architecture and from Peking University with a master's degree in geography (city and urban planning). He is a first-class national registered architect. Prior to joining the Group, Mr. HUANG worked in Hong Kong Huayi Design Consultants (Shenzhen) Limited as the managing director and a design director. Mr. HUANG has 23 years of experience in architecture design with extensive practical experience in engineering and acquired dozens of awards both in Mainland China and overseas with his advanced design ideas. Mr. HUANG was recognised as "The First Top Ten Young Architect of Shenzhen", "The Ninth Chinese Architecture Academy Young Architect" and "New Real Estate Architect for the year of 2014". Mr. HUANG joined the Group in March 2015 and was responsible for the design system as the chief designer of the Group. Mr. HUANG was appointed as the general manager of the cost management center of the Group in January 2019 and was responsible for the Group's construction cost, construction tendering and cost management, and was appointed as the president of Anhui region of the Group during the period from February 2020 to April 2021.

LI Jing (李靜), aged 42, is a vice President. Ms. LI graduated from Northwest University of Political Science and Law with a bachelor's degree in law and Sun Yat-sen University with a master's degree in public administration. Prior to joining the Group, she worked for the China Communist Youth League Guangdong Committee and the Guangzhou Municipal People's Procuratorate. Ms. LI joined the Group in October 2017 and currently serves as a vice President, director of the Group General Office, director of the Rural Revitalization Office and executive vice president and Secretary-general of Guoqiang Foundation. Ms. LI is responsible for the Group's administrative affairs, charitable endeavors, and rural revitalization efforts.

CORPORATE GOVERNANCE REPORT

The Group continues to improve its corporate governance practices, emphasising the attainment and maintenance of a quality Board, sound risk management and internal controls, and high transparency and accountability to the Shareholders. The Board and the management are committed to the principles of good corporate governance consistent with prudent management and enhancement of shareholder value. The Board believes that good corporate governance will bring long-term benefits to the Shareholders and the Group.

Corporate Governance Practices

The Company has applied the principles to its corporate governance structure and practices as described in this report and has complied with the code provisions of the Corporate Governance Code that were in force as described in the Corporate Governance Report throughout the year ended 31 December 2021, save and except for the code provision E.1.2 of the Corporate Governance Code as the Chairman of the Board (who was also the chairman of the Nomination Committee, Corporate Governance Committee, Environmental, Social and Governance Committee and Executive Committee of the Company) was unable to attend the annual general meeting of the Company held on 24 May 2021 due to the travel restrictions then in place as a result of the COVID-19 pandemic.

Compliance with the Model Code

The Company has adopted the Model Code as the code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the year ended 31 December 2021. No incident of non-compliance was noted by the Company in 2021. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Strategic Planning

The Group has been committed to implementing a strategic management system which identifies and assesses potential opportunities and challenges, so as to formulate a long-term development strategy and a planned course of action. The strategy management department of the Group is responsible for organizing strategy research and discussions. At the start of every year, senior management of the Group reviews and develops the medium to long term strategic planning of the Group as well as annual budget planning.

Board of Directors

Composition

As at 31 December 2021, the Board consists of seven executive Directors, namely, Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Co-Chairman), Mr. MO Bin (President), Ms. YANG Ziying, Mr. YANG Zhicheng, Mr. SONG Jun, and Mr. SU Baiyuan, one non-executive Director, namely, Mr. CHEN Chong and five independent non-executive Directors, namely, Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Mr. HUANG Hongyan and Mr. TO Yau Kwok. A list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company respectively.

Ms. YANG Huiyan and Ms. YANG Ziying are the daughters of Mr. YEUNG Kwok Keung, Mr. CHEN Chong is the husband of Ms. YANG Huiyan and Mr. YANG Zhicheng is the nephew of Mr. YEUNG Kwok Keung. Save as disclosed above, none of the other Directors has or maintains any family relationship with any of the other Directors.

Independent Non-executive Directors

The independent non-executive Directors are of sufficient number and calibre for their views to carry weight. The functions of independent non-executive Directors include:

- bringing an independent view and judgement at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinizing the Company's performance and monitoring performance reporting.

The independent non-executive Directors have made a positive contribution to the development of the Company's strategies and policies through independent, constructive and informed comments. They benefit the Board and the Board committees by their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation at the meetings of the Board and the Board committees.

In addition to the regular Board meetings, the Chairman met with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2021.

Composition of the Board is disclosed, and the independent non-executive Directors are identified, in all corporate communications to the Shareholders.

Confirmation of Independence

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

Board Diversity Policy

The Board has adopted a board diversity policy effective as from 6 August 2013, and has updated the policy on 25 March 2021. The Company takes into consideration the benefits of various aspects of diversity, including but not limited to gender, age, culture, ethnicity, education background, skills, knowledge, professional experience and other factors that may be relevant from time to time towards achieving a diversified Board. Appointment to the Board is based on merit and attributes that the selected candidates will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company.

CORPORATE GOVERNANCE REPORT

As at 31 December 2021, an analysis of the Board composition based on the range of diversity perspectives is set out as follows:

Number of Directors	Gender	Designation	Age Group	Years of Group	Skills and Knowledge
13	Female	Executive Director	>=60	>=5	Legal
12					Investment development management
11	Administration and business management				
10	Financial management				
9					
8	Non-executive Director	50–59	Development strategy and marketing management		
7			Property development, construction and building construction management		
6	Independent Non-executive Director	40–49			
5					
4		30–39	0–2		
3					
2					
1					

Each of the Board members possessed different skills and knowledge, including property development, construction and building construction management, development strategy and marketing management, financial management, administration and business management, investment development management and legal, etc. The Board is characterized by significant diversity in terms of gender, age, designation, length of service, skills and knowledge.

Roles and Functions of the Board and the Management

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management is delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

Appointment, Continuation of Appointment and Re-election of Directors

All executive Directors have entered into service contracts with the Company, the non-executive Director and all independent non-executive Directors have entered into letters of appointment with the Company with a specific term of two years setting out key terms and conditions of their appointments. All Directors are subject to retirement in accordance with the Articles of Association.

According to the Articles of Association, (i) any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting; (ii) any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election; and (iii) at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting at least once every three years. As such, no Directors have a term of appointment longer than three years.

Board Meetings

The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. The date of each meeting is decided in advance to enable the Directors to attend the meeting in person. For those Directors who are not able to attend these meetings in person, participation by telephone conference is available.

Notice of at least 14 days shall be given for a regular Board meeting to give all Directors an opportunity to attend. The draft of the agenda of the Board meeting shall be sent together with the notice of the Board meeting to the Directors so as to allow the Directors to have sufficient time to propose matters for inclusion in the agenda. For all other Board meetings, reasonable notice will be given. To ensure that all Directors are properly informed about the matters to be discussed at each regular Board meeting, documents in relation to the regular Board meeting are sent to each Director at least three days prior to the meeting.

If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution.

The joint company secretaries of the Company prepare detailed minutes of each meeting. After the meeting, draft and final versions of the minutes would be sent to the Directors for comment and records respectively as soon as practicable. Minutes of Board meetings and Board committees meetings are kept by the Listing Company Secretariat of the Company and are open for inspection by any Director on reasonable notice.

During the year ended 31 December 2021, the Directors have made active contribution to the affairs of the Group and nine Board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve the interim results and annual results of the Group. According to article 100(1) of the Articles of Association, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested.

CORPORATE GOVERNANCE REPORT

Attendance Record of Directors

The attendance record of Directors at the meetings of the Board, the Board committees and the Shareholders held during the year ended 31 December 2021 is set out below:

Directors	Number of meetings attended/Number of meetings held for the year ended 31 December 2021						
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee	Environmental, Social and Governance	General Meetings
Executive Directors							
Mr. YEUNG Kwok Keung (Chairman)	9/9	N/A	1/1	3/3	2/2	3/3	0/2
Ms. YANG Huiyan (Co-Chairman)	9/9	N/A	N/A	N/A	2/2	3/3	1/2
Mr. MO Bin (President)	9/9	N/A	N/A	3/3	2/2	3/3	2/2
Ms. YANG Ziying	9/9	N/A	N/A	N/A	N/A	N/A	1/2
Mr. YANG Zhicheng	9/9	N/A	N/A	N/A	N/A	N/A	0/2
Mr. SONG Jun	9/9	N/A	N/A	N/A	N/A	N/A	1/2
Mr. SU Baiyuan	9/9	N/A	N/A	N/A	N/A	N/A	0/2
Non-executive Director							
Mr. CHEN Chong	9/9	N/A	N/A	N/A	N/A	N/A	1/2
Independent non-executive Directors							
Mr. LAI Ming, Joseph	9/9	3/3	1/1	3/3	N/A	3/3	2/2
Mr. SHEK Lai Him, Abraham	9/9	3/3	N/A	3/3	N/A	3/3	2/2
Mr. TONG Wui Tung	9/9	3/3	1/1	3/3	N/A	3/3	2/2
Mr. HUANG Hongyan	9/9	3/3	1/1	3/3	N/A	N/A	2/2
Mr. TO Yau Kwok	9/9	N/A	N/A	N/A	N/A	N/A	2/2

Access to Information

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including those changes to relevant rules and regulations and are able to make further enquiries when necessary. Sufficient explanation and information have been provided to the Board by the management to enable the Board to make an informed assessment of financial and other information put before it for approval. They also have unrestricted access to the advice and services of the joint company secretaries of the Company, who are responsible for providing the Directors with board papers and related materials. A monthly update which gives a balanced and concise assessment of the Company's performance, position and prospects in sufficient details is provided to all Directors to enable the Board as a whole and each Director to discharge his or her duty. The Board has also agreed that the Directors may seek independent professional advice in performing their Directors' duties at the Company's expense.

Directors and Officers Liability Insurance

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

Directors' Training and Professional Development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills. During the year ended 31 December 2021, the Directors have participated in continuing professional development ("CPD"). All Directors have provided the Company with their records of training received for the year. A summary of their records of training is provided as follows:

Directors	Types of CPD	Subject of CPD
	(Note 1)	(Note 2)
Executive Directors		
Mr. YEUNG Kwok Keung (Chairman)	1, 2	A, B
Ms. YANG Huiyan (Co-Chairman)	1, 2	A, B
Mr. MO Bin (President)	1, 2	A, B
Ms. YANG Ziying	1, 2	A, B
Mr. YANG Zhicheng	1, 2	A, B
Mr. SONG Jun	1, 2	A, B
Mr. SU Baiyuan	1, 2	A, B

CORPORATE GOVERNANCE REPORT

Directors	Types of CPD	Subject of CPD
	(Note 1)	(Note 2)
Non-executive Director		
Mr. CHEN Chong	1, 2	A, B
Independent non-executive Directors		
Mr. LAI Ming, Joseph	1, 2	A, B
Mr. SHEK Lai Him, Abraham	1, 2	A, B
Mr. TONG Wui Tung	2	A, B
Mr. HUANG Hongyan	1, 2	A, B
Mr. TO Yau Kwok	2	A, B

Note 1:

- 1 Attending in-house briefings/trainings, seminars, conferences or forums
- 2 Reading newspapers, journals and updates

Note 2:

- A. Businesses related to the Company
- B. Laws, rules and regulations, accounting standards

Chairman and President

The roles of the Chairman and the President are separated to reinforce independence, accountability and responsibility. Mr. YEUNG Kwok Keung, the Chairman, is responsible for the formulation of development strategies, investment decision making, overall project planning at the Group level, leading the Board and ensuring that the Board functions properly and effectively, whilst Mr. MO Bin, the President, is responsible for the management of the daily operation and general administration of the Group. Their respective responsibilities are clearly established and defined by the Board in writing.

In performing the role of Chairman, Mr. YEUNG Kwok Keung is responsible for, among other things:

- ensuring that good corporate governance practices and procedures are established;
- ensuring that all Directors are properly briefed on issues arising at Board meetings and that all Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
- encouraging all Directors to make a full and active contribution to the Board's affair and to voice their concerns even with different views, allowing sufficient time for discussion of issues, ensuring that Board decisions fairly reflect the Board's consensus, and taking the lead to ensure that the Board acts in the best interests of the Group;
- ensuring that appropriate steps are taken to provide effective communication with the Shareholders and their views are communicated to the Board as a whole; and

- promoting a culture of openness and debate by facilitating the effective contribution of non-executive Director and independent non-executive Directors in particular and ensuring constructive relations among executive Directors, non-executive Director and independent non-executive Directors.

In performing the role of President, Mr. MO Bin is responsible for, among other things:

- organizing and managing the Group's business;
- leading the corporate team to implement the strategies and plans established by the Board; and
- coordinating overall daily business operations of the Group.

Board Committees

The Board has established seven committees with specific written terms of reference to oversee particular aspects of the Company's affairs.

Audit Committee

The Audit Committee was established in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and of the Company respectively. All the members of the Audit Committee are independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung and Mr. HUANG Hongyan. Mr. LAI Ming, Joseph, who has appropriate professional accounting qualifications and financial management expertise as required under the Listing Rules, was appointed as the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the auditors of the Company.

The principal duties of the Audit Committee include, among other things: (i) being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) developing and implementing a policy on engaging an external auditor to supply non-audit services; (iv) monitoring the integrity of the Company's financial statements and the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, before submission of the financial statements and reports to the Board, and reviewing significant financial reporting judgements contained in them; (v) reviewing the Company's financial control, risk management and internal control systems; and (vi) discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems.

The Audit Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2021, the Audit Committee held three meetings and has duly discharged the above-mentioned duties. The attendance record of individual Directors at the Audit Committee meetings is set out on page 60 of this annual report.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Nomination Committee was established in March 2012 with written terms of reference, which are posted on the websites of the Stock Exchange and of the Company respectively. The Nomination Committee is chaired by an executive Director, Mr. YEUNG Kwok Keung and consists of three other members, who are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. TONG Wui Tung and Mr. HUANG Hongyan.

The principal duties of the Nomination Committee include, among other things: (i) reviewing the policy concerning diversity of board members and the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) developing and maintaining a policy for the nomination of board members which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select and recommend candidates for directorship during the year and reviewing periodically the policy and the progress made towards achieving the objectives set in the policy; (iii) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (iv) assessing the independence of independent non-executive Directors; and (v) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

On 6 December 2018, the Nomination Committee and the Board respectively adopted the nomination policy of the Company:

Objectives

- The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to Shareholders for election as Directors at general meetings for appointment or re-appointment or appointment as Directors to fill casual vacancies or as an addition to the existing Board.
- The Nomination Committee may, as it considers appropriate, nominate a number of candidates more than the number of directors to be appointed or re-appointed at a general meeting, or the number of casual vacancies to be filled.
- The Nomination Committee should ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

Selection Criteria

- The factors to be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate include:
 - (i) reputation for integrity;
 - (ii) accomplishment and experience in different industries;
 - (iii) commitment in respect of available time and relevant interest;
 - (iv) independence;

- (v) diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, qualifications, professional experience, skills, knowledge, independence and length of service;
- (vi) for proposed independent non-executive Directors who will be holding their seventh (or more) listed company directorship, whether the individuals would still be able to devote sufficient time to the board (including whether the individuals have extensive experience in corporate governance of listed companies, are familiar with the management of listed companies, have close and good communication with the management and other independent non-executive Directors, can make the management decision of the Company work properly, are a chairman of the board or chief executive officer or full time executive director of other listed companies, the business activity of other listed companies in which the individuals hold directorship, etc.); and
- (vii) other factors considered to be relevant by the Nomination Committee on a case-by-case basis, including the requirements and restrictions as stated in the Listing Rules.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

- Retiring Directors are eligible for nomination by the Nomination Committee and recommendation by the Board to stand for re-election at a general meeting.
- Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director.
- The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

Nomination Procedures

- The secretary of the Nomination Committee or the joint company secretaries of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also identify candidates pursuant to the criteria set out above and put forward candidates who are not nominated by Board members.
- The Nomination Committee may use any process it deems appropriate to evaluate the candidates pursuant to the criteria set out above, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references.

CORPORATE GOVERNANCE REPORT

- For filling a casual vacancy and for addition to the existing Board, the Nomination Committee shall make recommendations for the Board's consideration, approval and appointment. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation to the Shareholders.
- In case of election at a general meeting, until the issue of the Shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.
- In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, a circular will be sent to Shareholders by the Company. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations (including the Listing Rules), of the proposed candidates will be included in the circular to Shareholders. In addition, where a new Director is appointed or re-designated, the Company will announce the change as soon as practicable and include details of the relevant Director as required pursuant to the Listing Rules.
- The Shareholders may propose a person for election as a Director, details of which are set out in the "Procedures for Shareholders to Propose a Person for Election as a Director" of the Company. A Shareholder can serve a notice at the registered office, head office or the registration office (such place as the Board may from time to time determine to keep a branch register of members and where (except the Board otherwise directs) the transfer or other documents of title are to be lodged for registration and are to be registered) of the Company within the lodgement period of its intention to propose a resolution to elect certain person(s) as a Director, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the Shareholder circular. The particulars of the candidates so proposed will be sent to all Shareholders for information by a supplementary circular.
- A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the joint company secretaries of the Company.
- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting. The ultimate responsibility for selection and appointment of Directors rest with the entire Board.

The Nomination Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2021, the Nomination Committee held one meeting and has duly discharged the above-mentioned duties. The attendance of individual Directors at the Nomination Committee meeting is set out on page 60 of this annual report.

Remuneration Committee

The Remuneration Committee was established in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and of the Company respectively. The Remuneration Committee is chaired by an independent non-executive Director, Mr. TONG Wui Tung and consists of five other members, of whom two are executive Directors being Mr. YEUNG Kwok Keung and Mr. MO Bin, and three are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. HUANG Hongyan.

The principal duties of the Remuneration Committee include, among other things: (i) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Director and senior management with reference to their performance and terms of the service contracts.

The Remuneration Committee may consult the Chairman or the President about its remuneration proposals for the other executive Directors and senior management, seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2021, the Remuneration Committee held three meetings and has duly discharged its duties, including but not limited to: (i) reviewing and approving the management's remuneration proposals; (ii) making recommendations to the Board on the grant of share options proposals; and (iii) reviewing and approving the relevant disclosures of the Company regarding remuneration and service contracts of the Directors prior to approval by the Board. The attendance of individual Directors at the Remuneration Committee meetings is set out on page 60 of this annual report.

The Company has adopted a formal and transparent policy on remuneration of Directors and senior management (the "Remuneration Policy"). The Remuneration Policy was established by the Human Resources Department and Finance Department of the Company, and reviewed and approved by the Remuneration Committee and the Board. The Remuneration Policy may be revised by the Human Resources Department and Finance Department of the Group with reference to corporate policies and objectives, market research, market conditions, industry practices and other factors. All revisions of the Remuneration Policy will be subject to the review and approval of the Remuneration Committee and the Board. The Remuneration Committee is also responsible for annual review of the Remuneration Policy and the procedure for setting the policy. Under the Remuneration Policy, the remuneration packages of Directors and senior management shall be recommended by the Remuneration Committee to the Board (and to be reviewed and adjusted periodically) with reference to the following factors:

- remuneration packages of similar positions of other companies engaging in similar businesses and of similar size;
- business needs, general economic conditions and changes in the relevant human resources market;
- personal experience, level of responsibility, job complexity, time commitment, years of service and personal potential;

CORPORATE GOVERNANCE REPORT

- any discretionary bonuses, performance bonuses, share awards, etc. for executive Directors and senior management should be linked to the financial performance of the Group and their individual performance, and the Chairman or President or independent professional advice should be consulted to ensure fairness of the remuneration packages and compliance with established policy and guidelines; remuneration levels should be sufficient to attract and retain executive Directors and senior management to supervise and run the Company without paying more than necessary;
- remuneration of non-executive Directors should be determined with reference to their workload, responsibilities and remuneration paid to other non-executive directors by organizations of similar size and nature; and
- no directors should be involved in deciding that director's own remuneration.

Under the Remuneration Policy, the remuneration packages of the employees other than directors and senior management shall be viewed and adjusted periodically by the Human Resources Department and Finance Department of the Group with reference to the following factors:

- salary adjustment based on up-to-market information, including the competitive positioning, the cost of living and the projected pay increase in the similar business;
- to establish indicators to evaluate performance and profitability of each department and individual of the Group, and distribute the appropriate level of bonuses, cash bonuses and grant share awards according to the terms of Employees incentive Scheme;
- distribution to individual employees are guided by divisional and individual performances, where managers may make adjustments to account for other factors, including overall total compensation position (i.e. base salary plus bonuses and share awards, etc.), internal pay levels and external remuneration benchmarks; and
- no employees should be involved in deciding that employee's own remuneration.

The remuneration of the members of the senior management (other than Directors) by band for the year ended 31 December 2021 is set out below:

RMB	Number of members of senior management
6,000,001 to 7,000,000	1
7,000,001 to 8,000,000	1
9,000,001 to 10,000,000	1
18,000,001 to 19,000,000	2
32,000,001 to 33,000,000	1
48,000,001 to 49,000,000	1

Corporate Governance Committee

The Corporate Governance Committee was established in March 2012 with written terms of reference. The members of the Corporate Governance Committee are all executive Directors, namely Mr. YEUNG Kwok Keung, Ms. YANG Huiyan and Mr. MO Bin. Mr. YEUNG Kwok Keung was appointed as the chairman of the Corporate Governance Committee.

The principal duties of the Corporate Governance Committee include, among other things: (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Group's employees and Directors; and (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The Corporate Governance Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2021, the Corporate Governance Committee held two meetings and has duly discharged the above-mentioned duties. The attendance of individual Directors at the Corporate Governance Committee meetings is set out on page 60 of this annual report.

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee was established in May 2020 with written terms of reference. The Environmental, Social and Governance Committee is chaired by an executive Director, Mr. YEUNG Kwok Keung and consists of five other members, of whom two are executive Directors being Ms. YANG Huiyan and Mr. MO Bin, and three are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung.

The principal duties of the Environmental, Social and Governance Committee include, among other things: (i) formulating and reviewing the Group's environmental, social and governance ("ESG") liabilities, vision, strategies, structure, principles and policies; (ii) monitoring the channels and means of communication with the Group's stakeholders; (iii) reviewing key ESG trends and related risks and opportunities, and assess the adequacy and effectiveness of the Group's ESG structure and business model; (iv) overseeing the Group's sustainability performance; (v) overseeing the funding of the initiatives on corporate social responsibilities; and (vi) reviewing and recommending to the Board for approval of the annual sustainability report of the Company.

The Environmental, Social and Governance Committee may seek any necessary information from employees within its terms of reference and it is authorised by the Board to obtain external legal or other independent professional advice and to invite outsiders with relevant experience and expertise to attend the meetings if required. During the year ended 31 December 2021, the Environmental, Social and Governance Committee held three meetings. The attendance of individual Directors at the Environmental, Social and Governance Committee meetings is set out on page 60 of this annual report.

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Executive Committee

The Executive Committee was established in June 2014 with written terms of reference. The existing members of the Executive Committee are all executive Directors, namely Mr. YEUNG Kwok Keung, Ms. YANG Huiyan, Mr. MO Bin, Ms. YANG Ziyang and Mr. YANG Zhicheng. Mr. YEUNG Kwok Keung was appointed as the chairman of the Executive Committee.

The principal duties of the Executive Committee include, among other things: (i) discussing and making decisions on matters relating to the management and operations of the Company including but not limited to corporate matters, financial/treasury planning and to form strategy; (ii) considering and making recommendations to the Board on acquisitions of or investments in business or projects; and (iii) reviewing and discussing any other matters as may from time to time be delegated by the Board.

The Executive Committee may seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2021, the Executive Committee has passed eight resolutions (by way of written resolutions or by way of meetings) and has duly discharged the above-mentioned duties.

Finance Committee

The Finance Committee was established in August 2014 with written terms of reference. The Finance Committee consists of seven members, of whom four are executive Directors being Ms. YANG Huiyan, Mr. MO Bin, Ms. YANG Ziyang and Mr. YANG Zhicheng, one is the Chief Financial Officer being Ms. WU Bijun, and the two other members are senior management of the finance centre of the Company. Ms. WU Bijun was appointed as the chairman of the Finance Committee.

The principal duties of the Finance Committee include, among other things: (i) approving the opening and cancelling of bank/securities accounts in name of the Company ("Accounts") and the changing of authorised signatories of the Accounts and dealing with any other matters from time to time in relation to the Accounts; (ii) executing any matters in relation to buy-back of shares of the Company pursuant to the authorisation granted by the Board from time to time and the mandate given by the Shareholders; and (iii) executing any matters in relation to the employees' share incentive scheme pursuant to the authorisation granted by the Board from time to time (unless otherwise provided for under Chapter 17 of the Listing Rules).

The Finance Committee may seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2021, the Finance Committee held three meetings and has duly discharged the above-mentioned duties.

Joint Company Secretaries

Mr. LEUNG Chong Shun and Mr. LUO Jie are joint company secretaries of the Company. Mr. LEUNG Chong Shun is a practicing lawyer in Hong Kong and is not a full-time employee of the Company. Mr. LUO Jie is a full-time employee of the Company. They are responsible for advising the Board on corporate governance and Hong Kong legal matters.

During the year ended 31 December 2021, the primary contact person of the Company with Mr. LEUNG Chong Shun is Mr. LUO Jie, the head of the Listing Company Secretariat of the Company. Mr. LEUNG Chong Shun and Mr. LUO Jie have confirmed that they have taken no less than 15 hours of relevant professional training during the year ended 31 December 2021.

Risk Management and Internal Control Systems

The Board has the overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and the Shareholders' interests, as well as, with the Audit Committee and the Risk Management Internal Committee, reviewing the effectiveness of these systems. The Group's risk management and internal audit department is delegated with responsibility to ensure and maintain sound risk management and internal control systems by continuously reviewing and monitoring the operation of the risk management and internal control systems and procedures so as to manage rather than eliminate the risk of failure to achieve business objectives and ensure that they can provide reasonable and not absolute assurance against material misstatement or loss and to manage risks of failure in the Group's operational systems. In addition, the Company has engaged independent consultants to conduct review of the risk management and internal control systems of the Group.

Risk Management and Internal Control

Objectives

The risk management and internal control systems are designed and implemented to achieve the following business objectives:

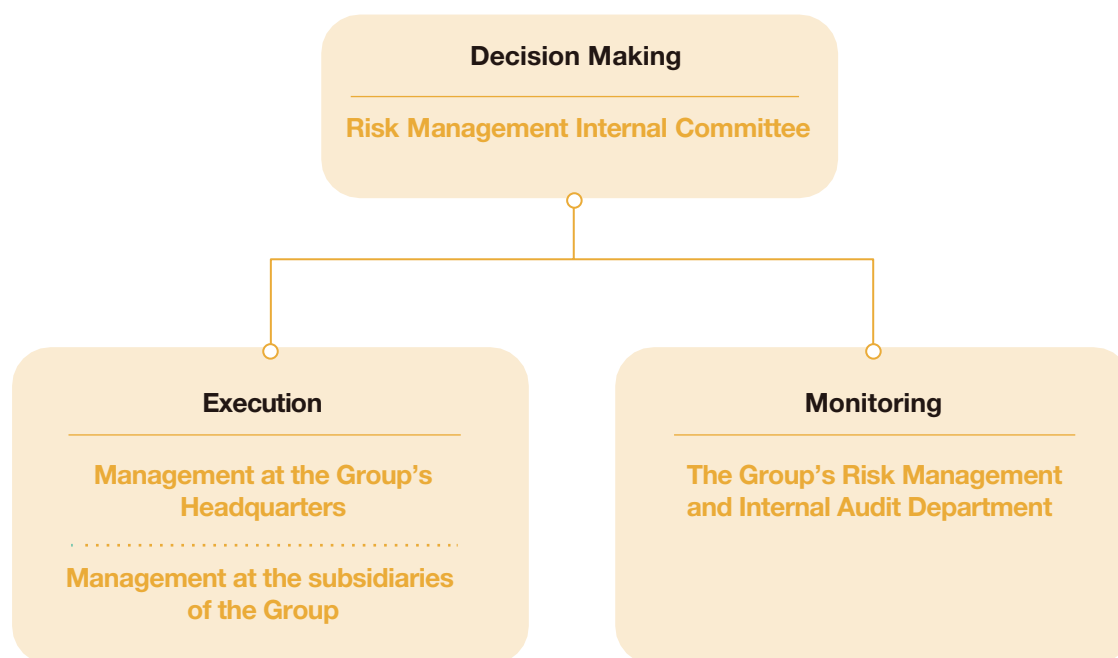
- evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving its strategic objectives
- effectiveness and efficiency of operations
- reliability of financial reporting
- compliance with applicable laws and regulations

CORPORATE GOVERNANCE REPORT

Group Risk Management Framework

The Group's risk management and internal control systems were developed by making reference to the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Group's risk management and internal control systems consist of eight interdependent integrated components. They jointly ensure the operation of the Group's risk management and internal control systems. These components are internal environment, objective setting, event identification, risk assessment, risk response, control activities, information and communication, and monitoring.

In order to enhance the effectiveness of the risk management and internal control systems, as well as to improve the level of management and risk response ability of the Group, the Board announced the establishment of the Risk Management Internal Committee on 13 May 2015. The Risk Management Internal Committee is authorized by the Audit Committee to deal with the Group's risk management matters, including overseeing the effectiveness of the Group's strategies and risk management system. On this basis, the Board established a risk management structure which consists of three levels, i.e. the Risk Management Internal Committee, risk management execution party and risk management monitoring party. The chart below shows the organization structure of the Group's risk management framework.



The roles of the key parties in our risk management structure are outlined below:

Risk Management Internal Committee (Decision Making)

- Establish and update the Company's risk management policies
- Review the Company's risk appetite, risk management strategies and risk management framework, and report the review results to the Audit Committee and provide recommendations for improvement
- Set up risks identification, assessment and management procedures
- Oversee the implementation of risk management policies and compliance with relevant statutory rules and regulations
- Report any significant risk management issues to the Audit Committee and the suggested solutions
- Review the results of the stress-testing for the major risks and the assessment on the Company's capability to withstand the stressed conditions particularly in terms of profitability, capital adequacy and liquidity
- Perform other relevant duties as requested by the Audit Committee

Management at the Group's Headquarters (Execution)

Senior management (President and Vice Presidents) are responsible for group-level risk management:

- Responsible for the design and implementation of the overall risk management systems, including organizing and coordinating cross-functional risk management work, as well as providing professional advice to significant decisions which involve considerable risks
- Under the organization and coordination of senior management, the respective functional centers participate in cross-divisional and other relevant risk management activities

Management at the subsidiaries of the Group (Execution)

- Management as divided by areas, projects, subsidiaries and branches are responsible for risk management at the respective level
- Under the organization and coordination of the Risk Management Internal Committee of the Group, the management staff members who are responsible for risk management at subsidiary level carry out risk management activities at business level according to the risk management procedures

The Group's Risk Management and Internal Audit Department (Monitoring)

- Monitor, review and evaluate the operation of risk management by the Group and its subsidiaries

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2021, the Risk Management and Internal Audit Department assisted the Risk Management Internal Committee to coordinate an enterprise risk assessment, identify and score top ten risks at Group level, assess existing risk management measures and management action plans. Assessment results have been properly reported to the Audit Committee.

Review of the Risk Management and Internal Control Systems

Management has formulated remedial action plans to address the gaps and weakness identified during internal control self-assessment, internal control reviews and internal audits, covering 10 business areas and 40 key business processes. The Group's risk management and internal audit department has conducted follow-up reviews periodically to ensure remedial actions are taken on a timely basis, and has reported the results of the follow-up reviews to the Audit Committee.

The Board, in conjunction with the Audit Committee and the Risk Management Internal Committee, annually assessed and reviewed the effectiveness of the Group's risk management and internal control systems and procedures covering all material controls, including financial, operational and compliance control and considered the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financing reporting function, and their training programmes and budget. The risk management and internal control systems were considered effective and adequate.

During the year ended 31 December 2021, the Audit Committee and the Risk Management Internal Committee have reviewed reports from the Group's risk management and internal audit department with their findings and recommendations for improvement. The external auditors have also reported any observations they identified in the course of their work to the Group, and are satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

During the year ended 31 December 2021, the Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;
- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and their implementation was monitored by the Company; and
- has made broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

Whistleblower Policy

The Group has established a whistleblower policy since 2008. Whistleblowing channels are published in all workplace. The policy is to facilitate employees, partners and customers to report complaints and internal malpractices to the Supervision Department of the Company, who will review, investigate and follow up these complaints. Once cases are verified, investigation results will be announced within the Company as warnings.

Auditor's Remuneration

For the year ended 31 December 2021, the remuneration paid/payable to the auditor of the Company is set out as follows:

Service rendered	RMB million
Audit service for 2021:	
— Annual audit services of the Company	15.8
— Others	4.7
Non-audit services in relation to:	
— Issue of corporate bonds	2.6
— Accounting advisory services	0.5
— Others	3.1

Directors' Responsibility on the Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2021, which were prepared in accordance with statutory requirements and applicable accounting standards. The Board aims to present a balanced, clear and understandable assessment of the Group's position and prospects in annual reports, interim reports and other financial disclosures required by the Listing Rules.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group is set out in the independent auditor's report on pages 112 to 119 of this annual report.

Communication with Shareholders

The Board adopted a shareholders' communication policy reflecting the current practices of the Company for communication with its Shareholders, which has been posted on the website of the Company. The general meeting of the Company provides a platform for Shareholders to exchange views with the Board.

CORPORATE GOVERNANCE REPORT

Dividend Policy

The Board adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate liquidity for its working capital requirements and for future growth and shall comply with the Articles of Association and all applicable laws and regulations. The Board shall have regard to the following factors of the Group when considering the declaration and payment of dividends:

- past financial results;
- past and forecasted cash flows;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of Shareholders;
- any restrictions on payment of dividends (including contractual restrictions, i.e. from financing-related agreements); and
- any other factors that the Board may consider relevant.

The Company does not have any pre-determined dividend payout ratio. The Board will continually review, revise and update the dividend policy from time to time. If the Board decides to recommend, declare or pay dividends, the form, frequency and amount will depend upon the situation and applicable factors at the relevant time.

The dividend policy does not constitute a legally binding commitment that the Company will distribute any specific amount of dividends, nor will it in any way hold the Company liable to declare dividends at any time or from time to time.

Shareholders' Right

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company can make a written requisition to the Board or the joint company secretaries of the Company to require an extraordinary general meeting to be convened pursuant to article 58 of the Articles of Association. The written requisition must state the objects of the meeting, and must be signed by the relevant Shareholder(s) and deposited at the registered office of the Company at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, in addition to the principal place of business in Hong Kong at Suite 1702, 17/F., Dina House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong.

If within 21 days of the deposit of the requisition, the Board fails to proceed to convene an extraordinary general meeting, the relevant Shareholder(s) himself (themselves) may convene a physical meeting at only one location which will be the principal meeting place (as defined in Article 59(2) of the Articles of Association), and all reasonable expenses incurred by the relevant Shareholder(s) as a result of the failure of the Board to convene a meeting shall be reimbursed to the relevant Shareholder(s) by the Company.

There are no provisions under the Articles of Association or the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Shareholders may at any time send their enquiries and concerns in writing to the Board or the joint company secretaries of the Company at the principal place of business in Hong Kong at Suite 1702, 17/F., Dina House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong or by email to ir@countrygarden.com.cn.

Constitutional Documents

During the year ended 31 December 2021, new memorandum and Articles of Association was adopted at the extraordinary general meeting on 22 December 2021, with the primary objective to allow all general meetings to be held as a physical meeting in any part of the world and at one or more locations, or as a hybrid meeting or an electronic meeting, to allow for votes to be cast by the Shareholders electronically, to allow instruments of proxy to be returned to the Company by electronic means, and to make other consequential and housekeeping amendments.

CORPORATE GOVERNANCE REPORT

Investor Relations

As a listed company, the Group respects voices from the Shareholders and the capital market. The Group is constantly committed to enhancing the information transparency and strengthening the level of corporate governance so as to strive for greater value for the Shareholders.

The Group formulated a systematic platform for information disclosure and communication. The Group facilitates communication through various channels such as internet networks, site visits and meetings, and timely responses to the demand from the Shareholders and investors. For the year ended 31 December 2021, the Group further optimized its monthly newsletters and results presentations in order to provide further details which improved the quality of information disclosure; the Group continued its close communication with investors by organizing annual and interim results meetings with analysts and media, reverse roadshows, exchanging ideas with senior management and participating in roadshows held by various financial institutions in Asia-Pacific and Europe regions. In the communication process, the Group timely introduced to investors its operating results, development strategy and business updates that enhanced investors' understanding of and confidence in the Group. Meanwhile, the dedicated team of the Group timely summarized and analyzed information of the capital market, and gave feedback to the management in a systematic manner.

Besides, the Group's efforts in information disclosure are well recognised as well. The Company's 2020 Annual Report won the below 3 awards within the year:

Award	Organizer
LACP 2020 Vision Awards — Gold Award	League of American Communications Professionals LLC (LACP)
LACP 2020 Vision Awards — Top 80 Reports in Asia-Pacific region	League of American Communications Professionals LLC (LACP)
LACP 2020 Vision Awards — Top 50 Chinese Reports of 2020	League of American Communications Professionals LLC (LACP)

Going forward, the dedicated investor relations team will, by way of calls, emails, online interaction platform, meetings, and site visits etc., continue its interaction with investors, listen to opinions from the market, convey information of the Group and protect the long-term trust between investors and the Group.

Major Events in 2021

Date	Events	Location
25 Mar	Announcement of 2020 Annual Results Press Conference Investor Presentation	Virtual
26 Mar–2 Apr	Post Results Roadshow	Virtual
14 Apr	Haitong Securities 2021 Spring Conference	Hangzhou
28 Apr	GTJA Securities China Investment Conference 2021	Suzhou
27 May	Morgan Stanley Virtual China Summit	Virtual
2 Jun	Huatai International Conference	Virtual
4 Jun	CITIC Securities Capital Market Forum 2021	Virtual
10 Jun	SouthWest Securities Interim Conference 2021	Virtual
11 Jun	Haitong International 2021 China Prop Management/Prop Day	Virtual
18 Jun	BOCI conference call	Virtual
22 Jun	CIMB 2021 HK/China Prop Management/Prop Day	Virtual
22 Jun	Shenwan Hongyuan Capital Market Conference 2021	Virtual
23 Jun	Credit Suisse HK/China Property Corporate Day	Virtual
24 Jun	Citi Asia Pacific Property Conference 2021	Virtual
25 Jun	Haitong Securities Strategy Summit	Virtual
29 Jun	Jefferies China Finance & Property Virtual Conference	Virtual
6 Jul	UBS China/Hong Kong Property Virtual Conference	Virtual
24 Aug	Announcement of 2021 Interim Results Press Conference Investor Presentation	Virtual
25 Aug–30 Aug	Post Results Roadshow	Virtual
31 Aug	DFZQ Summer Virtua Summit	Virtual
3 Sep	SouthWest Securities Autumn Virtua Conference 2021	Virtual
3 Sep	Nomura China Investor Forum Virtual Experience	Virtual
7 Sep	Morgan Stanley Virtual Asia ESG Conference	Virtual
10 Sep	Jefferies Asia Forum	Virtual
17 Sep	CLSA Investment Forum 2021	Virtual
20 Oct	J.P. Morgan Asia Credit Conference	Virtual
4 Nov	Goldman Sachs China Conference 2021	Virtual
10 Nov	CITIC Securities Capital Market Forum 2022	Shenzhen
16 Nov	CICC Investment Forum 2021	Virtual
18 Nov	Morgan Stanley 20th Annual Asia Pacific Summit	Virtual
8 Dec	BOCI Corporate Day	Virtual
10 Dec	Nomura Investment Forum 2021	Virtual
14 Dec	GF Security Virtual Conference 2022	Virtual

REPORT OF THE DIRECTORS

The Board is pleased to present the audited consolidated financial statements of the Group for the year ended 31 December 2021.

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in property development, construction, property investment, hotel operation, robot and agricultural businesses.

An analysis of the Group's revenue and operating results for the year ended 31 December 2021 by principal activities is set out in note 5 to the audited consolidated financial statements of the Group.

Results

The results of the Group for the year ended 31 December 2021 are set out in the audited consolidated income statement and the audited consolidated statement of comprehensive income of the Group on pages 122 to 123 of this annual report.

Business Review

The business review of the Group for the year ended 31 December 2021 is set out as below:

	Section(s) in this Annual Report	Page No. of this Annual Report
a. Fair review of the Company's business	Management Discussion and Analysis	35 to 41
b. Description of the principal risks and uncertainties the Company is facing	Management Discussion and Analysis	35 to 41
c. Particulars of important events affecting the Company that have occurred since the year ended 31 December 2021 (if any)	No such events since the year ended 31 December 2021	—
d. Indication of likely future development in the Company's business	Chairman Statement and Management Discussion and Analysis	12 to 17 and 35 to 41
e. Analysis using financial key performance indicators	Financial Summary, Financial Highlights and Management Discussion and Analysis	33, 34 and 35 to 41

		Section(s) in this Annual Report	Page No. of this Annual Report
f.	Discussion on the Company's environmental policies and performance	<p>Country Garden has always strived to operate environmentally, make efficient use of resources and foster a green living environment in property projects that we develop. Minimising adverse impact of construction and development as well as promoting green buildings and green offices are some of our most important environmental responsibilities.</p> <p>We stringently comply with legislations related to environmental protection in markets that we operate in, and take location specific environmental conditions into concern whenever we develop a project, to minimise our impact on the natural environment.</p> <p>Further information about the Company's environmental policies and performance is described in the "Country Garden Sustainability Report 2021" (a standalone report).</p>	Not applicable
g.	An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depend	Management Discussion and Analysis and Report of the Directors	35 to 41 and 80 to 109
h.	Discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Company	Corporate Governance Report and Report of the Directors	56 to 79 and 80 to 109

REPORT OF THE DIRECTORS

Final Dividend

The Board recommended the payment of a final dividend of RMB10.12 cents (2020 final dividend: RMB24.98 cents) per Share for the year ended 31 December 2021 to the Eligible Shareholders, with the Eligible Shareholders being given an option to elect to receive the final dividend all in new Shares or partly in new Shares and partly in cash or all in cash (the “Scrip Dividend Scheme”). The total dividends for the year would be RMB31.10 cents per Share (2020 total dividends: RMB45.53 cents).

The proposed final dividend shall be declared in RMB and distributed in HKD. The final dividend to be distributed in HKD will be converted from RMB at the average central parity rate of RMB to HKD as announced by the People’s Bank of China for the period from Monday, 30 May 2022 to Monday, 6 June 2022.

The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto.

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Friday, 8 July 2022. It is expected that the final dividend warrants and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all their final dividend in the form of new Shares) will be dispatched to the Eligible Shareholders on or around Friday, 12 August 2022.

Property, Plant and Equipment

Details of the movements in property, plant and equipment during the year ended 31 December 2021 are set out in note 6 to the audited consolidated financial statements of the Group.

Borrowings

Details of the borrowings during the year ended 31 December 2021 are set out in note 24 to the audited consolidated financial statements of the Group.

Share Capital

Details of the movements in the share capital of the Company during the year ended 31 December 2021 are set out in note 25 to the audited consolidated financial statements of the Group.

Adjustment to Conversion Price and Partial Repurchase of Convertible Bonds, Adjustment to Strike Price of Written Call Options and Issue of HKD3,900 million 4.95% Convertible Bonds Due 2026

On 21 November 2018, the Company, Smart Insight International Limited (the “Issuer”, a wholly-owned subsidiary of the Company), J.P. Morgan Securities plc, Goldman Sachs (Asia) L.L.C and The Hongkong and Shanghai Banking Corporation Limited (the “Joint Lead Managers”) entered into an agreement, under which the Joint Lead Managers agreed to subscribe for the 4.50% secured guaranteed convertible bonds due 2023 to be issued by the Issuer in the aggregate principal amount of HKD7,830 million (the “2023 Convertible Bonds”). On 5 December 2018, the Issuer issued the 2023 Convertible Bonds in the principal amount of HKD7,830 million. The 2023 Convertible Bonds are listed on SGX. As at the date of this report, the 2023 Convertible Bonds may be converted into Shares at the latest modified conversion price of HKD10.47 per Share during the conversion period under the terms of the 2023 Convertible Bonds.

On 21 November 2018, the Issuer entered into call option transaction(s) involving the sale of call option(s) by the Issuer to J.P. Morgan Securities plc and Goldman Sachs International or their respective affiliates with the initial strike price of HKD17.908 (the “Written Call Option(s)”). As at the date of this report, the strike price of the Written Call Options had been adjusted to the latest modified strike price of HKD14.89 per Written Call Option and its total number had been adjusted from 696,666,627 to 718,624,601 Written Call Options. The Written Call Options are exercisable only on their expiration dates ranging from 14 September 2023 to 24 November 2023. The maximum number of Shares that may be issued upon physical settlement of the Written Call Options is 718,624,601 Shares as at the date of this report.

During the year ended 31 December 2021, the Issuer had conducted partial repurchase of the 2023 Convertible Bonds in the total amount of HKD4,524 million (the “Partial Repurchase”) on the SGX. Following settlement of the Partial Repurchase, the 2023 Convertible Bonds partially repurchased had been cancelled. As at the date of this report, the total outstanding amount of the issued 2023 Convertible Bonds is HKD3,000 million and the maximum number of Shares that may be issued under the 2023 Convertible Bonds is 286,532,951 Shares. During the year ended 31 December 2021, no Shares were issued under the 2023 Convertible Bonds.

Please refer to the announcements of the Company dated 21 November 2018, 22 November 2018, 12 December 2018, 24 May 2019, 3 June 2019, 12 September 2019, 1 June 2020, 15 September 2020, 2 June 2021 and 13 September 2021, and the circular of the Company dated 11 April 2019 for further details.

On 20 January 2022, the Company, the Issuer and UBS AG Hong Kong Branch (the “Sole Bookrunner”) entered into an agreement, under which the Sole Bookrunner agreed to subscribe for the 4.95% secured guaranteed convertible bonds due 2026 to be issued by the Issuer in the aggregate principal amount of HKD3,900 million (the “2026 Convertible Bonds”). On 28 January 2022, the Issuer issued the 2026 Convertible Bonds in the principal amount of HKD3,900 million. The 2026 Convertible Bonds are listed on SGX. As at the date of this report, the 2026 Convertible Bonds may be converted into 481,481,481 Shares at the initial conversion price of HKD8.10 per Share during the conversion period under the terms of the 2026 Convertible Bonds, which was determined with reference to the prevailing market price of the Shares (the market price per Share on 20 January 2022 was HKD6.96). The net proceeds from the issue of the 2026 Convertible Bonds was approximately HKD3,861 million. In accordance with the intentions previously disclosed by the Company, part of the net proceeds was applied for (1) partial repurchase of 4.75% senior notes due July 2022 and 4.75% senior notes due January 2023 with principle amount of USD20.6 million and (2) USD47 million equivalent of interest and coupon payment of the Company’s existing offshore indebtedness. The Company intends to apply the remaining net proceeds which are not yet utilised for the refinancing of existing medium to long term offshore indebtedness, which will become due within one year from the issuance of the convertible bond.

Please refer to the announcement of the Company dated 21 January 2022 for further details.

Details of convertible bonds are set out in note 23 to the audited consolidated financial statements of the Group, which form part of the disclosure in this report of the Directors.

REPORT OF THE DIRECTORS

Senior Notes and Corporate Bonds Issued

During the year ended 31 December 2021, the Company has issued senior notes and corporate bonds as follows:

(a) Senior Notes

- (i) On 12 January 2021, the Company issued USD500 million 2.7% senior notes due 2026 and USD700 million 3.3% senior notes due 2031. In accordance with the intentions previously disclosed by the Company, the net proceeds after deducting the underwriting discount and other expenses payable by the Group in connection with the notes issue were used for refinancing existing medium to long term offshore indebtedness, which were to become due within one year.

All the senior notes are listed on SGX.

- (ii) On 18 May 2021, the Company issued USD500 million 3.125% senior notes due 2025. In accordance with the intentions previously disclosed by the Company, the net proceeds after deducting the underwriting discount and other expenses payable by the Group in connection with the notes issue were used for refinancing existing medium to long term offshore indebtedness, which were to become due within one year.

All the senior notes are listed on SGX.

- (iii) On 20 July 2021, the Company issued USD200 million 2.7% senior notes due 2026. In accordance with the intentions previously disclosed by the Company, the net proceeds after deducting the underwriting discount and other expenses payable by the Group in connection with the notes issue were used for refinancing existing medium to long term offshore indebtedness, which were to become due within one year.

All the senior notes are listed on SGX.

(b) Corporate Bonds

As at 31 December 2021, the aggregate par value of corporate bonds newly issued or refinanced by certain subsidiaries of the Group is RMB18,950 million. The Group received net proceeds of approximately RMB18,899 million in aggregate, which would be used for refinancing certain of the Group's existing indebtedness and for general working capital purposes.

During the year ended 31 December 2021, the Company has redeemed and partial repurchase senior notes as follows:

- (i) On 25 January 2019, the Company issued USD550 million 7.125% senior notes due 2022 (the "2022 Notes"). The Company has redeemed all outstanding 2022 Notes at an aggregate principal amount of USD550 million on 5 February 2021 (the "2022 Notes Redemption Date") at the redemption price equals to 103.5625% of the principal amount of the 2022 Notes, plus accrued and unpaid interest to (but not including) the 2022 Notes Redemption Date, the aggregate amount paid for such redemption was USD571 million. The 2022 Notes had been cancelled and delisted from the SGX following the redemption. There are no outstanding 2022 Notes in issue.

- (ii) On 28 September 2016, the Company issued USD650 million 4.75% senior notes due 2023 (the “2023 Notes”). The Company has redeemed all outstanding 2023 Notes at an aggregate principal amount of USD650 million on 11 June 2021 (the “2023 Notes Redemption Date”) at the redemption price equals to 102.3750% of the principal amount of the 2023 Notes, plus accrued and unpaid interest to (but not including) the 2023 Notes Redemption Date, the aggregate amount paid for such redemption was USD672 million. The 2023 Notes had been cancelled and delisted from the SGX following the redemption. There are no outstanding 2023 Notes in issue.
- (iii) On 15 December 2016, the Company issued USD350 million 5.625% senior notes due 2026 (the “2026 Notes”). The 2026 Notes are listed on the SGX. Certain holders of the 2026 Notes have exercised their put options under the terms of the 2026 Notes and accordingly, the Company has repurchased and cancelled a principal amount of USD26.31 million of the 2026 Notes on 15 December 2021 and the outstanding principal amount of the 2026 Notes is USD323.69 million.
- (iv) On 27 September 2018, the Company issued USD425 million 7.125% senior notes due 2022 (the “January 2022 Notes”). The January 2022 Notes were listed on the SGX and matured on 27 January 2022. The Company repurchased an aggregate principal amount of USD14.1 million of the January 2022 Notes on 30 December 2021 by private arrangement and repaid the outstanding amount in full with accrued interest on 27 January 2022. Following such repayment, no January 2022 Notes were outstanding and the January 2022 Notes had been cancelled and delisted from the SGX accordingly.

Details of the senior notes and corporate bonds issued, redeemed or repurchased during the year ended 31 December 2021 and the outstanding senior notes and corporate bonds as at 31 December 2021 are set out in notes 21 and 22 to the audited consolidated financial statements of the Group, which form part of the disclosure in this report of the Directors.

Equity Linked Agreements

Save as disclosed in the sections headed “Adjustment to Conversion Price and Partial Repurchase of Convertible Bonds, Adjustment to Strike Price of Written Call Options and Issue of HKD3,900 million 4.95% Convertible Bonds Due 2026”, “Share Option Schemes” and “Employee Incentive Scheme”, no equity linked agreements were entered into during or subsisted at the end of the year ended 31 December 2021.

Directors’ Right to Acquire Shares or Debentures

Save as disclosed in the sections headed “Connected Transactions” and “Share Option Schemes”, at no time during the year ended 31 December 2021 was the Company, any of its subsidiaries, fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

Distributable Reserves

As at 31 December 2021, the distributable reserve of the Company amounted to approximately RMB6,922 million (2020: approximately RMB7,819 million).

Details of the movements in reserves during the year ended 31 December 2021 are set out in note 43 to the audited consolidated financial statements of the Group.

REPORT OF THE DIRECTORS

Donations

The total donations made by the Group during the year ended 31 December 2021 amounted to approximately RMB1,097 million (2020: approximately RMB1,574 million).

Permitted Indemnity Provision

The Articles of Association provide that every Director is entitled to be indemnified out of the assets of the Company against all losses and damages which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Group has taken out and maintained directors' liability insurance for the year ended 31 December 2021, which provides appropriate cover for the Directors.

The permitted indemnity provisions were in force during the year ended 31 December 2021 for the benefit of the Directors.

Financial Summary

A financial summary of the Group is set out on page 33 of this annual report.

Major Customers and Suppliers

For the year ended 31 December 2021, revenue attributable to the largest customer of the Group amounted to approximately 0.12% of the total revenue of the year and the five largest customers of the Group accounted for less than 30% of the Group's revenue of the year.

For the year ended 31 December 2021, purchases attributable to the largest supplier of the Group amounted to approximately 2.07% of the total purchases in the year and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

Directors' and Shareholders' Interests in Suppliers and Customers of the Group

The Directors, their close associates and the Shareholders (who to the knowledge of the Directors own more than 5% of the issued Shares) did not have any interests in the five largest customers and suppliers of the Group for the year ended 31 December 2021.

Management Contracts

No contracts other than employment contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2021.

Directors and Directors' Service Contracts

The Directors during the year ended 31 December 2021 and up to the date of this annual report are:

Executive Directors

Mr. YEUNG Kwok Keung (*Chairman*)

Ms. YANG Huiyan (*Co-Chairman*)

Mr. MO Bin (*President*)

Ms. YANG Ziyang

Mr. YANG Zhicheng

Mr. SONG Jun

Mr. SU Baiyuan

Non-executive Director

Mr. CHEN Chong

Independent non-executive Directors

Mr. LAI Ming, Joseph

Mr. SHEK Lai Him, Abraham

Mr. TONG Wui Tung

Mr. HUANG Hongyan

Mr. TO Yau Kwok

In accordance with article 84 of the Articles of Association, Ms. YANG Huiyan, Mr. MO Bin, Mr. YANG Zhicheng, Mr. SU Baiyuan and Mr. SHEK Lai Him, Abraham shall retire from office by rotation and, being eligible, offer themselves for re-election at the 2022 AGM.

No Director proposed for re-election at the 2022 AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

REPORT OF THE DIRECTORS

Changes to Information in Respect of Directors

In accordance with rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) during the year ended 31 December 2021 and up to the date of this report are set out below:

Directors' other directorships held in public companies the securities of which are listed on any securities market in Hong Kong or overseas:

Directors' Information	Appointment (effective)	Cessation (effective)
Mr. SHEK Lai Him, Abraham		
• SJM Holdings Limited (Stock Code: 880)		
— independent non-executive director	—	28 May 2021
— advisor	28 May 2021	—
• International Alliance Financial Leasing Co., Ltd. (Stock Code: 1563)		
— independent non-executive director	28 July 2021	—
• Legislative Council		
— member	—	31 December 2021
Mr. TONG Wui Tung		
• Messrs. Ronald Tong & Co.		
— partner	1 June 2021	—
• Messrs. Cheung, Tong & Rosa Solicitors		
— partner	—	31 July 2021
• Y. T. Realty Group Limited (Stock Code: 75)		
— company secretary	1 August 2021	—
Mr. HUANG Hongyan		
• Guangdong Shenling Environmental Systems Co., Ltd. (Shenzhen Stock Code: 301018)		
— independent director	—	13 September 2021

Directors' and Senior Management's Emoluments and Five Highest Paid Individuals

Details of the remuneration of the Directors and senior management, together with those of the five highest paid individuals of the Group for the year ended 31 December 2021 are set out in note 45 and note 31 to the audited consolidated financial statements of the Group and the section headed "Board Committees — Remuneration Committee" under the corporate governance report.

The emolument payable to the Directors (including salary and other benefits) are recommended by the Remuneration Committee of the Company for the Board's approval, having regard to the Group's results, Directors' performance, duties, etc.

Directors' Interests in Contracts of Significance

Save as disclosed under the section headed “Connected Transactions and Continuing Connected Transactions” and note 42 to the audited consolidated financial statements of the Group, no transactions, arrangements or contracts of significance in relation to the Company’s business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director or his or her connected entities had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2021.

Directors' and Their Close Associates' Interests in Competing Business

On 21 July 2021, the Company entered into the deeds of non-competition and indemnity (the “Deeds”) with Mr. YEUNG Kwok Keung and Ms. YANG Huiyan (collectively the “Covenantors”) to replace the original deeds of non-competition (the “Original Deeds of Non-Competition”) entered into on 29 March 2007 with the Covenantors and other then relevant covenantors (including Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd.) prior to the listing of the shares of the Company in 2007. The Deeds have been considered and passed in the extraordinary general meeting of the Company on 22 December 2021 (the “Effective Date of the Deeds”), and the Original Deeds of Non-Competition were terminated at the same time.

Prior to the Effective Date of the Deeds, pursuant to the Original Deeds of Non-Competition, the Covenantors and other then relevant covenantors undertook to the Company that they will not, and will procure their respective close associates (as defined under the Listing Rules) not to, directly or indirectly engage in businesses which will or may compete with the land or property businesses and related businesses carried on or to be carried on by the Group. Mr. YEUNG Kwok Keung (being Director), Ms. YANG Meirong (Mr. YEUNG Kwok Keung’s close associate) and Ms. ZHOU Shuting (Mr. YEUNG Kwok Keung’s close associate) respectively and indirectly owned 52%, 45.20% and 0.40% interest in each of Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd., which, being the covenantors of the Original Deeds of Non-Competition, have been engaging in businesses under the restrictions of the Original Deeds of Non-Competition. The scope of business of these two companies is limited: Qingyuan CG acts as the developer of the single Qingyuan Holiday Islands project situated in Qingyuan which comprised a relatively modest number of villas, townhouses and low-rise apartments on a piece of land in a countryside area and distanced from urbanisation, while Qingyuan Country Cultural Development Co., Ltd. operates the Qingyuan Cultural Park located in Shijiao Town, Qingcheng District in Qingyuan with minimal assets. The competition between Qingyuan CG and the Company is only in a technical sense, and in practice, the single project owned by Qingyuan CG and the major property development business of the Company in Qingyuan are quite different. After the Effective Date of the Deeds, although Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd. cease to be direct covenantors under the Original Deeds of Non-Competition, these companies, being the close associates of Mr. YEUNG Kwok Keung, are still subject to the Deeds. The sole director and supervisor of these two companies are Ms. ZHOU Shuting and Ms. YANG Meirong, respectively. During the year ended 31 December 2021, the Company was independent of the business of these two companies, and the Company and these two companies were operating their respective businesses at arm’s length for their own interests.

REPORT OF THE DIRECTORS

The Deeds redefine and broaden the scope of the restricted business. After the Effective Date of the Deeds, the Covenantors have unconditionally and irrevocably undertaken and warranted that they (i) will not, and will procure any of their respective close associates (other than members of the Group) not to, participate in or operate any business which directly or indirectly competes or may compete with business from time to time engaged in by the Group, other than: (a) the Group's business; (b) investment which is not in the nature of a "business"; (c) business which the Group has newly engaged in that was not a restricted business and the Covenantors or their close associates have hitherto carried on or participated in or been interested in; and (d) any business segment or market which the Group will not invest in, as approved by a board committee comprising independent non-executive directors who do not have an interest in the business opportunity (the "Independent Board") ((a)-(d) collectively, the "Exempted Business") (the "Restricted Business"), or (ii) hold any interests or rights in any companies or businesses (other than the Group and the Exempted Business) which directly or indirectly so competes or may compete with the business of the Group except where they hold less than 5% of the total issued share capital in any company which competes with the business of the Group and have no right to appoint the majority of the board of directors thereof.

Besides, the Deeds also formulate a competing business opportunity review mechanism, which requires the Covenantors and their close associates to first refer new business opportunity of the Restricted Business to the Company. In case the Company declines such business opportunity, the Covenantors and their close associates are entitled to accept such business opportunity upon passing the competing business opportunity review mechanism (including the approval by the Independent Board). Similarly, in case any restricted business opportunity offered by a third party is declined by the Company or the Company intends to sell a project and the Covenantors or their close associates wish to accept, they could participate in or operate relevant Restricted Business upon passing the competing business opportunity review mechanism (including the approval by the Independent Board). For those Restricted Business participated or operated by the Covenantors or their close associates upon passing the competing business opportunity review mechanism, the Company shall have the pre-emptive right thereof.

The independent non-executive directors of the Company shall review, at least once every year, the performance of the Deeds by the Covenantors to confirm that they have complied with the terms of the Deeds. The Company has received confirmation letters from the Covenantors on the compliance with the terms of the Deeds by themselves and their close associates, confirming that all conditions and terms of the Deeds have been complied with from the Effective Date of the Deeds to 31 December 2021. In particular, Mr. YEUNG Kwok Keung has not used the competing business opportunity review mechanism under the Deeds, while Ms. YANG Huiyan has only used the competing business opportunity review mechanism under the Deeds once for the share investment business opportunity of China Resources Vanguard (Holding) Company Limited ("Vanguard"). Vanguard is a leading enterprise in the domestic supermarket industry and owns more than 3,000 stores. As a subsidiary of the Company, Guangdong Biyouxuan Commercial Holding Co., Ltd ("Biyouxuan") also engages in retail business in Mainland China with over 60 stores focusing on Guangdong, Hong Kong and Macao Greater Bay market, especially Guangzhou, Foshan, Shenzhen and Dongguan. Different from Vanguard, Biyouxuan acts as a community retail business unit and is only a community daily lives service brand for community and commercial support and meeting daily needs of residents in Country Garden community. Taking into account of, among other things, the fact that the Company's capital shall first be used in the development of its major property business, and to secure capital turnover, the Independent Board has convened a meeting to review and decide that the Company would not participate in such business opportunity, and approved that Ms. YANG Huiyan is entitled to participate in or operate such business opportunity pursuant to the terms of the Deeds. As such, Ms. YANG Huiyan has participated in or operated such business opportunity, and holds 11.07% equity interests in Vanguard and is entitled to appoint a director thereof. The Company is independent of Vanguard's business, and the Company and Vanguard operate their respective businesses at arm's length for their own interests.

The Covenantors hereby declare that they have complied with all conditions and terms within the Deeds from the Effective Date of the Deeds to 31 December 2021. The independent non-executive directors of the Company have reviewed the confirmation letters from the Covenantors, and assessed whether the Covenantors and their close associates have complied with the Deeds, and are satisfied that the Covenantors have complied with the terms of the Deeds from the Effective Date of the Deeds to 31 December 2021.

Save as disclosed above, as at 31 December 2021, none of the Directors and their close associates was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Connected Transactions and Continuing Connected Transactions

Details of connected transactions and continuing connected transactions not exempted under Chapter 14A of the Listing Rules are disclosed below.

(1) Connected Transactions

On 21 July 2021, the Company entered into the Deeds of non-competition and indemnity with Mr. YEUNG Kwok Keung and Ms. YANG Huiyan to replace the Original Deeds of Non-Competition entered into on 29 March 2007 with them and other then relevant covenantors. The Deeds have been considered and passed in the extraordinary general meeting of the Company on 22 December 2021 and the Original Deeds of Non-Competition were terminated at the same time. For further details on the Deeds, please refer to the section headed "Directors' and Their Close Associates' Interests in Competing Business" under this Report.

Mr. YEUNG Kwok Keung is the Chairman and an executive Director and Ms. YANG Huiyan is the Co-Chairman, an executive Director and a controlling Shareholder and thus each of them is a connected person of the Company. Accordingly, the entering into of the Deeds and the termination of the Original Deeds of Non-Competition constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the connected transaction is set out in the Company's announcement dated 21 July 2021 and circular dated 6 December 2021.

(2) Continuing Connected Transactions

During the year ended 31 December 2021, the Company has entered into certain transactions which constitute continuing connected transactions (as defined in the Listing Rules) of the Company. Pursuant to the disclosure requirements in the annual report under rules 14A.49 and 14A.71 of the Listing Rules, details of these transactions are set out below:

(a) Agreements of Continuing Connected Transactions

(i) Design Services Agreement

Pursuant to the design services further supplemental agreement dated 22 August 2017 and the 2018 Design Services Supplemental Agreement dated 21 March 2018 entered into between Shunde Country Garden and Elite Architectural, Elite Architectural agreed to provide survey work, property design and interior design services to the Group on terms no less favourable than those available to independent third parties for three years commencing from 1 January 2017 to 31 December 2019 which later extended for a further term of one year commencing on 1 January 2020 by virtue of the 2018 Design Services Supplemental Agreement.

REPORT OF THE DIRECTORS

The engagement pursuant to the 2018 Design Services Supplemental Agreement expired on 31 December 2020. Accordingly, on 4 December 2020, Elite Architectural and Shunde Country Garden entered into a further supplemental agreement (“2020 Design Services Supplemental Agreement”), pursuant to which the 2018 Design Services Supplemental Agreement was extended for a further term of three years commencing on 1 January 2021 with annual caps for the fees for the relevant transactions being approximately RMB7,000 million, RMB7,700 million and RMB8,400 million respectively for each of the three years ending 31 December 2023. For the year ended 31 December 2021, the total amount of survey work, property design and interior design services charged by Elite Architectural amounted to RMB3,869 million.

Shunde Country Garden is a wholly-owned subsidiary of the Company, and Ms. YANG Meirong (Mr. YEUNG Kwok Keung’s associate) indirectly owned more than 50% interest in Elite Architectural. Mr. YEUNG Kwok Keung is the Chairman and an executive Director, and Elite Architectural is therefore a majority-controlled company indirectly held by the associate of Mr. YEUNG Kwok Keung. Elite Architectural is therefore a connected person of the Company under the Listing Rules. Transactions contemplated under the 2020 Design Services Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(ii) *Property Management Services Framework Agreement*

As disclosed in the Company’s announcement dated 19 March 2018, the Company proposed to spin-off and separately list CG Services, engaging in the property management business of the Group then, on the main board of the Stock Exchange by way of introduction (the “Spin-off”). CG Services was listed on the main board of the Stock Exchange on 19 June 2018. Following the completion of the Spin-off, CG Services has become a 30%-controlled company indirectly held by Ms. YANG Huiyan, the Co-Chairman, an executive Director and the controlling Shareholder. As such, CG Services is an associate of Ms. YANG Huiyan and thus a connected person of the Company.

On 1 June 2018, the Company entered into a property management services framework agreement with CG Services, which sets out the principal terms of the property management services to be provided by CG Services and its subsidiaries (collectively, the “CG Services Group”) to the Group immediately after the Spin-off, in respect of the unsold property units and the sold property units prior to the agreed delivery date set out in the relevant property purchase contract for projects developed by the Group and managed by CG Services Group, for a term commencing on 19 June 2018 until 31 December 2020 (the “2018 Property Management Services Framework Agreement”).

Since the 2018 Property Management Services Framework Agreement expired on 31 December 2020, the Company entered into a new property management services framework agreement with CG Services on 4 December 2020 (the “2020 Property Management Services Framework Agreement”), for a term commencing on 1 January 2021 until 31 December 2023, which has been approved by the independent shareholders of CG Services. The annual caps of transactions contemplated under the 2020 Property Management Services Framework Agreement are respectively RMB416 million, RMB493 million and RMB571 million for each of the

three years ending 31 December 2023. For the year ended 31 December 2021, the value of the property management services provided by the CG Services Group to the Group is RMB295 million.

Since CG Services is a connected person of the Company, transactions between the Group and the CG Services Group under the 2020 Property Management Services Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(iii) *Sales and Leasing Agency Services Framework Agreement*

On 18 September 2018, the Company entered into a sales and leasing agency services framework agreement with CG Services, which sets out the principal terms for the provision of sales and leasing agency services in respect of unsold parking spaces of the Group and provision of sales agency services in respect of unsold property units of the Group, by the CG Services Group to the Group for a term commencing on 18 September 2018 until 31 December 2020 (the “2018 Sales and Leasing Agency Services Framework Agreement”).

Since the 2018 Sales and Leasing Agency Services Framework Agreement expired on 31 December 2020, the Company entered into a new sales and leasing agency services framework agreement with CG Services on 4 December 2020 (the “2020 Sales and Leasing Agency Services Framework Agreement”), for a term commencing on 1 January 2021 until 31 December 2023, which has been approved by independent shareholders of CG Services. The annual caps of transactions contemplated under the 2020 Sales and Leasing Agency Services Framework Agreement are respectively RMB700 million, RMB850 million and RMB1,000 million for each of the three years ending 31 December 2023. For the year ended 31 December 2021, the value of the sales and leasing agency services in respect of unsold parking spaces of the Group and the sales agency services in respect of unsold property units of the Group provided by the CG Services Group to the Group is RMB632 million.

Since CG Services is a connected person of the Company (see above), transactions between the Group and the CG Services Group under the 2020 Sales and Leasing Agency Services Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(iv) *Consultancy and Other Services Framework Agreement*

The consultancy and other services framework agreement dated 1 June 2018 (the “2018 Consultancy and Other Services Framework Agreement”) and consultancy and other services supplemental agreement dated 18 September 2018 (the “2018 Consultancy and Other Services Supplemental Agreement”) were entered into between the Company and CG Services, which set out the principal terms of the consultancy and other services to be provided by CG Services Group to the Group, such as consultancy services to the on-site sales office of the Group and cleaning services for the properties developed by the Group before delivery to homeowners (the “Consultancy Services”), for a term commencing on 19 June 2018 until 31 December 2020.

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The advertising and domestic services framework agreement dated 23 August 2019 (the “Advertising and Domestic Services Framework Agreement”) was entered into between the Company and CG Services, which set out the principal terms for the provision of advertising services (which comprise installation, maintenance and dismantling services) by the CG Services Group to the Group in relation to advertisements to be displayed at certain advertising spaces located in the common areas of the property projects managed by the CG Services Group (the “Advertising Services”) and domestic services including home cleaning, household appliances cleaning, garden maintenance, home maintenance and other domestic services by the CG Services Group to the purchasers of property units of the Group (the “Domestic Services”), for a term commencing on 23 August 2019 until 31 December 2020.

On 18 March 2020, the Company entered into an elevators installation and other services framework agreement with CG Services (the “Elevators Installation and Other Services Framework Agreement”), which sets out the principal terms for provision of elevator products installation, supporting services and other services to be provided by the CG Services Group to the Group (the “Elevators Installation Services”), for a term commencing on 18 March 2020 until 31 December 2020.

Since the 2018 Consultancy and Other Services Framework Agreement, 2018 Consultancy and Other Services Supplemental Agreement, Advertising and Domestic Services Framework Agreement and Elevators Installation and Other Services Framework Agreement expired on 31 December 2020, the Company entered into a new consultancy and other services framework agreement with CG Services on 4 December 2020 (the “2020 Consultancy and Other Services Framework Agreement”), which sets out the principal terms for provision of the Consultancy Services, the Advertising Services, the Domestic Services, the Elevators Installation Services and other services (including technology services, after-sales maintenance and warranty services for houses and buildings, turnkey furnishing services, hotel management services, institutional food services, disinfection and pest control services and other services) to be provided by the CG Services Group to the Group, for a term commencing on 1 January 2021 until 31 December 2023, which has been approved by independent shareholders of CG Services. The annual caps of transactions contemplated under the 2020 Consultancy and Other Services Framework Agreement are respectively RMB1,500 million, RMB1,800 million and RMB2,200 million for each of the three years ending 31 December 2023. For the year ended 31 December 2021, fees payable by the Group to the CG Services Group under the 2020 Consultancy and Other Services Framework Agreement were RMB1,097 million.

Since CG Services is a connected person of the Company (see above), transactions between the Group and the CG Services Group under the 2020 Consultancy and Other Services Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(v) Property Lease Framework Agreement

On 13 April 2021, the Company entered into a property lease framework agreement with CG Services, which sets out the principal terms for the leasing of properties including office spaces, shops, parking lots, etc. by the Group (as lessor) to the CG Services Group (as lessee) to be used for commercial service for a term commencing on 13 April 2021 until 31 December 2023 (the “Property Lease Framework Agreement”). The annual caps of the rental income receivable by the Group from the CG Services Group under the Property Lease Framework Agreement are RMB143 million, RMB295 million and RMB439 million respectively for each of the three years ending 31 December 2023. For the year ended 31 December 2021, the rental income received by the Group from the CG Services Group is RMB64 million.

Since CG Services is a connected person of the Company (see above), transactions between the Group and the CG Services Group under the Property Lease Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(vi) Business Management Service Framework Agreement

On 13 April 2021, the Company entered into a business management service framework agreement with CG Services, which sets out the principal terms for the provision of business planning and consulting, business solicitation, operation and corporate planning services by the CG Services Group to the Group for a term commencing on 13 April 2021 until 31 December 2023 (the “Business Management Service Framework Agreement”). The annual caps of the service fees payable by the Group to the CG Services Group under the Business Management Service Framework Agreement are RMB420 million, RMB450 million and RMB480 million respectively for each of the three years ending 31 December 2023. For the year ended 31 December 2021, the service fees paid by the Group to the CG Services Group is RMB246 million.

Since CG Services is a connected person of the Company (see above), transactions between the Group and the CG Services Group under the Business Management Service Framework Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The above continuing connected transactions are all subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders’ approval requirement under the Listing Rules.

(b) Annual Review of Continuing Connected Transactions

Pursuant to rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed the continuing connected transactions and confirmed that the continuing connected transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;

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- (ii) on normal commercial terms or better or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms or better, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of rule 14A.56 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the cap.

(c) Others

The connected transactions and continuing connected transactions disclosed above also constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions made during the year ended 31 December 2021 is disclosed in note 42 to the financial statements.

Certain items under note 42(a) to the financial statements also constitute connected or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned connected or continuing connected transactions.

Share Option Schemes

(a) 2007 Share Option Scheme

On 20 March 2007, the 2007 Share Option Scheme was approved and adopted by the then Shareholders for a period of 10 years commencing on the adoption date. The 2007 Share Option Scheme has expired on 19 March 2017. A summary of the principal terms of the 2007 Share Option Scheme is set out as follows:

(i) Purpose of the 2007 Share Option Scheme

The purpose of the 2007 Share Option Scheme was to provide incentives to the participants.

(ii) Eligible Participants

The participants of the 2007 Share Option Scheme were employees of the Company and its subsidiaries including the executive Directors and non-executive Directors.

(iii) Grant of Options

The Board was entitled at any time, within 10 years after the date of adoption of the 2007 Share Option Scheme, to make an offer of the grant of an option to any participant. Following the date of expiry of the 2007 Share Option Scheme, no subsequent options may be granted under the 2007 Share Option Scheme.

(iv) Payment on Acceptance of Option Offer

HKD1.00 was payable by the participant to the Company on acceptance of the option offer as consideration for the grant within 28 days from the date upon which the option offer was made.

(v) Subscription Price of Shares

The subscription price of an option to subscribe for Shares granted pursuant to the 2007 Share Option Scheme was the highest of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option offer was made to a participant, which had to be a business day;
- the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an option offer was made; and
- the nominal value of a Share.

(vi) Maximum Number of Shares Available for Subscription

The total number of Shares which might be issued upon exercise of all options to be granted under the 2007 Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the global offering and the capitalization issue of the Company. The 10% limit might be refreshed with the approval by ordinary resolution of the Shareholders. The maximum number of Shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the 2007 Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time. As at 19 March 2017 (the date of expiry of the 2007 Share Option Scheme), a total of 1,636,000,000 Shares (including options to subscribe for 14,061,871 Shares that have been granted but not yet lapsed or exercised as at that date) (representing approximately 7.66% of the issued share capital of the Company as at 19 March 2017) were available for issue under the 2007 Share Option Scheme. As at 31 December 2021, 5,699,319 options granted under the 2007 Share Option Scheme remained outstanding. The number of Shares issued upon exercise of all these options represented approximately 0.02% of the issued share capital of the Company as at 31 December 2021.

(vii) Maximum Entitlement of Shares of each Participant

- The total number of Shares issued and to be issued upon exercise of all options granted under the 2007 Share Option Scheme and any other share option schemes of the Company to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

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- Where Shares issued and to be issued upon exercise of all options already granted and to be granted under the 2007 Share Option Scheme and any other share option scheme of the Company (including options exercised, cancelled and outstanding) to a participant who is a substantial Shareholder or an independent non-executive Director, or any of his or her associate in the 12-month period up to and including the date of grant, (1) representing in aggregate more than 0.1% of the total number of Shares in issue; and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HKD5,000,000, the proposed grant of option must be approved by the Shareholders by poll in general meeting.

(viii) Option Period

The exercise period of any option granted under the 2007 Share Option Scheme was not longer than 10 years from the date of grant of the relevant option. The Board had the authority to determine the minimum period for which an option had to be held before it could be exercised.

During the year ended 31 December 2021, details of movements in the share options under the 2007 Share Option Scheme are as follows:

Category and name of grantees	Options to subscribe for Shares						Exercise price per Share HKD	Date of grant	Exercisable period
	Outstanding at 1 January 2021	Granted during the year ¹	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2021			
Directors									
Mr. YANG Zhicheng	1,515,933	—	—	—	—	1,515,933	4.773	13.12.2013	13.12.2018 — 12.12.2023
	1,509,074	—	817,366 ²	—	—	691,708	3.332	16.03.2016	16.03.2021 — 15.03.2026
	525,597	—	—	—	—	525,597	3.106	11.05.2016	11.05.2021 — 10.05.2026
	449,031	—	449,031 ³	—	—	—	3.740	19.08.2016	19.08.2021 — 18.08.2026
Mr. SONG Jun	736,487	—	108,310 ²	—	—	628,177	3.332	16.03.2016	16.03.2021 — 15.03.2026
	1,074,264	—	—	—	—	1,074,264	3.106	11.05.2016	11.05.2021 — 10.05.2026
	816,050	—	—	—	—	816,050	3.740	19.08.2016	19.08.2021 — 18.08.2026
Sub-total	6,626,436	—	1,374,707	—	—	5,251,729			
Employees of the Group	261,248	—	—	—	—	261,248	4.773	13.12.2013	13.12.2018 — 12.12.2023
Sub-total	261,248	—	—	—	—	261,248			
Other participant⁴	186,342	—	—	—	—	186,342	3.332	16.03.2016	16.03.2021 — 15.03.2026
Sub-total	186,342	—	—	—	—	186,342			
Total	7,074,026	—	1,374,707	—	—	5,699,319			

Note:

1. During the year ended 31 December 2021, no share options were granted by the Company in accordance with the terms of the 2007 Share Option Scheme.
2. The closing price of these Shares immediately before 16 April 2021 (the date on which the relevant share options were exercised) was HKD9.69.
3. The closing price of these Shares immediately before 27 August 2021 (the date on which the relevant share options were exercised) was HKD8.33.
4. The "Other participant" is a former Director.

(b) 2017 Share Option Scheme

In view of the expiry of the 2007 Share Option Scheme on 19 March 2017, the 2017 Share Option Scheme was approved and adopted by the Shareholders at the annual general meeting of the Company held on 18 May 2017 for the period of 10 years commencing on the adoption date and ending 17 May 2027. A summary of the principal terms of the 2017 Share Option Scheme is set out as follows:

(i) Purpose of the 2017 Share Option Scheme

The purpose is to provide the people and the parties working for the interests of the Group with an opportunity to obtain equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with incentives to work better for the interest of the Group and/or rewards for their contribution and support to the Group.

(ii) Eligible Participants

The following persons are eligible to participate in the 2017 Share Option Scheme:

- any executive or non-executive directors of each member of the Group and their associates; and
- any full-time employees of each member of the Group.

(iii) Grant of Options

The Board shall be entitled at any time and from time to time, within 10 years after the date of adoption of the 2017 Share Option Scheme, to make an offer of the grant of an option to any participant.

(iv) Payment on Acceptance of Option Offer

HKD1.00 is payable by the participant to the Company on acceptance of the option offer as consideration for the grant within 28 days from the date upon which the option offer is made.

(v) Subscription Price of Shares

The subscription price of an option to subscribe for Shares granted pursuant to the 2017 Share Option Scheme shall be at least the highest of:

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- the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day;
- the price being the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and
- the nominal or par value of a Share on the date of grant.

(vi) Maximum Number of Shares Available for Subscription

- The total number of Shares which may be issued upon exercise of all options to be granted under the 2017 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the adoption date (the "Original Scheme Limit"), unless the Company obtains an approval from its Shareholders pursuant to the scheme rules of the 2017 Share Option Scheme.
- The Company may seek approval of its Shareholders in general meeting for refreshing the Original Scheme Limit.
- The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2017 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time.
- As at the date of this report, a total number of 2,075,077,175 Shares (including options to subscribe for 19,290,720 Shares that have been granted but not yet lapsed or exercised) (representing approximately 8.96% of the issued share capital of the Company as at the date of this report) were available for issue under the 2017 Share Option Scheme.

(vii) Maximum Entitlement of Shares of each Participant

- Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of all options granted under the 2017 Share Option Scheme or any other share option schemes of the Company to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- Where any proposed grant of options would result in Shares issued and to be issued upon exercise of all options already granted and to be granted under the 2017 Share Option Scheme and any other share option scheme of the Company (including options exercised, cancelled and outstanding) to a participant who is a substantial Shareholder or an independent non-executive Director, or their respective associates in the 12-month period up to and including the date of grant, (1) representing in aggregate more than 0.1% of the total number of Shares in issue; and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HKD5,000,000, the proposed grant of option must be approved by the Shareholders by poll in general meeting.

(viii) Option Period

The period within which the options must be exercised will be specified by the Company at the time of grant. This period shall not be longer than 10 years from the date of grant, but subject to the provisions for early termination thereof under the 2017 Share Option Scheme. The Board may also provide restrictions on the exercise of an option during the period an option may be exercised. Unless otherwise determined by the Board and specified in the offer letter at the time of the grant, there is neither any performance target that needs to be achieved by the grantee before an option can be exercised nor any minimum period for which an option must be held before the option can be exercised.

During the year ended 31 December 2021, details of movements in the share options under the 2017 Share Option Scheme are as follows:

Category and name of grantees	Options to subscribe for Shares						Exercise price per Share HKD	Date of grant ²	Exercisable period	
	Outstanding at 1 January 2021	Granted during the year ¹	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2021				
Directors										
Mr. MO Bin	—	11,698,466	11,698,466 ³	—	—	—	9.7300	26.03.2021	26.03.2021 – 25.03.2031	
Mr. YANG Zhicheng	484,454	—	—	—	—	484,454	8.250	22.05.2017	22.05.2022 – 21.05.2027	
	495,084	—	—	—	—	495,084	10.100	24.08.2017	24.08.2022 – 23.08.2027	
	205,255	—	—	—	—	205,255	12.980	08.12.2017	08.12.2022 – 07.12.2027	
	434,145	—	—	—	—	434,145	9.654	06.12.2018	06.12.2023 – 05.12.2028	
	348,158	—	—	—	—	348,158	12.044	25.03.2019	25.03.2024 – 24.03.2029	
	429,995	—	—	—	—	429,995	12.408	09.05.2019	09.05.2024 – 08.05.2029	
	744,899	—	—	—	—	744,899	9.834	23.08.2019	23.08.2024 – 22.08.2029	
	432,848	—	—	—	—	432,848	11.092	05.12.2019	05.12.2024 – 04.12.2029	
	237,303	—	—	—	—	237,303	10.040	12.05.2020	12.05.2025 – 11.05.2030	
	189,361	—	—	—	—	189,361	10.160	24.07.2020	24.07.2025 – 23.07.2030	
248,853	—	—	—	—	248,853	10.332	03.12.2020	03.12.2025 – 02.12.2030		
—	644,397	—	—	—	644,397	9.730	26.03.2021	26.03.2026 – 25.03.2031		

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Category and name of grantees	Options to subscribe for Shares						Exercise price per Share HKD	Date of grant ²	Exercisable period
	Outstanding at 1 January 2021	Granted during the year ¹	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding at 31 December 2021			
Mr. SONG Jun	1,157,991	—	—	—	—	1,157,991	8.250	22.05.2017	22.05.2022 – 21.05.2027
	483,325	—	—	—	—	483,325	10.100	24.08.2017	24.08.2022 – 23.08.2027
	454,562	—	—	—	—	454,562	12.980	08.12.2017	08.12.2022 – 07.12.2027
	421,667	—	—	—	—	421,667	16.460	21.03.2018	21.03.2023 – 20.03.2028
	258,092	—	—	—	—	258,092	16.280	10.05.2018	10.05.2023 – 09.05.2028
	202,300	—	—	—	—	202,300	12.240	22.08.2018	22.08.2023 – 21.08.2028
	185,762	—	—	—	—	185,762	9.654	06.12.2018	06.12.2023 – 05.12.2028
	66,723	—	—	—	—	66,723	12.044	25.03.2019	25.03.2024 – 24.03.2029
	294,537	—	—	—	—	294,537	9.834	23.08.2019	23.08.2024 – 22.08.2029
	206,292	—	—	—	—	206,292	11.092	05.12.2019	05.12.2024 – 04.12.2029
	109,619	—	—	—	—	109,619	10.040	12.05.2020	12.05.2025 – 11.05.2030
	291,254	—	—	—	—	291,254	10.160	24.07.2020	24.07.2025 – 23.07.2030
	130,535	—	—	—	—	130,535	10.332	03.12.2020	03.12.2025 – 02.12.2030
	1,135,435	—	—	—	—	1,135,435	8.250	22.05.2017	22.05.2022 – 21.05.2027
	526,868	—	—	—	—	526,868	16.460	21.03.2018	21.03.2023 – 20.03.2028
Mr. SU Baiyuan	320,165	—	—	—	—	320,165	12.408	09.05.2019	09.05.2024 – 08.05.2029
	176,545	—	—	—	—	176,545	10.040	12.05.2020	12.05.2025 – 11.05.2030
	—	901,113	—	—	—	901,113	9.730	26.03.2021	26.03.2026 – 25.03.2031
Sub-total	10,672,027	13,243,976	11,698,466	—	—	12,217,537			
Employee of the Group	—	6,955,657	—	—	—	6,955,657	9.600	08.06.2021	08.06.2021 – 07.06.2031
Sub-total	—	6,955,657	—	—	—	6,955,657			
Other participant ⁵	117,526	—	—	—	—	117,526	8.250	22.05.2017	22.05.2022 – 21.05.2027
Sub-total	117,526	—	—	—	—	117,526			
Total	10,789,553	20,199,633	11,698,466	—	—	19,290,720			

Notes:

1. During the year ended 31 December 2021, share options of 20,199,633 Shares with a fair value on the grant dates of approximately RMB163 million were granted by the Company to eligible persons in accordance with the terms of the 2017 Share Option Scheme.
2. The closing prices of the Shares immediately before the dates of grant of 26 March 2021 and 8 June 2021 were HKD9 and HKD9.35 respectively.
3. The closing price of these Shares immediately before 12 April 2021 (the date on which the relevant share options were exercised) was HKD9.83.
4. The total value of the share options granted under the 2017 Share Option Scheme are not fully recognised in the financial statements of the Company until they are vested. The Directors consider that it is not appropriate to disclose the value of the share options granted to the participants during the year, since any valuation of such share options would be subject to a number of assumptions that would be subjective and uncertain.
5. The "Other participant" is a former Director.

Employee Incentive Scheme

The trust deed in respect of the Employee Incentive Scheme for rewarding the contribution of the senior management and employees of the Group which excludes any connected persons of the Company, together with the scheme rules, were approved by the Board. The purpose of the Employee Incentive Scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance their performance and efficiency. The trustee of the Employee Incentive Scheme is Power Great Enterprises Limited ("Power Great"), a wholly-owned subsidiary of the Company. During the year ended 31 December 2021, Power Great had been distributed 8,789,232 and 10,028,345 Shares, and fractional entitlements of 199 and 269 Shares under the scrip dividend scheme in relation to the 2020 final dividend and the 2021 interim dividend of the Company respectively. Except as disclosed, it had not acquired any Shares by other way. During the year ended 31 December 2021, share awards for 32,594,406 Shares were granted under the Employee Incentive Scheme subject to completion of registration and transfer procedures pursuant to the terms of Employee Incentive Scheme. As at 31 December 2021, the total number of Shares in relation to share awards that were granted under the Employee Incentive Scheme was 184,437,920 Shares (being the net number of the Shares after deduction of the exercised and lapsed share awards). As at 31 December 2021, the cumulative total number of the Shares held by Power Great under the Employee Incentive Scheme was 289,205,333 Shares (including Shares which had been granted to the relevant employees with the registration and transfer procedures yet to be completed) (31 December 2020: 281,926,904 Shares). Details of the employee share schemes (including the Employee Incentive Scheme) during the year are set out in note 26 to the audited consolidated financial statements of the Group.

The Board will continue to monitor the Employee Incentive Scheme for motivating the senior management and employees of the Group and consider when it may be appropriate and/or desirable to modify or replace the Employee Incentive Scheme with and/or adopt any other incentive scheme.

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

The Directors and chief executive of the Company who held office at 31 December 2021 had the following interests in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long positions in the Shares, underlying Shares and debentures of the Company

Name of Directors	Capacity	Number of Shares held	Number of underlying Shares held	Total	Percentage of total issued Shares as at 31 December 2021	Amount of debentures held
Mr. YEUNG Kwok Keung	Interest of controlled corporation	—	—	—	—	USD 585,000,000 ¹
Ms. YANG Huiyan	Interest of controlled corporation	14,179,076,995 ²	—	14,179,076,995	61.25%	—
Mr. MO Bin	Beneficial owner	86,591,006	—	86,591,006	0.37%	USD 30,000,000
Ms. YANG Ziying	Interest of controlled corporation	—	—	—	—	USD 18,000,000 ³
Mr. YANG Zhicheng	Beneficial owner	1,338,799	7,627,990 ⁴	8,966,789	0.03%	—
Mr. SONG Jun	Beneficial owner	108,310	6,781,150 ⁴	6,889,460	0.02%	—
Mr. SU Baiyuan	Beneficial owner	480,331	3,060,126 ⁴	3,540,457	—	—
	Interest of spouse	462,209 ⁵	—	462,209	—	—
				4,002,666	0.01%	—
Mr. CHEN Chong	Interest of spouse	14,179,076,995 ⁶	—	14,179,076,995	61.25%	—
Mr. LAI Ming, Joseph	Beneficial owner	1,112,522	—	1,112,522	0.01%	—
Mr. SHEK Lai Him, Abraham	Beneficial owner	1,176,178	—	1,176,178	0.01%	—
Mr. TONG Wui Tung	Beneficial owner	1,014,786	—	1,014,786	0.01%	—

Notes:

1. The amount of debentures represents the debentures held by Fine Nation Group Limited in which Mr. YEUNG Kwok Keung beneficially owns the entire issued share capital.
2. These Shares represent Shares held by Concrete Win Limited in which Ms. YANG Huiyan beneficially owns the entire issued share capital.
3. The amount of debentures represents the debentures held by Shiny Dragon Assets Limited in which Ms. YANG Ziying beneficially owns the entire issued share capital.
4. The relevant interests are unlisted physically settled options granted pursuant to the Share Option Schemes. Upon exercise of the share options in accordance with the Share Option Schemes, ordinary shares of HKD0.10 each in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the section of "Share Option Schemes" of this report.
5. These Shares represent Shares held by Ms. LIU Qing who is the spouse of Mr. SU Baiyuan.
6. These Shares represent Shares held by Ms. YANG Huiyan who is the spouse of Mr. CHEN Chong.

Save as disclosed above, during the year ended 31 December 2021, none of the Directors, their spouse or children under the age of 18 had any rights to subscribe for equity or debt securities of the Company, nor has any of them exercised such rights.

Interests and Short Positions of Shareholders Disclosable Under the SFO

As at 31 December 2021, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons, other than the Directors and chief executive of the Company, had long positions of 5% or more in the Shares and underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the Shares

Name of Shareholders	Capacity	Number of ordinary Shares held	Percentage of total issued Shares as at 31 December 2021
Concrete Win Limited	Beneficial owner	14,179,076,995 ¹	61.25%
Ping An Insurance (Group) Company of China, Ltd.	Interest of controlled corporation	1,797,751,000 ²	7.76% ²
Ping An Life Insurance Company of China, Ltd.	Beneficial owner	1,797,751,000 ^{2, 3}	7.76% ^{2, 3}

Notes:

* As at 31 December 2021, the total number of the issued Shares is 23,148,390,946 Shares.

- These Shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
- Ping An Insurance (Group) Company of China, Ltd. is a joint stock limited company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 2318) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601318). Ping An Insurance (Group) Company of China, Ltd. is deemed to be interested in the 1,797,751,000 Shares (held and managed by its indirectly wholly owned subsidiary, Ping An of China Asset Management (Hong Kong) Company Limited as investment manager), the 1,797,751,000 Shares were beneficially owned by its 99.51% owned subsidiary, Ping An Life Insurance Company of China, Ltd.. Disclosure of the number of ordinary Shares held is made pursuant to the last Disclosure of Interests notice as of 31 December 2021 (date of relevant event: 12 August 2021).
- These Shares are beneficially owned by Ping An Life Insurance Company of China, Ltd.. Disclosure of the number of ordinary Shares held is made pursuant to the last Disclosure of Interests notice as of 31 December 2021 (date of relevant event: 12 August 2021).

Save as disclosed above, the Company has not been notified by any other person (other than the Directors and chief executive of the Company) who had an interest or short positions of 5% or more in the Shares and underlying Shares for the year ended 31 December 2021 which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

REPORT OF THE DIRECTORS

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2021, the Issuer partially repurchased and cancelled the 2023 Convertible Bonds in the total amount of HKD4,524 million from SGX, for further details, please refer to the section headed “Adjustment to Conversion Price and Partial Repurchase of Convertible Bonds, Adjustment to Strike Price of Written Call Options and Issue of HKD3,900 million 4.95% Convertible Bonds Due 2026” in this report of the Directors.

Neither the Company nor any of its subsidiaries has purchased, bought back, sold or redeemed any of the Shares during the year ended 31 December 2021. For details of purchase, sale or redemption by the Company or any of its subsidiaries of its other listed securities during the year ended 31 December 2021, please refer to the notes 21, 22 and 23 to the “Notes to the Consolidated Financial Statements” of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the law of the Cayman Islands, being the jurisdiction in which the Company was incorporated, under which the Company would be obliged to offer new Shares on a pro-rata basis to the existing Shareholders.

Disclosure under Rule 13.18 of the Listing Rules

On 17 October 2017, the Company, as the borrower, entered into a facility agreement (the “2017 Facility Agreement”) with, inter alia, various banks and financial institutions as lenders (the “2017 Facility Lenders”) and China Construction Bank Corporation, Hong Kong Branch, as the facility agent, pursuant to which the 2017 Facility Lenders have agreed to make available a dual tranche transferable term loan facility denominated in HKD and USD in an amount of HKD2,454 million and USD945 million (increased from USD935 million to USD945 million with effect from 17 January 2018 as allowed by the terms of the 2017 Facility Agreement), respectively (collectively, the “2017 Loans”) to the Company for a term of four years commencing from the date of the 2017 Facility Agreement. The 2017 Loans obtained under the 2017 Facility Agreement shall be applied by the Company for financing the general corporate purposes of the Group. Pursuant to the terms of the 2017 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2017 Facility Agreement. All the outstanding loans, accrued interest, all other amounts due and payable under the 2017 Facility Agreement have been fully repaid on 28 July 2021.

On 28 December 2018, the Company, as the borrower, entered into a facility agreement (the “2018 Facility Agreement”) with, inter alia, various banks and financial institutions as lenders (the “2018 Lenders”), Industrial and Commercial Bank of China (Asia) Limited as the facility agent and The Hongkong and Shanghai Banking Corporation Limited and Industrial and Commercial Bank of China (Asia) Limited as the mandated lead arrangers and bookrunners and coordinators, pursuant to which the 2018 Lenders have agreed to make available a dual tranche transferable term loan facility denominated in HKD and USD in an amount of HKD3,970 million (increased from HKD3,470 million to HKD3,970 million with effect from 19 March 2019 as allowed by the term of the 2018 Facility Agreement) and USD560.5 million (increased from USD486 million to USD560.5 million with effect from 15 January 2019 as allowed by the term of the 2018 Facility Agreement), respectively (collectively, the “2018 Loans”) to the Company for terms of 36 months commencing from the date of the 2018 Facility Agreement for the Tranche A1 Facility (as defined in the 2018 Facility Agreement) and Tranche A2 Facility (as defined in the 2018 Facility Agreement) and 24 months commencing from the date of the 2018 Facility Agreement for the Tranche B1 Facility (as defined in the 2018 Facility Agreement) and Tranche B2 Facility (as defined in the 2018 Facility Agreement). The 2018 Lenders may at their discretion extend the 2018 Loans upon the borrower’s written

request in accordance with the 2018 Facility Agreement. On 28 December 2021, the Company and the 2018 Lenders have agreed to extend a majority of the 2018 Loans for one year. The 2018 Loans obtained under the 2018 Facility Agreement shall be applied by the Company for refinancing any existing indebtedness of the Group. Pursuant to the terms of the 2018 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2018 Facility Agreement.

On 23 July 2019, the Company, as the borrower, entered into a facility agreement (the “2019 Facility Agreement”) with various financial institutions as the original lenders (the “2019 Original Lenders”) and Bank of China (Hong Kong) Limited as the facility agent, pursuant to which the 2019 Original Lenders have agreed to make available a dual tranche transferrable term loan facilities with a greenshoe option denominated in HKD and USD in an amount of HKD4,300 million and USD826 million (increased from USD626 million to USD826 million with effect from 23 October 2019 as allowed by the term of the 2019 Facility Agreement), respectively (collectively, the “2019 Loans”) to the Company for a term of 48 months commencing from the date of the 2019 Facility Agreement. The 2019 Loans obtained under the 2019 Facility Agreement shall be applied by the Company for refinancing any other existing offshore financial indebtedness owed by the Company or any member of the Group and financing costs and expenses to be incurred under the 2019 Facility Agreement. Pursuant to the terms of the 2019 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2019 Facility Agreement.

On 21 October 2020, the Company, as the borrower, entered into a facility agreement (the “2020 Facility Agreement”) with various financial institutions as the original lenders (the “2020 Facility Original Lenders”) and Bank of China (Hong Kong) Limited as the facility agent, pursuant to which the 2020 Facility Original Lenders have agreed to make available a dual tranche term loan facilities with a lender accession option denominated in HKD and USD in an amount of HKD8,133.3 million and USD453 million, respectively (collectively, the “2020 Loans”) to the Company for a term of 48 months commencing from the date of the 2020 Facility Agreement. The 2020 Loans obtained under the 2020 Facility Agreement shall be applied by the Company for refinancing in full the loan made available to the Company pursuant to a facility agreement dated 8 December 2016; and refinancing any other existing offshore financial indebtedness of the Group and financing costs and expenses to be incurred under the 2020 Facility Agreement. Pursuant to the terms of the 2020 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2020 Facility Agreement.

On 22 July 2021, the Company, as the borrower, entered into a facility agreement (the “2021 Facility Agreement”) with various financial institutions as the original lenders (the “2021 Original Lenders”), pursuant to which the 2021 Original Lenders have agreed to make available a dual tranche term loan facilities denominated in HKD and USD in an amount of HKD6,076 million and USD559 million, respectively (collectively, the “2021 Loans”) to the Company for a term of 48 months commencing from the date of the 2021 Facility Agreement. The 2021 Loans obtained under the 2021 Facility Agreement shall be applied by the Company for refinancing in full the loan

REPORT OF THE DIRECTORS

made available to the Company pursuant to a facility agreement dated 17 October 2017; and refinancing any other existing offshore financial indebtedness of the Group and financing costs and expenses to be incurred under the 2021 Facility Agreement. Pursuant to the terms of the 2021 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2021 Facility Agreement.

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

Sufficiency of Public Float

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that (i) at least 25% of the issuer's total number of issued shares must at all times be held by the public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total amount of securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares.

However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares for issuers having an expected market capitalization at the time of listing of not less than HKD125 million (the requirement was HKD50 million at the time of listing of the Company).

The Group has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange exercised its discretion under rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 15% (assuming the over-allotment option would not be exercised) or such higher percentage of 16.87%, which represented the issued share capital as would have been held by the public in the event that the whole or a part of the over-allotment option had been exercised (the over-allotment option was exercised by the Company, which had an expected market capitalization at the time of listing of over HKD10,000 million), on the basis that the Stock Exchange was satisfied that the number of Shares concerned and the extent of their distribution would enable the market to operate properly with the lower percentage, and on the condition that the Company would make appropriate disclosure of the lower prescribed percentage of public float in the prospectus of the Company issued on 3 April 2007 and confirm the sufficiency of public float in its successive annual reports after listing. At the time of listing of the Company on 20 April 2007, the market capitalization of the Company exceeded HKD10,000 million.

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

Auditor

The consolidated financial statements for the year ended 31 December 2021 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year is to be proposed at the 2022 AGM.

Professional Tax Advice Recommended

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert.

Closure of Registers of Members

For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2022 AGM, and the Eligible Shareholders' entitlement to the proposed final dividend, the registers of members of the Company ("Registers of Members") will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend, speak and vote at the 2022 AGM:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Thursday, 19 May 2022
Closure of the Registers of Members	Friday, 20 May 2022 to Thursday, 26 May 2022 (both days inclusive)

(ii) Subject to the passing of the final dividend proposal agenda at the 2022 AGM, for determining the Eligible Shareholders' entitlement to the proposed final dividend:

Ex-dividend date	Tuesday, 7 June 2022
Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Wednesday, 8 June 2022
Closure of the Registers of Members	Thursday, 9 June 2022 to Friday, 10 June 2022 (both days inclusive)
Record Date	Friday, 10 June 2022

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

For and on behalf of the Board
YEUNG Kwok Keung
Chairman

Foshan, Guangdong Province, the PRC, 30 March 2022

FINANCIAL STATEMENTS





INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Country Garden Holdings Company Limited
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Country Garden Holdings Company Limited (the “Company”) and its subsidiaries (the “Group”), which are set out on pages 120 to 256, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independence

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

Key Audit Matters

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

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

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

Recognition of revenue from sales of properties over time

Refer to note 4 'Critical accounting estimates and judgements' and note 5 'Revenue and segment information' to the consolidated financial statements.

Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the buyer obtains control of the completed property. For the year ended 31 December 2021, revenue of the Group from sales of properties was RMB507,478 million, of which RMB86,817 million was recognised on the over time basis.

For all property sales, the Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements in interpreting the applicable laws, based on legal counsel opinion, to identify sales contracts with right to payment and those without.

How our audit addressed the Key Audit Matter

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

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

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

In respect of the completeness of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation, we have:

- (i) Compared the actual costs of completed projects to management's prior estimations to assess the accuracy of management's historical cost estimation and reliability and appropriateness of the cost estimation methodology.
- (ii) Understood, evaluated and tested the internal controls over the generation of cost data of the project and property unit and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.
- (iii) Challenged the reasonableness of the basis for cost allocation and checked the accuracy of the cost allocation among property units.

Key Audit Matter

In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the year end. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of the year as a percentage of total estimated costs for each property unit in the sale contract. The Group calculated the cost allocation based on type of properties and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total construction costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the recognition of revenue from sales of properties over time is considered relatively higher due to uncertainty of significant assumptions used.

Given the involvement of significant judgements and estimations, recognition of revenue from sales of properties over time is considered a key audit matter.

How our audit addressed the Key Audit Matter

- (iv) Challenged the reasonableness of the cost budgets for the project and property unit under development by comparison to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas.
- (v) Compared the estimated total development costs of the project and property unit under development to the budget approved by management.
- (vi) Tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers.

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

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

Refer to note 4 'Critical accounting estimates and judgements', note 8 'Properties under development' and note 11 'Completed properties held for sale' to the consolidated financial statements.

The properties under development ("PUD") and completed properties held for sale ("PHS") of the Group amounted to RMB1,056,292 million and RMB46,354 million respectively as at 31 December 2021, which in total accounted for approximately 57% of the Group's total assets. The carrying amounts of PUD and PHS are stated at the lower of cost and net realisable value ("NRV").

Determination of NRV of PUD and PHS involved critical accounting estimates on the selling price, variable selling expenses and, for PUD, the costs to completion. The judgements and estimations are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of NRV of properties under development and completed properties held for sales is considered relatively higher due to uncertainty of significant assumptions used.

Given the significant balance of PUD and PHS and the involvement of critical accounting estimates, the assessment of NRV of these properties is considered a key audit matter.

How our audit addressed the Key Audit Matter

We obtained management's NRV assessment on PUD and PHS and performed audit procedures as follows:

- (i) Obtained an understanding of management's assessment process of net realisable value of properties under development and completed properties held for sale and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and other inherent risk factors.
- (ii) Understood, evaluated and tested the internal controls over the assessment of NRV of properties under development and completed properties held for sale.
- (iii) Compared the relevant PUD and PHS balances as at 31 December 2021, on a sample basis, against the result of management's NRV assessment made in the prior year to reconsider, with hindsight, the accuracy of management's historical NRV assessment and reliability and appropriateness of the NRV assessment methodology.
- (iv) Tested management's key estimates, on a sample basis, for:
 - Selling price which is estimated based on the prevailing market conditions. We compared the estimated selling price to the recent market transactions by making reference to the Group's selling price of pre-sale units in the same project or the prevailing market price of comparable properties with similar type, size and location.
 - Variable selling expenses which are estimated based on certain percentage of selling price. We compared the above estimated percentage with the actual average selling expenses to revenue ratio of the Group in recent years.
 - Estimated costs to completion for PUD. We reconciled the estimated costs to completion to the budget approved by management and examined the construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group.

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

Other Information

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

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December			
	Note	2021 RMB million	2020 RMB million
Non-current assets			
Property, plant and equipment	6	27,099	26,345
Investment properties	7	16,302	15,659
Intangible assets		1,370	1,423
Right-of-use assets		4,985	4,858
Properties under development	8	48,146	106,696
Investments in joint ventures	9(b)	49,664	41,011
Investments in associates	9(c)	23,177	22,430
Financial assets at fair value through other comprehensive income	10	9,894	3,985
Derivative financial instruments	20	320	812
Trade and other receivables	13	13,414	13,968
Deferred income tax assets	28	40,057	36,466
		234,428	273,653
Current assets			
Properties under development	8	1,008,146	1,034,664
Completed properties held for sale	11	46,354	49,587
Inventories	12	9,689	10,907
Trade and other receivables	13	406,798	410,937
Contract assets and contract acquisition costs	14	23,602	21,960
Prepaid income tax		23,823	23,781
Restricted cash	15	34,346	16,470
Cash and cash equivalents	16	146,954	167,153
Financial assets at fair value through profit or loss	17	14,207	6,596
Derivative financial instruments	20	18	101
		1,713,937	1,742,156
Current liabilities			
Contract liabilities	19	709,255	695,614
Trade and other payables	18	550,591	660,293
Current income tax liabilities		39,160	39,519
Senior notes	21	8,283	2,219
Corporate bonds	22	6,345	25,784
Convertible bonds	23	8	20
Bank and other borrowings	24	64,382	68,218
Lease liabilities		186	208
Derivative financial instruments	20	695	1,084
		1,378,905	1,492,959
Net current assets		335,032	249,197
Total assets less current liabilities		569,460	522,850

As at 31 December			
	Note	2021 RMB million	2020 RMB million
Non-current liabilities			
Senior notes	21	66,786	71,191
Corporate bonds	22	27,815	14,696
Convertible bonds	23	2,160	5,252
Bank and other borrowings	24	142,143	139,105
Lease liabilities		506	447
Deferred government grants		216	152
Deferred income tax liabilities	28	28,123	32,472
Derivative financial instruments	20	1,084	2,532
		268,833	265,847
Equity attributable to owners of the Company			
Share capital and premium	25	38,787	31,495
Other reserves	27	22,691	17,457
Retained earnings	27	137,258	126,150
		198,736	175,102
Non-controlling interests		101,891	81,901
Total equity		300,627	257,003
Total equity and non-current liabilities		569,460	522,850

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 120 to 256 were approved by the Board of Directors on 30 March 2022 and were signed on its behalf.

MO Bin
Director

YANG Ziyang
Director

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
	Note	2021 RMB million	2020 RMB million
Revenue	5	523,064	462,856
Cost of sales	30	(430,282)	(361,951)
Gross profit		92,782	100,905
Other income and gains — net	29	1,637	2,816
(Losses)/gains arising from changes in fair value of and transfers to investment properties	7	(227)	13
Selling and marketing costs	30	(15,316)	(13,752)
Administrative expenses	30	(13,518)	(13,919)
Research and development expenses	30	(3,308)	(2,649)
Net impairment losses on financial and contract assets		(1,651)	(1,449)
Operating profit		60,399	71,965
Finance income	32	3,824	7,344
Finance costs	32	(327)	(38)
Finance income — net	32	3,497	7,306
Share of results of joint ventures and associates	9(b), 9(c)	5,053	6,258
Profit before income tax		68,949	85,529
Income tax expenses	33	(27,967)	(31,411)
Profit for the year		40,982	54,118
Profit attributable to:			
— Owners of the Company		26,797	35,022
— Non-controlling interests		14,185	19,096
		40,982	54,118
Earnings per share attributable to owners of the Company (expressed in RMB yuan per share)			
Basic	36	1.22	1.62
Diluted	36	1.21	1.57

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2021 RMB million	2020 RMB million
Profit for the year		40,982	54,118
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
— Changes in fair value of financial assets at fair value through other comprehensive income	27	409	826
— Revaluation gains on investment properties upon transfers from right-of-use assets		20	—
<i>Items that may be reclassified to profit or loss:</i>			
— Deferred gains/(losses) on cash flow hedges	20(e)	10	(115)
— Deferred (costs)/gains of hedging	20(e)	(233)	843
— Currency translation differences		(568)	(753)
Total other comprehensive (loss)/income for the year, net of tax		(362)	801
Total comprehensive income for the year		40,620	54,919
Total comprehensive income attributable to:			
— Owners of the Company		26,451	35,925
— Non-controlling interests		14,169	18,994
		40,620	54,919

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital and premium RMB million (Note 25)	Other reserves RMB million (Note 27)	Retained earnings RMB million (Note 27)	Total RMB million	Non-controlling interests RMB million	Total equity RMB million
Balance at 1 January 2021	31,495	17,457	126,150	175,102	81,901	257,003
Comprehensive income						
Profit for the year	—	—	26,797	26,797	14,185	40,982
Other comprehensive income	—	(1,793)	1,447	(346)	(16)	(362)
Total comprehensive income for the year	—	(1,793)	28,244	26,451	14,169	40,620
Transactions with owners in their capacity as owners						
Capital injections from non-controlling interests	—	—	—	—	6,352	6,352
Transfer to statutory reserve	—	7,079	(7,079)	—	—	—
Issue of shares as a result of scrip dividend (notes 25, 34 and 35(d))	7,163	—	(7,163)	—	—	—
Cash dividends	—	—	(2,934)	(2,934)	(3,118)	(6,052)
Employee share schemes						
— Value of employee services (note 26)	—	484	—	484	—	484
— Exercise of employee share schemes (notes 25 and 27)	129	(33)	—	96	—	96
Non-controlling interests arising from business combinations (note 41)	—	—	—	—	944	944
Disposals of subsidiaries (note 40)	—	(37)	37	—	(1,011)	(1,011)
Changes in ownership interests in subsidiaries without change of control (note 39)	—	(413)	—	(413)	2,654	2,241
Total transactions with owners	7,292	7,080	(17,139)	(2,767)	5,821	3,054
Other transaction						
Partial cancellation of written call options	—	(53)	3	(50)	—	(50)
Balance at 31 December 2021	38,787	22,691	137,258	198,736	101,891	300,627

	Attributable to owners of the Company				Non-controlling interests RMB million	Total equity RMB million
	Share capital and premium RMB million (Note 25)	Other reserves RMB million (Note 27)	Retained earnings RMB million (Note 27)	Total RMB million		
Balance at 1 January 2020	29,751	12,472	109,716	151,939	66,669	218,608
Comprehensive income						
Profit for the year	—	—	35,022	35,022	19,096	54,118
Other comprehensive income	—	893	10	903	(102)	801
Total comprehensive income for the year	—	893	35,032	35,925	18,994	54,919
Transactions with owners in their capacity as owners						
Capital injections from non-controlling interests	—	—	—	—	3,561	3,561
Transfer to statutory reserve	—	6,831	(6,831)	—	—	—
Issue of shares as a result of scrip dividend (notes 25 and 35(d))	1,466	—	(1,466)	—	—	—
Cash dividends	—	—	(10,554)	(10,554)	(5,598)	(16,152)
Employee share schemes						
— Value of employee services (note 26)	—	405	—	405	—	405
— Exercise of employee share schemes (notes 25 and 27)	278	(25)	—	253	—	253
Non-controlling interests arising from business combinations	—	—	—	—	2,694	2,694
Disposals of subsidiaries	—	(253)	253	—	(3,278)	(3,278)
Changes in ownership interests in subsidiaries without change of control	—	(2,866)	—	(2,866)	(1,141)	(4,007)
Total transactions with owners	1,744	4,092	(18,598)	(12,762)	(3,762)	(16,524)
Balance at 31 December 2020	31,495	17,457	126,150	175,102	81,901	257,003

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December			
	Note	2021 RMB million	2020 RMB million
Cash flows from operating activities			
Cash generated from operations	35(a)	65,751	42,821
Income tax paid		(37,219)	(42,156)
Interest paid		(17,677)	(22,296)
Net cash generated from/(used in) operating activities		10,855	(21,631)
Cash flows from investing activities			
Net cash inflow on business combinations	41	606	3,619
Proceeds from disposals of property, plant and equipment	35(b)	542	565
Net cash outflow on disposals of subsidiaries	40	(503)	(4,073)
Purchases of property, plant and equipment		(3,126)	(2,998)
Payments for investment properties	7	(269)	(456)
Purchases of intangible assets		(432)	(580)
Purchases of right-of-use assets		(37)	(490)
Net increase in payments related to investments in joint ventures		(6,457)	(4,363)
Net increase in payments related to investments in associates		(1,058)	(2,199)
Net increase in deposits and advances related to equity transactions		—	(1,819)
Repayments from loans to third parties		12	3
Payments for financial assets at fair value through other comprehensive income		(8,073)	(521)
Proceeds from disposals of financial assets at fair value through other comprehensive income		2,655	427
Payments for financial assets at fair value through profit or loss		(16,608)	(16,235)
Proceeds from disposals of financial assets at fair value through profit or loss		9,964	18,652
Interest received	32	2,138	4,102
Dividend income from joint ventures and associates	9(b), 9(c)	2,604	449
Net cash used in investing activities		(18,042)	(5,917)

		Year ended 31 December	
	Note	2021 RMB million	2020 RMB million
Cash flows from financing activities			
Capital injections from non-controlling interests		6,352	3,561
Net cash inflow/(outflow) on transactions with non-controlling interests		2,241	(1,409)
Issue of senior notes	21	12,240	24,131
Redemption and repayment of senior notes		(9,145)	(11,400)
Issue of corporate bonds		13,047	17,537
Repayment of corporate bonds		(19,132)	(23,421)
Redemption of convertible bonds		(3,292)	(245)
Settlement of derivative financial instruments		(1,859)	(646)
Repayments of receipts under securitisation arrangements		—	(279)
Payments for principal portion of leases		(157)	(243)
Dividends paid to owners of the Company		(2,934)	(10,554)
Dividends paid to non-controlling interests		(3,118)	(5,598)
Proceeds from bank and other borrowings	35(c)	137,228	141,534
Repayments of bank and other borrowings	35(c)	(144,375)	(187,104)
Net cash used in financing activities		(12,904)	(54,136)
Net decrease in cash and cash equivalents		(20,091)	(81,684)
Cash and cash equivalents at the beginning of the year		167,153	248,985
Exchange losses on cash and cash equivalents		(108)	(148)
Cash and cash equivalents at the end of the year		146,954	167,153

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Country Garden Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively, the “Group”) are principally engaged in the property development, construction, property investment and hotel operation.

The parent undertaking of the Company is Concrete Win Limited, whose registered office address is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2022.

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

(i) Compliance with Hong Kong Financial Reporting Standards (“HKFRS”) and the Hong Kong Companies Ordinance

The consolidated financial statements of the Group have been prepared in accordance with applicable HKFRS and requirements under the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVOCI”), derivative financial instruments and investment properties, which are carried at fair value.

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(iii) Going concern

Due to the volatility of the property market in the PRC and the unfavourable impact on the presale performance during the year and subsequent to the year end date, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from 31 December 2021, taking into consideration a number of plans and measures:

- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties held for sale, and to speed up the collection of sales proceeds and other receivables;
- The Group will continue to seek for new debt financing and bank borrowings at costs acceptable to the Group to finance the settlement of its existing financial obligations and future operating and capital expenditures;
- The Group does not have any significant capital commitments as at 31 December 2021 (note 38(a)). The Group will not commit on significant capital expenditures and land acquisitions before securing the necessary funding; and
- The Group will continue to take active measures to control selling and marketing costs and administrative expenses.

The directors of the Company have reviewed the Group's cash flow projections, which covers a period of twelve months from 31 December 2021. The directors of the Company are of the opinion that, taking into account the anticipated cash flows generated from the Group's operations as well as the possible changes in its operating performance, the Group's existing and future plan of land acquisitions, the continued availability of the Group's bank and other borrowings as well as the Group's ability to raise new financing under the prevailing rules and regulations, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the coming twelve months from 31 December 2021. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

(iv) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest rate benchmark reform — phase 2 — Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16

The amendments listed above did not have a material impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(v) New, amended standards and interpretation not yet adopted

Except for Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, 'Interest rate benchmark reform — phase 2', which become effective this year, new and amended standards and interpretation to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted:

		Effective for the financial year beginning on or after
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments (amendments)	1 January 2022
Annual Improvements	Annual improvements to HKFRS Standards 2018–2020 cycle	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2 Summary of significant accounting policies *(Continued)*

2.1 Basis of preparation *(Continued)*

(v) ***New, amended standards and interpretation not yet adopted*** *(Continued)*

The above new and amended standards and interpretation to existing standards are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group except for HKFRS 17. The Group will assess the impact of HKFRS 17 on the Group's consolidated financial statements.

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.

(i) ***Business combinations***

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(i) Business combinations (Continued)

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

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 interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposals of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS.

2 Summary of significant accounting policies *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for 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 dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- Goodwill relating to an associate is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.
- Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest 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. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of an associate' in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.3 Associates *(Continued)*

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 profit or loss.

2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- Goodwill relating to a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.
- Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the investment is acquired.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. 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.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to 'share of results of a joint venture' in profit or loss.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests 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.

2 Summary of significant accounting policies *(Continued)*

2.5 Segment reporting

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

2.6 Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB which is the Company's functional currency and the Group's presentation currency.

(ii) *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 profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated income statement within 'finance income — net'. Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within 'finance income — net', except when capitalised on the basis set out in note 2.26. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other income and gains — net'.

(iii) *Group companies*

The results and financial positions 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:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less 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 profit or loss during the financial period in which they are incurred.

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

Buildings	20–40 years
Machinery	5–10 years
Transportation equipment	5–10 years
Furniture, fitting and equipment	5–8 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.11).

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'other income and gains — net' in the consolidated income statement.

2 Summary of significant accounting policies *(Continued)*

2.8 Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value.

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. Changes in fair values are recorded in profit or loss as part of a valuation gain or loss.

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

The Group shall transfer a property from investment property to property under development when it commences related development with a view to sale. For a transfer from investment property that is carried at fair value to property under development, related property under development shall be recognised at fair value at the transfer date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.9 Intangible assets

(i) 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 operating segment 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.

(ii) Computer software

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 to 10 years on a straight-line basis. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(iii) Research and development expenses

Research and development expenditures that do not meet the capitalised criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2 Summary of significant accounting policies *(Continued)*

2.10 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 has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The Group leases various properties. These property lease agreements do not impose any covenants, but leased properties may not be used as security for borrowing purposes.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease 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.

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

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

To determine the incremental borrowing rate, the Group:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.10 Leases *(Continued)*

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

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

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and low-value assets leases 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 without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (note 7).

2 Summary of significant accounting policies *(Continued)*

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life 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.

2.12 Financial assets

(i) *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 ("OCI"), 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 OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, 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 FVOCI.

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

(ii) *Recognition and measurement*

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.12 Financial assets (Continued)

(ii) Recognition and measurement (Continued)

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other income and gains — net'. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated income statement within 'other income and gains — net' in the period in which it arises. Interest income from these financial assets is included in the 'finance income'.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, 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 FVTPL are recognised in 'other income and gains — net' in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at FVOCI are not reported separately from other changes in fair value.

2 Summary of significant accounting policies *(Continued)*

2.13 Impairment of financial assets and contract assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and financial assets at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3(a)(iii) details how the Group determines whether there has been a significant increase in credit risk.

For contract assets and 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.

2.14 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Cash flow hedge that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within ‘finance income/(costs) — net’.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.14 Derivative financial instruments and hedging activities *(Continued)*

(i) Cash flow hedge that qualify for hedge accounting (Continued)

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ("aligned time value") are recognised within other comprehensive income in the costs of hedging reserve within equity. The aligned time value at the date of designation of the option as a hedging instrument is amortised on a systematic and rational basis to profit or loss over the period.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognised within other comprehensive income in the costs of hedging reserve within equity. The aligned forward element at the date of designation of the forward contract as a hedging instrument is amortised on a systematic and rational basis to profit or loss over the period.

When a financial instrument that involves exchanges of cash flows that are denominated in different currencies is used in a hedge transaction, the foreign currency basis spread of the instrument is separated and excluded from the designated hedging instrument. The change in fair value of this excluded portion (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in a separate component of equity. For time-period related hedged items, the currency basis spread at the date of designation (to the extent that it relates to the hedged item) is amortised on a systematic and rational basis to profit or loss over the period.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in 'other income and gains — net'.

2 Summary of significant accounting policies *(Continued)*

2.15 Offsetting financial instruments

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

2.16 Properties under development

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

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

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

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

2.17 Completed properties held for sale

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

Cost comprises development costs attributable to the unsold properties.

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

2.18 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.19 Trade and other receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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

2.20 Contract related assets and contract liabilities

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

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

2.21 Cash and cash equivalents

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

2.22 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.

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

2 Summary of significant accounting policies *(Continued)*

2.23 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 construction of hotel properties are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets when they are completed and ready for use.

2.24 Trade and other payables

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

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

2.25 Borrowings

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

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

2.26 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.26 Borrowing costs *(Continued)*

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 adjustments to interest costs include the interest rate differences between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

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

2.27 Senior notes

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

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

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

2.28 Receipts under securitisation arrangements

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred. Receipts under securitisation arrangements are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method.

Transaction costs are included in the carrying amount of the receipts under securitisation arrangements and amortised over the period of the arrangements using the effective interest method.

2 Summary of significant accounting policies *(Continued)*

2.29 Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for a non-convertible bond with similar terms. This amount is recorded as a liability on an amortised cost basis until conversion or maturity of the bonds. The remaining of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity or derivative liability according to the conversion feature embedded. Any directly attributable transaction costs are allocated to the liability and equity or derivative liability component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a convertible bond is measured at amortised cost using the effective interest method. The equity component of a convertible bond is not re-measured subsequent to initial recognition except on conversion or expiry. The derivative liability component of a convertible bond is measured at fair value with changes in fair value recognised in profit or loss.

2.30 Current and deferred income tax

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

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the countries where the Company and its 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 and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

2.30 Current and deferred income tax (Continued)

(ii) *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 financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, 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 date of statement of financial position 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 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 from investments in subsidiaries, associates and joint arrangements, 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. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the joint venture's or associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements 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.

(iii) *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 Summary of significant accounting policies *(Continued)*

2.31 Employee benefits

(i) *Pension obligations*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group contributes on a monthly basis to various defined contribution benefit plans organised by the relevant governmental authorities. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

(ii) *Profit-sharing and bonus plans*

The Group recognises a liability and an expense for bonus and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.32 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (including shares options and awarded shares) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments 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 equity instruments 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.32 Share-based payments *(Continued)*

The grant by the Company over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

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

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

2.33 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 probable 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 expenditures 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.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 Summary of significant accounting policies *(Continued)*

2.34 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and provision of services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from contracts with customers

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

- provides all of the benefits received and consumed simultaneously by the buyer; or
- creates and enhances an asset that the buyer 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 buyer obtains control of the asset.

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 prices 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

2.34 Revenue recognition *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Sales of properties and rendering of construction services

Revenue from sales of properties is recognised over time when the Group's performance under the sale contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise revenue from sales of property is recognised at point in time.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction (excluding land cost and borrowing cost) costs incurred up to the end of reporting period as a percentage of total estimated construction costs for each contract.

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

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

For rendering of construction services, usually there is only one single performance in a contract, the Group's performance creates or enhances an asset or work in progress that the buyer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(ii) Hotel operation

Revenue from hotel operation is recognised in the accounting period in which the services are rendered.

2 Summary of significant accounting policies (Continued)

2.34 Revenue recognition (Continued)

Revenue from other sources

Rental income

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms.

2.35 Interest 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).

2.36 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.37 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 of the Company, where appropriate.

2.38 Insurance contracts

An insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in profit or loss.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property buyers and financial guarantee contracts provided to its related parties as insurance contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management

The Group conducts its operations mainly in the PRC and is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's activities expose it to a variety of financial risks: market risk (mainly included foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and debt financing to fund its operations. The Group has alternative plans (refer to note 3(a)(iv)) to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

(a) Financial risk factors

(i) *Foreign exchange risk*

The Group's businesses are principally conducted in RMB. The majority of its assets is denominated in RMB. The majority of its non-RMB assets and liabilities are bank deposits and borrowings denominated in Hong Kong Dollar ("HKD") and United States Dollar ("USD"). The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB and net investment in foreign operations.

The Group applies various types of derivative financial instruments (foreign exchange forward contracts, foreign currency option contracts, cross currency swaps and foreign exchange structured derivatives contracts) to mitigate exposures arising from the fluctuations in foreign currencies of debts.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Foreign exchange risk (Continued)

The Group seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. The Group determines the economic relationship between the hedged items and the hedging instruments by reviewing their critical terms and performing a quantitative assessment as needed. As a result, the Group concludes that the risk being hedged for the hedged items and the risk inherent in the hedging instruments are sufficiently aligned. The main sources of hedge ineffectiveness are considered to be the effects of mismatch in timing and currency pair. In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedged items. In view of the structure of the hedging activities, no significant ineffectiveness is expected at inception.

The aggregated carrying amount of the foreign currency denominated monetary assets and monetary liabilities of group companies at the respective dates of statement of financial position are as follows:

	2021 RMB million	2020 RMB million
Assets		
HKD	171	953
USD	1,487	823
Other currencies	385	513
	2,043	2,289
Liabilities		
HKD	19,127	16,134
USD	94,507	92,521
Other currencies	—	3,711
	113,634	112,366

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(i) Foreign exchange risk (Continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. Should RMB strengthened/weakened by 5% against the relevant currencies, the effects on profit before tax for the year without taking into account the hedging effects would be as follows:

	Change of profit before tax – increase/(decrease)	
	2021 RMB million	2020 RMB million
RMB against HKD:		
Strengthened by 5%	948	759
Weakened by 5%	(948)	(759)
RMB against USD:		
Strengthened by 5%	4,651	4,585
Weakened by 5%	(4,651)	(4,585)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from interest-bearing bank deposits, senior notes, corporate bonds, convertible bonds, receipts under securitisation arrangements, bank and other borrowings and lease liabilities. Bank deposits, bank and other borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Senior notes, corporate bonds, convertible bonds and receipts under securitisation arrangements issued at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration including refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each scenario, the same interest rate shift is used for all currencies. The scenarios are run only for financial liabilities that represent the major interest-bearing positions.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Cash flow and fair value interest rate risk (Continued)

The exposure of the Group's total borrowings (notes 21, 22, 23 and 24) and lease liabilities to interest rate changes and the contractual maturity dates of the total borrowings at the end of the year are as follows:

	2021 RMB million	2020 RMB million
Variable rate borrowings	167,564	176,788
Fixed rate borrowings and lease liabilities		
— repricing or maturity dates:		
1 year or less	28,369	34,833
1–2 years	45,142	29,142
2–5 years	59,361	57,994
Over 5 years	18,178	28,383
	318,614	327,140

As at 31 December 2021, borrowings of the Group which were bearing at floating rates amounted to approximately RMB167,564 million (2020: RMB176,788 million). As at 31 December 2021, should the interest rate be increased/decreased by 50 basis points with all other factors remain unchanged and without taking into account interest capitalisation, the finance costs of the Group would be increased/decreased by approximately RMB838 million (2020: RMB884 million).

(iii) Credit risk

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

The carrying amounts of trade and other receivables, contract assets, derivative financial assets, restricted cash and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Credit risk *(Continued)*

To manage this risk, bank deposits and derivative financial instruments are mainly placed or entered with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions. The Group has policies in place to ensure that sales are made to buyers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. For properties that are still under construction and the buyers choose to pay by bank mortgage, the Group typically provides guarantees to banks in connection with the buyers' borrowing of mortgage loans to finance their purchases of the properties. If a buyer defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the buyer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price would drop by more than the buyer's deposits received, the Group may not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk is largely mitigated. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables and contract assets to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and buyers.

The Group has arranged bank financing for certain buyers of property units and provided guarantees to secure obligations of such buyers for repayments. Detailed disclosure of these guarantees is made in note 37. No credit limits were exceeded during the year, and management does not expect any significant losses from non-performance by these counterparties.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and available forward-looking information. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Credit risk *(Continued)*

The Group considers the probability of default upon initial recognition of, a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. In particular, 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; and
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

- i. *Trade and other receivables (excluding deposits for acquisitions of companies and prepayments) and contract assets*

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for contract assets and trade receivables.

The Group applies the 12 months expected losses approach to provide for expected credit losses prescribed by HKFRS 9 for other receivables (excluding deposits for acquisitions of companies and prepayments) when there has been no significant increase in credit risk of other receivables since initial recognition. If significant increase in credit risk of other receivables has occurred since initial recognition, then impairment is measured as lifetime expected credit loss according to HKFRS 9 three-stage approach.

As at 31 December 2021, the loss allowance provision for contract assets was not material.

As at 31 December 2021, the aging of trade receivables and the loss allowance provision based on property delivery date are as follow:

Trade receivables	2021			Total
	Within 180 days	More than 180 days	More than 365 days	
Expected loss rate	0.05%	0.70%	32.18%	
Gross carrying amount (RMB million)	33,052	2,554	606	36,212
Loss allowance provision (RMB million)	15	18	195	228

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

- i. Trade and other receivables (excluding deposits for acquisitions of companies and prepayments) and contract assets (Continued)

Other receivables (excluding deposits for acquisitions of companies and prepayments)	Gross carrying amount (RMB million)	Loss allowance provision (RMB million)	Expected loss rate
Stage 1 (12-month ECL)	254,561	1,074	0.42%
Stage 2 (Lifetime ECL (non-credit impaired))	42,361	1,439	3.40%
Stage 3 (Lifetime ECL (credit impaired))	6,751	3,914	57.98%
Total	303,673	6,427	

	2020			Total
	Within 180 days	More than 180 days	More than 365 days	
Trade receivables				
Expected loss rate	0.04%	0.67%	31.44%	
Gross carrying amount (RMB million)	32,831	2,542	582	35,955
Loss allowance provision (RMB million)	13	17	183	213

As at 31 December 2020, the gross carrying amount and loss allowance provision of other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties) were RMB277,700 million and RMB4,790 million, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

- i. Trade and other receivables (excluding deposits for acquisitions of companies and prepayments) and contract assets (Continued)

As at 31 December 2021, the loss allowance provision for trade and other receivables (excluding deposits for acquisitions of companies and prepayments) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB million	Other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties) RMB million	Total RMB million
Loss allowance as at 1 January 2020	171	3,383	3,554
Provision for loss allowance recognised in profit or loss during the year	42	1,407	1,449
Loss allowance as at 31 December 2020 and 1 January 2021	213	4,790	5,003
Provision for loss allowance recognised in profit or loss during the year	15	1,637	1,652
Loss allowance as at 31 December 2021	228	6,427	6,655

As at 31 December 2021, the gross carrying amount of trade and other receivables (excluding deposits for acquisitions of companies and prepayments) was RMB339,885 million (2020: RMB313,655 million) and the maximum exposure to loss was RMB333,230 million (2020: RMB308,652 million). The Group made no write-off of trade and other receivables (excluding deposits for acquisitions of companies and prepayments) and contract assets during the year (2020: nil).

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Liquidity risk

Management aims at maintaining sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2022. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2022 include: (1) proceeds from pre-sales of 2022 would subject to reasonable decrease according to market condition; (2) construction payments match receipt of the relevant proceeds from pre-sales; (3) the Group will alter the land acquisition plan according to the market situation and cash surplus; and (4) available project loan facility is expected to cover the predicted bank and other borrowings to be obtained.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing the amount of acquisition of land, adjusting and further slowing down the construction progress as appropriate to ensure available resources for the development of properties for sale, implementing cost control measures and accelerating sales with more flexible pricing. The Group will base on its assessment of the relevant future costs and benefits to pursue such options as appropriate. The directors of the Company consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the date of the statement of financial position to the contractual maturity date. Derivative 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 and included interest, if applicable.

	Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total RMB million
At 31 December 2021					
Senior notes	10,902	7,405	52,725	19,638	90,670
Corporate bonds	7,249	25,330	3,921	157	36,657
Convertible bonds	110	2,563	—	—	2,673
Bank and other borrowings	74,827	91,160	57,976	3,297	227,260
Trade and other payables (excluding other taxes payable and salaries payable)	491,833	—	—	—	491,833
Lease liabilities	334	181	286	145	946
Derivative financial instruments	695	527	557	—	1,779
Total	585,950	127,166	115,465	23,237	851,818

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Liquidity risk *(Continued)*

	Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total RMB million
At 31 December 2020					
Senior notes	5,079	14,932	41,455	30,674	92,140
Corporate bonds	26,897	5,873	9,767	189	42,726
Convertible bonds	285	285	6,617	—	7,187
Bank and other borrowings	79,227	81,399	62,324	6,555	229,505
Trade and other payables (excluding other taxes payable and salaries payable)	601,152	—	—	—	601,152
Lease liabilities	285	140	265	124	814
Derivative financial instruments	1,084	333	2,199	—	3,616
Total	714,009	102,962	122,627	37,542	977,140

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(b) Capital management

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

In order to optimise the capital structure, the Group may adjust the amount of dividends paid to shareholders, buy back of shares, issue new shares or sell assets.

Consistent with other companies in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including senior notes, corporate bonds, convertible bonds and bank and other borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents and restricted cash.

The gearing ratio as at 31 December 2021 and 2020 were as follows:

	2021 RMB million	2020 RMB million
Total borrowings (notes 21, 22, 23 and 24)	317,922	326,485
Less: Cash and cash equivalents (note 16)	(146,954)	(167,153)
Restricted cash (note 15)	(34,346)	(16,470)
Net debt	136,622	142,862
Total equity	300,627	257,003
Gearing ratio	45%	56%

The directors of the Company consider the Group's gearing ratio is within the healthy range.

3 Financial risk management *(Continued)*

(c) Fair value estimation

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined 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 assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
At 31 December 2021				
Assets				
Financial assets at FVOCI	70	—	9,824	9,894
Derivative financial instruments	—	338	—	338
Financial assets at FVTPL	242	4,471	9,494	14,207
Total	312	4,809	19,318	24,439
Liabilities				
Derivative financial instruments	—	1,779	—	1,779
At 31 December 2020				
Assets				
Financial assets at FVOCI	2,393	255	1,337	3,985
Derivative financial instruments	—	913	—	913
Financial assets at FVTPL	1,540	1,783	3,273	6,596
Total	3,933	2,951	4,610	11,494
Liabilities				
Derivative financial instruments	—	3,616	—	3,616

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

(i) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market 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.

Valuation techniques used to derive level 2 fair values

Level 2 derivative financial instruments comprise foreign exchange forward contracts, foreign currency option contracts, foreign exchange structured derivatives contracts and cross currency swaps. The fair value of these derivative financial instruments was determined using forward exchange rates and interest rates that are quoted by financial institutions.

For Level 2 financial assets at FVOCI and FVTPL, fair values are generally obtained through the use of valuation methodologies with observable market inputs.

(ii) Financial instruments in level 3

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

	2021 RMB million	2020 RMB million
Opening balance	4,610	3,219
Additions	13,788	3,264
Fair value changes	1,802	(352)
Disposals	(159)	(701)
Transfer to Level 1	(723)	(820)
Closing balance	19,318	4,610

There is no unrealised gain or loss recognised in profit or loss in the current year (2020: nil) attributable to balances held at the end of the reporting period.

The Group transferred its equity interest in two companies from level 3 to level 1 upon their listing as the shares of the two companies were actively traded subsequent to their listing.

There were no changes in valuation techniques during the year.

3 Financial risk management (Continued)

(d) Financial instruments by category

	31 December 2021			
	Assets at FVOCI	Assets at FVTPL	Assets at amortised cost	Total
	RMB million	RMB million	RMB million	RMB million
Assets as per consolidated statement of financial position				
Financial assets at FVOCI	9,894	—	—	9,894
Trade and other receivables excluding deposits and prepayments	—	—	333,230	333,230
Restricted cash	—	—	34,346	34,346
Cash and cash equivalents	—	—	146,954	146,954
Derivative financial instruments	—	338	—	338
Financial assets at FVTPL	—	14,207	—	14,207
Total	9,894	14,545	514,530	538,969
	31 December 2020			
	Assets at FVOCI	Assets at FVTPL	Assets at amortised cost	Total
	RMB million	RMB million	RMB million	RMB million
Assets as per consolidated statement of financial position				
Financial assets at FVOCI	3,985	—	—	3,985
Trade and other receivables excluding deposits and prepayments	—	—	308,663	308,663
Restricted cash	—	—	16,470	16,470
Cash and cash equivalents	—	—	167,153	167,153
Derivative financial instruments	—	913	—	913
Financial assets at FVTPL	—	6,596	—	6,596
Total	3,985	7,509	492,286	503,780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(d) Financial instruments by category (Continued)

	31 December 2021		
	Liabilities at amortised cost RMB million	Liabilities at FVTPL RMB million	Total RMB million
Liabilities as per consolidated statement of financial position			
Senior notes	75,069	—	75,069
Corporate bonds	34,160	—	34,160
Convertible bonds	2,168	—	2,168
Bank and other borrowings	206,525	—	206,525
Trade and other payables (excluding other taxes payable and salaries payable)	491,833	—	491,833
Lease liabilities	692	—	692
Derivative financial instruments	—	1,779	1,779
Total	810,447	1,779	812,226

	31 December 2020		
	Liabilities at amortised cost RMB million	Liabilities at FVTPL RMB million	Total RMB million
Liabilities as per consolidated statement of financial position			
Senior notes	73,410	—	73,410
Corporate bonds	40,480	—	40,480
Convertible bonds	5,272	—	5,272
Bank and other borrowings	207,323	—	207,323
Trade and other payables (excluding other taxes payable and salaries payable)	601,152	—	601,152
Lease liabilities	655	—	655
Derivative financial instruments	—	3,616	3,616
Total	928,292	3,616	931,908

4 Critical accounting estimates and judgements

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Revenue recognition

Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise the revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements in interpreting the applicable laws, based on legal counsel opinion, to identify sales contracts with right to payment and those without.

In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the year end. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of the year as a percentage of total estimated costs for each property unit in the sale contract. The Group calculated the cost allocation based on type of properties and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total construction costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements (Continued)

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

The carrying amounts of properties under development and completed properties held for sale amounted to RMB1,056,292 million (2020: RMB1,141,360 million) and RMB46,354 million (2020: RMB49,587 million) respectively as at 31 December 2021, which in total accounted for approximately 57% (2020: 59%) of the Group's total assets. The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable values based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses.

Write-downs of properties under development and completed properties held for sale to net realisable value amounted to RMB10,871 million (2020: RMB3,515 million). These were recognised as an expense during the year ended 31 December 2021 and included in "cost of sales" in the consolidated income statement.

(c) Current and deferred income tax

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

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

(d) Land appreciation taxes

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities for certain projects. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes payable. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

5 Revenue and segment information

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

The executive directors of the Company assessed the performance and operations of the Group and concluded that the Group only has two reportable segments — Property development and Construction. The Others segment mainly includes property investment, hotel operation and others, such as smart construction, robotic catering, new retail and modern agriculture businesses, which are individually and collectively insignificant for segment reporting purposes.

The executive directors of the Company assess the performance of the operating segments based on a measure of operating profit, adjusted by excluding fair value changes on derivative financial instruments and including share of results of joint ventures and associates.

Segment assets consist primarily of property, plant and equipment, intangible assets, right-of-use assets, investment properties, financial assets at FVOCI, financial assets at FVTPL, properties under development, investments in joint ventures, investments in associates, completed properties held for sale, inventories, receivables, prepaid income tax, contract assets and contract acquisition costs and operating cash. They exclude derivative financial instruments and deferred income tax assets. Segment liabilities consist primarily of operating liabilities. They exclude current income tax liabilities, senior notes, corporate bonds, convertible bonds, bank and other borrowings, derivative financial instruments and deferred income tax liabilities.

Capital expenditure mainly comprises additions to property, plant and equipment (note 6), investment properties (note 7), intangible assets and right-of-use assets, excluding those arising from business combinations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue and segment information *(Continued)*

Revenue consists of the following:

	2021 RMB million	2020 RMB million
Sales of properties	507,478	449,341
Rendering of construction services	9,360	8,779
Rental income	840	526
Others	5,386	4,210
	523,064	462,856

Sales between segments are carried out according to the terms and conditions agreed by the respective segments' management.

The Group's revenue is mainly attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

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

5 Revenue and segment information (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2021 is as follows:

	Property development RMB million	Construction RMB million	Others RMB million	Total RMB million
Revenue from contracts with customers	507,478	56,371	29,146	592,995
— Recognised at a point in time	420,661	—	27,227	447,888
— Recognised over time	86,817	56,371	1,919	145,107
Revenue from other source				
Rental income	—	—	840	840
Segment revenue	507,478	56,371	29,986	593,835
Inter-segment revenue	—	(47,011)	(23,760)	(70,771)
Revenue from external customers	507,478	9,360	6,226	523,064
Share of results of joint ventures and associates	5,088	—	(35)	5,053
Losses arising from changes in fair value of and transfers to investment properties	—	—	(227)	(227)
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	619	43	1,725	2,387
Net impairment losses on financial and contract assets	1,521	27	103	1,651
Segment results	67,304	334	(2,068)	65,570
At 31 December 2021				
Total segment assets after elimination of inter-segment balances	1,758,089	31,271	118,610	1,907,970
Investments in joint ventures and associates	71,170	—	1,671	72,841
Capital expenditure	536	102	4,324	4,962
Total segment liabilities after elimination of inter-segment balances	1,151,286	29,857	79,611	1,260,754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue and segment information (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2020 is as follows:

	Property development RMB million	Construction RMB million	Others RMB million	Total RMB million
Revenue from contracts with customers	449,341	51,806	26,836	527,983
— Recognised at a point in time	357,274	—	25,375	382,649
— Recognised over time	92,067	51,806	1,461	145,334
Revenue from other source				
Rental income	—	—	537	537
Segment revenue	449,341	51,806	27,373	528,520
Inter-segment revenue	—	(43,027)	(22,637)	(65,664)
Revenue from external customers	449,341	8,779	4,736	462,856
Share of results of joint ventures and associates	6,335	—	(77)	6,258
Gains arising from changes in fair value of and transfers to investment properties	—	—	13	13
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	830	53	1,184	2,067
Net impairment losses on financial and contract assets	1,339	24	86	1,449
Segment results	79,977	385	(1,651)	78,711
At 31 December 2020				
Total segment assets after elimination of inter-segment balances	1,828,224	32,884	117,322	1,978,430
Investments in joint ventures and associates	63,244	—	197	63,441
Capital expenditure	994	290	3,883	5,167
Total segment liabilities after elimination of inter-segment balances	1,241,088	31,988	83,638	1,356,714

5 Revenue and segment information (Continued)

Reportable segment results are reconciled to net profit as follows:

	2021 RMB million	2020 RMB million
Total segment results	65,570	78,711
Changes in fair value of derivative financial instruments	(118)	(488)
Finance income — net	3,497	7,306
Profit before income tax	68,949	85,529
Income tax expenses	(27,967)	(31,411)
Profit for the year	40,982	54,118

Reportable segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	2021 RMB million	2020 RMB million
Total segment assets after elimination of inter-segment balances	1,907,970	1,978,430
Derivative financial instruments	338	913
Deferred income tax assets	40,057	36,466
Total assets	1,948,365	2,015,809
Total segment liabilities after elimination of inter-segment balances	1,260,754	1,356,714
Current income tax liabilities	39,160	39,519
Senior notes	75,069	73,410
Corporate bonds	34,160	40,480
Convertible bonds	2,168	5,272
Bank and other borrowings	206,525	207,323
Derivative financial instruments	1,779	3,616
Deferred income tax liabilities	28,123	32,472
Total liabilities	1,647,738	1,758,806

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Property, plant and equipment

	Buildings and land RMB million	Machinery RMB million	Transportation equipment RMB million	Furniture, fitting and equipment RMB million	Construction in progress RMB million	Total RMB million
Year ended 31 December 2021						
Opening net book amount	20,391	1,557	483	195	3,719	26,345
Acquisitions of subsidiaries (note 41)	2	1	—	4	—	7
Other additions	98	2,388	118	242	979	3,825
Transfer	1,887	—	—	—	(1,887)	—
Disposals of subsidiaries	(8)	(7)	(2)	(3)	(106)	(126)
Other disposals	(193)	(212)	(40)	(130)	—	(575)
Depreciation	(1,146)	(573)	(222)	(270)	—	(2,211)
Exchange differences	(106)	(13)	(15)	(3)	(29)	(166)
Closing net book amount	20,925	3,141	322	35	2,676	27,099
At 31 December 2021						
Cost	26,606	4,690	1,293	2,854	2,676	38,119
Accumulated depreciation	(5,681)	(1,549)	(971)	(2,819)	—	(11,020)
Net book amount	20,925	3,141	322	35	2,676	27,099

6 Property, plant and equipment (Continued)

	Buildings and land RMB million	Machinery RMB million	Transportation equipment RMB million	Furniture, fitting and equipment RMB million	Construction in progress RMB million	Total RMB million
Year ended 31 December 2020						
Opening net book amount	17,275	865	388	561	5,151	24,240
Acquisitions of subsidiaries	1,635	17	8	45	12	1,717
Other additions	457	1,094	508	175	1,157	3,391
Transfer	2,547	—	—	—	(2,547)	—
Disposals of subsidiaries	(364)	(13)	(1)	(1)	(9)	(388)
Other disposals	(230)	(19)	(193)	(86)	—	(528)
Depreciation	(831)	(374)	(208)	(495)	—	(1,908)
Exchange differences	(98)	(13)	(19)	(4)	(45)	(179)
Closing net book amount	20,391	1,557	483	195	3,719	26,345
At 31 December 2020						
Cost	25,075	2,711	1,289	2,937	3,719	35,731
Accumulated depreciation	(4,684)	(1,154)	(806)	(2,742)	—	(9,386)
Net book amount	20,391	1,557	483	195	3,719	26,345

Depreciation charge was capitalised or expensed in the following categories in the consolidated statement of financial position or the consolidated income statement respectively:

	2021 RMB million	2020 RMB million
Properties under development	396	372
Cost of sales	795	562
Selling and marketing costs	123	194
Administrative expenses and research and development expenses	897	780
	2,211	1,908

As at 31 December 2021, buildings with net book value of RMB3,297 million (2020: RMB2,589 million) were pledged as collateral for the Group's bank and other borrowings (note 24).

As at 31 December 2021, title certificates of buildings with net book value of RMB3,315 million (2020: RMB3,699 million) were still in the process of being obtained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Investment properties

	2021 RMB million	2020 RMB million
At 1 January	15,659	12,923
Acquisitions of subsidiaries	—	165
Transfer from properties under development and completed properties held for sale	1,381	4,383
Other additions	269	456
Transfer from right-of-use assets	55	—
Revaluation gains upon transfer from right-of-use assets	27	—
Revaluation (losses)/gains upon transfer from properties under development and completed properties held for sale	(160)	790
Fair value changes	(67)	(777)
Transfer to properties under development	(785)	(1,134)
Disposals of subsidiaries	(77)	(1,147)
At 31 December	16,302	15,659
(Losses)/gains arising from changes in fair value of and transfer to investment properties represent:		
— revaluation (losses)/gains upon transfer of properties under development and completed properties held for sale	(160)	790
— fair value changes	(67)	(777)
	(227)	13

The Group's policy is to recognise change of fair value hierarchy levels as of the date of the event or change in circumstances that caused the change. At 31 December 2021 and 2020, the Group only had investment properties measured at level 3 valuation.

Valuation processes of the Group

The Group's investment properties were valued at transfer or business acquisition dates, and at 31 December 2021 and 2020 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and professionally qualified valuer who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates the highest and best use.

Discussions of valuation processes and results are held between management and the valuers on a semi-annual basis, in line with the Group's interim and annual reporting dates.

7 Investment properties *(Continued)*

Valuation processes of the Group *(Continued)*

At each half year-end, management:

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

Valuation techniques

Valuations are based on:

- (i) Direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations and property size; or
- (ii) Income capitalisation approach taking into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property; or
- (iii) Residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an “as-if” completed basis with appropriate deduction on land and construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred as well as anticipated developer’s profits.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Investment properties (Continued)

Valuation techniques (Continued)

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

	Fair value as at 31 December 2021 RMB million	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	15,037	Income capitalisation	The rate of return/ capitalisation rate Monthly rental (RMB/ square meter/month)	2.5%-6.5% per annum 30-167
		Direct comparison	Adjusted market price (RMB/square meter)	1,760-36,000
Investment properties under construction	1,183	Residual method	Budgeted construction costs to be incurred (RMB/square meter)	640-1,860
			Remaining percentage to completion	15%-41%
			Anticipated developer's profit margin	10%-15%
	Fair value as at 31 December 2020 RMB million	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	14,532	Income capitalisation	The rate of return/ capitalisation rate Monthly rental (RMB/ square meter/month)	3.0%-6.0% per annum 46-248
		Direct comparison	Adjusted market price (RMB/ square meter)	3,700-36,900
Investment properties under construction	1,127	Residual method	Budgeted construction costs to be incurred (RMB/ square meter)	170-2,100
			Remaining percentage to completion	6%-62%
			Anticipated developer's profit margin	15%-20%

7 Investment properties (Continued)**Valuation techniques (Continued)****Main Information about fair value measurements using significant unobservable inputs (level 3)
(Continued)**

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of return/capitalisation rate, the lower fair value;
- The higher monthly rental, the higher fair value;
- The higher market price, the higher fair value;
- The higher budgeted construction cost to be incurred, the lower fair value;
- The higher remaining percentage to completion, the lower fair value; and
- The higher the anticipated developer's profit margin, the lower fair value.

Amounts recognised in profit or loss for investment properties

	2021 RMB million	2020 RMB million
Rental income (note 5)	840	526
Direct operating expenses	(346)	(230)
	494	296

Leasing arrangements

The investment properties are generally leased to tenants under operating leases with rentals payable monthly. There are no other variable lease payments that depend on an index or rate.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

For minimum lease payments receivable on leases of investment properties, refer to note 38(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Properties under development

	2021 RMB million	2020 RMB million
Properties under development expected to be completed and delivered:		
— Within one operating cycle included under current assets	1,008,146	1,034,664
— Beyond one operating cycle included under non-current assets	48,146	106,696
	1,056,292	1,141,360
Amounts comprise:		
— Construction costs including depreciation and staff cost capitalised	498,873	581,025
— Land costs	533,094	534,303
— Borrowing costs capitalised	24,325	26,032
	1,056,292	1,141,360

One operating cycle of the Group's property development generally ranges from one to two years.

At 31 December 2021, properties under development included the costs to fulfil those contracts, the revenue of which is recognised over time, amounting to RMB20,023 million (2020: RMB25,849 million).

Cost of sales for the year included RMB12,527 million (2020: RMB9,684 million) of costs brought forward from prior year to fulfil those contracts revenue of which is recognised over time.

The capitalisation rate used to determine the amount of interest on general borrowings incurred eligible for capitalisation in 2021 was 5.62% per annum (2020: 6.35% per annum).

8 Properties under development (Continued)

The properties under development of the Group are located in:

	2021 RMB million	2020 RMB million
Mainland China	1,042,723	1,126,286
United States	2,950	4,376
Malaysia	1,979	2,033
Australia	1,892	2,358
Indonesia	1,842	2,068
Hong Kong	1,108	877
Others	3,798	3,362
	1,056,292	1,141,360

As at 31 December 2021, land use rights included in properties under development of RMB99,009 million (2020: RMB83,000 million) were pledged as collateral for the Group's bank and other borrowings (note 24).

9(a) Subsidiaries

The principal subsidiaries at 31 December 2021 are listed in note 44.

The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries were significant to the Group and thus the individual financial information of these subsidiaries are not disclosed.

9(b) Investments in joint ventures

	2021 RMB million	2020 RMB million
At 1 January	41,011	34,954
Additions	9,566	6,087
Disposals	(1,738)	(1,993)
Dividends	(1,076)	(327)
Share of results	1,901	2,290
— Gains arising from negative goodwill	32	—
— Others	1,869	2,290
At 31 December	49,664	41,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9(b) Investments in joint ventures (Continued)

The balance comprises the following:

	2021 RMB million	2020 RMB million
Unlisted investments		
— Share of net assets	49,232	40,579
— Notional goodwill	432	432
	49,664	41,011

Additions during the year mainly included the acquisitions of shares in a number of property development companies and the investments in a number of newly established property development companies together with certain third parties. None of these acquisitions was individually significant to the Group. Summary of the acquisitions during the year is as follows:

Total identifiable net assets of joint ventures acquired

	RMB million
Assets	12,576
Liabilities	(11,065)
Total identifiable net assets	1,511

Reconciliation to the Group's interests in the joint ventures

	RMB million
Fair values of the consideration for the acquisitions	819
Fair values of the Group's share of identifiable net assets	(851)
Negative goodwill	(32)

The negative goodwill was mainly resulted from the fact that the joint ventures partners intended to cooperate with the Group to resolve liquidity issues or bring in industry expertise.

9(b) Investments in joint ventures (Continued)

As at 31 December 2021, certain borrowings of joint ventures were guaranteed by the Group (note 37) and/or secured by the Group's certain interests in joint ventures with an aggregate carrying value of RMB4,753 million (2020: RMB4,293 million). As at 31 December 2021, there were no significant commitments relating to the Group's interests in the joint ventures.

The directors of the Company consider that none of the joint ventures as at 31 December 2021 and 2020 was significant to the Group and thus the individual financial information of the joint ventures was not disclosed. The summarised financial information of individually immaterial joint ventures on an aggregate basis is as follows:

	2021 RMB million	2020 RMB million
Carrying amount in the consolidated financial statements	49,664	41,011
Share of profit for the year	1,901	2,290
Share of total comprehensive income for the year	1,901	2,290

9(c) Investments in associates

	2021 RMB million	2020 RMB million
At 1 January	22,430	17,159
Additions	1,008	2,884
Disposals	(1,885)	(1,459)
Dividends	(1,528)	(122)
Share of results	3,152	3,968
— Gains arising from negative goodwill	—	9
— Others	3,152	3,959
At 31 December	23,177	22,430

Additions during the year mainly included the investments in a number of newly established property development companies together with third parties. None acquisition happened during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9(c) Investments in associates (Continued)

As at 31 December 2021, certain borrowings of associates were guaranteed by the Group (note 37) and/or secured by the Group's certain interests in associates with an aggregate carrying value of RMB244 million (2020: RMB1,186 million).

The directors of the Company consider that none of the associates as at 31 December 2021 and 2020 was significant to the Group and thus the individual financial information of the associates was not disclosed. The summarised financial information of individually immaterial associates on an aggregate basis is as follows:

	2021 RMB million	2020 RMB million
Carrying amount in the consolidated financial statements	23,177	22,430
Share of profits for the year	3,152	3,968
Share of total comprehensive income for the year	3,152	3,968

10 Financial assets at fair value through other comprehensive income

	2021 RMB million	2020 RMB million
Listed equity securities	70	2,648
Unlisted equity investments	9,824	1,337
	9,894	3,985

The investments mainly represent equity investments in various investment fund companies, investment holding companies and venture capital fund companies. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price or recent transaction prices of similar deals.

11 Completed properties held for sale

	2021 RMB million	2020 RMB million
Completed properties held for sale	46,354	49,587

The completed properties held for sale are mainly located in Mainland China.

12 Inventories

	2021 RMB million	2020 RMB million
Construction materials and other inventories	9,689	10,907

Inventories were mainly charged to properties under development upon utilisation.

13 Trade and other receivables

	2021 RMB million	2020 RMB million
Included in current assets		
— Trade receivables — net (note (a))	35,984	35,742
— Other receivables — net (note (b))	297,246	272,910
— Loans to third parties — net	—	11
— Prepayments for land (note (c))	36,131	67,009
— Other prepayments (note (d))	37,437	35,265
	406,798	410,937
Included in non-current assets		
— Deposits for acquisitions of companies (note (e))	13,414	13,968
	420,212	424,905

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

(a) Details of trade receivables are as follows:

	2021 RMB million	2020 RMB million
Trade receivables	36,212	35,955
Less: allowance for impairment	(228)	(213)
Trade receivables — net	35,984	35,742

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Trade and other receivables (Continued)

(a) (Continued)

Trade receivables mainly arise from sales of properties. Property buyers are generally granted credit terms of 1 to 6 months. The ageing analysis of trade receivables based on property delivery date is as follows:

	2021 RMB million	2020 RMB million
Within 90 days	30,395	30,238
Over 90 days and within 180 days	2,657	2,593
Over 180 days and within 365 days	2,554	2,542
Over 365 days	606	582
	36,212	35,955

As at 31 December 2021 and 2020, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2021, a provision of RMB228 million (31 December 2020: RMB213 million) was made against the gross amounts of trade receivables (note 3 (a)(iii)).

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of buyers. Trade receivables were collateralised by the titles of the properties sold.

13 Trade and other receivables (Continued)

(b) Details of other receivables are as follows:

	2021 RMB million	2020 RMB million
Amounts due from joint ventures, associates and other related parties	119,356	99,506
Land auction and other deposits	14,407	9,106
Others (i)	169,910	169,088
	303,673	277,700
Less: allowance for impairment	(6,427)	(4,790)
Other receivables — net	297,246	272,910

(i) These receivables mainly included current accounts due from the other shareholders of certain subsidiaries, joint ventures and associates of the Group, which are mainly interest-free, unsecured and repayable according to contract terms.

- (c) Prepayments for land are related to prepaid land acquisition costs while relevant land use right certificates have not been obtained as at 31 December 2021.
- (d) Other prepayments mainly included prepaid value-added taxes and prepayments for purchases of construction materials and services.
- (e) Amounts represent deposits paid for acquisitions of certain property development companies which have not been completed as at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Contract assets and contract acquisition costs

Details of contract assets and contract acquisition costs are as follows:

	2021 RMB million	2020 RMB million
Contract assets related to sales of properties (note (i))	7,060	7,200
Contract assets related to construction services (note (i))	5,630	6,067
Contract acquisition costs (note (ii))	10,912	8,693
Total contract assets and contract acquisition costs	23,602	21,960

Notes:

- (i) Contract assets consist of unbilled amount resulting from sale of properties and construction services when revenue recognised exceeds the amount billed to the buyer.
- (ii) Management expected the contract acquisition costs, represented primarily sale commission and stamp duty paid/payable for obtaining property sale contracts are recoverable. The Group has deferred them and will charge them to profit or loss when the related revenue is recognised. For the year ended 31 December 2021, the total amount charged to profit or loss was RMB5,403 million (2020: RMB4,196 million) and there was no impairment loss in relation to the remaining balance.

15 Restricted cash

The balance mainly represented unreleased guarantee deposits for construction of pre-sale properties denominated in RMB and RM placed in designated bank accounts as at 31 December 2021, and will be released in accordance with certain construction progress milestones.

16 Cash and cash equivalents

	2021 RMB million	2020 RMB million
Cash at banks and in hand	181,300	183,623
Less: restricted cash (note 15)	(34,346)	(16,470)
	146,954	167,153

16 Cash and cash equivalents (Continued)

Cash and deposits are denominated in the following currencies:

	2021 RMB million	2020 RMB million
Denominated in RMB	175,603	178,231
Denominated in HKD	585	1,220
Denominated in USD	1,706	1,349
Denominated in RM	2,128	2,245
Denominated in other currencies	1,278	578
	181,300	183,623

The conversion of RMB and RM denominated balances into other currencies and the remittance of bank balances and cash out of the PRC and Malaysia are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC and Malaysian governments.

As at 31 December 2021, the balance of guarantee deposits for construction of pre-sale properties included in cash and cash equivalents was approximately RMB55,145 million.

17 Financial assets at fair value through profit or loss

	2021 RMB million	2020 RMB million
Listed equity security (note (a))	242	1,540
Unlisted equity investments (note (a))	9,494	3,273
Wealth management products (note (b))	4,471	1,783
	14,207	6,596

- (a) The investments mainly represent listed and unlisted equity investments in various industries. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price, recent transaction prices of similar deals or valuation reports.
- (b) Wealth management products are mainly investments in financial products issued by financial institutions. The carrying values of these investments approximated their fair values as at 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 Trade and other payables

	2021 RMB million	2020 RMB million
Trade payables (note (a))	285,122	389,384
Other payables (note (b))	206,711	211,768
Other taxes payable (note (c))	49,760	49,275
Salaries payable	8,998	9,866
	550,591	660,293

As at 31 December 2021, the carrying amounts of trade and other payables approximated their fair values.

- (a) The ageing analysis of trade payables based on the date of the liability recognition on accrual basis is as follows:

	2021 RMB million	2020 RMB million
Within 365 days	280,940	385,232
Over 365 days	4,182	4,152
	285,122	389,384

- (b) Other payables mainly included deposits from property buyers and current accounts due to certain joint ventures, associates and other shareholders of certain subsidiaries, joint ventures and associates of the Group and outstanding considerations to acquire certain subsidiaries, joint ventures and associates. These amounts are interest-free, unsecured and repayable according to contract terms.
- (c) Other taxes payable mainly included output value-added taxes related to receipt in advance from customers amounted to approximately RMB69,163 million (31 December 2020: RMB68,578 million), value-added taxes payable and other taxes.

19 Contract liabilities

	2021 RMB million	2020 RMB million
Contract liabilities	709,255	695,614

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

(a) Revenue recognised in relation to contract liabilities

	2021 RMB million	2020 RMB million
Revenue recognised that was included in the contract liability balance at the beginning of the year	350,602	339,327

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Derivative financial instruments

	2021		2020	
	Assets	Liabilities	Assets	Liabilities
	RMB million	RMB million	RMB million	RMB million
<u>Qualified for hedge accounting</u>				
— Foreign currency option contracts (note (a))	4	686	40	432
— Foreign exchange structured derivatives contracts (note (b))	—	206	—	109
— Foreign exchange forward contracts (note (c))	—	590	—	1,159
— Cross currency swaps (note (d))	—	—	—	80
<u>Not qualified for hedge accounting</u>				
— Foreign exchange forward contracts	—	29	84	46
— Foreign currency option contracts	—	—	—	55
— Cross currency swaps	19	7	52	8
— Interest rate swaps	1	61	—	164
<u>Others</u>				
— Embedded financial derivative of convertible bonds (note 23)	—	200	—	1,563
— Purchased call options (note (f))	314	—	737	—
	338	1,779	913	3,616
Analysed as:				
Current	18	695	101	1,084
Non-current	320	1,084	812	2,532
	338	1,779	913	3,616

The total notional principal amounts of the derivative financial instruments for hedging purpose at 31 December 2021 were RMB46,097 million (2020: RMB74,620 million), of which RMB35,799 million (2020: RMB61,401 million) were qualified for hedge accounting (cash flow hedge). These contracts will mature during the years from 2022 to 2025 (2020: 2021 to 2026).

20 Derivative financial instruments (Continued)

The effects of applying hedge accounting on the Group's financial position and performance are as follows:

(a) Derivative financial instruments — foreign currency option contracts

	2021	2020
Carrying amount (RMB million)	(682)	(392)
Notional amount (RMB million)	23,303	29,395
	14 January 2022 to 22 October 2025	13 January 2021 to 11 December 2026
Maturity date	2025	2026
Hedge ratio*	1:1	1:1
Change in foreign exchange risk component of outstanding hedging instruments during the year (RMB million)	(397)	(851)
Change in value of hedged item used to determine hedge effectiveness during the year (RMB million)	394	894
Strike rate (USD:RMB range)	6.5800–7.1250	6.5800–7.1250

(b) Derivative financial instruments — foreign exchange structured derivatives contracts (note (i))

	2021	2020
Carrying amount (RMB million)	(206)	(109)
Notional amount (RMB million)	3,570	3,654
	22 July 2022 to 25 July 2022	22 July 2022 to 25 July 2022
Maturity date	2022	2022
Hedge ratio*	1:1	1:1
Change in foreign exchange risk component of outstanding hedging instruments during the year (RMB million)	(84)	(393)
Change in value of hedged item used to determine hedge effectiveness during the year (RMB million)	87	399
Strike rate (USD:RMB range)	6.6250–6.8000	6.6250–6.8000

- (i) Foreign exchange structured derivatives contracts are cross-currency swaps with options against exchange rate risk of interest and principal repayment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Derivative financial instruments (Continued)

(c) Derivative financial instruments — Foreign exchange forward contracts

	2021	2020
Carrying amount (RMB million)	(590)	(1,159)
Notional amount (RMB million)	8,926	26,586
	13 January 2022 to 17 January 2025	13 January 2021 to 17 January 2025
Maturity date	2025	2025
Hedge ratio*	1:1	1:1
Change in foreign exchange risk component of outstanding hedging instruments during the year (RMB million)	(333)	(1,964)
Change in value of hedged item used to determine hedge effectiveness during the year (RMB million)	383	1,927
Strike rate (USD:RMB range)	6.6100–7.0250	6.6000–7.0960
Strike rate (HKD:RMB range)	N/A	0.9010

(d) Derivative financial instruments — Cross currency swaps

	2021	2020
Carrying amount (RMB million)	—	(80)
Notional amount (RMB million)	—	1,766
Maturity date	—	19 October 2021
Hedge ratio*	1:1	1:1
Change in foreign exchange risk component of outstanding hedging instruments during the year (RMB million)	(23)	(261)
Change in value of hedged item used to determine hedge effectiveness during the year (RMB million)	26	233
Strike rate (HKD:RMB range)	—	0.8600–0.8760

* The foreign currency option contracts, foreign exchange structured derivatives contracts, foreign exchange forward contracts and cross currency swap are denominated in the same currency as the highly probable future debt payments (USD and HKD), therefore the hedge ratio is 1:1.

20 Derivative financial instruments (Continued)**(e) Reserves**

	2021 RMB million	2020 RMB million
<u>Cash flow hedge reserve</u>		
At 1 January	(130)	(15)
Change in fair value of hedging instrument recognised in other comprehensive income for the year (effective portion)	(837)	(3,469)
Reclassified to profit or loss	847	3,354
At 31 December	(120)	(130)
	2021 RMB million	2020 RMB million
<u>Deferred costs of hedging reserve — deferred time value</u>		
At 1 January	686	(157)
(Losses)/gains of hedging deferred for the year	(556)	433
Reclassified to profit or loss	323	410
At 31 December	453	686

- (f) In November 2018, the Group entered into call option transactions involving: i) the sale of call options by certain third parties to the Group with a strike price equal to the conversion price of the 2023 Convertible Bonds at a total premium of approximately HKD2,793 million (the “Purchased Call Options”); and ii) the sale of call options by the Group to certain third parties with a strike price of HKD17.908 (subsequent adjusted to HKD16.94) at a total premium of approximately HKD1,528 million (the “Written Call Options”). The Purchased Call Options and the Written Call Options are expected generally to reduce or offset the potential dilution upon conversion of the 2023 Convertible Bonds and/or offset any cash payments the Group is required to make in excess of the principal amount of the 2023 Convertible Bonds being converted, as the case may be. The Purchased Call Options and the Written Call Options will cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2023 Convertible Bonds, the equivalent number of ordinary shares of the Company underlying the 2023 Convertible Bonds. The premium paid for the Purchased Call Options and the premium received and receivable for the Written Call Options are accounted for as derivative financial assets and other reserve within equity (note 27) respectively in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Senior notes

	2021 RMB million	2020 RMB million
At 1 January	73,410	64,893
Additions (note (a))	12,240	24,131
Early redemption/repurchase (note (a))	(7,915)	(5,151)
Repayment upon maturity (note (a))	(950)	(6,233)
Interest expenses	4,201	4,398
Coupon interest paid	(3,964)	(3,735)
Exchange differences	(1,953)	(4,893)
At 31 December	75,069	73,410
Less: current portion included in current liabilities	(8,283)	(2,219)
Included in non-current liabilities	66,786	71,191

Senior notes were repayable as follows:

	2021 RMB million	2020 RMB million
Within 1 year	8,283	2,219
Between 1 and 2 years	3,946	10,881
Between 2 and 5 years	45,778	33,014
Over 5 years	17,062	27,296
	75,069	73,410

21 Senior notes (Continued)**(a) The Group has issued the following senior notes:**

Name of notes	Par value million	Interest rate	Issue date	Term of the notes
Carried forward from prior years and remained outstanding at 31 December 2021:				
2026 Notes	USD324	5.625%	15 December 2016	10 years
2022 Notes	USD700	4.750%	25 July 2017	5 years
2023 Notes III — tranche I	USD250	4.750%	17 January 2018	5 years
2023 Notes III — tranche II*	USD375	4.750%	31 July 2018	4.5 years
2025 Notes — tranche I	USD600	5.125%	17 January 2018	7 years
2025 Notes — tranche II**	USD150	5.125%	4 September 2018	6.4 years
2022 Notes II	USD411	7.125%	27 September 2018	3.5 years
2024 Notes — tranche I	USD550	8.000%	27 September 2018	5.5 years
2024 Notes — tranche II***	USD450	8.000%	25 January 2019	5 years
2024 Notes II	USD550	6.500%	08 April 2019	5 years
2026 Notes II — tranche I	USD950	7.250%	08 April 2019	7 years
2026 Notes II — tranche II****	USD400	7.250%	18 July 2019	6.7 years
2025 Notes II	USD500	6.150%	17 September 2019	6 years
2027 Notes	USD550	5.125%	14 January 2020	7 years
2030 Notes	USD450	5.625%	14 January 2020	10 years
2025 Notes III	USD544	5.400%	27 May 2020	5 years
2026 Notes III	USD500	4.200%	06 August 2020	5.5 years
2030 Notes II	USD500	4.800%	06 August 2020	10 years
2025 Notes IV	USD500	3.125%	22 October 2020	5 years
2030 Notes III	USD500	3.875%	22 October 2020	10 years
Issued during the year:				
2026 Notes IV	USD500	2.700%	12 January 2021	5.5 years
2031 Notes	USD700	3.300%	12 January 2021	10 years
2025 Notes IV — tranche II*****	USD500	3.125%	18 May 2021	4.4 years
2026 Notes IV — tranche II*****	USD200	2.700%	20 July 2021	5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Senior notes (Continued)

(a) The Group has issued the following senior notes: (Continued)

Name of notes	Par value million	Interest rate	Issue date	Term of the notes
Repaid during the year on maturity:				
2021 Notes II	RMB950	5.800%	12 March 2018	3 years
Early redemption during the year:				
2022 Notes III (note (ii))	USD550	7.125%	25 January 2019	3 years
2023 Notes II (note (iii))	USD650	4.750%	28 September 2016	7 years
2026 Notes (note(iv))	USD26	5.625%	15 December 2016	10 years
Repurchase during the year:				
2022 Notes II (note(v))	USD14	7.125%	27 September 2018	3.5 years

* 2023 Notes III — tranche II was consolidated and form a single series with the 2023 Notes III — tranche I.

** 2025 Notes — tranche II was consolidated and form a single series with the 2025 Notes — tranche I.

*** 2024 Notes — tranche II was consolidated and form a single series with the 2024 Notes — tranche I.

**** 2026 Notes II — tranche II was consolidated and form a single series with the 2026 Notes II — tranche I.

***** 2025 Note IV — tranche II was consolidated and form a single series with the 2025 Notes IV.

***** 2026 Notes IV — tranche II was consolidated and form a single series with the 2026 Notes IV.

(i) The weighted average effective interest rate of the senior notes is 5.59% (2020: 6.08%).

(ii) On 5 February 2021 (the "Redemption Date I"), all the outstanding 2022 Notes III were early redeemed at a redemption price equal to 103.5625% of the principal amount thereof, plus accrued and unpaid interest of approximately USD1 million up to the Redemption Date I. The total redemption price paid by the Company on the Redemption Date I was approximately USD571 million. The excess of the redemption price over the carrying amount of the 2022 Notes III amounting to USD549 million (equivalent to approximately RMB3,545 million), on the Redemption Date I, which is approximately USD22 million (equivalent to approximately RMB141 million), was charged to profit or loss under 'finance income — net'.

21 Senior notes (Continued)**(a) The Group has issued the following senior notes: (Continued)**

- (iii) On 11 June 2021 (the "Redemption Date II"), all the outstanding 2023 Notes II were early redeemed at a redemption price equal to 102.375% of the principal amount thereof, plus accrued and unpaid interest of approximately USD6 million up to the Redemption Date II. The total redemption price paid by the Company on the Redemption Date II was approximately USD672 million. The excess of the redemption price over the carrying amount of the 2023 Notes II amounting to USD651 million (equivalent to approximately RMB4,112 million) on the Redemption Date II, which is approximately USD21 million (equivalent to approximately RMB137 million), was charged to profit or loss under 'finance income — net'.
- (iv) On 15 December 2021 (the "Redemption Date III"), the outstanding 2026 Notes were partially redeemed at a redemption price equal to 100% of the principal amount redeemed thereof. The total redemption price paid by the Company on the Redemption Date III was approximately USD26.3 million. The excess of the redemption price over the carrying amount of the 2026 Notes amounting to USD26.1 million (equivalent to approximately RMB167 million) on the Redemption Date III, which is approximately USD0.2 million (equivalent to approximately RMB1 million), was charged to profit or loss under 'finance income — net'.
- (v) On 20 Dec 2021 and 21 Dec 2021 (the "Repurchase Date I & Repurchase Date II"), the outstanding 2022 Notes II were partially repurchased in the open market at repurchase prices equal to 100.5% and 100% of the principal amount of the 2022 Notes II. The total repurchase price paid by the Company on the Repurchase Date I & Repurchase Date II was approximately USD14.4 million. The excess of the repurchase price over the carrying amount of the 2022 Notes II amounting to USD14.3 million (equivalent to approximately RMB91 million) on the Repurchase Date I & Repurchase Date II, which is approximately USD0.1 million (equivalent to approximately RMB0.6 million), was charged to profit or loss under 'finance income — net'.

- (b) As at 31 December 2021, all senior notes are listed on the SGX, and contain various early redemption options and put option.

Early redemption options exercisable by the Group are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption options was insignificant on initial recognition date and at 31 December 2021 and 2020.

The fair values of the senior notes at 31 December 2021 were approximately RMB66,059 million (2020: RMB77,724 million). The fair value is calculated using the market prices of the senior notes on the date of consolidated statement of financial position as they are listed on SGX and the fair value measurement is categorised within level 1 of the fair value hierarchy.

- (c) The Group's senior notes are guaranteed by certain subsidiaries of the Group and secured by the equity interests in certain subsidiaries of the Group, and subject to the fulfilment of covenants relating to certain debt servicing financial indicators. The Group regularly monitors its compliance with these covenants. As at 31 December 2021, none of these covenants had been breached.

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22 Corporate bonds

	2021 RMB million	2020 RMB million
At 1 January	40,480	46,400
Additions (note (a))	18,899	22,155
Repayment	(24,984)	(28,039)
Interest expenses	1,844	2,723
Coupon interest paid	(1,946)	(2,691)
Exchange differences	(133)	(68)
At 31 December	34,160	40,480
Less: current portion included in current liabilities	(6,345)	(25,784)
Included in non-current liabilities	27,815	14,696

The Group's corporate bonds are repayable as follows:

	2021 RMB million	2020 RMB million
Within 1 year	6,345	25,784
Between 1 and 2 years	23,975	5,226
Between 2 and 5 years	3,687	9,308
Over 5 years	153	162
	34,160	40,480

22 Corporate bonds (Continued)

(a) The Group's corporate bonds comprised the followings as at 31 December 2021:

Name of bonds	Par value RMB million	Interest rate	Issue date	Term of the bonds
RMB corporate bonds tranche IV of the Company issued in 2016 — series II*	3,904	5.65%	2 September 2021	2 years
RMB corporate bonds of Giant Leap issued in 2016 — series II (note (b))*	492	4.50%	21 October 2021	2 years
RMB corporate bonds of Giant Leap issued in 2020 — tranche I (notes (b) and (c))	2,000	4.28%	15 September 2020	4 years
RMB corporate bonds of Giant Leap issued in 2020 — tranche II (notes (b) and (c))	2,000	4.64%	23 November 2020	4 years
RMB corporate bonds of Giant Leap issued in 2021 — tranche I (notes (b) and (c))	2,000	4.27%	8 January 2021	4 years
RMB medium-term notes of Giant Leap issued in 2021 — tranche I (notes (b) and (c))	1,000	4.70%	6 May 2021	4 years
RMB medium-term notes of Giant Leap issued in 2021 — tranche II (notes (b) and (c))	1,270	4.62%	21 July 2021	4 years
RMB medium-term notes of Giant Leap issued in 2021 — tranche III (notes (b) and (c))	800	4.69%	12 August 2021	4 years
RMB corporate bonds of Country Garden Property issued in 2019 — tranche I (note (c))	590	5.03%	2 April 2019	5 years
RMB corporate bonds of Country Garden Property issued in 2019 — tranche II*	2,209	4.50%	1 August 2021	2 years
RMB corporate bonds of Country Garden Property issued in 2019 — tranche III*	993	4.98%	20 November 2021	2 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Corporate bonds (Continued)

(a) The Group's corporate bonds comprised the followings as at 31 December 2021: (Continued)

Name of bonds	Par value RMB million	Interest rate	Issue date	Term of the bonds
RMB corporate bonds of Country Garden Property issued in 2020 — tranche I (note (c))	3,400	4.20%	1 April 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche II (note (c))	1,360	4.19%	7 July 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche III (note (c))	2,000	4.38%	24 September 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche IV (note (c))	1,778	4.15%	3 November 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2021 — tranche I (note (c))	2,000	4.80%	12 March 2021	5 years
RMB corporate bonds of Country Garden Property issued in 2021 — tranche II (note (c))	1,100	4.80%	15 June 2021	5 years
RMB corporate bonds of Country Garden Property issued in 2021 — tranche III (note (c))	1,435	4.33%	14 September 2021	4 years
RMB corporate bonds of Country Garden Property issued in 2021 — tranche IV (note (c))	1,000	6.30%	17 December 2021	4 years

22 Corporate bonds (Continued)**(a)** The Group's corporate bonds comprised the followings as at 31 December 2021: *(Continued)*

Name of bonds	Par value RMB million	Interest rate	Issue date	Term of the bonds
RM private corporate bonds of Malaysia Country Garden issued in 2018 (note (b))	325	6.60%	23 February 2018	5 years
RM private corporate bonds of Malaysia Country Garden issued in 2019 — tranche III (note (b))	213	6.40%	18 March 2019	3 years
RM private corporate bonds of Malaysia Country Garden issued in 2019 — tranche IV (note (b))	116	6.40%	8 May 2019	3 years
RM private corporate bonds of Malaysia Country Garden issued in 2020 — tranche V (note (b))	166	5.70%	2 March 2020	7 years
RM private corporate bonds of Malaysia Country Garden issued in 2021 — tranche VI (note (b))	160	3.75%	4 March 2021	1 year
RM private corporate bonds of Malaysia Country Garden issued in 2020 — tranche VII (note (b))	481	5.25%	27 March 2020	5 years
RM private corporate bonds of Malaysia Country Garden issued in 2021 — tranche VIII (note (b))	158	3.75%	5 April 2021	1 year
RM private corporate bonds of Malaysia Country Garden issued in 2021 — tranche IX (note (b))	79	4.90%	4 May 2021	5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Corporate bonds (Continued)

(a) The Group's corporate bonds comprised the followings as at 31 December 2021: (Continued)

Name of bonds	Par value RMB million	Interest rate	Issue date	Term of the bonds
RM private corporate bonds of Malaysia Country Garden issued in 2021 — tranche X (note (b))	92	4.13%	26 July 2021	1 year
THB private corporate bonds of Risland (Thailand) Company Limited issued in 2019 (note (b))	334	4.75%	24 July 2019	3 years
The Guaranteed Debentures of Risland (Thailand) Company Limited No. 1/2564 Tranche 2 Due B.E. 2566 (note (b))	76	4.00%	29 September 2021	2 years
The Guaranteed Debentures of Risland (Thailand) Company Limited No. 1/2564 Tranche 1 Due B.E. 2565 (note (b))	110	3.70%	1 October 2021	1 year
The Guaranteed Debentures of Risland (Thailand) Company Limited No. 1/2564 Tranche 3 Due B.E. 2567 (note (b))	72	4.75%	1 October 2021	3 years

* Refinanced during the year

The weighted average effective interest rate of the corporate bonds is 4.85% (2020: 5.10%).

(b) The corporate bonds issued by Giant Leap, Malaysia Country Garden and Risland (Thailand) Company Limited were guaranteed by certain subsidiaries of the Group.

22 Corporate bonds (Continued)

- (c) RMB corporate bonds of Giant Leap issued in 2020 — tranche I, RMB corporate bonds of Giant Leap issued in 2020 — tranche II, RMB corporate bonds of Giant Leap issued in 2021 — tranche I, RMB medium-term notes of Giant Leap issued in 2021 — tranche I, RMB medium-term notes of Giant Leap issued in 2021 — tranche II, RMB medium-term notes of Giant Leap issued in 2021 — tranche III, RMB corporate bonds of Country Garden Property issued in 2019 — tranche I and RMB corporate bonds issued in 2020 and 2021 by Country Garden Property contain a debt component, put options and coupon rate adjustment options.

Debt component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The directors of the Company consider that the fair values of the above put options and coupon rate adjustment options were insignificant on initial recognition date and at 31 December 2021 and 2020.

- (d) Certain corporate bonds will mature within one year to the contractual repricing dates, which is included in current liabilities of the consolidated statement of financial position.

The fair values of the corporate bonds at 31 December 2021 were RMB33,047 million (2020: RMB 41,131 million). All RMB public corporate bonds issued by Giant Leap and Country Garden Property are categorised within level 1 of the fair value hierarchy as they are listed on the Shanghai Stock Exchange, Shenzhen Stock Exchange and National Association of Financial Market Institutional Investors. The fair value measurement of other corporate bonds is categorised within level 3 of the fair value hierarchy as they are private placements. The fair values of these corporate bonds are calculated based on the discounted cash flows of the principal and interest payments.

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23 Convertible bonds

On 21 November 2018, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD7,830 million (equivalent to approximately RMB6,868 million) due 5 December 2023 (the “2023 Convertible Bonds”), with an initial conversion price of HKD12.584 per share. On 5 December 2018, the 2023 Convertible Bonds were issued. The conversion price was subsequently modified to HKD10.47 per share as a result of payment of dividend in 2020 and 2021. The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Company. As at 31 December 2021, the fair value of the embedded financial derivative of convertible bond was RMB200 million (2020: RMB1,563 million) (note 20).

Movement of the 2023 Convertible Bonds is set out as follows:

	2021 RMB million	2020 RMB million
Liability component as at 1 January	5,272	5,517
Early redemption	(3,245)	(223)
Interest expenses	577	595
Coupon interest paid	(278)	(304)
Exchange differences	(158)	(313)
Liability component as at 31 December	2,168	5,272
Less: current portion included in current liabilities	(8)	(20)
Included in non-current liabilities	2,160	5,252

Interest expenses are calculated by applying the effective interest rate of 11.84% (2020: 11.84%) per annum to the liability component.

- (a) The 2023 Convertible Bonds are guaranteed by the Company and certain subsidiaries of the Group and secured by the equity interests in certain subsidiaries of the Group.
- (b) As at 31 December 2021, there has been no conversion of the 2023 Convertible Bonds. The Group partially redeemed the 2023 Convertible Bonds at a redemption price equal to 100% of the principal amount redeemed, with an aggregate redemption amount of HKD4,524 million during 2021. The early redemption cost was approximately RMB47 million.

24 Bank and other borrowings

	2021 RMB million	2020 RMB million
Non-current liabilities:		
— secured	144,788	121,768
— unsecured	50,195	66,478
Less: current portion of non-current liabilities	(52,840)	(49,141)
	142,143	139,105
Included in current liabilities:		
— secured	4,401	10,340
— unsecured	7,141	8,737
Current portion of non-current liabilities	52,840	49,141
	64,382	68,218
Total bank and other borrowings	206,525	207,323

The Group's borrowings as at 31 December 2021 of RMB149,189 million (2020: RMB132,108 million) were secured by the Group's certain properties (note 6), right-of-use assets and equipment (note 8) with total carrying values of RMB103,354 million (2020: RMB87,099 million), and/or equity investment interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Bank and other borrowings (Continued)

At 31 December 2021, the Group's bank and other borrowings were repayable as follows:

	2021 RMB million	2020 RMB million
Within 1 year	64,382	68,218
Between 1 and 2 years	83,971	74,012
Between 2 and 5 years	55,034	58,868
Over 5 years	3,138	6,225
	206,525	207,323

The weighted average effective interest rate for the year ended 31 December 2021 was 5.68% per annum (2020: 6.36% per annum).

The carrying amounts of the bank and other borrowings approximated their fair values as these borrowings are mainly floating-rate borrowings.

The carrying amounts of the bank and other borrowings are denominated in the following currencies:

	2021 RMB million	2020 RMB million
RMB	161,301	159,982
HKD	20,258	16,543
USD	20,228	22,851
RM	3,176	3,397
Others	1,562	4,550
	206,525	207,323

Certain of the Group's bank and other borrowings are subject to the fulfilment of covenants relating to certain debt servicing financial indicators. The Group regularly monitors its compliance with these covenants. As at 31 December 2021, none of these covenants had been breached.

25 Share capital and premium

	Number of ordinary shares million	Nominal value of ordinary shares HKD million	Equivalent nominal value of ordinary shares RMB million	Share premium RMB million	Total RMB million	Treasury shares RMB million	Group total RMB million
Authorised							
At 1 January 2020, 31 December 2020 and 2021, HKD0.10 per share	100,000	10,000					
Issued and fully paid							
At 1 January 2020	21,845	2,184	2,050	30,053	32,103	(2,352)	29,751
Issue of shares as a result of scrip dividend	162	16	15	1,451	1,466	—	1,466
Exercise of employee share schemes	28	3	2	183	185	93	278
At 31 December 2020	22,035	2,203	2,067	31,687	33,754	(2,259)	31,495
Issued and fully paid							
At 1 January 2021	22,035	2,203	2,067	31,687	33,754	(2,259)	31,495
Issue of shares as a result of scrip dividend (note 34)	1,100	110	91	7,199	7,290	(127)	7,163
Exercise of employee share schemes	13	1	1	42	43	86	129
At 31 December 2021	23,148	2,314	2,159	38,928	41,087	(2,300)	38,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Employee share schemes

The share-based compensation expenses recognised during the year are as follows:

	2021 RMB million	2020 RMB million
Share option scheme	36	145
Share award scheme	448	260
	484	405

(a) Share option scheme

Since 13 December 2013, the Group granted certain share options to certain directors of the Company and employees in connection with a profit sharing incentive scheme (the "Incentive Scheme") adopted by the Group. Pursuant to the Incentive Scheme, certain portion of the bonus calculated in accordance with the Incentive Scheme to certain senior management and employees is settled in cash, while the remaining portion is settled in the Company's shares as the consideration for the costs to exercise the share options. The vesting period of the share options is generally 5 years from their respective grant dates. The fair value of the share options at the grant date approximated the portion of bonus which is to be settled in the Company's shares.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2021 Weighted-average exercise price (HKD per share)	Number of options	2020 Weighted-average exercise price (HKD per share)	Number of options
At 1 January	7.981	17,863,579	8.884	27,229,877
Granted	9.685	20,199,633	9.108	19,970,881
Exercised	9.071	(13,073,173)	9.743	(28,412,545)
Lapsed	—	—	4.773	(924,634)
At 31 December	8,788	24,990,039	7.981	17,863,579

26 Employee share schemes (Continued)**(a) Share option scheme (Continued)**

Particulars of share options outstanding as at 31 December 2021 are as follows:

Date of grant	Expiry date	Exercise price in HKD per share	Number of share options granted	Number of share options lapsed	Number of share options exercised	Number of share options cancelled	Number of share options outstanding
30 November 2012	29 November 2022	3.646	3,044,358	—	3,044,358	—	—
13 December 2013	12 December 2023	4.773	6,264,738	1,468,704	3,018,853	—	1,777,181
16 March 2016	15 March 2026	3.332	2,431,903	—	925,676	—	1,506,227
11 May 2016	10 May 2026	3.106	1,599,861	—	—	—	1,599,861
19 August 2016	18 August 2026	3.740	1,265,081	—	449,031	—	816,050
22 May 2017	21 May 2027	8.250	2,895,406	—	—	—	2,895,406
24 August 2017	23 August 2027	10.100	978,409	—	—	—	978,409
8 December 2017	7 December 2027	12.980	659,817	—	—	—	659,817
21 March 2018	20 March 2028	16.460	948,535	—	—	—	948,535
10 May 2018	9 May 2028	16.280	258,092	—	—	—	258,092
18 May 2018	17 May 2028	16.720	6,517,965	—	—	6,517,965	—
22 August 2018	21 August 2028	12.240	202,300	—	—	—	202,300
6 December 2018	5 December 2028	9.654	619,907	—	—	—	619,907
25 March 2019	24 March 2029	12.044	12,770,908	—	12,356,027	—	414,881
9 May 2019	8 May 2029	12.408	750,160	—	—	—	750,160
23 August 2019	22 August 2029	9.834	1,039,436	—	—	—	1,039,436
5 December 2019	4 December 2029	11.092	10,464,274	—	9,825,134	—	639,140
30 March 2020	29 March 2030	9.030	18,587,411	—	18,587,411	—	—
12 May 2020	11 May 2030	10.040	523,467	—	—	—	523,467
24 July 2020	23 July 2030	10.160	480,615	—	—	—	480,615
3 December 2020	2 December 2030	10.332	379,388	—	—	—	379,388
26 March 2021	25 March 2031	9.730	13,243,976	—	11,698,466	—	1,545,510
08 June 2021	07 June 2031	9.600	6,955,657	—	—	—	6,955,657
							24,990,039

The Group has to estimate the expected percentage of grantees that will stay within the Group at the end of vesting periods (the “Expected Retention Rate”) of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2021, the Expected Retention Rate was assessed to be 100% (2020: 100%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Employee share schemes (Continued)

(b) Share award scheme

Pursuant to the Incentive Scheme, certain portion of the bonus to certain senior management and employees, calculated in accordance with the Incentive Scheme is settled in cash, while the remaining portion is settled in the Company's shares (the "Awarded Shares"). The vesting period of the Awarded Shares is 5 years from their respective grant dates.

The Group planned to use treasury shares to award the grantees of the Awarded Shares. The Awarded Shares are held by a wholly-owned subsidiary of the Company, on behalf of these senior management and employees until the end of vesting periods.

The fair value of these Awarded Shares at the grant date approximated the portion of bonus which is to be settled in the Company's shares.

Movements in the number of Awarded Shares are as follows:

	2021	2020
At 1 January	172,460,782	152,433,711
Granted	32,594,406	42,651,245
Lapsed	(9,548,961)	(11,363,690)
Exercised	(11,068,307)	(11,260,484)
At 31 December	184,437,920	172,460,782

The Group has to estimate the Expected Retention Rate of the share award scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2021, the Expected Retention Rate was assessed to be 100% (2020: 100%).

27 Other reserves and retained earnings

	Merger reserve RMB million (note (a))	Statutory reserve RMB million (note (b))	Share option reserve RMB million	FVOCI reserve RMB million	Currency translation reserve RMB million	Revaluation reserve RMB million	Cash flow hedge reserve RMB million	Deferred costs of hedging reserve RMB million	Others RMB million	Total other reserves RMB million	Retained earnings RMB million	Total RMB million
Balance at 1 January 2021	(150)	17,699	1,424	1,088	(1,752)	869	(130)	686	(2,277)	17,457	126,150	143,607
Profit for the year	—	—	—	—	—	—	—	—	—	—	26,797	26,797
Transfer to statutory reserve (note (b))	—	7,079	—	—	—	—	—	—	—	7,079	(7,079)	—
Issue of shares as a result of scrip dividend	—	—	—	—	—	—	—	—	—	—	(7,163)	(7,163)
Cash dividends	—	—	—	—	—	—	—	—	—	—	(2,934)	(2,934)
Revaluation gains on investment properties upon transfers from right-of-use assets	—	—	—	—	—	20	—	—	—	20	—	20
Employee share scheme — Value of employee services (note 26)	—	—	484	—	—	—	—	—	—	484	—	484
— Exercise of employee share schemes	—	—	(33)	—	—	—	—	—	—	(33)	—	(33)
Changes in fair value of financial assets at FVOCI	—	—	—	409	—	—	—	—	—	409	—	409
Disposals of financial assets at FVOCI	—	—	—	(1,447)	—	—	—	—	—	(1,447)	1,447	—
Partial cancellation of written call options	—	—	—	—	—	—	—	—	(53)	(53)	3	(50)
Changes in ownership interests in subsidiaries without change of control (note 39)	—	—	—	—	—	—	—	—	(413)	(413)	—	(413)
Currency translation differences	—	—	—	—	(552)	—	—	—	—	(552)	—	(552)
Disposals of subsidiaries	—	(37)	—	—	—	—	—	—	—	(37)	37	—
Deferred gains on cash flow hedges	—	—	—	—	—	—	10	—	—	10	—	10
Deferred costs of hedging	—	—	—	—	—	—	—	(233)	—	(233)	—	(233)
Balance at 31 December 2021	(150)	24,741	1,875	50	(2,304)	889	(120)	453	(2,743)	22,691	137,258	159,949

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Other reserves and retained earnings (Continued)

	Merger reserve RMB million (note (a))	Statutory reserve RMB million (note (b))	Share option reserve RMB million	FVOCI reserve RMB million	Currency translation reserve RMB million	Revaluation reserve RMB million	Cash flow hedge reserve RMB million	Deferred costs of hedging reserve RMB million	Others RMB million	Total other reserves RMB million	Retained earnings RMB million	Total RMB million
Balance at 1 January 2020	(150)	11,030	1,044	272	(1,101)	960	(15)	(157)	589	12,472	109,716	122,188
Profit for the year	—	—	—	—	—	—	—	—	—	—	35,022	35,022
Transfer to statutory reserve (note (b))	—	6,831	—	—	—	—	—	—	—	6,831	(6,831)	—
Issue of shares as a result of scrip dividend	—	—	—	—	—	—	—	—	—	—	(1,466)	(1,466)
Cash dividends	—	—	—	—	—	—	—	—	—	—	(10,554)	(10,554)
Employee share scheme												
— Value of employee services (note 26)	—	—	405	—	—	—	—	—	—	405	—	405
— Exercise of employee share schemes	—	—	(25)	—	—	—	—	—	—	(25)	—	(25)
Changes in fair value of financial assets at FVOCI	—	—	—	826	—	—	—	—	—	826	—	826
Disposals of financial assets at FVOCI	—	—	—	(10)	—	—	—	—	—	(10)	10	—
Changes in ownership interests in subsidiaries without change of control	—	—	—	—	—	—	—	—	(2,866)	(2,866)	—	(2,866)
Currency translation differences	—	—	—	—	(651)	—	—	—	—	(651)	—	(651)
Disposal of subsidiaries	—	(162)	—	—	—	(91)	—	—	—	(253)	253	—
Deferred losses on cash flow hedges	—	—	—	—	—	—	(115)	—	—	(115)	—	(115)
Deferred gains of hedging	—	—	—	—	—	—	—	843	—	843	—	843
Balance at 31 December 2020	(150)	17,699	1,424	1,088	(1,752)	869	(130)	686	(2,277)	17,457	126,150	143,607

Notes:

- (a) Merger reserve of the Group represented the difference between the share capital of subsidiaries acquired pursuant to a group reorganisation undertaken for the listing of Company on the Main Board of The Stock Exchange of Hong Kong Limited in 2007 over the nominal value of shares of the Company issued in exchange thereof.
- (b) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in Mainland China and the articles of association of certain subsidiaries in Mainland China of the Group, the subsidiaries are required to transfer certain portion of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

28 Deferred income tax

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

	2021 RMB million	2020 RMB million
Deferred income tax assets	40,057	36,466
Deferred income tax liabilities	(28,123)	(32,472)
	11,934	3,994

The movement on the net deferred income tax account is as follows:

	2021 RMB million	2020 RMB million
At 1 January	3,994	(5,732)
Acquisitions of subsidiaries (note 41)	(1,276)	(4,054)
Disposals of subsidiaries	(392)	965
Credited/(charged) to other comprehensive income	77	(31)
Credited to profit or loss (note 33)	9,531	12,846
At 31 December	11,934	3,994

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Deferred income tax (Continued)

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

Deferred income tax assets:

	Impairment of assets RMB million	Business combinations RMB million	Recognition of expenses RMB million	Elimination of unrealised profits RMB million	Tax losses RMB million	Prepaid income tax RMB million	Total RMB million
At 1 January 2020	1,329	142	791	1,330	17,093	6,346	27,031
Acquisitions of subsidiaries	—	166	—	—	—	—	166
Disposals of subsidiaries	—	—	—	—	(130)	(84)	(214)
Credited to profit or loss	902	—	207	793	3,900	3,681	9,483
At 31 December 2020	2,231	308	998	2,123	20,863	9,943	36,466
At 1 January 2021	2,231	308	998	2,123	20,863	9,943	36,466
Acquisitions of subsidiaries (note 41)	—	804	—	—	—	—	804
Disposals of subsidiaries	—	(227)	—	—	(391)	(592)	(1,210)
Credited/(charged) to profit or loss	2,515	—	(706)	120	2,823	(755)	3,997
At 31 December 2021	4,746	885	292	2,243	23,295	8,596	40,057

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets as at 31 December 2021 of RMB18 million (2020: RMB40 million) in respect of accumulated tax losses amounting to RMB70 million as at 31 December 2021 (2020: RMB158 million).

28 Deferred income tax (Continued)

Deferred income tax liabilities:

	Business combination RMB million	Recognition of revenue over time RMB million	Withholding income tax on profit to be distributed in future RMB million	Fair value changes on investment properties RMB million	Others RMB million	Total RMB million
At 1 January 2020	(14,614)	(14,316)	(2,088)	(1,315)	(430)	(32,763)
Acquisitions of subsidiaries	(4,220)	—	—	—	—	(4,220)
Disposals of subsidiaries	1,149	—	—	30	—	1,179
Charged to other comprehensive income	—	—	—	—	(31)	(31)
Credited/(charged) to profit or loss	2,349	1,040	39	(3)	(62)	3,363
At 31 December 2020	(15,336)	(13,276)	(2,049)	(1,288)	(523)	(32,472)
At 1 January 2021	(15,336)	(13,276)	(2,049)	(1,288)	(523)	(32,472)
Acquisitions of subsidiaries (note 41)	(2,080)	—	—	—	—	(2,080)
Disposals of subsidiaries	818	—	—	—	—	818
Credited to other comprehensive income	—	—	—	—	77	77
Credited/(charged) to profit or loss	3,743	1,811	151	57	(228)	5,534
At 31 December 2021	(12,855)	(11,465)	(1,898)	(1,231)	(674)	(28,123)

As at 31 December 2021, the retained earnings of the Group's subsidiaries not yet remitted to holding companies incorporated outside Mainland China, for which no deferred income tax liability had been provided, were approximately RMB152,228 million (2020: RMB133,779 million). Such earnings are expected to be retained by the subsidiaries in Mainland China for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Other income and gains — net

	2021 RMB million	2020 RMB million
Other income		
— Management and other related service income	1,117	1,064
— Forfeiture income	201	148
— Government subsidy income	540	390
	1,858	1,602
Other (losses)/gains		
— Gains arising from negative goodwill (note 41)	452	856
— Changes in fair value of derivative financial instruments	(118)	(488)
— (Losses)/gains on disposals of subsidiaries (note 40)	(79)	849
— (Losses)/gains on disposals of property, plant and equipment (note 35(b))	(33)	37
— Others	(443)	(40)
	(221)	1,214
Total other income and gains — net	1,637	2,816

30 Expenses by nature

	2021 RMB million	2020 RMB million
Cost of properties sold	426,908	358,999
Other taxes and levies	3,000	2,888
Sales commission to agents	4,001	3,414
Advertising and promotion costs	3,725	3,654
Employee benefit expenses (note 31)	16,919	15,697
Property management and other services expenses	2,038	1,163
Donations	1,097	1,574
Depreciation of property, plant and equipment (note 6)	1,815	1,536
Amortisation of intangible assets	266	203
Depreciation of right-of-use assets	306	328
Auditor's remuneration	27	27
— Audit services	21	19
— Non-audit services	6	8
Others	2,322	2,788
Total cost of sales, selling and marketing costs, administrative expenses and research and development expenses	462,424	392,271

Notes:

- (a) The subsidiaries in Mainland China of the Group are subject to value-added tax ("VAT") on their revenues. The applicable tax rates are as follows:

Category	Rate of VAT
Sales of properties (i)	5%, 9%
Property construction (i)	3%, 9%
Property investment (i)	5%, 9%
Property management (ii)	3%, 6%
Hotel service (ii)	3%, 6%

- (i) VAT for sales of properties and income from property investment, in the case that the construction of properties commenced or the investment property was acquired before 1 May 2016, is calculated at a tax rate of 5% based on a simple method. VAT for small-scale VAT payer of property construction is 3%.
- (ii) The rates of VAT for general VAT payers and small-scale VAT payers of property management and hotel service are 6% and 3%, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 Employee benefit expenses

	2021 RMB million	2020 RMB million
Wages and salaries	25,334	23,360
Contributions to pension plans (note (a))	174	160
Staff welfare	397	366
Medical benefits	347	320
Share-based compensation expenses (note 26)	484	405
Other allowances and benefits	99	92
	26,835	24,703
Less: capitalised in properties under development	(9,916)	(9,006)
	16,919	15,697

Notes:

(a) Contributions to pension plans

Employees in the Group's subsidiaries in Mainland China 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 as agreed by local municipal governments to the scheme to fund the retirement benefits of the employees.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2020: one) directors of the Company whose emoluments are reflected in the analysis shown in note 45. The emoluments payable to the remaining three (2020: four) individuals during the year are as follows:

	2021 RMB million	2020 RMB million
Salaries	12	16
Discretionary bonuses	103	173
Other benefits and share-based compensation expenses	130	121
	245	310

31 Employee benefit expenses (Continued)**(b) Five highest paid individuals (Continued)**

The emoluments fell within the following bands:

	Number of individuals	
	2021	2020
HKD58,500,001 to HKD59,000,000	1	—
HKD75,000,001 to HKD75,500,000	—	1
HKD75,500,001 to HKD76,000,000	—	1
HKD79,500,001 to HKD80,000,000	—	1
HKD88,000,001 to HKD88,500,000	1	—
HKD125,000,001 to HKD130,000,000	—	1
HKD147,500,001 to HKD148,000,000	1	—

32 Finance income — net

	2021 RMB million	2020 RMB million
Finance income:		
— Interest income on bank deposits and others	2,138	4,102
— Net foreign exchange gains	1,686	3,242
	3,824	7,344
Finance costs:		
— Interest expenses for bank borrowings, senior notes, corporate bonds and others	(18,076)	(23,229)
— Interest expenses for lease liabilities	(35)	(49)
	(18,111)	(23,278)
Less: amounts capitalised on qualifying assets	18,111	23,278
	—	—
— Early redemption costs of senior notes (note 21) and convertible bonds (note 23)	(327)	(38)
Finance income — net	3,497	7,306

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 Income tax expenses

	2021 RMB million	2020 RMB million
Current income tax		
— Corporate income tax	22,915	28,331
— Land appreciation tax (note (c))	14,583	15,926
	37,498	44,257
Deferred income tax (note 28)	(9,531)	(12,846)
	27,967	31,411

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 Group companies as follows:

	2021 RMB million	2020 RMB million
Profit before income tax	68,949	85,529
Tax calculated at Mainland China corporate income tax rate of 25% (2020: 25%)	17,237	21,382
Different tax rates applicable to different subsidiaries of the Group	(129)	(68)
Land appreciation tax deductible for calculation of income tax purpose	(3,366)	(3,814)
Effects of share of post-tax results of joint ventures and associates	(1,263)	(1,565)
Income not subject to tax	(766)	(1,139)
Expenses not deductible for tax purpose	2,942	1,398
	14,655	16,194
Withholding income tax (note (d))	(151)	(39)
Land appreciation tax (note (c))	13,463	15,256
Income tax expenses	27,967	31,411

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2020:16.5%) on the estimated assessable profits of the Group's subsidiaries in Hong Kong.
- (b) The Mainland China corporate income tax is 25%.

33 Income tax expenses (Continued)

Notes: (Continued)

- (c) Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land and all property development expenditures.
- (d) Withholding income tax is provided for dividend distributed and undistributed profit of the Mainland China subsidiaries of the Group. The relevant overseas holding companies have successfully obtained endorsement from various Mainland China tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the Mainland China subsidiaries of the Group. Accordingly, withholding income tax has been provided at 5% of the dividends to be distributed by the Mainland China subsidiaries of the Group.

34 Dividends

	2021 RMB million	2020 RMB million
Proposed final dividend of RMB10.12 cents (2020: RMB24.98 cents) per share	2,343	5,508
Interim dividend of RMB20.98 cents (2020: RMB20.55 cents) per share	4,716	4,528
	7,059	10,036

The final dividend in respect of 2020 of RMB24.98 cents (equivalent to HKD30.40 cents) per share was approved in the Annual General Meeting of the Company on 24 May 2021. The final dividend totalling RMB5,508 million has been paid partly in new shares of the Company and partly in cash in August 2021. The number of ordinary shares settled and issued as scrip dividends was 431,490,067 and the total amount of dividend paid as scrip dividends was RMB3,375 million while cash dividend amounted to RMB2,133 million.

On 24 August 2021, the Board declared an interim dividend of RMB20.98 cents per share (2020 interim dividend: RMB20.55 cents per share) with the eligible shareholders being given an option to elect to receive such interim dividend all in new shares of the Company, or partly in new shares of the Company and partly in cash, or all in cash. This interim dividend totalling RMB4,716 million has been paid partly in new shares of the Company and partly in cash in November 2021. The number of ordinary shares settled and issued as scrip dividends was 668,418,980 and the total amount of dividend paid as scrip dividends was RMB3,915 million while cash dividend amounted to RMB801 million.

The Board of Directors recommended the payment of a 2021 final dividend of RMB10.12 cents per share, totalling RMB2,343 million with the eligible shareholders being given an option to elect to receive the final dividend all in new shares of the Company, or partly in new shares of the Company and partly in cash, or all in cash. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These consolidated financial statements do not reflect this dividend payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Cash flow information

(a) Cash generated from operations

	Note	2021 RMB million	2020 RMB million
Profit for the year		40,982	54,118
Adjustments for:			
Income tax expenses	33	27,967	31,411
Interest income on bank deposits and others	32	(2,138)	(4,102)
Early redemption cost of senior notes and convertible bonds	32	327	38
Net foreign exchange gains	32	(1,686)	(3,242)
Depreciation of property, plant and equipment	30	1,815	1,536
Depreciation of right-of-use assets	30	306	328
Amortisation of intangible assets	30	266	203
Losses/(gains) on disposals of property, plant and equipment	29	33	(37)
Net impairment losses on financial and contract assets		1,651	1,449
Share of results of joint ventures and associates	9	(5,053)	(6,258)
Losses/(gains) arising from changes in fair value of and transfer to investment properties	7	227	(13)
Share-based compensation expense	31	484	405
Gains arising from negative goodwill	29	(452)	(856)
Changes in fair value of financial assets at FVTPL		(967)	(696)
Changes in fair value of derivative financial instruments	29	118	488
Losses/(gains) on disposals of subsidiaries	29	79	(849)
		63,959	73,923
Changes in working capital (excluding the effects of acquisitions and disposals of subsidiaries and currency exchange differences on consolidation):			
Properties under development and completed properties held for sale		137,828	(86,928)
Inventories		519	874
Restricted cash		(18,168)	4,585
Trade and other receivables and contract assets and contract acquisition costs		74,911	36,144
Trade and other payables and contract liabilities		(193,298)	14,223
Cash generated from operations		65,751	42,821

35 Cash flow information (Continued)

- (b) In the consolidated cash flow statement, proceeds from disposals of property, plant and equipment comprise:

	2021 RMB million	2020 RMB million
Property, plant and equipment		
Net book amount disposed of (note 6)	575	528
(Losses)/gains on disposals (note 29)	(33)	37
Proceeds from disposals	542	565

(c) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings RMB million	Senior notes RMB million	Corporate bonds RMB million	Convertible bonds RMB million	Derivative financial instruments RMB million	Lease liabilities RMB million	Total RMB million
Liabilities as at 1 January 2021	207,323	73,410	40,480	5,272	2,703	655	329,843
Cash flows							
— Net cash flows from financing activities	(7,147)	3,095	(6,085)	(3,292)	(1,859)	157	(15,131)
— Interest paid	(11,454)	(3,964)	(1,946)	(278)	—	(35)	(17,677)
— Acquisitions of subsidiaries (note 41)	13,440	—	—	—	—	—	13,440
— Disposals of subsidiaries	(6,065)	—	—	—	—	—	(6,065)
Non-cash movements							
— Changes in fair value of derivative financial instruments	—	—	—	—	118	—	118
— Interest expenses	11,454	4,201	1,844	577	—	35	18,111
— Costs on early redemption	—	280	—	47	—	—	327
— Foreign exchange adjustments	(1,026)	(1,953)	(133)	(158)	—	—	(3,270)
— Other non-cash movements	—	—	—	—	479	(120)	359
Liabilities as at 31 December 2021	206,525	75,069	34,160	2,168	1,441	692	320,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Cash flow information (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank and other borrowings RMB million	Senior notes RMB million	Corporate bonds RMB million	Convertible bonds RMB million	Receipts under securitisation arrangements RMB million	Derivative financial instruments RMB million	Lease liabilities RMB million	Total RMB million
Liabilities as at 1 January 2020	252,793	64,893	46,400	5,517	279	(231)	909	370,560
Cash flows								
– Net cash flows from financing activities	(45,570)	12,731	(5,884)	(245)	(279)	(646)	(243)	(40,136)
– Interest paid	(15,510)	(3,735)	(2,691)	(304)	(7)	–	(49)	(22,296)
– Acquisitions of subsidiaries	13,021	–	–	–	–	–	–	13,021
– Disposals of subsidiaries	(10,934)	–	–	–	–	–	–	(10,934)
Non-cash movements								
– Changes in fair value of derivative financial instruments	–	–	–	–	–	488	–	488
– Interest expenses	15,510	4,398	2,723	595	3	–	49	23,278
– Costs on early redemption	–	16	–	22	–	–	–	38
– Foreign exchange adjustments	(1,987)	(4,893)	(68)	(313)	4	–	–	(7,257)
– Other non-cash movements	–	–	–	–	–	3,092	(11)	3,081
Liabilities as at 31 December 2020	207,323	73,410	40,480	5,272	–	2,703	655	329,843

(d) Non-cash investing and financing activities

	2021 RMB million	2020 RMB million
Dividends satisfied by the issue of shares under the scrip dividend scheme (note 25)	7,163	1,466

36 Earnings per share (Continued)**(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares (note 25).

	2021	2020
Profit attributable to owners of the Company (RMB million)	26,797	35,022
Weighted average number of ordinary shares in issue (million)	21,996	21,641
Earnings per share — Basic (RMB yuan per share)	1.22	1.62

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had four categories of dilutive potential ordinary shares: share options, awarded shares, written call options and convertible bonds. For the share options, awarded shares and written call options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options, awarded shares and written call options. The convertible bonds are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company, if applicable. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options, awarded shares and written call options and conversion of convertible bonds. Written call options were excluded from the computation of diluted earnings per share as they are anti-dilutive for the years ended 31 December 2020 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 Earnings per share (Continued)

(b) Diluted (Continued)

	2021	2020
Profit attributable to owners of the Company (RMB million)	26,797	35,022
Interest expense on convertible bonds (RMB million)	602	46
Profit attributable to owners of the Company used to determine diluted earnings per share (RMB million)	27,399	35,068
Weighted average number of ordinary shares in issue (million)	21,996	21,641
Adjustments — share options, awarded shares and convertible bonds (million)	706	730
Weighted average number of ordinary shares for diluted earnings per share (million)	22,702	22,371
Earnings per share — Diluted (RMB yuan per share)	1.21	1.57

37 Guarantees

	2021 RMB million	2020 RMB million
Guarantees in respect of mortgage facilities for certain property buyers (note (a))	383,217	381,302
Guarantees to joint ventures, associates and other related parties in respect of liabilities (note (b))	43,221	64,603
	426,438	445,905

Notes:

- (a) These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain property buyers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) issuance of the real estate ownership certificates which are generally available within three months after the buyers taking possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the property buyers.

The Group considers that in case of default in payments by property buyers, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

- (b) These mainly represented the maximum exposure of the guarantees provided for the borrowings of certain joint ventures and associates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 Commitments

(a) Commitments for capital expenditures

	2021 RMB million	2020 RMB million
Contracted but not provided for: Property, plant and equipment	739	688

(b) Operating lease rentals receivable

The lease terms are between 1 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market price. The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of buildings are as follows:

	2021 RMB million	2020 RMB million
Not later than one year	316	322
Later than one year and not later than two years	224	254
Later than two years and not later than three years	182	203
Later than three years and not later than four years	156	162
Later than four years and not later than five years	143	127
Later than five years	700	564
	1,721	1,632

The investment properties are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements, refer to note 7.

39 Transactions with non-controlling interests

The aggregate effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2021 are as follows:

	2021 RMB million
Changes in equity attributable to owners of the Company arising from:	
— Acquisitions of additional interests in subsidiaries (note (a))	(457)
— Disposals of interests in subsidiaries without loss of control (note (b))	38
— Deemed disposals of interests in subsidiaries without loss of control (note (c))	6
	(413)

- (a) The Group acquired additional equity interests of certain subsidiaries from the respective non-controlling interests for a total cash consideration of RMB1,936 million.

The following table summarises the effect of these acquisitions:

	2021 RMB million
Total carrying amounts of non-controlling interests acquired	1,479
Total consideration	(1,936)
Total difference recognised within equity	(457)

- (b) The Group disposed of certain equity interests of certain subsidiaries for a total cash consideration of RMB4,177 million.

The following table summarises the effect of these disposals:

	2021 RMB million
Total carrying amounts disposed to non-controlling interests	(4,139)
Proceeds from disposals	4,177
Total difference recognised within equity	38

- (c) Certain third parties injected capital which resulted in passive dilution of interests in certain subsidiaries without loss of control. The Group recognised a decrease in equity and an increase in non-controlling interests of RMB6 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 Disposals of subsidiaries

During the year, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposals are as follows:

	RMB million
Disposal consideration	
— Cash received	1,706
— Outstanding and included in other receivables	1,294
— Fair value of investments in joint ventures and associates upon transfers from subsidiaries	1,469
	4,469
Less:	
— Total net assets of subsidiaries disposed of	(5,559)
— Non-controlling interest disposed of	1,011
Losses on disposals (note 29)	(79)
Cash proceeds from disposals, net of cash disposed of	
— Cash considerations received (note (a))	1,706
— Less: cash and cash equivalents in the subsidiaries disposed of	(2,209)
Net cash outflow on disposals	(503)

Note:

(a) These represented cash considerations received related to transactions during the year and in prior years.

41 Business combinations

Business combinations during the year mainly included the acquisitions of interest in various property development companies and acquisitions of additional interests in the joint ventures and associates which were further recognised as the Group's subsidiaries. The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition dates was not disclosed.

41 Business combinations (Continued)

The acquired companies' principal activities are property development and construction. The combined financial information of these acquired companies on the acquisition dates is summarised as follows:

	RMB million
Total consideration	
— Cash	3,760
— Fair value of investments in joint ventures and associates held before business combinations	2,129
	5,889
Total recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	4,366
Restricted cash	4,236
Property, plant and equipment	7
Intangible assets	2
Properties under development and completed properties held for sale	95,113
Trade and other receivables	35,114
Contract assets and contract acquisition costs	1,305
Prepaid income tax	3,155
Deferred income tax assets	804
Bank and other borrowings	(13,440)
Trade and other payables	(27,295)
Contract liabilities	(87,478)
Current income tax liabilities	(6,524)
Deferred income tax liabilities	(2,080)
Total identifiable net assets	7,285
Non-controlling interests	(944)
Negative goodwill	(452)
	5,889
Inflow of cash to acquire business, net of cash acquired	
— Cash considerations	(3,760)
— Cash and cash equivalents in the subsidiaries acquired	4,366
Net cash inflow on business combinations	606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 Business combinations (Continued)

Gains arising from negative goodwill were mainly due to the fact that the sellers had the intention to exit from their investments in these acquired businesses due to various operational reasons or other shareholders intended to cooperate with a leading property developer in the PRC to resolve liquidity issues or bring in industry expertise.

The acquired businesses contributed total revenues of RMB44,428 million and net profit of RMB4,678 million to the Group for the period from their respective acquisition dates to 31 December 2021. Had these companies been consolidated from 1 January 2021, the consolidated income statement would show pro-forma revenue of RMB523,184 million and profit for the year of RMB41,426 million.

42 Related party transactions

The Company is ultimately controlled by Ms. Yang Huiyan (the "Ultimate Controlling Shareholder").

Apart from those related party transactions disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties.

(a) Transactions with related parties

	2021 RMB million	2020 RMB million
(i) Entities controlled or significantly influenced by certain shareholders, certain directors and/or their close family members		
Purchase of design service	3,534	3,333
Construction service income	64	41
Purchase of property management and related services	2,038	1,163
Property lease income	37	—
Other transactions	1,139	1,034
(ii) Joint ventures		
Provision of guarantee in respect of borrowings	38,917	51,632
Construction service income	8,743	6,863
Other transactions	3,418	2,339
(iii) Associates		
Provision of guarantee in respect of borrowings	4,304	12,876
Construction service income	1,099	1,997
Other transactions	1,212	1,384

42 Related party transactions (Continued)**(a) Transactions with related parties (Continued)**

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

(b) Key management compensation

Key management includes directors and chief executive officer of the Company.

	2021 RMB million	2020 RMB million
Fees and salaries	49	56
Discretionary bonuses	95	87
Other benefits and share-based compensation	211	145
	355	288

(c) Balances with related parties

Saved as disclosed in other notes above, the Group had the following significant balances with its related parties:

	2021 RMB million	2020 RMB million
(i) Entities controlled, jointly controlled or significantly influenced by certain shareholders, certain directors and/or their close family members		
Trade and other receivables	1,943	2,214
Contract assets and contract acquisition costs	23	39
Trade and other payables	3,795	3,856
Bank and other borrowing	1,275	—
(ii) Joint ventures		
Trade and other receivables	99,881	82,408
Contract assets and contract acquisition costs	3,449	3,158
Trade and other payables	54,939	57,607
(iii) Associates		
Trade and other receivables	24,609	22,647
Contract assets and contract acquisition costs	937	1,039
Trade and other payables	23,221	25,251

The above balances due from/to related parties are mainly interest free or at interest rate agreed by both parties, unsecured and to be settled according to the contract terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 Related party transactions *(Continued)*

(d) Senior notes

As at 31 December 2021, senior notes with principal amount of USD585 million (equivalent to approximately RMB3,730 million) (2020: USD586 million, equivalent to approximately RMB3,824 million) and USD30 million (equivalent to approximately RMB191 million) (2020: USD25 million, equivalent to approximately RMB163 million) and USD18 million (equivalent to approximately RMB115 million) (2020: USD18 million, equivalent to approximately RMB117 million) were held by Mr. YEUNG Kwok Keung, Mr. MO Bin and Ms. YANG Ziying respectively.

43 Statement of financial position and reserve movement of the Company

	As at 31 December	
	2021	2020
	RMB million	RMB million
Non-current assets		
Investments in subsidiaries	58,854	56,051
Financial assets at fair value through other comprehensive income	2	506
Derivative financial instruments	5	75
	58,861	56,632
Current assets		
Amounts due from subsidiaries	140,659	132,482
Other receivables	433	1,948
Cash and cash equivalents	1,529	1,584
Derivative financial instruments	18	101
	142,639	136,115
Current liabilities		
Amounts due to subsidiaries	32,645	23,595
Other payables	13	346
Senior notes	8,283	2,219
Corporate bonds	73	10,428
Bank and other borrowings	10,226	21,413
Derivative financial instruments	695	1,084
	51,935	59,085
Net current assets	90,704	77,030
Total assets less current liabilities	149,565	133,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 Statement of financial position and reserve movement of the Company (Continued)

	As at 31 December	
	2021 RMB million	2020 RMB million
Non-current liabilities		
Senior notes	66,786	71,191
Corporate bonds	3,904	—
Bank and other borrowings	27,607	17,869
Derivative financial instruments	884	969
	99,181	90,029
Equity		
Share capital and premium	41,263	33,844
Other reserves (note)	2,199	1,970
Retained earnings (note)	6,922	7,819
Total equity	50,384	43,633
Total equity and non-current liabilities	149,565	133,662

The statement of financial position of the Company was approved by the Board of Directors on 30 March 2022 and were signed on its behalf.

MO Bin
Director

YANG Ziyang
Director

43 Statement of financial position and reserve movement of the Company (Continued)

Note:

Reserve movement of the Company

	Other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2021	1,970	7,819	9,789
Profit for the year	—	9,136	9,136
Deferred gains on cash flow hedges	10	—	10
Deferred losses of hedging	(233)	—	(233)
Issue of shares as a result of scrip dividend	—	(7,290)	(7,290)
Cash dividends	—	(2,934)	(2,934)
Employee share schemes			
— Value of employee services	484	—	484
— Exercise of employee share schemes	(33)	—	(33)
Change in fair value of financial assets at FVOCI	192	—	192
Disposal of financial assets at FVOCI	(191)	191	—
At 31 December 2021	2,199	6,922	9,121
At 1 January 2020	992	7,890	8,882
Profit for the year	—	11,940	11,940
Deferred losses on cash flow hedges	(115)	—	(115)
Deferred gains of hedging	843	—	843
Issue of shares as a result of scrip dividend	—	(1,466)	(1,466)
Cash dividends	—	(10,554)	(10,554)
Employee share schemes			
— Value of employee services	405	—	405
— Exercise of employee share schemes	(25)	—	(25)
Change in fair value of financial assets at FVOCI	(121)	—	(121)
Disposal of financial assets at FVOCI	(9)	9	—
At 31 December 2020	1,970	7,819	9,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Particulars of principal subsidiaries

The following is a list of principal subsidiaries at 31 December 2021, all of these are limited liability companies:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Indirectly held by the Company:					
Incorporated in Hong Kong and operates in Hong Kong:					
Country Garden (Hong Kong) Development Company Limited	21 September 2005	HKD20,000,001	100%	0%	Investment holding and rendering of property related sales services
Incorporated in the BVI and operates in Hong Kong:					
Estonia Development Ltd.	21 March 2006	USD200	100%	0%	Investment holding and rendering of property related sales services
Angel View International Limited	7 April 2006	USD200	100%	0%	Investment holding and rendering of property related sales services
Established and operates in Mainland: (Registered as under PRC law)					
Jiangmen Wuyi Country Garden Real Estate Development Co., Ltd. 江門市五邑碧桂園房地產開發有限公司	28 September 2003	RMB863,000,000	100%	0%	Property development
Heshan Country Garden Property Development Co., Ltd. 鶴山市碧桂園物業發展有限公司	22 June 2006	RMB963,000,000	100%	0%	Property development
Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd. 廣州南沙經濟技術開發區碧桂園物業發展有限公司	2 August 2001	USD253,800,000	100%	0%	Property development
Zengcheng Country Garden Property Development Co., Ltd. 增城市碧桂園物業發展有限公司	22 September 2000	RMB1,448,200,000	100%	0%	Property development
Foshan Shunde Country Garden Property Development Co., Ltd. 佛山市順德區碧桂園物業發展有限公司	2 April 1997	RMB1,387,500,000	100%	0%	Property development
Guangdong Boyu Technology Co., Ltd. 廣東博煜科技有限公司	2 November 2020	RMB5,000,000	100%	0%	Robot research and development and related services
Foshan Bojingchen Industrial City Development Co., Ltd. 佛山市博景宸產城發展有限公司	8 July 2019	RMB10,000,000	100%	0%	Management consulting
Foshan Bohongru Industrial City Development Co., Ltd. 佛山市博鴻儒產城發展有限公司	13 January 2020	RMB10,000,000	100%	0%	Management consulting

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Foshan Shunde Biying Real Estate Development Co., Ltd.(i) 佛山市順德區碧盈房地產開發有限公司	9 August 2021	RMB60,000,000	100%	0%	Property development
Foshan Shunde Country Garden Real Estate Development Co., Ltd.(i) 佛山市順德區碧桂園置業開發有限公司	1 June 2021	RMB60,000,000	100%	0%	Property development
Guangdong Bofa Robot Engineering Service Co., Ltd. 廣東博發機器人工程服務有限公司	7 July 2020	RMB50,000,000	100%	0%	Robot research and development and related services
Guangdong Yingmiao Enterprise Management Co., Ltd. 廣東盈妙企業管理有限公司	13 June 2019	RMB10,000,000	100%	0%	Management consulting
Guangdong Haoyun Technology Co., Ltd. 廣東皓耘科技有限公司	29 September 2020	RMB20,000,000	100%	0%	Robot research and development and related services
Guangdong Shunde Biyouxuan Commercial Co., Ltd. 廣東順德碧優選商業有限公司	23 August 2019	RMB300,000,000	100%	0%	Retail
Foshan Biyouxuan Commercial Retail Co., Ltd. 佛山市碧優選商業零售有限公司	24 September 2020	RMB10,000,000	100%	0%	Retail
Guangdong Bipinju Construction Industrialization Co., Ltd. 廣東碧品居建築工業化有限公司	30 August 2019	RMB100,000,000	100%	0%	Robot research and development and related services
Guangdong Zhuhuahui Construction Technology Co., Ltd. 廣東築華慧建築科技有限公司	18 September 2020	RMB50,000,000	100%	0%	Robot research and development and related services
Foshan Shunde Bright Dream Intelligent Manufacturing Co., Ltd. 廣東博智林智能製造有限公司	23 August 2018	RMB50,000,000	100%	0%	Robot research and development and related services
Foshan City Shunde Longjiang Town Country Garden Phoenix Hotel Co., Ltd. 佛山市順德區龍江鎮碧桂園鳳凰酒店有限公司	11 November 2009	RMB100,000,000	100%	0%	Hotel operation
Foshan Shunde Zhaocheng Country Garden Real Estate Co., Ltd. 佛山市順德區肇恒碧桂園房地產置業有限公司	18 December 2018	RMB10,000,000	100%	0%	Property development
Guangdong Bojiatuo Construction Technology Co., Ltd. 廣東博嘉拓建築科技有限公司	12 December 2019	RMB100,000,000	100%	0%	Robot research and development and related services
Guangdong Bright Dream Software Technology Co., Ltd. 廣東博智林軟件科技有限公司	5 July 2019	RMB10,000,000	100%	0%	Robot research and development and related services
Guangdong Bofang Zhongji Medical Technology Co., Ltd. 廣東博方眾濟醫療科技有限公司	8 May 2019	RMB50,000,000	100%	0%	Robot research and development and related services

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Guangdong Boyue Intelligent Construction Technology Co., Ltd. 廣東博越智慧建造科技有限公司	8 March 2019	RMB1,000,000,000	100%	0%	Robot research and development and related services
Guangdong Qianxi Management Consulting Co., Ltd. 廣東千璽管理諮詢有限公司	27 September 2019	RMB10,000,000	100%	0%	Management Consulting
Biyouwei Catering Service (Foshan) Co., Ltd. 碧有味餐飲服務(佛山)有限公司	6 June 2019	RMB1,000,000	100%	0%	Food sales
Guangdong Biyouwei Catering Co., Ltd. 廣東碧有味餐飲有限公司	10 May 2019	RMB10,000,000	100%	0%	Food sales
Foshan Juzhele Real Estate Agent Co., Ltd. 佛山市居者樂房地產代理有限公司	30 May 2016	RMB500,000	100%	0%	Real estate consulting
Guangdong Excellent Landscape Design Engineering Co., Ltd. 廣東卓越景觀設計工程有限公司	24 July 2013	RMB10,000,000	100%	0%	Landscape design
Foshan Fengxi Food Co., Ltd. 佛山市鳳禧食品有限公司	18 March 2016	RMB5,000,000	100%	0%	Food sales
Guangdong Tengan Mechanical and Electrical Installation Engineering Co., Ltd. 廣東騰安機電安裝工程有限公司	30 September 2004	RMB200,000,000	100%	0%	Construction
Guangdong Cheng Jia Decoration Design Engineering Co., Ltd. 廣東誠加裝飾設計工程有限公司	9 August 1999	RMB300,000,000	100%	0%	Construction
Guangdong Biri Construction Technology Co., Ltd. 廣東碧日建築科技有限公司	8 July 2008	RMB100,000,000	100%	0%	Construction
Foshan Shunde Bijing Electronic Technology Co., Ltd. 佛山市順德區碧晶電子科技有限公司	19 November 2008	RMB10,000,000	100%	0%	Electronic hardware sales
Guangdong Country Garden Real Estate Information Consulting Co., Ltd. 廣東碧桂园房地產資訊諮詢有限公司	26 July 2013	RMB10,000,000	100%	0%	Real estate consulting
Foshan Shunde Longjiang Country Garden Real Estate Co., Ltd. 佛山市順德區龍江碧桂园置業有限公司	3 January 2017	RMB1,000,000	91%	9%	Property development
Foshan Shunde Jun An Country Garden Property Co., Ltd. 佛山市順德區均安碧桂园置業有限公司	1 September 2017	RMB5,000,000	51%	49%	Property development
Foshan Shunde Daliang Country Garden Property Development Co., Ltd. 佛山市順德區大良碧桂园房地產開發有限公司	11 April 2014	USD40,000,000	100%	0%	Property development
Foshan Jinzhonghuan Real Estate Co., Ltd. 佛山市金中環房地產有限公司	11 December 2013	RMB10,000,000	92%	8%	Property development
Foshan Shunde Xingtian Country Garden Real Estate Development Co., Ltd. 佛山市順德區杏壇碧桂园房地產開發有限公司	28 April 2018	RMB3,000,000	100%	0%	Property development

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non- controlling interests	Principal activities
Foshan Shunde Panpu Culture Co., Ltd. 佛山市順德區泮浦文化有限公司	19 June 2018	RMB1,000,000	100%	0%	Cultural activity planning
Foshan Shunde Lunjiao Country Garden Real Estate Development Co., Ltd. 佛山市順德區倫教碧桂園房地產開發有限公司	18 March 2016	RMB1,000,000	95%	5%	Property development
Foshan Shunde Country Garden Real Estate Co., Ltd. 佛山市順德區碧桂園房產置業有限公司	10 July 2017	RMB10,000,000	100%	0%	Property development
Country Garden Agricultural Holding Co., Ltd. 碧桂園農業控股有限公司	8 May 2018	RMB1,000,000,000	100%	0%	Agriculture
Guangdong Bright Dream Robotics Co., Ltd. 廣東博智林機器人有限公司	17 July 2018	RMB3,200,000,000	100%	0%	Robot research and development and related services
Guangdong Yaokang Investment Co., Ltd. 廣東耀康投資有限公司	20 April 2015	RMB1,383,400,000	100%	0%	Construction
Guangdong Longyue Construction Engineering Co., Ltd. 廣東龍越建築工程有限公司	14 April 2011	RMB1,000,000,000	100%	0%	Construction
Guangdong Giant Leap Construction Co., Ltd. 廣東騰越建築工程有限公司	25 March 1997	RMB5,200,000,000	100%	0%	Construction
Guangdong Country Garden Innovation Investment Management Co., Ltd. 廣東碧桂園創新投資管理有限公司	10 December 2019	RMB500,000,000	100%	0%	Investment consulting
Zhejiang Country Garden Investment Management Co., Ltd. 浙江碧桂園投資管理有限公司	25 August 2015	RMB50,000,000	100%	0%	Investment consulting
Foshan Shunde Zhouhua Investment Consulting Co., Ltd. 佛山市順德區宙華投資諮詢有限公司	12 November 2012	RMB13,889,820,339	100%	0%	Property development
Shenzhen Country Garden Innovation Investment Co., Ltd. 深圳市碧桂園創新投資有限公司	5 June 2019	RMB500,000,000	100%	0%	Investment consulting
Guangdong Zhiyuan Robot Technology Co., Ltd. 廣東智源機器人科技有限公司	14 May 2019	RMB500,000,000	100%	0%	Robot research and development and related services
Qianxi Robotics Group Co., Ltd. 千璽機器人集團有限公司	5 May 2019	RMB1,000,000,000	100%	0%	Robot research and development and related services
Guangdong Shunde Phoenix Optimal Commercial Co., Ltd. 廣東順德鳳凰優選商業有限公司	24 January 2017	RMB1,140,000,000	100%	0%	Retail
Shenyang Shenbei Xincheng Yidong Real Estate Co., Ltd. 瀋陽瀋北新城伊東置業有限公司	18 May 2007	RMB750,000,000	100%	0%	Property development
Shenzhen Bisheng Development Co., Ltd. 深圳碧盛發展有限公司	19 November 2015	RMB62,500,000	100%	0%	Investment consulting

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44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Zengcheng Country Garden Phoenix City Hotel Co., Ltd. 增城市碧桂園鳳凰城酒店有限公司	13 January 2004	RMB500,700,000	100%	0%	Hotel operation
Guangzhou Hongying Greening Engineering Co., Ltd. 廣州市鴻盈綠化工程有限公司	3 August 2016	RMB10,000,000	100%	0%	Landscape design
Longyou Zhuosheng Real Estate Development Co., Ltd. 龍游卓盛房地產開發有限公司	14 December 2020	RMB50,000,000	100%	0%	Property development
Foshan Shunde Lecong Guipu Real Estate Development Co., Ltd.(I) 佛山市順德區樂從桂圃房地產開發有限公司	25 April 2021	RMB3,650,000,000	99%	1%	Property development
Xiushui County Ningyuan Real Estate Development Co., Ltd. 修水縣寧園房地產開發有限公司	18 December 2020	RMB15,000,000	100%	0%	Property development
Shenyang Zhixin Real Estate Co., Ltd. 瀋陽志信置業有限公司	8 December 2020	RMB50,000,000	100%	0%	Property development
Lishui Xuansheng Real Estate Development Co., Ltd. 麗水軒盛房地產開發有限公司	12 November 2020	RMB53,000,000	95%	5%	Property development
Guangzhou Xianbi Real Estate Development Co., Ltd. 廣州市仙碧房地產開發有限公司	10 November 2020	RMB1,000,000	85%	15%	Property development
Shenyang Urban Construction Tianhe Real Estate Co., Ltd. 瀋陽城建天和置業有限公司	16 December 2011	RMB300,000,000	66%	34%	Property development
Lianyungang Bisheng Real Estate Development Co., Ltd. 連雲港市碧勝房地產開發有限公司	22 May 2020	RMB500,000,000	100%	0%	Property development
Linyi Bisheng Real Estate Development Co., Ltd. 臨沂市碧晟房地產開發有限公司	11 May 2020	RMB30,000,000	100%	0%	Property development
Foshan Nanhai Birong Industrial Investment Co., Ltd. 佛山市南海區碧榮產業投資有限公司	22 October 2019	RMB5,010,000	100%	0%	Investment consulting
Hunan Country Garden Technology Development Co., Ltd. 湖南省碧桂園科技發展有限公司	3 July 2019	RMB100,000,000	90%	10%	Property development
Taiyuan Biyang Real Estate Development Co., Ltd. 太原碧揚房地產開發有限公司	14 June 2019	RMB500,000,000	61%	39%	Property development
Gansu Kangqiao Real Estate Development Co., Ltd. 甘肅康橋房地產開發有限公司	21 September 2017	RMB110,000,000	94%	6%	Property development
Boluo County Yuanjing Real Estate Development Co., Ltd. 博羅縣遠景房地產開發有限公司	16 July 2019	RMB5,000,000	100%	0%	Property development

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non- controlling interests	Principal activities
Qingdao Blue Valley Country Garden Industry City Development Co., Ltd. 青島藍穀碧桂園產城發展有限公司	21 June 2019	RMB663,534,990	94%	6%	Property development
Foshan Shunde Desheng Real Estate Co., Ltd. 佛山市順德區德晟房產有限公司	10 July 2017	RMB100,000,000	100%	0%	Property development
Foshan Shunde Chechuang Real Estate Co., Ltd. 佛山市順德區車創置業有限公司	31 October 2017	RMB5,010,000	100%	0%	Property development
Qingyuan Birun Real Estate Development Co., Ltd. 清遠市碧潤房地產開發有限公司	6 June 2019	RMB70,000,000	77%	24%	Property development
Yunnan Bicheng Real Estate Development Co., Ltd. 雲南碧城房地產開發有限公司	29 June 2016	RMB2,462,855,790	96%	4%	Property development
Guangzhou Panyu Nanpu Junye Investment Co., Ltd. 廣州市番禺區南浦駿業投資有限公司	23 August 2018	RMB10,010,000	100%	0%	Investment consulting
Taicang Bichen Real Estate Development Co., Ltd. 太倉碧辰房地產開發有限公司	15 May 2018	RMB625,000,000	91%	9%	Property development
Lhasa Country Garden Real Estate Development Co., Ltd. 拉薩碧桂園房地產開發有限公司	28 March 2018	RMB10,000,000	86%	14%	Property development
Shenzhen Bigui Xinqu Investment and Development Co., Ltd. 深圳市碧桂新居投資發展有限公司	22 January 2018	RMB500,000,000	100%	0%	Investment consulting
Foshan Nanhai Bizhen Real Estate Co., Ltd. 佛山市南海區碧臻房地產有限公司	26 September 2017	RMB50,000,000	100%	0%	Property development
Boluo County Xutai Development Co., Ltd. 博羅縣旭泰發展有限公司	22 June 2006	RMB30,000,000	100%	0%	Property development
Tianshui Country Garden Real Estate Development Co., Ltd. 天水碧桂園房地產開發有限公司	25 February 2016	RMB810,000,000	93%	7%	Property development
Zhongshan ShengDu Real Estate Development Co., Ltd. 中山市聖都房地產開發有限公司	8 November 2001	RMB31,000,000	86%	14%	Property development
Jiangyin Jingyu Property Development Co., Ltd. 江陰景裕房地產開發有限公司	12 April 2013	RMB2,705,882,353	85%	15%	Property development
Foshan Yuankang Property Development Co., Ltd. 佛山源康房地產發展有限公司	29 February 2008	RMB1,310,000,000	94%	6%	Property development
Hainan Country Garden Real Estate Development Co., Ltd. 海南碧桂園房地產開發有限公司	20 October 2015	RMB98,765,432	100%	0%	Property development
Shenzhen Country Garden Property Investment Co., Ltd. 深圳市碧桂園房地產投資有限公司	25 August 2015	RMB1,000,000,000	100%	0%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Henan Country Garden Property Co., Ltd. 河南碧桂園置業有限公司	27 August 2015	RMB500,000,000	100%	0%	Property development
Shanghai Xinbi Real Estate Development Co., Ltd. 上海新碧房地產開發有限公司	26 August 2015	RMB20,000,000	100%	0%	Property development
Hubei Country Garden Property Development Co., Ltd. 湖北省碧桂園房地產開發有限公司	13 August 2015	RMB1,000,000,000	100%	0%	Property development
Shaanxi Country Garden Real Estate Co., Ltd. 陝西碧桂園置業有限公司	12 May 2015	RMB100,000,000	100%	0%	Property development
Hainan Lingshui Country Garden Runda Investment Real Estate Co., Ltd. 海南陵水碧桂園潤達投資置業有限責任公司	11 April 2014	RMB110,000,000	88%	12%	Property development
Heshan Gonghe Country Garden Real Estate Development Co., Ltd. 鶴山市共和碧桂園房地產開發有限公司	8 April 2013	RMB260,000,000	100%	0%	Property development
Lanzhou Country Garden Real Estate Development Co., Ltd. 蘭州碧桂園房地產開發有限公司	1 February 2013	RMB1,570,000,000	85%	15%	Property development
Hangzhou Country Garden Real Estate Development Co., Ltd. 杭州碧桂園房地產開發有限公司	1 April 2011	USD136,000,000	100%	0%	Property development
Jurong Country Garden Property Development Co., Ltd. 句容碧桂園房地產開發有限公司	12 August 2010	USD604,500,000	100%	0%	Property development
Dongguan Country Garden Property Development Co., Ltd. 東莞市碧桂園房地產開發有限公司	25 September 2009	RMB689,660,000	87%	13%	Property development
Huidong Country Garden Real Estate Development Co., Ltd. 惠東碧桂園房地產開發有限公司	23 January 2008	RMB449,000,000	100%	0%	Property development
Wuhu Jinzhi Country Garden Property Development Co., Ltd. 蕪湖晉智房地產開發有限公司	5 November 2007	RMB3,000,000,000	100%	0%	Property development
Anqing Country Garden Property Development Co., Ltd. 安慶碧桂園房地產開發有限公司	27 September 2007	RMB740,000,000	100%	0%	Property development
Shaoguan Country Garden Real Estate Development Co., Ltd. 韶關市碧桂園房地產開發有限公司	5 June 2007	RMB882,352,900	85%	15%	Property development
Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd. 瀋陽渾南新城碧桂園房地產開發有限公司	25 April 2007	RMB1,540,000,000	100%	0%	Property development
Shenyang Country Garden Property Development Co., Ltd. 瀋陽市碧桂園房地產開發有限公司	11 January 2007	RMB1,300,000,000	100%	0%	Property development

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non- controlling interests	Principal activities
Taizhou Country Garden Property Development Co., Ltd. 泰州市碧桂園房地產開發有限公司	5 January 2007	RMB548,300,000	100%	0%	Property development
Chaohu Country Garden Property Development Co., Ltd. 巢湖市碧桂園房地產開發有限公司	18 December 2006	RMB1,115,200,000	100%	0%	Property development
Shaoguan Shunhong Property Development Co., Ltd. 韶關市順宏房地產開發有限公司	12 July 2006	RMB879,764,400	85%	15%	Property development
Changsha Venice City Real Estate Development Co., Ltd. 長沙威尼斯城房地產開發有限公司	1 August 2003	RMB233,000,000	100%	0%	Property development
Foshan Gaoming Country Garden Property Development Co., Ltd. 佛山市高明區碧桂園房地產開發有限公司	13 January 2004	RMB1,162,500,000	100%	0%	Property development
Country Garden Real Estate Group Co., Ltd. 碧桂園地產集團有限公司	20 April 2015	RMB13,940,840,339	100%	0%	Property development
Established and operate overseas:					
Country Garden Danga Bay Sdn. Bhd.	16 October 2012	RM150,000,100	100%	0%	Property development
Country Garden Real Estate Sdn. Bhd.	16 December 2013	RM1,000,000	100%	0%	Property development
Country Garden Pacificview Sdn. Bhd.	29 April 2013	RM10,000,000	58%	42%	Property development
BGY Cityview Holdings LLC*	6 July 2017	USD227,996,201	46%	54%	Property development
Risland (Thailand) Company Limited	1 June 2017	THB2,000,000,000	100%	0%	Property development

(i) These subsidiaries are newly established or acquired by the Group during the year.

* As the Group has the rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position of the board of directors of these companies and the right to determine the budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

The English names of the Mainland China companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Benefits and interests of directors

(a) Directors' emoluments

The remuneration of every director and chief executive officer of the Company is set out below:

For the year ended 31 December 2021:

Name of director	Fees RMB'000	Salary (note) RMB'000	Discretionary bonuses RMB'000	Other benefits and share- based compensation expenses RMB'000	Employer's contribution to retirement benefit scheme RMB'000
Chairman					
Mr. YEUNG Kwok Keung (i)	—	10,000	13,713	—	15
Co-Chairman					
Ms. YANG Huiyan (i)	—	370	15,378	—	15
Executive directors					
Mr. MO Bin*	—	15,000	9,418	167,153	15
Ms. YANG Ziyang (i)	—	10,000	14,342	—	15
Mr. YANG Zhicheng	—	4,000	25,573	20,717	54
Mr. SONG Jun	—	4,000	4,061	17,083	28
Mr. SU Baiyuan	—	4,000	12,950	6,107	15
Non-executive director					
Mr. CHEN Chong	370	—	—	—	15
Independent non-executive directors					
Mr. LAI Ming, Joseph	330	—	—	—	—
Mr. SHEK Lai Him, Abraham	330	—	—	—	—
Mr. TONG Wui Tung	330	—	—	—	—
Mr. HUANG Hongyan	240	—	—	—	—
Mr. TO Yau Kwok	240	—	—	—	—
	1,840	47,370	95,435	211,060	172

* Chief executive officer of the Company; the fair value of his share options vested during the year ended 31 December 2021 was RMB46 million if calculated using the share price of the Company as at 29 March 2022. These share options were granted as performance awards for the years from 2017 to 2020.

i. Discretionary bonuses for 2020 performance awards amounted to approximately RMB8 million, RMB15 million and RMB9 million were approved and given to Mr. YEUNG Kwok Keung, Ms. YANG Huiyan and Ms. YANG Ziyang respectively in March 2021.

45 Benefits and interests of directors (Continued)**(a) Directors' emoluments (Continued)**

For the year ended 31 December 2020:

Name of director	Fees RMB'000	Salary (note) RMB'000	Discretionary bonuses RMB'000	Other benefits and share- based compensation expenses RMB'000	Employer's contribution to retirement benefit scheme RMB'000
Chairman					
Mr. YEUNG Kwok Keung	—	10,000	5,307	—	16
Co-Chairman					
Ms. YANG Huiyan (ii)	—	7,500	4,007	—	8
Executive directors					
Mr. MO Bin	—	15,000	9,136	108,754	16
Ms. YANG Ziyang	—	10,000	3,918	—	16
Mr. YANG Zhicheng	—	4,000	38,920	14,934	25
Mr. SONG Jun	—	4,000	7,794	16,997	42
Mr. SU Baiyuan	—	4,000	17,527	4,643	21
Non-executive director					
Mr. CHEN Chong	370	—	—	—	16
Independent non-executive directors					
Mr. LAI Ming, Joseph	330	—	—	—	—
Mr. SHEK Lai Him, Abraham	330	—	—	—	—
Mr. TONG Wui Tung	330	—	—	—	—
Mr. HUANG Hongyan	240	—	—	—	—
Mr. TO Yau Kwok	240	—	—	—	—
	1,840	54,500	86,609	145,328	160

- ii. Ms. Yang Huiyan did not receive any emoluments from the Group from 1 July 2020 to 31 December 2020 and has respectively made arrangements with the Company under which she has waived or agreed to waive her emoluments.

Note: Salary paid to a director of the Company is generally an emolument paid or payable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Benefits and interests of directors *(Continued)*

(b) Directors' retirement benefits

During the year ended 31 December 2021, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries (2020: nil).

(c) Directors' termination benefits

During the year ended 31 December 2021, no payments to the directors of the Company as compensation for the early termination of the appointment (2020: nil).

(d) Consideration provided to or receivable by third parties for making available directors' services

During the year ended 31 December 2021, there were no considerations provided to or receivable by any third party for making available the services of a person as a director of the Company. (2020: nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

During the year ended 31 December 2021, there were no loans, quasi-loans or other dealings in favour of directors of the Company, controlled bodies corporate by and connected entities with such directors (2020: nil).

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2020: nil).

GLOSSARY

“2007 Share Option Scheme”	the share option scheme of the Company adopted on 20 March 2007 and which had expired on 19 March 2017
“2017 Share Option Scheme”	the share option scheme of the Company adopted on 18 May 2017
“2018 Design Services Supplemental Agreement”	the supplemental agreement dated 21 March 2018 entered into between Shunde Country Garden and Elite Architectural which further extended the design services agreement dated 27 March 2007 (as amended and supplemented by the design services supplemental agreements dated 20 June 2008, 17 December 2010, 31 October 2012, 13 December 2013, 30 December 2016 and 22 August 2017) entered into between Shunde Country Garden and Elite Architectural in respect of the provision of survey work, property design and interior design services by Elite Architectural to the Group
“2022 AGM”	the annual general meeting of the Company to be held on Thursday, 26 May 2022
“Articles of Association”	the articles of association of the Company
“attributable contracted sales”	the contracted sales of the Group’s subsidiaries, joint ventures and associates attributable to shareholders of the Company
“Audit Committee”	audit committee of the Company
“available cash”	the sum of cash and cash equivalents and restricted cash
“Beijiao Construction Co.”	Shunde Beijiao Construction Company Limited
“Board”	the board of Directors
“CG Services”	Country Garden Services Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 6098), ceased to be a subsidiary of the Company since its spin-off was completed on 19 June 2018
“Chairman” or “Chairman of the Board”	the chairman of the Board
“Chief Financial Officer”	chief financial officer of the Company

GLOSSARY

“China Construction”	China State Construction Engineering Corporation
“China Construction Fifth Division”	China Construction Fifth Engineering Division Corp., Ltd.
“CIMA”	Chartered Institute of Management Accountants
“Co-Chairman”	Co-chairman of the Board
“Company” or “Country Garden”	Country Garden Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 2007)
“Country Garden Property”	Country Garden Real Estate Group Co., Ltd., a wholly-owned subsidiary of the Company
“core net profit attributable to owners of the Company”	realized earnings of this year attributable to owners of the Company excluding effects such as fair value changes and net foreign exchange gains/losses
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Corporate Governance Committee”	corporate governance committee of the Company
“current ratio”	a ratio calculated by dividing current assets by current liabilities
“Director(s)”	director(s) of the Company
“Eligible Shareholders”	the Shareholders whose names appear on the register of members of the Company on Friday, 10 June 2022
“Elite Architectural”	Guangdong Elite Architectural Co., Ltd.
“Employee Incentive Scheme”	employee incentive scheme of the Group adopted on 20 December 2012
“Environmental, Social and Governance Committee”	environmental, social and governance committee of the Company
“Executive Committee”	executive committee of the Company
“Finance Committee”	finance committee of the Company
“GFA”	gross floor area
“Giant Leap”	Guangdong Giant Leap Construction Co., Ltd., a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mainland China”	the People’s Republic of China, for the purpose of this annual report, excluding Hong Kong, Macau and Taiwan
“Malaysia Country Garden”	Country Garden Real Estate Sdn. Bhd., a wholly-owned subsidiary of the Company
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“net current assets”	the value of total current assets after its current liabilities have been subtracted
“net debt”	the value of total debt net of available cash
“net gearing ratio”	a financial leverage calculated as dividing net debt by total equity
“Nomination Committee”	nomination committee of the Company
“PRC” or “China”	the People’s Republic of China
“President”	president of the Company
“Qingyuan CG”	Qingyuan Country Garden Property Development Co., Ltd.
“Remuneration Committee”	remuneration committee of the Company
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX”	Singapore Exchange Securities Trading Limited

GLOSSARY

“Share(s)”	ordinary share(s) in the capital of the Company with a par value of HKD0.10 each
“Share Option Schemes”	2007 Share Option Scheme and 2017 Share Option Scheme
“Shareholder(s)”	shareholder(s) of the Company
“Shunde Country Garden”	Foshan Shunde Country Garden Property Development Co., Ltd.
“Shunde Sanhe Co.”	Shunde Sanhe Property Development Co., Ltd.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“THB”	Thai Baht, the lawful currency of Thailand
“USD”	US dollar, the lawful currency of the United States of America
“%”	per cent



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