GLORY国瑞

GUORUI PROPERTIES LIMITED
國瑞置業有限公司

年報
Annual Report
2021

(於開曼群島以「Glory Land Company Limited (國瑞置業有限公司)」的名稱註冊成立的有限公司，並以「Guorui Properties Limited」的名稱在香港經營業務)

(Incorporated in the Cayman Islands with limited liability under the name of "Glory Land Company Limited (國瑞置業有限公司)" and carrying on business in Hong Kong as "Guorui Properties Limited")

香港聯合交易所股份代號 Stock Code : 2329

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Financial & Operation Highlights

Financial Highlights (RMB million)	2021	2020	Change (%)
Contracted sales	**12,404**	18,532	-33
Revenue	**9,898**	5,769	72
Gross profit	**1,247**	980	27
Profit for the year	**345**	134	157
Profit attributable to owners of the Company	**228**	99	130
Total assets	**61,073**	67,515	-10
Equity attributable to owners of the Company	**12,707**	12,493	2
Cash resources[1]	**935**	1,896	-51
Financial Information per share			
Earnings per share (RMB cents)			
– Basic	**5.14**	2.22	132
– Diluted	**5.14**	2.22	132
Dividend per share (HK cents)	**–**	–	–
Financial Ratios[2]			
Gross profit margin (%)	**13%**	17%	-4
Net profit margin (%)	**3%**	2%	1
Net gearing ratio (%)[3]	**130%**	143%	-13
Dividend payout ratio (%)	**–**	–	–
Current ratio (times)	**1.2**	1.2	–
Operational Highlights (thousand sq.m.)			
Landbank	**7,814**	9,599	-19
Saleable GFA sold	**746**	1,014	-26

1 Including the restricted bank deposits
2 Changes in the financial ratios are the increase or decrease in percentage points
3 Total interest bearing debt minus cash resources divided by total equity

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual results of the Group for the twelve months ended December 31, 2021.

ANNUAL RESULTS AND REVIEW FOR 2021

Annual Results

In 2021, we achieved revenue of RMB9,898.4 million, among which, the revenue from property development was RMB9,185.8 million. For the twelve months ended December 31, 2021, the gross profit of the Group amounted to RMB1,247.2 million and net profit was RMB344.5 million.

Market Review

Looking back in 2021, the real estate market showed a trend of cooling down. In the first half of the year, key regions maintained their market sentiment at the end of 2020. Despite the tightening regulatory policies, the real estate market popularity remained high. After entering the second half of the year, as regulatory controls imposed on the real estate market strengthened, the market sentiment cooled down rapidly. At the end of the year, with frequent release of favorable signals from the policy side, market confidence recovered.

In terms of industry policy, the keynotes of "houses are for living in and not for speculative investment" remains unchanged. In light of the steady development of real estate industry in the PRC, policies began to release a signal of slowdown at the end of the third quarter of 2021, principally involving the rectification of the excessive implementation of previous policies. From late September to November 2021, based on the relaxation of financial regulatory agencies, including the PBOC and China Banking and Insurance Regulatory Commission, local governments and the Ministry of Housing and Urban-Rural Development strengthened the supervision of pre-sale funds to ensure delivery. The third-quarter regular meeting of the PBOC set the tone of "two upholding", and the Politburo meeting mentioned promoting a virtuous circle of the real estate industry for the first time. On October 15, 2021, Zou Lan, Director of Financial Market Department of the PBOC, pointed out that at the end of September 2021, the PBOC and the China Banking and Insurance Regulatory Commission had "guided major banks to accurately grasp and implement the prudent management system for real estate finance and maintain stable and orderly issue of real estate credit". Since September, the PBOC's statement on real estate finance has tended to ease, and thus the financing environment of real estate companies would also usher in marginal improvement. Since the third quarter, there were key cities to begin to loose policies to maintain the stability of the local real estate market, and many cities introduced real estate easing policies to maintain the healthy development of the local real estate market.

Property Development

In 2021, facing the macro environment featured by sustained regulatory policies and strict capital supervision, the Group was committed to promoting its high-quality development by achieving a balance among the sales, investment and financing – three main drivers. During the Reporting Period, the contracted sales were approximately RMB12,404.3 million; the contracted GFA sold was 746,003 sq.m.

Under the keynotes of "promoting the stable and healthy development of the real estate market", it is anticipated that the market would remain stable with continuing segregation of sales performance among different cities. In terms of demand, driven by factors such as net population inflows, the sales performance in first-tier cities and second- to third-tier core cities of metropolitan area would maintain great resilience. The Group will carry out meticulous management, strengthen its presence in the Beijing-Tianjin-Hebei Region, the Yangtze River Economic Zone and the Guangdong-Hong Kong-Macao Greater Bay Area, and actively explore urban renewal projects, so as to enhance the full-cycle competitiveness.

Investment Properties

During the Reporting Period, the total rental income of the Group was RMB445.6 million. Rental income is expected to maintain steady growth over the next 2 to 5 years, which is mainly benefited from the Group's 9 investment properties situated at the prime locations of 5 core cities including Beijing and Shenzhen.

Capital Structure

In 2021, under the pressure from "Three Red Lines", the financing environment further contracted. Through comprehensive utilization of the diversified advantages of domestic and overseas financing channels, the Group has made full use of various financial means to continuously optimize fund management, reduce financing costs, optimize debt structure and effectively control exchange rate risks. At the same time, it made efforts to further strengthen the risk control function, improve the financial risk monitoring system, and properly give risk warning and carry out risk prevention.

As at December 31, 2021, the Group's total interest-bearing liabilities decreased to RMB20,945.0 million, representing a decrease by 10.9% as compared to December 31, 2020.

OUTLOOK FOR 2022

Looking forward to 2022, the real estate policies will be made with consistent adherence to the positioning of "houses are for living in and not for speculative investment", to improve the housing market and security system, and accelerate the establishment of housing system featuring a strong high-end market and a solid entry-level market, with focus on solving the housing problems of new citizens and disadvantaged groups. Moderately control will be exercised on the deleveraging in the real estate industry, and personal mortgage loans are expected to continue to be eased, in a way that supports resident to purchase housing for self-occupation and housing improvement. These efforts aim at promoting a virtuous circle of the industry. In general, the financing environment for real estate enterprises has improved significantly. Due to the implementation of the policy of "stabilizing the land premium, house price and market expectations" policies based on the actual situations of cities, it is expected that maintaining market stability and relief of enterprises will be necessary means.

The Group believes that, the real estate industry will enter a new long-term cycle, and the growth pattern of the industry will also experience changes. It will shift from relying on a model of financial leverage to drive growth in the past to a model of stable, balanced and high-quality growth. In line with the development needs of times, the Group will be committed to exploring the innovation of habitation business forms, continuously upgrading products of Guorui, and achieving product ecology construction. In the future, the Group will uphold the strategy of strengthening presences in regions and proactively adopt flexible sales policy, so as to attract more customers with continuous improvement of product structure and outstanding product quality. We will vigorously promote sales while strengthening our efforts on collection of receivables from sales. In addition, we will also continue to optimize the debt structure and endeavour to reduce finance costs in ways that enhance the core competitiveness of the Group, thus ensuring sustainable growth of future performance.

Under the complicated market environment, Guorui Properties will continue to improve its efficiency, carry out steady and sustainable development. It will make efforts to create differentiated products in a truthful and practical manner, so as to empower the creation of a better life in cities.

ACKNOWLEDGEMENT

On behalf of the Board, I take this opportunity to express my heartfelt gratitude to all our shareholders, investors, partners, customers, and the community for their support and trust. In the last half year, thanks to the guidance from the management of the Company, together with the efforts and contributions from all staff, the Group achieved stable development. In the future, the Company will continue to strive for maximized value and considerable returns for all shareholders.

Zhang Zhangsun
Chairman

Beijing, the PRC
March 31, 2022

Management Discussion and Analysis

BUSINESS REVIEW

During the Reporting Period, the Group's revenue was RMB9,898.4 million. Revenue from property development was RMB9,185.8 million. The gross profit was RMB1,247.2 million and net profit for the year was RMB344.5 million.

Contracted Sales

During the Reporting Period, the contracted sales of the Group amounted to RMB12,404.3 million. The total contracted GFA was 746,003 sq.m. and the contracted ASP was RMB16,627.7 per sq.m.

The following table sets out the Group's contracted sales by region for the years ended December 31, 2021 and 2020:

City	2021 Contracted Sales (RMB million)	2021 Percentage of Total Contracted Sales (%)	2020 Contracted Sales (RMB million)	2020 Percentage of Total Contracted Sales (%)
Beijing	**7,469.6**	**60.2**	8,945.4	48.3
Haikou	**275.0**	**2.2**	417.1	2.3
Wanning	**380.3**	**3.1**	135.8	0.6
Langfang	**532.4**	**4.3**	600.3	3.2
Zhengzhou	**18.5**	**0.1**	95.2	0.5
Shenyang	**507.5**	**4.1**	349.2	1.9
Foshan	**1,527.0**	**12.3**	3,019.2	16.3
Shantou	**99.9**	**0.8**	371.9	2.0
Suzhou	**470.2**	**3.8**	1,301.6	7.0
Chongming Island	**230.5**	**1.9**	271.8	1.5
Xi'an	**821.9**	**6.6**	664.6	3.6
Guizhou	**10.5**	**0.1**	88.2	0.5
Wuxi	**61.0**	**0.5**	247.7	1.3
Chongqing	**–**	**–**	408.4	2.2
Shijiazhuang	**–**	**–**	217.9	1.2
Jiangmen	**–**	**–**	493.1	2.7
Tianjin	**–**	**–**	251.5	1.4
Sanya	**–**	**–**	431.6	2.3
Handan	**–**	**–**	221.8	1.2
Total	**12,404.3**	**100.0**	18,532.3	100.0

Note: Eight collaboration projects exited in November 2020. If the sales of these 8 projects were excluded, the sales for 2020 would be RMB15,020.3 million.

Property Projects

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phase development on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

The Group selectively retained the ownership of most of self-developed commercial properties with strategic value to generate stable and sustainable income. As of December 31, 2021, the Group had 9 investment properties in core locations in five cities including Beijing, Shenzhen, Shenyang, Shantou and Foshan.

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at December 31, 2021:

	Completed	Under Development	Future Development	Total Land Reserves	Of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)
Beijing	886,903	220,354	–	1,107,257	14.2
Haikou	32,231	140,640	646,972	819,843	10.5
Wanning	823	–	–	823	–
Langfang	56,713	287,546	1,019,188	1,363,447	17.4
Zhengzhou	1,006	30,535	–	31,541	0.4
Shenyang	116,770	325,598	73,342	515,710	6.6
Foshan	173,811	472,462	–	646,273	8.3
Xi'an	–	289,978	–	289,978	3.7
Shantou	64,272	440,918	38,749	543,939	7.0
Shenzhen	–	42,763	274,213	316,976	4.1
Suzhou	85,983	76,783	–	162,766	2.1
Chongming Island	60,538	14,158	766,685	841,381	10.8
Wuxi	33,328	7,227	–	40,555	0.5
Tongren	63,102	175,362	895,291	1,133,755	14.4
Total	**1,575,480**	**2,524,324**	**3,714,440**	**7,814,244**[(1)(2)]	**100.0**
Total Attributable GFA	**972,188**	**2,146,000**	**2,976,380**	**6,094,568**	

Note:

(1) Includes 895,291 sq.m. of planned GFA in respect of which the Group had received the confirmation letter on bidding for granting land use rights but had not yet obtained relevant land use rights certificates.

(2) The area of such land reserves does not include the development area of primary land development projects and urban redevelopment projects of the Group of 5.811 million sq.m.

Primary Land Development and Projects Developed under the "Urban Redevelopment" Policy

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During the Reporting Period, the Group undertook primary land development, urban renewal and projects under the "Urban Redevelopment" policy in places including Beijing and Shenzhen.

Urban Redevelopment Project in Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely the West Qinian Street Project, which is located in the west side of Qinian Street and less than one kilometer from Tian'anmen Square with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. As at December 31, 2021, the demolition and relocation of the Land No. 4 and the Land No. 5 have been completed and preparation for launch to the market is in the process.

Urban Redevelopment Project in Shenzhen

In the first half of 2014, Shenzhen Dachaoshan Construction Co., Ltd.* (深圳市大潮汕建設有限公司), a subsidiary of the Group, entered into an urban renewal cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd.* (深圳市龍崗區西坑股份合作公司) to carry out the urban renewal project of the Xikeng community. The planned GFA of the project was about 3 million sq.m. The Group has completed the survey for the land ownership, residential population and building information in the Xikeng community, industry research, the urban renewal planning research program and consultation. The Phase I Project with a site area of 530,000 sq.m. and a planned GFA of approximately 1.4 million sq.m. had been approved by the Longgan District Government Leadership Group (龍崗區政府領導小組會) on December 14, 2018 and had completed the planning announcement in respect of the inclusion into the "2018 Longgan District Urban Renewal Plan – the Ninth Plan" (《二零一八龍崗區城市更新計劃第九批計劃》) on December 30, 2018. A further approval has been obtained from relevant governmental authorities on the project at the end of February 2019. The special planning report documents for the first renewal unit were completed on May 30, 2019. In March 2020, the National Development and Reform Commission approved the construction plan for Metro Line 16 (Dayun-Xikeng Section) (Phase II). Xikeng Station of Metro Line 16 (Phase II) is located within the scope of the first renewal unit. The special plan has been adjusted by the Group in consideration of Xikeng Station and is being submitted to the review authority for review. Meanwhile, in consideration of the demolition work arrangement of the government for the metro, the Group has fully started the demolition negotiation for the first renewal unit. Subsequent thereto, the establishment of other projects will be commenced.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group's revenue increased from RMB5,768.9 million for the year ended December 31, 2020 to RMB9,898.4 million in 2021, representing a year-on-year increase of 71.6%. The increase of revenue was mainly due to the recognition of revenue from previous years' contracted sales during the Reporting Period.

Revenue from property development for the Reporting Period increased from RMB5,016.8 million for the year ended December 31, 2020 to RMB9,185.8 million in 2021, mainly due to the strong execution and recognition of revenue from major projects in Beijing, Foshan, Suzhou and etc.

Cost of Sales and Services

The Group's cost of sales and services increased from RMB4,788.6 million in 2020 to RMB8,651.2 million in 2021. Such increase was in line with the increase of revenue recognised during the Reporting Period.

Gross Profit

For the Reporting Period, the Group's gross profit increased from RMB980.3 million for the year ended December 31, 2020 to RMB1,247.2 million for the year ended December 31, 2021, as a result of the above-mentioned factors.

Change in Fair Value of Investment Properties

Change in fair value of investment properties decreased from RMB315.0 million in 2020 to RMB115.7 million in 2021. Such decrease was mainly due to the facts that the operations of the commercial properties held by the Group had also been affected by the pandemic to a certain extent, and the Group granted rental concessions to tenants during the pandemic, causing the lower gains on change in fair value in the current period.

Other Gains and Losses, Net

Other gains and losses, net were RMB361.8 million for the Reporting Period, while other gains and losses, net were RMB65.7 million for the year ended December 31, 2020. Such increase was mainly due to the gain from disposal of Wanning Guorui Real Estate Development Co., Ltd.* (萬寧國瑞房地產開發有限公司) recognised during 2021.

Other Income

Other income decreased from RMB197.2 million for the year ended December 31, 2020 to RMB154.5 million for the Reporting Period, which was mainly due to the decreased interest income from amounts due from related parties for the current year.

Distribution and Selling Expenses

Distribution and selling expenses decreased from RMB273.5 million for the year ended December 31, 2020 to RMB263.9 million for the Reporting Period. The decrease was mainly due to the reduced distribution and selling expenses as a result of the Group's continued effort to promote its online sales platform.

Administrative Expenses

Administrative expenses decreased from RMB467.7 million for the year ended December 31, 2020 to RMB403.6 million for the Reporting Period. Such decrease was primarily due to the improvement of the operating quality of the Group through the adjustment and optimization of the organizational structure during the Reporting Period, thereby reducing administrative expenses.

Finance Costs

Finance costs increased from RMB248.0 million for the year ended December 31, 2020 to RMB371.9 million for the Reporting Period. Such increase was primarily attributable to the reduced capitalisation of interest due to less qualifying assets.

Income Tax Expense

Income tax expense increased from RMB383.1 million for the year ended December 31, 2020 to RMB532.4 million for the Reporting Period, primarily due to the increase of profit before income tax. The PRC enterprise income tax and LAT of the Group for the Reporting Period were RMB355.4 million and RMB334.6 million, respectively.

Profit for the Year

Profit for the year increased from RMB133.6 million for the year ended December 31, 2020 to RMB344.5 million for the Reporting Period. Such increase was mainly driven by the increase of revenue and profit recognised from property development.

Total Comprehensive Income

As a result of the above-mentioned factors, the Group's total comprehensive income increased from RMB132.8 million for the year ended December 31, 2020 to RMB328.4 million for the Reporting Period.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at December 31, 2021, the Group's cash, restricted bank deposits and bank balances decreased from RMB1,896.1 million as at December 31, 2020 to approximately RMB935.0 million.

Borrowings

As at December 31, 2021, the Group had outstanding borrowings of RMB20,945.0 million, consisting of bank, trust and other borrowings of RMB18,404.0 million and senior notes of RMB2,541.0 million. As at December 31, 2021, the Group's total interest-bearing liabilities decreased by 10.9% as compared to December 31, 2020.

Charge over Assets

Some of the Group's borrowings are secured by properties under development, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at December 31, 2021, the assets pledged to secure certain borrowing granted to the Group amounted to RMB32,784.4 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on the purchasers, but rely on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers' obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at December 31, 2021, the Group's outstanding guarantees in respect of the mortgages of its customers amounted to RMB5,753.5 million. Save as disclosed in this announcement, the Group had no other material contingent liabilities as at December 31, 2021.

Foreign Exchange Risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. As at December 31, 2021, the aggregate nominal value of the Company's senior notes amounted to US$378.6 million. As a result of the issuance of such U.S. dollar senior notes, the Group would be subject to foreign currency risk arising from the exchange of Renminbi against U.S. dollars.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors will monitor the Group's foreign exchange risk closely and may, depending on the circumstances and trend of foreign currency, consider adopting suitable foreign currency hedging policy in the future.

Disposal

On September 4, 2021, the Group had through its indirectly non-wholly-owned subsidiary of the Company, Hainan Guorui Real Estate Development Co., Ltd.* (海南國瑞房地產開發有限公司) ("Hainan Guorui") entered into an equity transfer agreement ("Equity Transfer Agreement") with an independent third party, Hainan Shuangfeng Real Estate Co., Ltd.* (海南雙楓置業有限公司) ("Shuangfeng") in relation to the disposal of the entire equity interest (i.e. effective equity interest of 80% held by the Group) in Wanning Guorui Real Estate Development Co., Ltd.* (萬寧國瑞房地產開發有限公司) ("Wanning Guorui"), a non-wholly-owned subsidiary of the Group, and repaying the shareholder loan provided by Hainan Guorui to Wanning Guorui, at a total consideration of RMB338,660,000 (the "Wanning Guorui Disposal").

Wanning Guorui is principally engaged in property development and composed of third-and-forth-tier projects. The Directors considered that the Wanning Guorui Disposal will be beneficial for the Group to better utilize its strengths and resources to focus on development and construction of its first-and-second-tier projects, as well as to lower the Group's debt ratio to improve liquidity and ensure the steady overall development of the Group.

The consideration for the Wanning Guorui Disposal would be settled in cash in four instalments: (i) RMB172,717,000 would be paid to Hainan Guorui within three business days from the transfer date of 51% equity interest in Wanning Guorui to Shuangfeng together with relevant licences, official seal, financial records and all relevant documents of Wanning Guorui; (ii) RMB67,732,000 would be paid to Hainan Guorui before September, 24, 2021, after which Hainan Guorui would transfer 40% equity interest in Wanning Guorui to Shuangfeng within three business days; (iii) a further RMB67,732,000 would be paid by Shuangfeng to Hainan Guorui before September 27, 2021; and (iv) within 90 days from the transfer of 91% equity interest in Wanning Guorui, the remaining consideration of RMB30,460,000 (to be adjusted after the assets evaluation procedures) would be paid to Hainan Guorui and the remaining 9% equity interest shall be transferred to Shuangfeng on the condition that both parties completed the asset evaluation procedures.

Mr. Zhang Zhangsun and Beijing Glory Real Estate (Holding) Co., Ltd.* (北京國瑞興業房地產控股有限公司, a subsidiary of the Company) shall provide guarantees in favour of Hainan Guorui in respect of its obligations under the Equity Transfer Agreement. Hainan Shuangda Group Limited* (海南雙大集團有限公司), the parent company of Shuangfeng and its ultimate controllers, Ms. Wu Dianling and Mr. Zhang Zhaohui shall provide guarantees in favour of Shuangfeng in respect of its obligations under the Equity Transfer Agreement.

On September 7, 2021, Hainan Guorui transferred 51% equity interest in Wanning Guorui to Shuangfeng together with relevant licences, official seal, financial records and all relevant documents of Wanning Guorui. On the same day, the director of Wanning Guorui, who is also the legal representative, was employed by Shuangfeng. In the opinion of the Directors, the Group ceased to have exposure or rights to variable returns from the 49% equity interest in Wanning Guorui on the same date. Thus, the Wanning Guorui Disposal was deemed to be completed on September 7, 2021.

As at December 31, 2021 and the date of this announcement, Hainan Guorui has in aggregate transferred 91% equity interest in Wanning Guorui to Shuangfeng, and the stage payments under paragraphs (i) to (iii) set out above have been settled. The Company will facilitate the satisfaction of the terms and conditions of the Equity Transfer Agreement relating to the transfer of the remaining 9% equity interest and the final payment will be paid by Shuangfeng to Hainan Guorui as soon as practicable.

Further details of the Wanning Guorui Disposal are disclosed in the announcement of the Company dated December 13, 2021 and the circular of the Company dated March 1, 2022.

Future Plans for Material Investments or Capital Assets

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in this announcement, the Group did not have any future plans for material investments or capital assets as at the date of this announcement.

Employees and Remuneration Policies

As at December 31, 2021, the Group had approximately 582 employees. For the Reporting Period, the Group incurred employee costs of approximately RMB238.2 million. Remuneration for the employees generally includes salary and performance-based quarterly bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

THE EXCHANGE OFFER AND PARTIAL REDEMPTION OF 2019 SENIOR NOTES

On January 25, 2021, the Company completed the exchange offering of US$300,600,000 of the Company's US$455,000,000 senior notes issued in 2019 (the "2019 Senior Notes") with US$323,745,000 of new issue of senior notes due January 25, 2024 (the "2021 Senior Notes") which bearing interest at 14.25% per annum. After the completion of the exchange offering, the remaining aggregate principal amount of US$154,400,000 of the 2019 Senior Notes and an aggregate principal amount of US$323,745,000 of the 2021 Senior Notes remain outstanding.

As at March 1, 2021, certain holders, whom have not accepted the exchange offer, of the 2019 Senior Notes exercised their redemption options. Therefore, the Company redeemed part of the 2019 Senior Notes, at a price of US$159,591,000 equal to the aggregate principal amount of US$149,500,000 plus accrued interest to the date of redemption. Upon the completion of the redemption and as at December 31, 2021, the remaining outstanding principal amount of the 2019 Senior Notes were US$4,900,000.

Further details of the exchange offer and partial redemption of the 2019 Senior Notes are disclosed in the announcements of the Company dated January 12, 2021, January 18, 2021, January 21, 2021, January 25, 2021, January 26, 2021 and March 1, 2021.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On February 23, 2022, the Company completed the exchange offering of US$315,159,000 of the 2021 Senior Notes with US$334,790,000 of new issue of senior notes due on August 23, 2024 (the “2022 Senior Notes”) which bearing interest at 14.25% per annum.

After the completion of the exchange offering, an aggregate principal amount of US$8,586,000 of the 2021 Senior Notes remain outstanding.

Further details of the exchange offer are disclosed in the announcements of the Company dated February 11, 2022, February 17, 2022, February 21, 2022 and February 28, 2022.

FINAL DIVIDEND

The Board did not recommend any payment of final dividend for the year ended December 31, 2021.

Directors' and Senior Management's Profiles

EXECUTIVE DIRECTORS

Mr. Zhang Zhangsun (張章笋) or Chairman Zhang, aged 65, is the founder of the Group and one of the Controlling Shareholders. Chairman Zhang also serves as executive Director, president and the chairman of the Nomination Committee of the Company and as chairman of Beijing Glory Xingye Real Estate Holding Limited* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**"). Chairman Zhang has over 20 years of experience in real estate development, management and operation. He established Shantou Garden Enterprise Co., Ltd.* (汕頭花園企業有限公司) in 1988 and established our Group in April 1994 and has since led the Group in its development of real estate projects. In 1999, the headquarter moved to Beijing and Chairman Zhang establish Beijing Glory Xingye Real Estate Co., Ltd.* (北京國瑞興業地產股份有限公司) ("**Original Beijing Glory**"). Chairman Zhang is also a member of the Chinese People's Political Consultative Committee of Beijing Municipality, the chairman of Chaozhou Natives Overseas Association in Beijing, the vice president of China Federation of Overseas Chinese Entrepreneurs and Beijing Silver Industry Association*, the honorary president (life) of Shantou Xinghe Award Foundation* (汕頭市星河獎基金會). Chairman Zhang has won the award of "Outstanding People for China's Urban Construction" (中國城市建設傑出人物獎), "Outstanding Constructor of Socialism with Chinese Characteristics in Beijing" (北京市優秀中國特色社會主義事業建設者) and "Chinese Outstanding Entrepreneur Award" (中國優秀企業家) jointly issued by the Ministry of Construction and the Ministry of Commerce, and the titles of "Outstanding Individual for Charity" (慈善優秀個人).

Ms. Ruan Wenjuan (阮文娟), aged 43, the spouse of Chairman Zhang, serves as executive Director, vice president, a member of the Remuneration Committee, a member of the Internal Control Committee of the Company and as director of New Beijing Glory. Ms. Ruan joined the Group in January 2000 and was responsible for financial management related work in Shantou Garden Group Co., Ltd.* (汕頭花園集團有限公司) ("**Garden Group**"). She successively served as the financial manager and chief financial officer in Original Beijing Glory since 2004. In August 2006, Ms. Ruan was appointed as a director and vice president in Original Beijing Glory and was primarily responsible for the cost management and financial management affairs of our Group. Ms. Ruan completed the real estate EMBA program from Tsinghua University in September 2004.

Ms. Dong Xueer (董雪兒), aged 44, serves as executive Director and the chief financial officer of the Company. Ms. Dong joined the Group in October 1997 and successively served as the general accountant in Shantou Glory Management Limited (汕頭國瑞企業管理有限公司) from October 1997 to January 2003, account officer in Original Beijing Glory from February 2003 to July 2008 and chief financial officer in Shenyang Dadongfang Property Development Co., Ltd.* (瀋陽大東方置業有限公司) from August 2008 to February 2010. Since March 2010, Ms. Dong has served as the chief financial officer in Original Beijing Glory, responsible for its overall financial management, including but not limited to fund management, loan management, asset management and accounting computations. Ms. Dong obtained a college degree in accounting from the University of International Business and Economics in July 2006.

Mr. Hao Zhenhe (郝振河), aged 67, serves as the vice president of the Company and as general manager of Langfang Glory Investment Co., Ltd.* (廊坊國瑞投資有限公司). Mr. Hao joined the Group in July 2001 and has successively served as the head of the general office and head of the planning and development department of Original Beijing Glory, the general manager of Beijing Glory Property Services Co., Ltd*. (北京國瑞物業服務有限公司) ("**Glory Services**") and vice president of Original Beijing Glory. Mr. Hao obtained a college degree in journalism from the college of journalism of All-China Journalists Association* (中國記協新聞學院) in July 1992.

Mr. Sun Xiaodong (孫曉東), aged 52, holds a Bachelor's degree in business administration from Renmin University of China. He holds the qualifications as a senior engineer, and is also a certified budgeting engineer and a certified real estate appraiser. Mr. Sun joined the Group in July 2011, and has successively served as the director of Cost and Procurement Department of the Group, the general manager of Zhengzhou Glory Real Estate Development Company Limited* (鄭州國瑞房地產開發有限公司), the executive vice president of Shenzhen Glory Industrial Real Estate Co., Ltd.* (深圳國瑞興業房地產有限公司), the chief human resources officer of the Group and the vice president of the Group. Mr. Sun has extensive experience in project cost management, human resources management and corporate operation management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Luo Zhenbang (羅振邦), aged 55, serves as independent non-executive Director, chairman of the Audit Committee, a member of the Remuneration Committee, a member of the Nomination Committee and a member of the Internal Control Committee of the Company. Mr. Luo was appointed as an independent non-executive Director of the Company on July 5, 2013. Mr. Luo is the director and managing partner of BDO China Shu Lun Pan CPAs. He has been an independent non-executive director of China Aerospace International Holding Limited (a company listed on the Stock Exchange, stock code: 00031) since December 2004, and an independent director of BII Railway Transportation Technology Holdings Company Limited (a company listed on the Stock Exchange, stock code: 1522) since November 2012. Mr. Luo used to worked successively in several accounting firms, namely Ningxia CPAs* (寧夏會計師事務所), Zhongzhou CPAs* (中洲會計師事務所), Zhong Tian Xin CPAs* (中天信會計師事務所) and Tianhua CPAs* (天華會計師事務所) before he joined BDO China Shu Lun Pan CPAs in May 2008. He also used to serve as a supervisor in China Cinda Asset Management Co., Ltd. from January 2001 to December 2002 and China Greatwall Asset Management Co., Ltd. from January 2003 to December 2004. He was also an independent director of Ningxia Zhongyin Cashmere Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 982) between 2001 to 2004, Long March Launch Vehicle Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600879) between 2002 to 2008, Ningxia Orient Tantalum Industry Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 962) between 2002 to 2005, Ningxia Yinxing Energy Co., Ltd.* (寧夏銀星能源股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 862) between 2004 to 2005 and AVIC Heavy Machinery Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600765) between 2010 to 2011, Xinjiang Goldwind Science & Technology Co., Ltd. (a company listed on the Stock Exchange (stock code: 2208) and Shenzhen Stock Exchange (stock code: 002202)) form June 2013 to June 2019 and Digital China Information Service Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000555) from January 2014 to December 2019, respectively. Mr. Luo was awarded professional qualifications as a certified public accountant by the MOF in January 1995 and a certified accountant in securities and futures industry by the MOF and CSRC in July 1997. He graduated from the School of Business of Lanzhou in June 1991 majoring in Enterprise Management and obtained the Master's degree in enterprise management and innovation from the Australia National University in July 2007.

Mr. Lai Siming (賴思明), aged 64, serves as independent non-executive Director, chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee of the Company. Mr. Lai was appointed as independent non-executive Director of the Company on July 5, 2013. Mr. Lai has been the member of the Royal Institution of Chartered Surveyors since June 1983 and the member of the Hong Kong Institute of Surveyors since August 1984. In April 1999, Mr. Lai became the fellow member of the Hong Kong Institute of Surveyors. Mr. Lai is a professional surveyor and has considerable experience in the property field. Between September 1980 to February 1994 and August 1997 to June 2002, Mr. Lai was working in Knight Frank (known as F.Y. Kan & Partners in 1980), an international property consultant firm, offering property consulting services. Mr. Lai is an independent non-executive director of Asia Commercial Holdings Limited (a company listed on the Stock Exchange, stock code: 104) since August 1998. Mr. Lai was also an independent non-executive director of The Sun's Group Limited (a company listed on the Stock Exchange, stock code: 988) from May 2002 to March 2003. Mr. Lai served as the Vice Chairman, General Practice Division of the Hong Kong Institute of Surveyors for two years (GPD Council 2001-2003). Mr. Lai obtained a Master's degree in business administration from The Chinese University of Hong Kong in November 2001.

Ms. Chen Jingru (陳靜茹), aged 57, serves as independent non-executive Director, chairman of the Internal Control Committee and a member of the Audit Committee of the Company. Ms. Chen was appointed as independent non-executive Director of the Company on June 5, 2014. Ms. Chen is the global partner of DeHeng Law Offices. Ms. Chen has been working in DeHeng Law Offices since 1993 and has extensive experience in the corporate and securities aspects. Ms. Chen also serves as the external internal auditor of BOC International (China) Co., Ltd. Ms. Chen was awarded her professional qualification as a lawyer conferred by the Lawyer Qualification Committee of the PRC Ministry of Justice in March 1993. She obtained a Bachelor's degree majoring in law in July 1985 and a Master's degree majoring in law in December 1990 from Nankai University.

SENIOR MANAGEMENT

Mr. Li Bin (李斌), aged 50, serves as the executive president of the Company. Mr. Li joined the Group in July 1997 and successively served as the procurement manager, sales manager and public relationship manager of Garden Group, the deputy general manager of Hainan Glory Real Estate Development Co., Ltd.* (海南國瑞房地產開發有限公司), the chairman of Shenyang Dadongfang Property Development Co., Ltd.* (瀋陽大東方置業有限公司) and the secretary to the chairman and the assistant to the chairman of the Company. He was served as executive director of the Company from 14 June 2019 to 10 April 2021. He has worked in Beijing Glory Xingye Real Estate Co., Ltd.* (北京國瑞興業地產股份有限公司) ("Original Beijing Glory") since 2002 and served as the chairman. Mr. Li is also the vice chairman of Qianmen Branch of Dongcheng District of Beijing Federation of Industry & Commence, the vice chairman of Chaozhou Natives Overseas Association in Beijing and the member of Dongcheng District's 16th National People's Congress of Beijing.

Mr. Yan Shuang (閆雙), aged 41, serves as the general manager of Beijing Qixi Project of the Company. Mr. Yan joined the Group in March 2004 and has since successively served as various positions in our Group, namely the security head of Glory Xingye (Beijing) Industrial Co., Ltd.* (國瑞興業(北京)實業股份有限公司) from March 2004 to February 2005; the deputy general manager of Glory Services from February 2005 to September 2009; the deputy general manager of Glory Commercial Management from September 2009 to March 2012; the assistant to the chairman and the director of the president office of Original Beijing Glory since March 2012; and the general manager of Guorui Real Estate Beijing* (北京國瑞地產) since January 2016. Mr. Yan was awarded a certificate in property management in June 2011 by Beijing Municipal Commission of Housing and Urban-Rural Development. He is pursing a college degree in business administration at the School of Network and Continuing Education of Xidian University.

Ms. Zheng Jin (鄭瑾), aged 39, serves as the board secretary and joint company secretary of the Company. Ms. Zheng joined the Group in January 2010 and has served as the vice president of the capital and financial management center and the operation and construction management center of Original Beijing Glory since October 2010 and February 2013, respectively. Before joining the Group, she served as the assistant manager in KPMG Huazhen (special general partnership) from July 2007 to January 2010, responsible for auditing. Ms. Zheng was awarded the qualification as a certified public accountant by the Chinese Institute of Certified Public Accountants in August 2009. She obtained a Bachelor's degree in engineering management in July 2004 and a Master's degree in finance in June 2007 from Central University of Finance and Economics.

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (鄭瑾), aged 39, serves as the joint company secretary of the Company. Please refer to the section headed "Directors' and Senior Management's Profiles".

Ms. Kwong Yin Ping Yvonne (鄺燕萍), serves as our joint company secretary of the Company. Ms. Kwong is a president of SWCS Corporate Services Group (Hong Kong) Limited, a specialty corporate services provider focusing on the provision of listing company secretarial and compliance services. She holds a Bachelor's Degree in Accountancy from the Hong Kong Polytechnic University and is a fellow of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators). Ms. Kwong has extensive experience in providing company secretarial and compliance services to numerous private and listed companies.

Report of the Directors

The Board is pleased to present its annual report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are property development, primary land construction and development services, property investment and management in the PRC. An analysis of the Group's revenue for the Reporting Period by principal activities is set out in note 5 and note 6 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business and a discussion and analysis of the Group's performance for the Reporting Period and the material factors underlying its financial performance and financial position can be found in the "Management Discussion and Analysis" section on pages 187 to 195 in this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out on page 183 of this annual report. The above sections form part of this report. The financial risk management objectives and policies of the Group are set out in note 50 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognizes its responsibility to protect the environment from its business activities. Being a real estate operator and developer in the PRC, the Group is subject to environmental laws and regulations set by the PRC national, provincial and municipal governments, including but not limited to laws and regulations on air and noise pollution and discharge of waste and water into the environment.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognizes the importance of compliance with regulatory requirements. The Group has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators through effective communications. For the Reporting Period, save as disclosed herein and to the best knowledge of the Directors, the Group has complied with all of the relevant laws and regulations in the PRC and Hong Kong which have significant impact on the operations of the Group, including but not limited to the Company Law of the PRC, the Hong Kong Securities and Futures Ordinance (Cap. 571) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

PRINCIPAL RISKS AND UNCERTAINTIES

Risk relating to the real estate industry in the PRC

The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC real estate market through industry policies and other economic measures at the national, provincial, municipal and/or local level. The Group mainly operates in the PRC and such measures may affect the Group's financial condition or results of operations.

Risk relating to foreign exchange

Substantially all of the Group's revenues and expenditures are dominated in Renminbi, while any dividends the Group pays on its Shares will be in Hong Kong dollar. The value of Renminbi against the U.S. dollar or the Hong Kong dollar may fluctuate and is affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. For details during the Reporting Period, please refer to the description in "Foreign Exchange Risk" in note 50 to the consolidated financial statements.

RELATIONSHIPS WITH STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise our Directors, senior management, employees, customers, suppliers, regulators and shareholders.

Directors, senior management and employees

Our success is attributable to the ongoing service, performance, expertise and experience of our Directors and senior management. Moreover, our qualified and skilled employees have further contributed to our continual success. Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resources management is to reward and recognize performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are individual purchasers for residential properties and various types of corporations and other business entities for commercial properties. The Group is committed to provide quality services and products to customers while maintaining long-term profitability, business and earnings growth. Various means have been established to strengthen the communications between customers and the Group in the provision of excellent customer service.

Suppliers

Sound relationships with key suppliers of the Group are important in supply chain, premises or land parcels management, properties construction and meeting business challenges and regulatory requirements. The key suppliers of the Group comprise construction material and equipment suppliers, construction contractors and design firms.

Regulators

The Group operates in the real estate sector in the PRC which is regulated by the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development, Beijing Municipal Commission of Urban Planning and other relevant regulators. It is the Group's desire to keep up to date and ensure compliance with new rules and regulations.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group.

FUTURE BUSINESS DEVELOPMENTS

The future business developments are set out in the Chairman's Statement on pages 184 to 186 of this annual report. The Chairman's Statement forms part of this report.

SEGMENT INFORMATION

An analysis of the performance of the Group for the Reporting Period by principal activities is set out in note 6 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on pages 238 to 239.

The Board did not recommend the distribution of any final dividend for the year ended December 31, 2021.

ANNUAL GENERAL MEETING

The annual general meeting ("**AGM**") of the Company will be held on June 1, 2022. A notice convening the AGM will be published and despatched to the shareholders in the manner required by the Rules Governing the Listing of Securities of the Stock Exchange (the "**Listing Rules**").

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on June 1, 2022, the register of members of the Company will be closed from May 28, 2022 to June 1, 2022, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on May 27, 2022.

FINANCIAL SUMMARY

A summary of the financial results and of the assets, liabilities and equity of the Group for the last five financial years is set out on page 364 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of change during the Reporting Period in the share capital and share options of the Company are set out in note 41 and note 43, respectively, to the consolidated financial statements.

During the Reporting Period, save as disclosed in this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Reporting Period are set out in note 18 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group for the Reporting Period are set out in note 17 to the consolidated financial statements.

RESERVES

Details of movement in the reserves of the Group for the Reporting Period are set out in the consolidated statement of changes in equity on page 242 of this annual report.

DISTRIBUTABLE RESERVES

As of December 31, 2021, the Company's distributable reserves were RMB1,551.9 million.

BANK, TRUST AND OTHER BORROWINGS

Particulars of bank, trust and other borrowings of the Group as at December 31, 2021 are set out in note 38 to the consolidated financial statements.

PROFILES OF DIRECTORS AND JOINT COMPANY SECRETARIES

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Zhang Zhangsun *(Chairman)*
Ms. Ruan Wenjuan
Ms. Zhang Jin (resigned on November 8, 2021)
Mr. Lin Yaoquan (resigned on November 8, 2021)
Ms. Dong Xueer
Mr. Li Bin (resigned on April 11, 2021)
Mr. Hao Zhenhe (appointed on November 8, 2021)
Mr. Sun Xiaodong (appointed on November 8, 2021)

Independent non-executive Directors:

Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

The executive directors and independent non-executive Directors are appointed for a period of three years.

Profiles of the Directors and the Joint Company Secretaries of the Company are set out on pages 196 to 199 of this annual report. At the AGM, Ms. Ruan Wenjuan, Ms. Dong Xueer, Mr. Hao Zhenhe, Mr. Sun Xiaodong and Mr. Lai Siming shall retire and being eligible, shall offer themselves for re-election.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's articles of association, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities sustained by him/her as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favor, or in which he/she is acquitted.

The Company has taken out and maintained directors' liability insurance throughout the year, which provides appropriate cover for the Directors of the Group. For the Reporting Period, no claim had been made against the Directors, auditors or officers of the Company.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his or her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules for the Reporting Period.

DIRECTORS' SERVICE CONTRACTS

Mr. Zhang Zhangsun and Ms. Ruan Wenjuan, as executive Directors, have entered into service agreements with the Company on July 7, 2020 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Mr. Hao Zhenhe and Mr. Sun Xiaodong, as executive Directors, have entered into service agreements with the Company on November 8, 2021 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Ms. Dong Xueer, as an executive Director, has entered into service agreement with the Company on June 14, 2019 for a term of three years and may be terminated in accordance with the respective terms of the service agreement.

Mr. Lin Yaoquan and Ms. Zhang Jin, as executive Directors, resigned on November 8, 2021, and Mr. Li Bin, as an executive Director, resigned on April 11, 2021, and terminated in accordance with the respective terms of the service agreement.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on July 7, 2020, for a term of three years and may be terminated in accordance with the respective terms of the letter of appointments.

None of the Directors has a service contract with the Company which is not terminable by the Group within one year without payment of compensation, other than normal statutory compensation.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Save as disclosed in this annual report, as at December 31, 2021, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

MANAGEMENT CONTRACTS

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

EQUITY-LINKED AGREEMENTS

Saved as disclosed in the sections headed "Pre-IPO Share Option Scheme" and "Post-IPO Share Option Scheme" below, no equity-linked agreements were entered into by the Group, or existed for the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, purchases from the Group's largest supplier accounted for approximately 15.3% of the Group's total purchases and the five largest suppliers of the Group accounted for less than 30.0% of the Group's total purchase in the year.

For the Reporting Period, sales to the Group's largest customer accounted for approximately 2.1% of the Group's total revenue and the five largest customers of the Group accounted for less than 30.0% of the Group's total revenue in the year.

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

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

As at December 31, 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which were required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

(a) Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[1]	Interest of a controlled corporation	3,409,431,570	76.71%
Ruan Wenjuan	Interest of spouse	3,409,431,570	76.71%

Note (1): Alltogether Land Company Limited ("**Alltogether**") is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is also deemed to be interested in the Shares held by Alltogether under the SFO.

(b) Interest in shares of associated corporation

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%

(c) Interest in debentures of the Company

US$323,745,000 14.25% senior notes due 2024 exchanged and issued on January 25, 2021 (the "**2021 Senior Notes**"):

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of interest of 2021 Senior Notes as at December 31, 2021
Chairman Zhang[1]	Interest of a controlled corporation	US$10,000,000	3.09%[2]
Ruan Wenjuan	Interest of spouse	US$10,000,000	3.09%[2]

Notes:

(1) Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the debentures held by Alltogether.

(2) Proportionate interests is calculated based on the principal amount in aggregate of 2021 Senior Notes.

All interests in the shares of the Company and its associated corporation are long positions.

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

SUBSTANTIAL SHAREHOLDERS INTERESTS AND SHORT POSITION SHARES

As at December 31, 2021, the following persons had an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interest in Shares of the Company

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Chairman Zhang[(1)]	Interest of a controlled corporation	3,409,431,570	76.71%
Alltogether	Beneficial owner	3,409,431,570	76.71%

Note (1): Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the Shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is deemed to be interested in the Shares held by Alltogether under the SFO.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the transaction as disclosed in the section "Non-exempt Continuing Connected Transactions" below and the material related party transactions as disclosed in note 51 to the consolidated financial statements of this annual report, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company's holding company or any of its subsidiaries was a party, and in which a Director or its connected entities or any of the controlling shareholders of the Company had a material interest (whether directly or indirectly) subsisting at the end of the year or at any time for the Reporting Period.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Entering into the Property Management Services Framework Agreement with Beijing Glory Property Services Co., Ltd.* (北京國瑞物業服務有限公司) ("Glory Services")

On September 29, 2020, the Company and Glory Services entered into the Property Management Services Framework Agreement for the engagement of Glory Services by the Company to provide property management related services. As at the date of entering into the Property Management Services Framework Agreement, Shantou Glory Properties Investment Co., Ltd.* (汕頭市國瑞置業投資有限公司) and Ms. Zhang Jin, the former executive Director of the Company, indirectly hold 90% and 10% equity interest in Glory Services respectively, while Mr. Zhang Zhangsun, the Chairman and the controlling shareholder of the Company, holds 100% equity interest in Shantou Glory Properties Investment Co., Ltd.* (汕頭市國瑞置業投資有限公司). Therefore, pursuant to Chapter 14A of the Listing Rules, Glory Services is a connected person of the Company, and the transactions under the Property Management Services Framework Agreement constitute continuing connected transactions of the Company. Upon calculation, the applicable highest percentage ratio for the annual cap with respect to the transactions under the Property Management Services Framework Agreement exceeds 0.1% but is less than 5%. Therefore, these transactions are subject to the announcement requirement under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement. Further details of the continuing connected transaction were disclosed in the announcement of the Company dated September 29, 2020.

The total amount of fees charged by Glory Services to the Group for the year ended December 31, 2021 was RMB15.55 million which did not exceed the annual cap of the transactions for 2021 of RMB89.97 million.

2. Entering into eight Commercial Management Services Agreements with the Commercial Management Services Group (as defined below)

On September 29, 2020, the members of the Group and Beijing Glory Industrial Commercial Management Limited* (北京國瑞興業商業管理有限公司), Foshan Yinhe Ruixing Commercial Management Co., Ltd.* (佛山市銀和瑞興商業管理有限公司), Shenyang Guorui Xingda Enterprise Management Co., Ltd* (瀋陽國瑞興達企業管理有限公司), Xi'an Ruihe Xingda Commercial Management Co., Ltd* (西安瑞和興達商業管理有限公司) and Hainan Glory Industrial Commercial Management Co., Ltd.* (海南國瑞興業商業管理有限公司) (collectively, the "**Commercial Management Services Group**") respectively entered into eight Commercial Management Services Agreements for the engagement of the Commercial Management Services Group by the Group to provide commercial management related services.

As at the date of entering into the eight Commercial Management Services Agreements, the equity interest of Beijing Glory Industrial Commercial Management Limited* (北京國瑞興業商業管理有限公司) is held as to 99.8% and 0.2% by Beijing Yinhe Guorui Commercial Investment Co., Ltd.* (北京銀和國瑞商業投資有限公司) ("Beijing Yinhe") and Ms. Zhang Jin respectively; Beijing Yinhe indirectly holds 100% equity interest in each of Shenyang Guorui Xingda Enterprise Management Co., Ltd.* (瀋陽國瑞興達企業管理有限公司), Foshan Yinhe Ruixing Commercial Management Co., Ltd.* (佛山市銀和瑞興商業管理有限公司), Xi'an Ruihe Xingda Commercial Management Co., Ltd.* (西安瑞和興達商業管理有限公司) and Hainan Glory Industrial Commercial Management Co., Ltd.* (海南國瑞興業商業管理有限公司), while Ms. Li Xingzhen, mother of Ms. Zhang Jin, and Ms. Zhang Xiaoqian, younger sister of Ms. Zhang Jin, respectively hold 90% and 10% equity interest in Beijing Yinhe. Therefore, pursuant to Chapter 14A of the Listing Rules, the Commercial Management Services Group are all connected persons of the Company, and the transactions under the eight Commercial Management Services Agreements all constitute continuing connected transactions of the Company. Upon calculation on an aggregate basis, the applicable highest percentage ratio for the annual cap with respect to the transactions under the eight Commercial Management Services Agreements exceeds 0.1% but is less than 5%. Therefore, these transactions are subject to the announcement requirement under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement. Further details of the continuing connected transaction were disclosed in the announcement of the Company dated September 29, 2020.

The total amount of fees charged by the Commercial Management Services Group to the Group for the year ended December 31, 2021 was RMB37.65 million which did not exceed the annual cap of the transactions for 2021 of RMB121.50 million.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDITORS' CONFIRMATIONS

The independent non-executive Directors have reviewed the above non-exempt continuing connected transactions and they have confirmed that the transactions are conducted (i) in the Company's ordinary and usual course of business; (ii) on normal commercial terms (or terms no less favourable to the Company than terms available to or from independent third parties); and (iii) the terms are fair and reasonable and in the interest of the shareholders as a whole.

The Board confirmed that save as disclosed above, none of the related party transactions set out in note 51 to the consolidated financial statements constituted non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. Save as disclosed above, for the year ended December 31, 2021, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules or not in compliance with Chapter 14A of the Listing Rules.

To comply with Rule 14A.56 of the Listing Rules, the Company's auditor has made reports on the Group's non-exempt continuing connected transactions and issued conclusion of the matters set out in Rule 14A.56 of the Listing Rules in respect of these transactions and confirmed that nothing come to their attention that causes them to believe the continuing connected transactions disclosed above:

(i) have not been approved by the Board;

(ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(iii) have exceeded the annual cap.

NON-COMPETITION UNDERTAKING

Each of Mr. Zhang Zhangsun and Alltogether (the "**Controlling Shareholders**") has executed a deed of non-competition through which they have irrevocably and conditionally warranted and undertaken to the Company not to, whether directly or indirectly or as principal or agent, and whether on his/its own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any subsidiary of the Company) engage in businesses that are in competition with the Group.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the deed of non-competition for disclosure in this annual report for the Reporting Period.

The independent non-executive Directors have also reviewed the compliance by each of the Controlling Shareholders with the undertakings in the deed of non-competition for the Reporting Period. The independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the undertakings in the deed of non-competition given by them.

EMOLUMENT POLICY

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and contributions, time commitment and responsibilities of the Directors and senior management and salaries paid by comparable companies.

The Company has adopted a Pre-IPO Share Option Scheme (the "**Pre-IPO Share Option Scheme**"), a Post-IPO Share Option Scheme (the "**Post-IPO Share Option Scheme**") and a Share Award Scheme (the "**Share Award Scheme**") as incentive to eligible employees, details of the schemes are set out in the section headed "Pre-IPO Share Option Scheme", "Post-IPO Share Option Scheme"and "Share Award Scheme" below, respectively.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on June 5, 2014 to enable the Company to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to its key employees.

The total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme to 54 grantees on or before June 16, 2014 is 67,076,800 Shares, representing approximately 1.51% of the issued share capital of the Company as at December 31, 2021. Save for the options which have been granted on or before June 16, 2014, no further options has be granted under the Pre-IPO Share Option Scheme on or after the Listing Date (i.e. July 7, 2014) and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme is 60% of HK$2.38. The share options granted had been vested in three equal tranches on the first, second and third anniversary of the Listing Date (i.e. July 7, 2014), respectively. All share options will be expired after 7 years since the grant date. The validity period of the Pre-IPO Share Option Scheme is 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

As at June 15, 2021, all options granted under the Pre-IPO Share Option Scheme were automatically lapsed upon expiry. As at the date of this report, there were no other options granted under the Pre-IPO Share Option Scheme which had not been exercised.

Further details of the Pre-IPO Share Option Scheme are set out in note 43 to the consolidated financial statements.

POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme on June 5, 2014 to enable the Company to grant options to any Director (including the independent non-executive Directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "**Eligible Participants**") and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants. The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole.

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme or any other share option scheme adopted by the Company (including the Pre-IPO Share Option Scheme) shall not, in aggregate, exceed 10% of the total number of Shares in issue when the Post-IPO Share Option Scheme was adopted, unless with the prior approval from the Company's Shareholders. The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme to each eligible participant in any 12-month period up to the date of the grant shall not exceed 1% of Shares in issue, unless with the prior approval from the Company's Shareholders. Options granted to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, which would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK$5 million, such grant of options shall be subject to the issue of a circular by the Company and prior approval of the Shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favor. An offer of the grant of an option under the Post-IPO Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK$1.00 (or such other sum in any currency as the Board may determine) to the Company as consideration. Options may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. The subscription price shall be determined by the Board, in its sole discretion, and in any event shall be no less than the higher of (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of the Shares. The validity period of the Post-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

Pursuant to the Post-IPO Share Option Scheme, the Company offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 shares (representing approximately 2.21% of the issued share capital of the Company) in two tranches, all of which have lapsed as at December 31, 2021. As at December 31, 2021, there were no outstanding options granted under the Post-IPO Share Option Scheme by the Company.

The total number of shares available for issue under the Share Option Scheme are 424,661,712, representing 9.55% of the total number of shares in issue of the Company as at the date of this annual report.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 5, 2014 to recognize the contribution of certain of the Company's employees and officers, especially those whom the Company considered to have contributed to the early development and growth of the Group and to provide financial incentives to them to remain with the Group and strive for the future development and expansion of the Company. A summary of the principal terms and conditions of the Share Award Scheme is set out in Appendix VIII to the Prospectus.

Pursuant to the Share Award Scheme, a total of four selected persons (namely Mr. Lin Yaoquan, Mr. Wu Yilong Ms. Zhang Miaoxiang and Ms. Zhang Chanjuan) were awarded a total of 33,617,700 shares. On June 10, 2014, Alltogether transferred a total of 33,617,700 Shares to TMF (Cayman) Ltd., a special purpose vehicle incorporated in the Cayman Islands, for the benefit of the selected persons.

No further Shares have been awarded under the Share Award Scheme for the year ended December 31, 2021.

Apart from Ms. Zhang Chanjuan, the other selected persons disclosed above are connected persons of the Group as defined in the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, save as disclosed in this report, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a prorate basis to existing shareholders.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules for the year ended December 31, 2021 with deviation from code provision A.2.1 (which has been renumbered as code provision C.2.1 since 1 January 2022) which has already been stated in the Corporate Governance Report in this annual report. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 215 to 228 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

The Stock Exchange granted to the Company, at the time of its Listing in 2014, a waiver from strict compliance with Rule 8.08(1) of the Listing Rules (the "**Public Float Waiver**"). Pursuant to the Public Float Waiver, the Company's prescribed minimum percentage of shares which must be in the hands of the public must not be less than 15% of the total issued share capital of the Company. Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the prescribed amount of public float as required by the Public Float Waiver as at the date of this annual report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On February 23, 2022, the Company completed the exchange offering of US$315,159,000 of the 2021 Senior Notes with US$334,790,000 of new issue of senior notes due on August 23, 2024 (the "**2022 Senior Notes**") which bearing interest at 14.25% per annum.

After the completion of the exchange offering, an aggregate principal amount of US$8,586,000 of the 2021 Senior Notes remain outstanding. Further details of the exchange offer are disclosed in the announcements of the Company dated February 11, 2022, February 17, 2022, February 21, 2022 and February 28, 2022.

CHARITABLE DONATIONS

For the Reporting Period, the Group made charitable and other donations in a total amount of RMB0.4 million.

AUDITORS

The consolidated financial statements of the Group for the year ended December 31, 2021 have been audited by Moore Stephens CPA Limited.

The consolidated financial statement of the Group for the years ended December 31, 2020 and 2019 have been audited by the former auditors Deloitte Touche Tohmatsu. The terms of office of Deloitte Touche Tohmatsu as the auditors of the Group expired on the conclusion of the annual general meeting of the Company held on June 30, 2021. At the extraordinary general meeting held on July 30, 2021, an ordinary resolution was passed by shareholders to appoint Moore Stephens CPA Limited as the auditor of the Group and to hold office until the conclusion of the next annual general meeting.

Save as disclosed above, the Group did not change its auditors in the past three years.

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 independent expert.

On behalf of the Board
Zhang Zhangsun
Chairman

Beijing, the PRC, March 31, 2022

Corporate Governance Report

The Board is pleased to present this corporate governance report in the annual report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintaining high standards of corporate governance with a view to assuring the conduct of the management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhangsun ("**Chairman Zhang**") is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviate from the CG Code. Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of chairman and president in Chairman Zhang is beneficial to the business operations of the Group and will not have a negative impact on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. As at December 31, 2021, the Board comprised five executive Directors and three independent non-executive Directors, and therefore has fairly strong independence in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Internal Control Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law and real estate and have contributed to the Board with their professional opinions.

The Board is also responsible for maintaining and reviewing the effectiveness of the internal control system of the Group. It has carried out reviews of the existing implemented system and procedures, including internal control measures of financial and operational compliance and risk management functions of the Group.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate liability insurance to indemnify the Group's Directors for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

Board Composition

As at December 31, 2021, the Board comprised five executive Directors, namely Mr. Zhang Zhangsun, Ms. Ruan Wenjuan, Ms. Dong Xueer, Mr. Hao Zhenhe and Mr. Sun Xiaodong, and three independent non-executive Directors, namely Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru. The biographies of the Directors are set out under the section headed "Directors' and Senior Management's Profiles" of this annual report.

For the Reporting Period, the Board at all times met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules, listed issuers are required to appoint independent non-executive Directors representing at least one-third of the Board. The Company has three independent non-executive Directors currently representing one-third of the Board and therefore the Company has complied with Rule 3.10A of the Listing Rules.

Pursuant of Rule 13.92 of the Listing Rules, listed issuers are required to adopt a board diversity policy. The Company has adopted a board diversity policy and therefore complied with this code provision. A summary of the board diversity policy is set out under "Board Committees – Nomination Committee" below.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Ms. Ruan Wenjuan, Ms. Zhang Jin (resigned as executive Director on November 8, 2021) and Mr. Lin Yaoquan (resigned as executive Director on November 8, 2021) are, respectively, the spouse, daughter and brother-in-law of Mr. Zhang Zhangsun, the Chairman and one of the Controlling Shareholders of the Company. Save as disclosed in this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Director.

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

With regards to the CG Code provision requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and an indication of the time involved, all the Directors have agreed to disclose their commitments and any change to the Company in a timely manner.

Directors' Training and Continuous Professional Development

All directors should keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme for any newly-appointed director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and all relevant legal and regulatory requirements.

The Company also arranges regular seminars to provide all Directors with updates on the latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. The Joint Company Secretaries from time to time update and provide written training materials relating to the roles, functions and duties of a Director and encourage all the Directors to study such materials, and they are required to submit a signed training record to the Company on an annual basis.

For the Reporting Period, each of the Directors, namely Mr. Zhang Zhangsun, Ms. Ruan Wenjuan, Ms. Dong Xueer, Mr. Hao Zhenhe, Mr. Sun Xiaodong, Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru has attended a formal and comprehensive training. The Company has received confirmation from all Directors of their respective training records for the Reporting Period.

Chairman and President

Under code provision A.2.1 (which has been renumbered as code provision C.2.1 since 1 January 2022) of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Under the current organization structure of the Company, Mr. Zhang Zhangsun is our Chairman of the Board and president. With extensive experience in the property industry, the Board considers that vesting the roles of chairman and president in the same person is beneficial to the business prospects and management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. As at December 31, 2021, the Board comprised five executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Appointment and Re-Election of Directors

Mr. Zhang Zhangsun and Ms. Ruan Wenjuan, as executive Directors, have entered into service agreements with the Company on July 7, 2020 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Mr. Hao Zhenhe and Mr. Sun Xiaodong, as executive Directors, have entered into service agreements with the Company on November 8, 2021 for a term of three years and may be terminated in accordance with the respective terms of the service agreements.

Ms. Dong Xueer, as executive Director, has entered into service agreement with the Company on June 14, 2019 for a term of three years and may be terminated in accordance with the respective terms of the service agreement.

Mr. Lin Yaoquan and Ms. Zhang Jin, as executive Directors, resigned on November 8, 2021, and Mr. Li Bin, as an executive Director, resigned on April 11, 2021, and terminated in accordance with the respective terms of the service agreement.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on July 7, 2020, for a term of three years and may be terminated in accordance with the respective terms of the letter of appointments.

None of the Directors has a service agreement which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Company's articles of association (the "**Articles**"), one-third of the Directors for the time being shall retire from office by rotation at every annual general meeting of the Company and all Directors are subject to retirement by rotation at least once every three years. The Board shall have power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. Any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election of that meeting. Subject to the Articles and the Companies Law of the Cayman Islands, the Company may by ordinary resolution elect any person to be a director either to fill a casual vacancy or as an addition to the existing Directors. Any director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At the forthcoming AGM, Ms. Ruan Wenjuan, Ms. Dong Xueer, Mr. Hao Zhenhe, Mr. Sun Xiaodong and Mr. Lai Siming, shall retire and being eligible, shall offer themselves for re-election accordingly.

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

Board Meetings

The Company adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board Committees meetings, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings are kept by the Joint Company Secretaries with copies circulated to all Directors for information and records.

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

For the Reporting Period, eleven Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Zhang Zhangsun	11/11
Ms. Ruan Wenjuan	11/11
Ms. Zhang Jin (resigned on November 8, 2021)	10/11
Mr. Lin Yaoquan (resigned on November 8, 2021)	11/11
Ms. Dong Xueer	11/11
Mr. Li Bin (resigned on April 11, 2021)	0/4
Mr. Hao Zhenhe (appointed on November 8, 2021)	0/0
Mr. Sun Xiaodong (appointed on November 8, 2021)	0/0
Mr. Luo Zhenbang	11/11
Mr. Lai Siming	11/11
Ms. Chen Jingru	11/11

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code for the Reporting Period.

Delegation by the Board

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

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of all Directors and delegated the corporate governance duties to the Audit Committee which include:

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

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

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

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

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

General Meetings

For the Reporting Period, two general meetings were held on June 30, 2021 and July 30, 2021 respectively and the attendance of the individual Directors at the meeting is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Zhang Zhangsun	2/2
Ms. Ruan Wenjuan	2/2
Ms. Zhang Jin (resigned on November 8, 2021)	2/2
Mr. Lin Yaoquan (resigned on November 8, 2021)	2/2
Ms. Dong Xueer	2/2
Mr. Li Bin (resigned on April 11, 2021)	0/0
Mr. Hao Zhenhe (appointed on November 8, 2021)	0/0
Mr. Sun Xiaodong (appointed on November 8, 2021)	0/0
Mr. Luo Zhenbang	2/2
Mr. Lai Siming	2/2
Ms. Chen Jingru	2/2

BOARD COMMITTEES

Nomination Committee

The Nomination Committee comprises three members, being one executive Director, namely Mr. Zhang Zhangsun (chairman), and two independent non-executive Directors, namely Mr. Luo Zhenbang and Mr. Lai Siming. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Nomination Committee include:

– to review the structure, size and composition of the Board and make recommendations regarding any proposed changes;

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

– to make recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and

– to assess the independence of independent non-executive Directors.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

With a view to enhancing Board effectiveness and corporate governance, the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

The Company has adopted the Board Diversity Policy with measurable objectives. The Nomination Committee evaluates the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates is based on a range of diversity perspectives, including but not limited to age, cultural and educational background, professional and industry experience, skills, knowledge, ethnicity and other qualities essential to the Company's business, and merit and contribution that the selected candidates will bring to the Board. The Board will review such measurable objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

For the Reporting Period, two meetings of the Nomination Committee was held and the attendance record of the Nomination Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Zhang Zhangsun	2/2
Mr. Luo Zhenbang	2/2
Mr. Lai Siming	2/2

During the Reporting Period, the Nomination Committee was took into account the board diversity policy adopted by the Company and also assess the independence of the independent non-executive Directors and has made recommendations to the Board on the re-appointment of Mr. Zhang Zhangsun as executive Director and Mr. Luo Zhenbang and Ms. Chen Jingru as independent non-executive Directors of the Company.

Remuneration Committee

The Remuneration Committee comprises three members, being two independent non-executive Directors, namely Mr. Lai Siming (chairman) and Mr. Luo Zhenbang, and one executive Director, namely Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors.

The main duties of the Remuneration Committee include:

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

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

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

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

(v) to consider salaries paid by comparable companies, time commitment and responsibilities, and employment terms for other positions of the Group.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

For the Reporting Period, two meetings of the Remuneration Committee was held and the attendance record of the Remuneration Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Lai Siming	2/2
Ms. Ruan Wenjuan	2/2
Mr. Luo Zhenbang	2/2

The Remuneration Committee discussed and reviewed the remuneration policy for all Directors and senior management of the Company, and made recommendations to the Board on the remuneration packages of individual executive and non-executive Directors and senior management.

For details of the remuneration of the Directors of the Company, please refer to Note 13 to the consolidated financial statements. Details of the remuneration by band of other senior management of the Company, whose biographies are set out on pages 198 to 199 of this annual report, for the Reporting Period are set out below:

Remuneration band (RMB'000)	Number of individual
700 to 1,000	2
1,000 to 1,500	1
above 1,500	–

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Luo Zhenbang (chairman), Mr. Lai Siming and Ms. Chen Jingru. The main duties of the Audit Committee include:

– to monitor and review the financial statements, annual reports and accounts, half-year reports and quarterly reports (if any), and to review significant financial reporting judgments contained in them and to consider any significant or unusual items raised by the internal audit division or external auditor before submission to the Board;

– to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and

– to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

For the Reporting Period, four meetings of the Audit Committee were held and the attendance record of the Audit Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Mr. Luo Zhenbang	2/2
Mr. Lai Siming	2/2
Ms. Chen Jingru	2/2

The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions), risk management systems and processes, performed the corporate governance duties delegated by the Board and re-appointed the external auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

They also reviewed interim and final results of the Company and its subsidiaries for the fiscal year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in the course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

Internal Control Committee

The Internal Control Committee comprises three members, being two independent non-executive Directors, namely Ms. Chen Jingru (chairman) and Mr. Luo Zhenbang, and one executive Director, namely Ms. Ruan Wenjuan. Accordingly, the majority of them are independent non-executive Directors. The main duties of the Internal Control Committee include:

(i) to formulate and implement internal control handbook, policies and guidelines in relation to project management, cash flow management, capital management and internal audit procedures and make recommendations to the Board;

(ii) to monitor the Company's internal control status, including but not limited to project development, lease registration and non-compliant inter-company loans;

(iii) to develop and monitor the implementation of internal control communication channels between different departments within the Company to ensure their effectiveness; and

(iv) to review and discuss the solutions to regulatory, compliance and internal control related matters and report to the Board on a quarterly basis.

For the Reporting Period, two meetings of the Internal Control Committee were held and the attendance record of the Internal Control Committee members is set out in the table below:

Directors	Attended/ Eligible to attend
Ms. Chen Jingru	2/2
Mr. Luo Zhenbang	2/2
Ms. Ruan Wenjuan	2/2

The Internal Control Committee reviewed the Company's internal control status, internal audit policy and procedures, human resources policy and risk management system.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of Directors and five highest paid employees have been set out in note 13 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the Reporting Period in accordance with statutory requirements and applicable accounting standards, which give a true and fair view of the affairs of the Group and of its results and cash flows. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner and prepared the financial statements on a going concern basis for the reasons as set out in note 3 to the financial statements.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 231 to 237 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining adequate risk management and internal control systems to safeguard Shareholders' investments and Company's assets and reviewing the effectiveness of such systems on an annual basis. The Group has established a robust risk management and internal control framework, which consists of the Board, the Audit Committee, the Internal Control Committee and the Senior Management of the Group. The Board further clarified that the aforementioned systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee and Internal Control Committee, determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the overall effectiveness of risk management. The Group identifies key risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans are then established by the risk owners to manage the risk to acceptable level.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial conditions and internal control of the Company and conducting comprehensive audits of all subsidiaries of the Company on a regular basis.

The Board, through the Audit Committee and Internal Control Committee, has conducted a review of the effectiveness of the risk management and internal control systems of the Company and its subsidiaries covering all material controls, including financial, operational and supervisory controls and risk management functions and, in particular, considering the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting and financial reporting function. Based on comments from the Audit Committee and Internal Control Committee, the Board considered such systems to be effective and adequate.

The Company takes the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission of Hong Kong as the Company's basis of identification of inside information, to ensure the timely report of inside information to the executive directors and maintain communication with the Board. Meanwhile, the Company handles and disseminates the inside information according to the related policy to ensure that the inside information is kept confidential before being approved for dissemination and the relevant information will be released effectively and conformably.

AUDITORS' REMUNERATION

For the Reporting Period, the fees payable to the external auditor, Moore Stephens CPA Limited, was RMB3.1 million for audit services and RMB0.5 million for other services including but not limited to review of interim results and acting as the reporting accountants for major disposal of entire equity interest in Wanning Guorui.

JOINT COMPANY SECRETARIES

Ms. Zheng Jin, the Joint Company Secretary, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Kwong Yin Ping, Yvonne, president of SWCS Corporate Services Group (Hong Kong) Limited (a company secretarial services provider), as its Joint Company Secretary to assist Ms. Zheng Jin to discharge her duties as company secretary of the Company. The primary corporate contact person at the Company is Ms. Zheng Jin, the Board Secretary and Joint Company Secretary.

For the Reporting Period, Ms. Zheng Jin and Ms. Kwong Yin Ping, Yvonne have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

The Board of Directors shall recommend dividends based on the actual and expected financial results of the Group, the overall business conditions and business strategy of the Group, the relevant Company laws and the Articles of Association of the Company and other relevant factors that the Board considers. The Company may, from time to time, declare a dividend to the shareholders of the Company at the shareholders' meeting, but may not exceed the amount of dividends recommended by the Board of Directors.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

The annual general meeting(s) of the Company provides opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company, and the chairmen of the Board Committees of the Company will attend the annual general meeting(s) to answer Shareholders' questions. The external auditor of the Company will also attend the annual general meeting(s) to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

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

SHAREHOLDERS’ RIGHTS

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

All resolutions put forward at Shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Stock Exchange and the Company in a timely manner after each Shareholder meeting.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to article 12.3 of the Articles, general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company. As regards proposing a person for election as a Director, the procedures are available on the Company’s website.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business of the Company in Hong Kong at RM2802, 28/F, Harbour Centre, 25 Harbour Road, Wan Chai, Hong Kong (email address: ir@glorypty.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

There is no significant change in constitutional documents of the Company during the Reporting Period.

Corporate Information

DIRECTORS

Executive Directors

Mr. Zhang Zhangsun *(Chairman)*
Ms. Ruan Wenjuan
Ms. Dong Xueer
Mr. Hao Zhenhe
Mr. Sun Xiaodong

Independent Non-Executive Directors

Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (CPA)
Ms. Kwong Yin Ping, Yvonne (FCG, HKFCG)

AUTHORIZED REPRESENTATIVES

Mr. Zhang Zhangsun
Ms. Zheng Jin

AUDIT COMMITTEE

Mr. Luo Zhenbang *(Committee Chairman)*
Mr. Lai Siming
Ms. Chen Jingru

REMUNERATION COMMITTEE

Mr. Lai Siming *(Committee Chairman)*
Ms. Ruan Wenjuan
Mr. Luo Zhenbang

NOMINATION COMMITTEE

Mr. Zhang Zhangsun *(Committee Chairman)*
Mr. Luo Zhenbang
Mr. Lai Siming

INTERNAL CONTROL COMMITTEE

Ms. Chen Jingru *(Committee Chairman)*
Ms. Ruan Wenjuan
Mr. Luo Zhenbang

AUDITOR

Moore Stephens CPA Limited
Registered Public Interest Entity Auditor
801-806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui
Kowloon
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Bank of Beijing Co., Ltd.

LEGAL ADVISORS

As to Hong Kong Law
Baker & McKenzie
14/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

REGISTERED OFFICE

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

CORPORATE HEAD OFFICE IN HONG KONG

RM2802, 28/F, Harbour Centre,
25 Harbour Road, Wan Chai
Hong Kong

CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

East Block, Hademen Plaza
8-1#Chongwenmenwai Street
Dongcheng District, Beijing
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

LISTING INFORMATION

Share Listing

The Company's ordinary shares
The Stock Exchange of Hong Kong Limited
Stock Code: 02329

Senior Notes Listing

The Stock Exchange of Hong Kong Limited
Stock Code: 40558

WEBSITE

http://www.glorypty.com

Independent Auditor's Report

MOORE

Moore Stephens CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大華馬施雲
會計師事務所有限公司

TO THE SHAREHOLDERS OF GUORUI PROPERTIES LIMITED (INCORPORATED UNDER THE NAME OF "GLORY LAND COMPANY LIMITED (國瑞置業有限公司)" IN THE CAYMAN ISLANDS AND CARRYING ON BUSINESS IN HONG KONG AS "GUORUI PROPERTIES LIMITED")

OPINION

We have audited the consolidated financial statements of Guorui Properties Limited (incorporated under the name of "Glory Land Company Limited (國瑞置業有限公司)" in the Cayman Islands and carrying on business in Hong Kong as "Guorui Properties Limited") (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 238 to 363, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") 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 Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements, which indicates that as at December 31, 2021, the Group reported the current portion of bank, trust and other borrowings of approximately RMB5,084,974,000 was due within one year. Along with the current situation as set forth in note 3 to the consolidated financial statements, these conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter because the Group adopted multiple valuation techniques with significant unobservable inputs, which are judgemental. Any changes to these inputs may have a significant impact on the fair value. The management determined the fair value of the Group's investment properties at December 31, 2021 with the assistance of an independent qualified external valuer. Details of the investment properties and the related key estimation uncertainty are set out in notes 17 and 4 to the consolidated financial statements respectively.	Our procedures in relation to valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the external valuer engaged by the management; • Obtaining a copy of valuation report prepared by the independent qualified external valuer and discussing with the independent qualified external valuer to understand the basis of determination of valuation; and • Challenging the independent qualified external valuer the methodologies and judgements used in valuing the investment properties and obtaining the market evidence used to support the key inputs.
Revenue from property sales	
We identified the revenue from property sales as a key audit matter due to the significance of the amount and volume of sales transactions recognised during the year. Details of revenue from property sales are set out in note 5 to the consolidated financial statements.	Our procedures in relation to revenue from property sales included: • Understanding the design and testing the implementation of key internal controls over revenue recognition for property sales on a sample basis, and • Selecting property sales transactions on a sample basis and: – reading the signed sales and purchase agreements to understand the relevant terms of the timing of property delivery and transfer of control; – obtaining evidence regarding the property delivery and transfer of control; and – reconciling the monetary amounts of recorded transactions and related payments to the signed sales and purchase agreements.

Key audit matter	How our audit addressed the key audit matter
Assessing the net realisable value of properties under development for sale and properties held for sale	
As at December 31, 2021, the Group held properties under development for sale and properties held for sale located in certain cities across mainland China. These properties are stated at the lower of cost and net realisable value. The determination of the net realisable value of these properties requires estimations, including expected future selling prices and costs necessary to complete the sale of these properties, and is assessed by the management. Changes in government policies, which affect interest rates, the required reserve ratio for banks and/or mortgage requirements for second-home buyers, could lead to volatility in property prices. We identified the assessment of the net realisable value of the properties as a key audit matter because of the significance of these properties to the Group's total assets and because the assessment of net realisable value is inherently subjective and requires significant management judgement and estimation in relation to estimating future selling prices and future construction costs which increases the risk of error or potential management bias. Details of the properties under development for sale and properties held for sale and the related key estimation uncertainty are set out in notes 27 and 4 to the consolidated financial statements respectively.	Our procedures in relation to assessing the net realisable value of properties under development for sale and properties held for sale included: • obtaining and inspecting management's valuation assessments and on which the management's assessment of the net realisable value of the properties under development for sale and properties held for sale was based; • discussing with management their valuation methodologies; and assessing the key estimates and assumptions adopted in the valuation, including expected future selling prices and costs to completion, by comparing expected future selling prices to, where available, recently transacted prices for similar properties or the prices of comparable properties located in the vicinity of each development, and publicly available construction cost information for properties of a similar nature and location; and • conducting site visits to properties under development for sale, on a sample basis, to observe the development progress and evaluating the management's development budgets reflected in the latest forecasts with reference to market statistics about estimated construction costs, signed construction contracts and/or unit construction costs of recently completed projects.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade and other receivables and contract assets	
As at December 31, 2021, the Group had trade and other receivables and contract assets (net of allowance for credit losses) of approximately RMB502,288,000, RMB609,441,000 and RMB1,798,868,000, respectively. The Group had recognised an expected credit loss ("**ECL**") on trade and other receivables and contract assets of approximately RMB110,879,000 during the year ended December 31, 2021. The ECL assessment on trade and other receivables and contract assets is considered to be a matter of most significance as it requires the application of significant judgement and use of subjective assumptions by management. The management of the Company believed that the methodologies and inputs used in estimating ECL are appropriate and best reflects the Group's exposure to credit risk. These models and assumptions relate to the future macroeconomic conditions and debtors' creditworthiness. The ECL assessment requires significant management's judgements. Accordingly, we have identified management's ECL assessment as a key audit matter. Details of the impairment assessment of trade and other receivables and contract assets and the related key estimation uncertainty are set out in notes 50 and 4 to the consolidated financial statements respectively.	Our procedures in relation to assessing the impairment assessment of trade and other receivables and contract assets included: • discussed with the management of the Company the reasonableness and relevance of the methodologies, inputs and assumptions adopted in performing the ECL assessment; • obtained an ageing analysis of the trade receivables from the management of the Group and tested the accuracy of ageing of trade receivables at year end to the underlying invoices on a sample basis; • challenged the management's assessment of the recoverability of long outstanding trade and other receivables and contract assets, if any; • checked, on a sample basis, inputs used by the management in the ECL assessment against the source data (e.g. observable external data); and • assessed the adequacy of the ECL recorded by reviewing subsequent settlements after the year end and related correspondence, if any, with customers about expected settlement dates.

OTHER MATTER

The consolidated financial statements of the Group for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those statements on April 11, 2021.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee of the Company assists the directors of the Company in discharging their responsibilities 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

- 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 of the Company 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 of the Company 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 of the Company, 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.

Moore Stephens CPA Limited
Certified Public Accountants

Li Wing Yin
Practising Certificate Number: P05035

Hong Kong, March 31, 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	*5*		
Contract with customers		**9,452,795**	5,256,033
Rental income		**445,606**	512,863
Total revenue		**9,898,401**	5,768,896
Cost of sales and services		**(8,651,166)**	(4,788,575)
Gross profit		**1,247,235**	980,321
Other gains and losses, net	*7*	**361,840**	65,695
Other income	*8*	**154,520**	197,157
Change in fair value of investment properties	*17*	**115,699**	315,038
Impairment losses under expected credit loss model, net of reversal	*11*	**(112,233)**	(40,394)
Distribution and selling expenses		**(263,920)**	(273,474)
Administrative expenses		**(403,604)**	(467,743)
Other expenses	*9*	**(17,177)**	(6,759)
Share of results of joint ventures		**131,339**	1,603
Share of results of associates		**35,046**	(6,705)
Finance costs	*10*	**(371,878)**	(248,018)
Profit before income tax		**876,867**	516,721
Income tax expense	*14*	**(532,352)**	(383,076)
Profit for the year	*12*	**344,515**	133,645
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Fair value loss on equity instruments at fair value through other comprehensive income ("**FVTOCI**")		**(17,819)**	(1,100)
Income tax relating to items that will not be reclassified to profit or loss		**1,668**	275
Other comprehensive expense, net of tax		**(16,151)**	(825)
Total comprehensive income for the year		**328,364**	132,820
Profit for the year attributable to:			
Owners of the Company		**228,333**	98,740
Non-controlling interests		**116,182**	34,905
		344,515	133,645

	Note	2021 RMB'000	2020 RMB'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**213,636**	97,989
Non-controlling interests		**114,728**	34,831
		328,364	132,820
Earnings per share attributable to the owners of the Company	*15*		
– Basic (RMB cents)		**5.14**	2.22
– Diluted (RMB cents)		**5.14**	2.22

Consolidated Statement of Financial Position

December 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Investment properties	*17*	**20,430,500**	20,375,500
Property, plant and equipment	*18*	**2,268,730**	2,146,902
Right-of-use assets	*19*	**262,522**	270,581
Other non-current assets	*20*	**1,373,571**	1,302,897
Interests in joint ventures	*21*	**159,413**	28,074
Interests in associates	*22*	**14,571**	–
Equity instruments at FVTOCI	*23*	**13,481**	31,300
Deferred tax assets	*25*	**367,421**	321,149
Restricted bank deposits	*32*	**12,062**	3,592
Value added tax and tax recoverable		**1,031,070**	1,229,807
		25,933,341	25,709,802
Current assets			
Inventories		**1,415**	1,106
Deposits paid for acquisition of land	*26*	**97,250**	400,889
Properties under development for sale	*27*	**21,976,751**	28,157,258
Properties held for sale	*27*	**4,174,623**	3,972,620
Trade and other receivables, deposits and prepayments	*29*	**1,926,918**	2,085,715
Contract assets	*30*	**1,798,868**	1,646,159
Contract costs	*31*	**59,535**	101,026
Value added tax and tax recoverable		**787,674**	832,285
Amounts due from related parties	*51*	**2,410,702**	2,556,867
Restricted bank deposits	*32*	**462,731**	307,606
Bank balances and cash	*33*	**460,225**	1,584,950
		34,156,692	41,646,481
Assets classified as held for sale	*24*	**983,248**	158,940
		35,139,940	41,805,421

	Notes	2021 RMB'000	2020 RMB'000
Current liabilities			
Trade and other payables	34	5,088,577	4,982,510
Contract liabilities	35	9,101,673	12,662,331
Amounts due to related parties	51	3,876,942	5,815,404
Tax payable	36	2,969,343	2,597,866
Lease liabilities	37	812	1,734
Bank, trust and other borrowings – due within one year	38	5,084,974	3,786,075
Corporate bonds	39	–	510,829
Senior notes	40	2,541,048	3,755,745
		28,663,369	34,112,494
Liabilities associated with assets classified as held for sale	24	972,608	–
		29,635,977	34,112,494
Net current assets		5,503,963	7,692,927
Total assets less current liabilities		31,437,304	33,402,729
Non-current liabilities			
Rental deposits received	34	84,026	135,942
Lease liabilities	37	–	1,475
Bank, trust and other borrowings – due after one year	38	13,319,016	15,465,905
Deferred tax liabilities	25	2,599,280	2,690,880
		16,002,322	18,294,202
Net assets		15,434,982	15,108,527
Capital and reserves			
Share capital	41	3,520	3,520
Reserves		12,703,134	12,489,498
Equity attributable to owners of the Company		12,706,654	12,493,018
Non-controlling interests		2,728,328	2,615,509
Total equity		15,434,982	15,108,527

The consolidated financial statements on pages 238 to 363 were approved and authorized for issue by the Board of Directors on March 31, 2022 and are signed on its behalf by:

Zhang Zhangsun
Chairman

Ruan Wenjuan
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	FVTOCI reserve RMB'000	Other reserve RMB'000 *(note (i))*	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000 *(note (ii))*	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2020	3,520	8,027	133,379	194,970	5,305	194,725	35,740	1,314,953	10,654,410	12,545,029	6,083,501	18,628,530
Profit for the year	-	-	-	-	-	-	-	-	98,740	98,740	34,905	133,645
Other comprehensive expense for the year	-	-	-	-	(751)	-	-	-	-	(751)	(74)	(825)
Total comprehensive (expense) income for the year	-	-	-	-	(751)	-	-	-	98,740	97,989	34,831	132,820
Dividend declared to owners of the Company *(note 16)*	-	-	-	-	-	-	-	-	(150,000)	(150,000)	-	(150,000)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(27,027)	(27,027)
Disposals of subsidiaries *(note 44)*	-	-	-	-	-	-	-	-	-	-	(3,475,796)	(3,475,796)
At December 31, 2020 and January 1, 2021	**3,520**	**8,027**	**133,379**	**194,970**	**4,554**	**194,725**	**35,740**	**1,314,953**	**10,603,150**	**12,493,018**	**2,615,509**	**15,108,527**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**228,333**	**228,333**	**116,182**	**344,515**
Other comprehensive expense for the year	**-**	**-**	**-**	**-**	**(14,697)**	**-**	**-**	**-**	**-**	**(14,697)**	**(1,454)**	**(16,151)**
Total comprehensive (expense) income for the year	**-**	**-**	**-**	**-**	**(14,697)**	**-**	**-**	**-**	**228,333**	**213,636**	**114,728**	**328,364**
Transfer of reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27,443**	**(27,443)**	**-**	**-**	**-**
Lapse of share option	**-**	**-**	**-**	**-**	**-**	**-**	**(35,740)**	**-**	**35,740**	**-**	**-**	**-**
Disposals of subsidiaries *(note 44)*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,909)**	**(1,909)**
At December 31, 2021	**3,520**	**8,027**	**133,379**	**194,970**	**(10,143)**	**194,725**	**-**	**1,342,396**	**10,839,780**	**12,706,654**	**2,728,328**	**15,434,982**

Notes:

(i) Other reserve mainly represents (a) the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received by the Group (as defined in note 1) in acquiring or disposal of partial interests in existing subsidiaries or capital contribution from non-controlling equity holders of subsidiaries; and (b) deemed contribution from a related party of approximately RMB187,460,000 arising from acquisition of businesses during the year ended December 31, 2018.

(ii) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "**PRC**"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

Consolidated Statement of Cash Flows

For the year ended December 31, 2021

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**876,867**	516,721
Adjustments for:			
Amortization of other non-current assets	*12*	**1,054**	2,795
Amortization of contract costs	*12*	**131,511**	4,592
Changes in fair value of investment properties	*17*	**(115,699)**	(315,038)
Depreciation of property, plant and equipment	*12*	**85,529**	80,684
Depreciation of right-of-use assets	*12*	**7,145**	7,326
Finance costs	*10*	**371,878**	248,018
Impairment of properties under development for sales and properties held for sale	*12*	**50,079**	65,139
Impairment loss under expected credit loss model, net of reversal	*11*	**112,233**	40,394
Change in fair value of financial assets at fair value through profit or loss		**–**	168
Gain on disposal of subsidiaries	*44*	**(331,023)**	(60,399)
(Gain) loss on disposal of property, plant and equipment	*7*	**(983)**	520
Interest income	*8*	**(83,944)**	(122,965)
Share of results of associates		**(35,046)**	6,705
Share of results of joint ventures		**(131,339)**	(1,603)
Operating cash flows before movements in working capital		**938,262**	473,057
Increase in inventories		**(309)**	(1,045)
Decrease (increase) in deposits paid for land acquisition		**303,639**	(31,588)
Decrease in properties under development for sale and properties held for sale		**6,410,347**	481,056
Decrease (increase) in trade and other receivables, deposits and prepayments		**314,347**	(491,562)
(Increase) decrease in contract assets		**(171,555)**	6,363
Increase in contract costs		**(90,020)**	(48,299)
(Increase) decrease in amounts due from related parties		**(1,266)**	7,669
Decrease in restricted bank deposits		**–**	778,889
Increase in trade and other payables		**1,431,215**	1,556,635
(Decrease) increase in contract liabilities		**(4,418,165)**	2,668,264
(Decrease) increase in amounts due to related parties		**(66,908)**	46,419
Cash from operations		**4,649,587**	5,445,858
Income tax and land appreciation tax paid		**(304,311)**	(507,650)
NET CASH FROM OPERATING ACTIVITIES		**4,345,276**	4,938,208

	Notes	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**5,793**	19,885
Purchase of property, plant and equipment and other non-current assets		**(279,535)**	(272,621)
Proceeds on disposal of property, plant and equipment		**1,040**	27
Payments for investment properties		**(202,656)**	(359,417)
Proceeds on disposal of investment properties		**263,355**	–
Net cash inflow (outflow) on disposal of subsidiaries	*44*	**307,100**	(303,713)
Purchase of entrusted financial products		**–**	(37,400)
Proceeds on disposal of entrusted financial products		**–**	37,232
Prepaid deposits for acquisition of a subsidiary		**–**	(60,658)
Repayment from (advances to) related parties		**244,703**	(1,944,930)
Withdrawal of restricted bank deposits		**333,613**	292,164
Placement of restricted bank deposits		**(497,208)**	(148,221)
Proceeds from disposal of assets held for sales	*24*	**7,947**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**184,152**	(2,777,652)

	2021 RMB'000	2020 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings raised	**1,835,000**	7,968,100
New trust borrowings raised	**–**	500,000
New loans from financial institutions raised	**316,881**	1,940,500
New loans from other borrowing	**100,000**	–
Repayments of bank borrowings	**(1,941,200)**	(5,579,007)
Repayments of trust borrowings	**(386,280)**	(4,724,000)
Repayments of loans from financial institutions	**(772,391)**	(623,688)
Repayments of lease liabilities	**(1,610)**	(1,672)
(Repayments to) advances from related parties	**(1,871,554)**	2,338,206
Repayments of corporate bonds and bond interest	**(538,573)**	(54,350)
Repayments of senior notes	**(1,171,861)**	(923,326)
Interest paid	**(1,222,565)**	(1,776,268)
Dividends paid to owners of the Company	**–**	(150,000)
Dividends paid to non-controlling interests	**–**	(27,027)
NET CASH USED IN FINANCING ACTIVITIES	**(5,654,153)**	(1,112,532)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(1,124,725)**	1,048,024
CASH AND CASH EQUIVALENTS AT JANUARY 1,	**1,584,950**	536,926
CASH AND CASH EQUIVALENTS AT DECEMBER 31, REPRESENTED BY BANK BALANCES AND CASH	**460,225**	1,584,950

1. GENERAL INFORMATION

Guorui Properties Limited (the "**Company**") was incorporated in the Cayman Islands under the name of "Glory Land Company Limited (國瑞置業有限公司)" as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012 which carries on business in Hong Kong as "Guorui Properties Limited". Its parent and ultimate holding company is Alltogether Land Company Limited (通和置業有限公司) ("**Alltogether Land**"), a company incorporated in the British Virgin Islands. Mr. Zhang Zhangsun, who holds 100% equity interests of Alltogether Land, is the ultimate beneficial owner of the Company. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at East Block, Hademen Plaza, 8-1#Chongwenmenwai Street, Dongcheng District, Beijing, the People's Republic of China ("**PRC**").

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the business of property development, provision of primary land construction and development services, property investment, and provision of property management and related services.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendment to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendment to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group has early applied the Amendments to IFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*.

The application of the amendment to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

New and amendments to IFRSs in issue but not yet effective

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

Amendments to IFRS 3	Reference to the Conceptual Framework[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
IFRS 17	Insurance Contracts and the related amendments[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to IAS 8	Definition of Accounting Estimates[2]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020[1]

1 Effective for annual periods beginning on or after January 1, 2022
2 Effective for annual periods beginning on or after January 1, 2023
3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company (the "**Directors**") anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs, which collectively includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

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

Basis of preparation of consolidated financial statements (Continued)

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

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

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

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

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

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

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

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

Basis of preparation of consolidated financial statements (Continued)

Going concern

As at December 31, 2021, the Group's bank, trust and other borrowings with the aggregate carrying amount of approximately RMB5,084,974,000 was due within one year, while its cash and cash equivalents amounted to only approximately RMB460,225,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB393,980,000, which can be used for payments for project costs when approval from related government authority is obtained. Despite the Group has net current assets of approximately RMB5,503,963,000 as at December 31, 2021, the current assets of the Group include properties under development for sale of approximately RMB21,976,751,000 of which approximately RMB6,445,990,000 are not expected to be realised within 12 months from the end of the reporting period, as disclosed in note 27.

In addition, based on the business model, the Group relied to a great extent on proceeds received from properties pre-sale to finance its development and construction of real estate projects.

These conditions indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on the assumptions that the Group will continue to operate as a going concern notwithstanding the conditions prevailing as at December 31, 2021 and subsequently thereto up to the date of authorization of these consolidated financial statements. In order to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the Directors have adopted several measures together with other measures in progress at the date of authorization of these consolidated financial statements, but not limited to, the followings:

(i) for borrowings which will be maturing before December 31, 2022, the Group will actively negotiate with the banks before they fall due to secure their renewals so as to ensure that the necessary funds to meet the Group's working capital and financial requirements in the future will continue to be met. The Directors do not expect to experience significant difficulties in renewing most of these bank borrowings upon their maturities and there is no indication that these bank lenders will not renew the existing bank borrowings upon the Group's request. The Directors have evaluated the relevant facts available to them and are of the opinion that the Group would be able to renew such borrowings upon maturity. Up to the date of authorization of these consolidated financial statements, the 2021 Senior Notes (as defined below) with principal amount of US$315,159,000 was exchanged to the 2022 Senior Notes (as defined below) as detailed in note 54;

(ii) the Group would sell part of its investment properties in order to improve the Group's financial position, liquidity and cash flows; and

(iii) the Group applies cost control measures in cost of sales and administrative expenses.

Taking into account the above consideration and measures, the Directors are satisfied that the Group will be able to meet its financial obligations when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Should the Group be unable to continue as going concern, adjustments would have to be made to the consolidated financial statements to write down the carrying amounts of assets to their recoverable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the consolidated financial statements.

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

Significant accounting policies

Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

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

Significant accounting policies (Continued)

Basis of consolidation (Continued)

Changes in the Group's interests in existing subsidiaries

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

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

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

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

Significant accounting policies (Continued)

Investments in associates and joint ventures (Continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

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

Significant accounting policies (Continued)

Revenue from contracts with customers

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

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

Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognize revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Existence of significant financing component

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

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

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

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

Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

Contract costs

Incremental costs of obtaining a contract

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

The Group recognizes such costs (e.g. sales commissions) as an asset if it expects to recover these costs. The asset so recognized is subsequently amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

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

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

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

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

Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

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

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

Lease liabilities

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

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

Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable. After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

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

Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognized in the profit or loss in the period in which the event occurs.

The Group as lessor

Classification and measurement of leases

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

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognized on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognized as income when they arise.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

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

Significant accounting policies (Continued)

Leases (Continued)

The Group as lessor (Continued)

Allocation of consideration to components of a contract

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

Refundable rental deposits

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

Lease modification

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Borrowing costs

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

Exchange differences arising from foreign currency borrowings are included in borrowing costs to the extent that they are regarded as an adjustment to interest costs on those foreign currency borrowings.

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

Significant accounting policies (Continued)

Borrowing costs (Continued)

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalization rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefit

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

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

Share-based payments

Equity-settled share-based payments transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognized in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based payments reserve will be transferred to retained earnings.

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

Significant accounting policies (Continued)

Taxation

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

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

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

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

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

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

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

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

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

Significant accounting policies (Continued)

Taxation (Continued)

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

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

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

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

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Investment properties

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

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

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

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

Significant accounting policies (Continued)

Investment properties (Continued)

Construction costs incurred for investment properties under construction are capitalized as part of the carrying amount of the investment properties under construction.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Property, plant and equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognized in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained earnings.

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

Significant accounting policies (Continued)

Property, plant and equipment (Continued)

Depreciation is recognized so as to write off the cost of assets (other than properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately and are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. Amortization begins when the intangible asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured at the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

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

Significant accounting policies (Continued)

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

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

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

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

Significant accounting policies (Continued)

Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (Continued)

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

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Properties under development for sale/Properties held for sale

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

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

Transfer from inventories to investment properties carried at fair value

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognized in profit or loss.

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

Significant accounting policies (Continued)

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

All other financial assets of the Group are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

(i) *Amortized cost and interest income*

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

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

*(ii) Equity instruments designated as at fair value through other comprehensive income (“**FVTOCI**”)*

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income” line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

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

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including restricted bank deposits, trade receivables and contract assets arising from contracts with customers, lease receivables, other receivables, deposits, amounts due from related parties and bank balances), and other items (contract assets arising from joint operation and financial guarantee contracts) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables.

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

(i) *Significant increase in credit risk*

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) *Significant increase in credit risk (Continued)*

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. The Group considers the changes in the risk that the specified debtor will default on the contract.

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

(ii) *Definition of default*

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

(iii) *Credit-impaired financial assets*

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iv) *Write-off policy*

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

(v) *Measurement and recognition of ECL*

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

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

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

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

For financial guarantee contracts, the loss allowances are recognized at the higher of the amount of the loss allowance determined in accordance with IFRS 9; and the amount initially recognized less, where appropriate, cumulative amount of income recognized over the guarantee period.

Except for financial guarantee contracts, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, through a loss allowance account.

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at amortized cost

Financial liabilities including trade and other payables, amounts due to related parties, rental deposits received, lease liabilities, bank, trust and other borrowings, corporate bonds and senior notes are subsequently measured at amortized cost, using the effective interest method.

Financial guarantee contracts

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

- the amount of the loss allowance determined in accordance with IFRS 9; and

- the amount initially recognized less, where appropriate, cumulative amortization recognized over the guarantee period.

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Derecognition of financial liabilities

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

When the contractual terms of a financial liability are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fee received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-current assets held for sale

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

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for investment properties measured using the fair value model which continue to be measured in accordance with the accounting policies as set out in respective section.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue recognition from property sales at a point in time

Revenue is recognized over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The property unit does not have an alternative use to the Group, but significant judgement is required in determining whether the terms of the Group's contracts with customers in relation to property sales create an enforceable right to payment for the Group. The Group has considered the relevant contract terms and the legal environment. Based on the assessment, the Group concluded that it does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Accordingly, revenue from the property sales is recognized at a point in time.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model under IAS 40 *Investment Property* amounted to approximately RMB20,430,500,000 (2020: RMB20,375,500,000), as at December 31, 2021, the Directors concluded that certain of the Group's investment properties with the fair value of approximately RMB10,230,500,000 (2020: RMB10,230,500,000) are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred tax on investment properties, the Directors have determined the presumption that certain of the investment properties measured using the fair value model are recovered through sale is rebutted and the Group estimated the deferred tax on the basis of recovering through use.

For the remaining investment properties with the fair value of approximately RMB10,200,000,000 (2020: RMB10,145,000,000), the Group is subject to land appreciation tax ("**LAT**") and PRC enterprise income tax on the gain on disposal of properties and therefore deferred tax liabilities were recognized for the fair value gain of investment properties.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

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

Provision of ECL for trade receivables, contract assets and lease receivables

The Group uses provision matrix to calculate ECL for the trade receivables and contract assets arising from contracts with customers and lease receivables by groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical loss rates taking into consideration reasonable and supportable forward-looking information that is available without undue cost or effort. At every reporting date, the historical loss rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables, contract assets and lease receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL on the Group's trade receivables, contract assets and lease receivables are disclosed in notes 50, 30, and 29 respectively.

Construction costs allocation

Certain projects of the Group are divided into several phases according to the development and delivery plans. Cost of sales including construction cost specific to the phases and common costs allocated to the phases are calculated based on the management's best estimation of the total development costs for the whole project and the allocation to each phase. When the actual common costs incurred are significantly more or less than expected, or changes in circumstances which result in revision of the management's estimates, the effect of such change is recognized prospectively in the profit or loss in the period of the change.

Estimated impairment of other non-current assets

Determining whether other non-current assets is impaired requires an estimation of the recoverable amounts of other non-current assets. The recoverable amount calculation requires the Group to estimate the future cash flows expected to arise from the other non-current assets and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at December 31, 2021, the carrying amount of the Group's other non-current assets is approximately RMB1,373,571,000 (2020: RMB1,302,897,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Primary land construction and development contracts

The Group carried out primary land construction and development projects for the Beijing Municipal People's Government (the "**BMPG**"). The Group recognized contract revenue on the primary land construction and development projects by reference to the recoverable costs incurred plus the fixed margin in accordance with relevant rules and regulations issued by the BMPG and other relevant agreements. Construction and development costs mainly comprise resettlement compensation, sub-contracting charges and costs of construction materials and are estimated by the management by reference to quotations provided by contractors and vendors and the past experience of the management. Estimation of the contract revenue and recoverable costs is subject to final approval from the BMPG. The Directors estimate contract revenue and recoverable costs based on latest available budgets of each primary land construction and development projects and current market conditions to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. The final amounts will be approved by the BMPG and the differences from the estimation and approval will effect contract profit in the period in which the approval has been obtained.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent qualified external valuer. The determination of the fair value involves certain assumptions of market conditions which are set out in note 17.

In relying on the valuation report, the Directors have exercised their judgement and are satisfied that the methods of valuation are reflective of the current market conditions. Whilst the Group considers valuations of the Group's investment properties are the best estimates, the ongoing Covid-19 pandemic has resulted in greater market volatility depending on how the Covid-19 pandemic may progress and evolve, which have led to higher degree of uncertainties in respect of the valuations in the current year. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at December 31, 2021, the carrying amount of the Group's investment properties is approximately RMB20,430,500,000 (2020: RMB20,375,500,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realizable value has declined below the carrying amount.

In determining the net realizable value of properties held for sale, management refers to prevailing market data such as recent sales transactions and internally available information, as bases for evaluation. In respect of properties under development for sale, the estimate requires judgement as to the anticipated selling prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the estimated costs to completion of properties, the legal and regulatory framework and general market conditions.

As at December 31, 2021, the carrying amounts of the Group's properties under development for sale and properties held for sale are RMB21,976,751,000 (2020: RMB28,157,258,000) and RMB4,174,623,000 (2020: RMB3,972,620,000), respectively.

Deferred tax assets

Deferred tax assets of approximately RMB367,421,000 (2020: RMB321,149,000) were recognized as at December 31, 2021, after offsetting certain deferred tax liabilities as set out in note 25. No deferred tax assets were recognized on the tax losses of approximately RMB114,049,000 (2020: RMB396,213,000) due to the unpredictability of future profit streams. The recognition of the deferred tax assets mainly depends on whether sufficient taxable profits or taxable temporary differences will be available in the future. The Directors determined the deferred tax assets based on the enacted or substantially enacted tax rates and profit forecasts of the Group for coming years during which the deferred tax assets are expected to be utilized. The Directors reviewed the assumptions and profit forecasts at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, or changes in facts and circumstances, an additional recognition or a reversal of deferred tax assets may arise, which would be recognized in the profit or loss for the period in which such a recognition or reversal takes place.

LAT

The Group is subject to LAT in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not yet finalized their LAT calculations and payments with local tax authorities in the PRC. Accordingly, significant estimation is required in determining the amount of LAT and its related enterprise income tax. The Group recognized the LAT based on the management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense in the period in which such tax is finalized with local tax authorities.

LAT payable of the Group amounted to approximately RMB1,428,037,000 (2020: RMB1,364,503,000) as at December 31, 2021.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	For the year ended December 31, 2021				
	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Timing of revenue recognition					
A point in time	9,185,750	–	–	–	9,185,750
Over time	–	229,081	–	37,964	267,045
Revenue from contracts with customers	9,185,750	229,081	–	37,964	9,452,795
Rental income	–	–	445,606	–	445,606
Total revenue	9,185,750	229,081	445,606	37,964	9,898,401
Geographical market					
Mainland China	9,185,750	229,081	445,606	37,964	9,898,401

	For the year ended December 31, 2020				
	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Timing of revenue recognition					
A point in time	5,016,793	–	–	–	5,016,793
Over time	–	214,182	–	25,058	239,240
Revenue from contracts with customers	5,016,793	214,182	–	25,058	5,256,033
Rental income	–	–	512,863	–	512,863
Total revenue	5,016,793	214,182	512,863	25,058	5,768,896
Geographical market					
Mainland China	5,016,793	214,182	512,863	25,058	5,768,896

5. REVENUE (Continued)

(ii) Performance obligations for contracts with customers

Properties sales arising from property development (revenue recognized at a point in time)

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

The Group receives a deposit ranging from 10% to 20% of the contract price from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer a discount to certain customers, provided that the customers agree to make a full payment or pay the balance of the consideration earlier during the construction period. Such advance payment will be recognized as contract liabilities.

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

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

Construction and development services from primary land construction and development services (revenue recognized over time)

The Group provides primary land construction and development services in order to access potentially available land reserves for property development. Such services are recognized as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognized for these construction and development services based on the stage of completion of the contract using input method.

A contract asset, net of contract liability related to the same contract, is recognized over the period in which the services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

Property management and related services (revenue recognized over time)

Revenue arising from property management and related services is generally recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

6. SEGMENT INFORMATION

The Group is organized into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the executive Directors) for the purposes of resource allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as the following four business units:

Property development: This segment develops and sells commercial and residential properties.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments.

Property investment: This segment derives rental income from investment properties developed by the Group.

Property management and related services: This segment derives income from property management and related services.

Segment revenue and results

The following is the analysis of the Group's revenue and results by reportable and operating segment.

	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Total RMB'000
Year ended December 31, 2021					
Revenue from external customers and segment revenue	**9,185,750**	**229,081**	**445,606**	**37,964**	**9,898,401**
Segment profit (loss)	**367,465**	**10,908**	**325,840**	**(19,373)**	**684,840**
Year ended December 31, 2020					
Revenue from external customers and segment revenue	5,016,793	214,182	512,863	25,058	5,768,896
Segment profit (loss)	22,552	3,349	326,026	(15,531)	336,396

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The segment profit can be reconciled to the profit before income tax as follows:

	2021 RMB'000	2020 RMB'000
Segment profit	**684,840**	336,396
Other gains and losses, net	**361,840**	65,695
Other income	**154,520**	197,157
Change in fair value of investment properties	**115,699**	315,038
Unallocated administrative expenses	**(217,362)**	(137,686)
Other expenses	**(17,177)**	(6,759)
Share of results of joint ventures	**131,339**	1,603
Share of results of associates	**35,046**	(6,705)
Finance costs	**(371,878)**	(248,018)
Consolidated profit before income tax	**876,867**	516,721

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit (loss) earned by each segment without allocation of other gains and losses, net, other income, change in fair value of investment properties, other expenses, share of results of joint ventures, share of results of associates, finance costs and unallocated administrative expenses, including auditor's remuneration and directors' emoluments. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and performance assessment.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Other segment information

Amounts included in the measurement of segment profit:

	Property development RMB'000	Primary land construction and development services RMB'000	Property investment RMB'000	Property management and related services RMB'000	Unallocated amount RMB'000	Total RMB'000
Year ended December 31, 2021						
Depreciation and amortization of non-current assets	**58,409**	**–**	**3,183**	**1,730**	**30,406**	**93,728**
Impairment losses under expected credit loss model, net of reversal	**97,610**	**–**	**14,623**	**–**	**–**	**112,233**
	156,019	**–**	**17,806**	**1,730**	**30,406**	**205,961**
Year ended December 31, 2020						
Depreciation and amortization of non-current assets	37,664	–	2,763	4,591	45,787	90,805
Impairment losses under expected credit loss model, net of reversal	40,394	–	–	–	–	40,394
	78,058	–	2,763	4,591	45,787	131,199

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purpose of resources allocation and performance assessment.

Geographical information

All the revenue and operating results of the Group is derived from the PRC based on location of the operations. All the Group's non-current assets (excluding financial instruments and deferred tax assets) are located in the PRC based on geographical location of the assets or the associates' and joint ventures' operation, as appropriate.

Revenue from major customers

No revenue from a single external customer amounted to 10% or more of the Group's revenue during the years ended December 31, 2021 and 2020.

7. OTHER GAINS AND LOSSES, NET

	2021 RMB'000	2020 RMB'000
Net foreign exchange gain on operating activities	**29,834**	5,984
Gain (loss) on disposal of property, plant and equipment	**983**	(520)
Gain on disposal of subsidiaries *(note 44)*	**331,023**	60,399
Changes in fair values of financial assets at FVTPL	**–**	(168)
	361,840	65,695

8. OTHER INCOME

	2021 RMB'000	2020 RMB'000
Interest income from amounts due from related parties	**78,151**	103,080
Interest income from bank deposits	**5,793**	5,961
Interest income from receivables from a third party	**–**	13,924
Total interest income	**83,944**	122,965
Compensation received	**9,949**	3,330
Royalty fee income	**59,961**	58,861
Others	**666**	12,001
	154,520	197,157

9. OTHER EXPENSES

	2021 RMB'000	2020 RMB'000
Donations	**200**	1,086
Surcharge for overdue tax payment and fines *(note)*	**15,129**	4,506
Others	**1,848**	1,167
	17,177	6,759

During the year, the amount mainly represents the surcharge of RMB8,651,000 (2020: RMB2,058,000) upon the receipt of final surcharge notice issued by the PRC tax authority in respect of the late payment of enterprise income tax, LAT and value-added taxes during the year. In the opinion of the Directors, all the surcharge was settled during the year and the Group had no other contingent liabilities required to be recognized or disclosed in the consolidated financial statements as at December 31, 2021 in respect of these surcharge (2020: Nil).

10. FINANCE COSTS

	2021 RMB'000	2020 RMB'000
Interest on bank borrowings	**917,379**	1,251,498
Interest on trust borrowings	**93,122**	114,715
Interest on loans from financial institutions	**212,064**	379,591
Interest on contract liabilities	**857,507**	1,108,271
Interest on corporate bonds	**27,744**	46,753
Interest on senior notes	**330,194**	680,985
Interest on lease liabilities	**127**	307
Loss on modification of senior notes (note 40(a))	**41,661**	–
Exchange gain on senior notes and borrowings	**(414,691)**	(239,300)
Total borrowing costs	**2,065,107**	3,342,820
Less: Amounts capitalized in the cost of qualifying assets	**(1,693,229)**	(3,094,802)
	371,878	248,018

Borrowing costs capitalized during the year arose from borrowings made specifically for the purpose of constructing the qualifying assets, which bore annual interest at rates from 4.82% to 14.35% (2020: 4.9% to 13.65%) per annum and general borrowings pool calculated by applying a capitalization rate of 7.20% (2020: 13.08%) per annum on expenditure on the qualifying assets.

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

	2021 RMB'000	2020 RMB'000
Impairment losses on:		
– Trade receivables	**64,848**	–
– Contract assets	**18,846**	–
– Lease receivables	**14,623**	–
– Other receivables and deposits	**9,576**	40,394
– Amounts due from related parties	**4,340**	–
	112,233	40,394

Details of impairment assessment are set out in note 50.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2021 RMB'000	2020 RMB'000
Directors' emoluments *(note 13)*	**11,644**	14,496
Other staff costs:		
– Salaries and other benefits	**221,855**	317,341
– Retirement benefit contributions	**4,740**	3,763
Total staff costs	**238,239**	335,600
Less: Amounts capitalized to properties under development and investment properties under construction *(note)*	**(61,869)**	(97,936)
	176,370	237,664
Cost of properties sold recognized as expense	**8,345,185**	4,471,951
Impairment of properties under development of sales and properties held for sale (included in cost of sales and services)	**50,079**	65,139
Auditor's remuneration	**3,530**	7,648
Depreciation of property, plant and equipment	**85,529**	80,684
Depreciation of right-of-use assets	**7,145**	7,326
Amortization of intangible assets (included in administrative expenses)	**1,054**	2,795
Amortization of contract costs	**131,511**	4,592
Expense relating to short-term leases	**6,835**	6,368
Gross rental income from investment properties	**(445,606)**	(512,863)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**119,766**	186,837
	(325,840)	(326,026)

Note: The amount capitalized mainly represents costs of certain staff of the project management department and the design department, who were assigned to construction sites and engaged in specific construction projects directly.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

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

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit contributions RMB'000	Total RMB'000
For the year ended December 31, 2021				
Executive Directors				
Mr. Zhang Zhangsun	–	3,000	–	3,000
Ms. Ruan Wenjuan	–	1,994	53	2,047
Ms. Zhang Jin *(note(c))*	–	2,410	35	2,445
Mr. Lin Yaoquan *(note(c))*	–	1,441	4	1,445
Ms. Dong Xueer	–	1,223	39	1,262
Mr. Li Bin *(note(b))*	–	–	–	–
Mr. Hao Zhenhe *(note(c))*	–	207	–	207
Mr. Sun Xiaodong *(note(c))*	–	332	9	341
Independent non-executive Directors				
Mr. Luo Zhenbang	299	–	–	299
Mr. Lai Siming	299	–	–	299
Ms. Chen Jingru	299	–	–	299
	897	10,607	140	11,644
For the year ended December 31, 2020				
Executive Directors				
Mr. Zhang Zhangsun	–	3,000	–	3,000
Ms. Ruan Wenjuan	–	2,926	4	2,930
Ms. Zhang Jin *(note(c))*	–	2,814	5	2,819
Mr. Lin Yaoquan *(note(c))*	–	2,321	–	2,321
Ms. Dong Xueer	–	1,221	4	1,225
Mr. Li Bin *(note(b))*	–	1,237	4	1,241
Independent non-executive Directors				
Mr. Luo Zhenbang	320	–	–	320
Mr. Lai Siming	320	–	–	320
Ms. Chen Jingru	320	–	–	320
	960	13,519	17	14,496

Notes:

(a) Mr. Zhang Zhangsun is the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(b) Mr. Li Bin resigned as an executive Director with effect from April 11, 2021.

(c) Ms. Zhang Jin and Mr. Lin Yaoquan resigned as executive Directors with effect from November 8, 2021. Mr. Hao Zhenhe and Mr. Sun Xiaodong were appointed as executive Directors on the same day.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

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

The independent non-executive Directors' emoluments shown above were mainly for their services as Directors.

No Directors waived any emoluments in both years presented.

The five highest paid employees of the Group during the year included five Directors (2020: four Directors), details of whose remunerations in connection with the Directors' services are set out above. One (2020: Nil) of these five Directors (2020: four Directors) is appointed as Director during the year ended December 31, 2021, whose remunerations received or receivables not in relation with the Directors are summarised as follows. Details of the remunerations for the year ended December 31, 2020 of the remaining one highest paid employee who is neither a Director nor chief executive of the Company are as follows:

	2021 RMB'000	2020 RMB'000
Salaries and other benefits	**1,245**	1,570
Retirement benefit contributions	**44**	4
	1,289	1,574

The number of the five highest paid employees, whose remunerations received or receivables not in relation with the Directors or who are not Directors, whose remunerations fell within the following band is as follows:

	2021 Number of employees	2020 Number of employees
Hong Kong dollars ("**HK$**") HK$1,500,001 to HK$2,000,000	**1**	1

During the year, no emoluments were paid by the Group to the Directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2020: Nil).

14. INCOME TAX EXPENSE

	2021 RMB'000	2020 RMB'000
Current tax		
– PRC enterprise income tax	**355,375**	270,363
– LAT	**334,617**	243,780
Under provision in respect of prior years	**–**	50
	689,992	514,193
Deferred tax *(note 25)*	**(157,640)**	(131,117)
Income tax expense	**532,352**	383,076

Pursuant to the PRC Enterprise Income Tax Law promulgated on March 16, 2007, the PRC enterprise income tax for both domestic and foreign-invested enterprises has been unified at the income tax rate of 25% effective from January 1, 2008 onwards.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

In accordance with the PRC tax circular (Guoshuihan [2008] 112) effective from January 1, 2008, the PRC withholding income tax at the rate of 10% is applicable to dividends to "non-resident" investors who do not have an establishment or business in the PRC. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the undistributed profits earned by the PRC subsidiaries since January 1, 2008 amounting to approximately RMB6,962,888,000 (2020: RMB6,545,544,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

14. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong Profits Tax has been made as the income of the companies comprising the Group neither arises in, nor is derived from Hong Kong during both years.

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

	2021 RMB'000	2020 RMB'000
Profit before income tax	**876,867**	516,721
Tax at PRC enterprise income tax rate of 25%	**219,216**	129,180
LAT	**334,617**	243,780
Tax effect of LAT deductible for enterprise income tax	**(83,654)**	(60,945)
Tax effect of expenses not deductible for tax purpose	**64,774**	41,027
Tax effect of share of results of associates	**(8,761)**	1,676
Tax effect of share of results of joint ventures	**(32,835)**	(401)
Reversal of tax losses previously recognized	**23,526**	21,071
Tax effect of tax losses not recognized	**44,534**	38,514
Utilization of tax loss previously not recognized	**(29,065)**	(30,876)
Under provision in prior years	**–**	50
Income tax expense for the year	**532,352**	383,076

15. EARNINGS PER SHARE

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

	2021 RMB'000	2020 RMB'000
Earnings:		
Profit for the year attributable to the owners of the Company for the purposes of basic and diluted earnings per share	**228,333**	98,740

	2021 '000	2020 '000
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	**4,444,418**	4,444,418
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,444,418**	4,444,418

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the year ended December 31, 2020. There were no dilutive potential ordinary shares in existence during the year ended December 31, 2021. Therefore, the amount of diluted earnings per share is the same as the amount of basic earnings per share for the years ended December 31, 2021 and 2020.

16. DIVIDENDS

	2021 RMB'000	2020 RMB'000
Dividends for ordinary shareholders of the Company recognized as distribution during the year:		
2020 Final dividend of Nil (2020: 2019 Final dividend of HK3.76 cents) per share	**–**	150,000

During the year ended December 31, 2020, a final dividend in respect of the year ended December 31, 2019 of HK3.76 cents per share, in an aggregate amount of approximately HK$167,110,000 (equivalent to approximately RMB150,000,000) has been declared. No dividend was proposed by the board of directors in respect of the year ended December 31, 2021 and 2020.

17. INVESTMENT PROPERTIES

The Group leased out various offices, shopping mall and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years, with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

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

	Investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Fair value			
At January 1, 2020	17,556,000	3,594,000	21,150,000
Additions	–	468,509	468,509
Net increase in fair value recognized in profit or loss	50,672	264,366	315,038
Transfer from properties held for sale	42,768	–	42,768
Disposal of subsidiaries *(note 44)*	(591,000)	(850,875)	(1,441,875)
Assets classified as held for sale	(158,940)	–	(158,940)
At December 31, 2020 and January 1, 2021	**16,899,500**	**3,476,000**	**20,375,500**
Additions	**–**	**202,656**	**202,656**
Net increase in fair value recognized in profit or loss	**62,355**	**53,344**	**115,699**
Disposal	**(263,355)**	**–**	**(263,355)**
At December 31, 2021	**16,698,500**	**3,732,000**	**20,430,500**

The investment properties are all situated in the PRC. The fair value of the Group's investment properties as at December 31, 2021 and 2020 have been arrived at on the basis of valuations carried out on those dates by Colliers International (Hong Kong) Ltd., a firm of independent qualified external valuer not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of investment properties are arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market and also consider income approach by undertaking an estimation of future cash flows and taking into account the time value of money. The income is projected over the investment cycle and the net income is calculated after the deduction of capital, operating, and other necessary expenses.

17. INVESTMENT PROPERTIES (Continued)

Fair values of the investment properties under construction are generally derived using the residual method. This valuation method is essentially a means of valuing the land and building by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risks associated with the development.

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

The fair value of the Group's investment properties at December 31, 2021 and 2020 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 in both years.

The following table gives information about how the fair values of these investment properties are determined (in particular, inputs used). The Group adopted multiple valuation techniques to the extent appropriate. A fair value measurement is usually the point within that range that is most representative of fair value in the circumstances.

	Significant unobservable inputs			
Investment properties	Capitalization rate % 2021	Discount rate % 2021	Monthly unit rent on GFA RMB/sq.m./day 2021	Unit sale rate RMB/sq.m 2021
– Beijing Area				
– Office	4.25–4.50	7.00–7.25	8.00–11.70	51,200–85,000
– Retail	2.50–5.25	6.00–9.00	4.90–21.00	29,000–110,000
– Car Parking Space	3.50–4.25	4.50–5.25	780–950/lot/month	319,000–403,000/lot
– Shenyang Area				
– Retail	5.00	8.00–8.50	3.0–3.1	6,500–9,900
– Haikou Area				
– Office	6.00	8.75	4.5	22,900

17. INVESTMENT PROPERTIES (Continued)

Investment properties under construction	Capitalization rate % 2021	Discount rate % 2021	Monthly unit rent on GFA RMB/sq.m./day 2021	Expected development profit margin % 2021	Unit sale rate RMB/sq.m 2021	Outstanding development costs to complete RMB'million 2021
	Significant unobservable inputs					
– Shenzhen Area						
– Office	4.25	8.00	4.67	2.5%	30,800	48
– Foshan Area						
– Retail	5.50	9.00	6.32	2.5%	21,700	464
– Car Parking Space	5.50	9.00	570/lot/month	2.5%	10,400/lot	

Investment properties	Capitalization rate % 2020	Discount rate % 2020	Monthly unit rent on GFA RMB/sq.m./day 2020	Unit sale rate RMB/sq.m 2020
	Significant unobservable inputs			
– Beijing Area				
– Office	4.25–4.50	7.00–7.50	6.4–11.7	42,000–85,000
– Retail	2.50–5.25	6.00–9.00	6.8–16.2	28,900–110,000
– Car Parking Space	3.50–4.25	4.50–5.25	1,000/lot/month	320,000–324,000/lot
– Shenyang Area				
– Retail	5.00	8.00–8.50	1.9–3.3	6,540–9,900
– Haikou Area				
– Office	6.00	8.75	4.5	22,800

17. INVESTMENT PROPERTIES (Continued)

	Significant unobservable inputs					
Investment properties under construction	Capitalization rate % 2020	Discount rate % 2020	Monthly unit rent on GFA RMB/sq.m./day 2020	Expected development profit margin % 2020	Unit sale rate RMB/sq.m 2020	Outstanding development costs to complete RMB'million 2020
– Shenzhen Area						
– Office	4.25	8.00	4.67	2.5%	–	48
– Foshan Area						
– Retail	5.50	9.00	6.36	5%	21,700	591
– Car Parking Space	5.50	9.00	570/lot/month	5%	10,400	

A slight increase in the capitalization rate used would result in a significant decrease in the fair value of the investment properties, and vice versa. A slight increase in the discount rate used would result in a significant decrease in the fair value of the investment properties, and vice versa. A significant increase in the market monthly unit rent on GFA used would result in a significant increase in the fair value of the investment properties, and vice versa. A significant increase in the unit sale rate used would result in a significant increase in the fair value of the investment properties, and vice versa. A significant increase in the expected development profit margin would result in a significant decrease in fair value, and vice versa. A significant increase in the outstanding development costs to complete would result in a significant decrease in the fair value of the investment properties, and vice versa.

In estimating the fair value of the investment properties, the Group uses market observable data to the extent it is available. The management works closely with the independent qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

The Group had pledged investment properties of approximately RMB19,343,500,000 (2020: RMB17,293,600,000) at December 31, 2021 to secure bank, trust and other borrowings and corporate bonds granted to the Group as set out in note 45.

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Motor vehicles RMB'000	Electronic equipment and furniture RMB'000	Total RMB'000
Cost						
At January 1, 2020	895,270	1,023,121	127,633	78,469	36,666	2,161,159
Additions	–	354,850	24,165	2,617	2,093	383,725
Transfer due to completion	615,955	(615,955)	–	–	–	–
Disposal of subsidiaries *(note 44)*	(69,394)	–	(40,766)	(9,864)	(6,296)	(126,320)
Disposals	–	–	(502)	(1,290)	(1,311)	(3,103)
At December 31, 2020 and January 1, 2021	**1,441,831**	**762,016**	**110,530**	**69,932**	**31,152**	**2,415,461**
Additions	**6,802**	**188,162**	**12,179**	**–**	**664**	**207,807**
Transfer due to completion	**31,673**	**(31,673)**	**–**	**–**	**–**	**–**
Disposal of subsidiary *(note 44)*	**–**	**–**	**–**	**(753)**	**(115)**	**(868)**
Disposals	**–**	**–**	**–**	**(159)**	**(249)**	**(408)**
Reclassified as held for sale *(note 24)*	**–**	**–**	**–**	**(838)**	**(172)**	**(1,010)**
At December 31, 2021	**1,480,306**	**918,505**	**122,709**	**68,182**	**31,280**	**2,620,982**
Depreciation						
At January 1, 2020	107,617	–	83,440	58,219	26,018	275,294
Provided for the year	56,120	–	13,144	7,208	4,212	80,684
Eliminated upon disposal of subsidiaries *(note 44)*	(47,617)	–	(26,855)	(5,586)	(4,805)	(84,863)
Eliminated upon disposals	–	–	(132)	(1,192)	(1,232)	(2,556)
At December 31, 2020 and January 1, 2021	**116,120**	**–**	**69,597**	**58,649**	**24,193**	**268,559**
Provided for the year	**72,424**	**–**	**7,349**	**3,068**	**2,688**	**85,529**
Eliminated upon disposal of a subsidiary *(note 44)*	**–**	**–**	**–**	**(685)**	**(39)**	**(724)**
Eliminated upon disposals	**–**	**–**	**–**	**(120)**	**(231)**	**(351)**
Reclassified as held for sale *(note 24)*	**–**	**–**	**–**	**(657)**	**(104)**	**(761)**
At December 31, 2021	**188,544**	**–**	**76,946**	**60,255**	**26,507**	**352,252**
Carrying amounts						
At December 31, 2021	**1,291,762**	**918,505**	**45,763**	**7,927**	**4,773**	**2,268,730**
At December 31, 2020	1,325,711	762,016	40,933	11,283	6,959	2,146,902

As at December 31, 2021, buildings with carrying amount of approximately RMB1,043,949,000 (2020: RMB1,110,272,000) were pledged to secure bank and trust borrowings granted to the Group as set out in note 45.

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values over the following estimated useful lives:

Buildings	20 years
Leasehold improvement	Over the shorter of the term of the lease or 5 years
Motor vehicles	5 years
Electronic equipment and furniture	5 years

19. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
Carrying amount			
At January 1, 2020	275,466	4,358	279,824
Depreciation charge	(5,882)	(1,444)	(7,326)
Disposal of a subsidiary *(note 44)*	(1,917)	–	(1,917)
At December 31, 2020 and January 1, 2021	**267,667**	**2,914**	**270,581**
Depreciation charge	**(5,882)**	**(1,263)**	**(7,145)**
Early termination of lease agreements	**–**	**(914)**	**(914)**
At December 31, 2021	**261,785**	**737**	**262,522**
Year ended December 31, 2021			
Expense relating to short-term leases			**6,835**
Total cash outflow for leases			**8,445**
Year ended December 31, 2020			
Expense relating to short-term leases			6,368
Total cash outflow for leases			8,040

In addition to the portfolio of short-term leases for office which are regularly entered into by the Group, the Group entered into several short-term leases for office during the year ended December 31, 2021 and 2020. As at December 31, 2021, the outstanding lease commitments relating to these office is approximately RMB737,000 (2020: RMB2,910,000).

20. OTHER NON-CURRENT ASSETS

Other non-current assets of the Group comprise software licenses and payments for an urban redevelopment project.

The software licenses have finite useful lives and are amortized on a straight-line basis over the useful lives from 2 to 10 years. As at December 31, 2021, the carrying amount of software licenses is approximately RMB11,454,000 (2020: RMB12,508,000), which are made up of cost of approximately RMB25,542,000 (2020: RMB25,542,000) and accumulated amortization of approximately RMB14,088,000 (2020: RMB13,034,000).

The remaining balance of other non-current assets relates to the payments and costs for an urban redevelopment project acquired by the Group during the year ended December 31, 2016 through the acquisition of a subsidiary, Shenzhen Dachaoshan Real Estate Development Ltd.* (深圳市大潮汕建設有限公司) (“**Shenzhen Dachaoshan**”), which entered into an agreement with an entity established by the local authority for an urban redevelopment project in Shenzhen. As at the acquisition date, Shenzhen Dachaoshan has made payments to acquire certain non-agricultural ratio and has the exclusive right to seek government approval for the commencement of the urban redevelopment project after achieving the minimal threshold of the non-agricultural ratio stipulated in the agreement. The urban redevelopment project includes several units and is intended to be developed in different phases. The Directors are confident that Shenzhen Dachaoshan will be able to meet the non-agricultural ratio requirement for the rest of the units in the region and approvals from the relevant authorities will ultimately be obtained in the future. The recovery of the carrying amount will be through the returns to be generated from this urban redevelopment project of which the redevelopment right will be granted exclusively to Shenzhen Dachaoshan upon approval. As at December 31, 2021, the carrying amount of this non-current asset is approximately RMB1,362,117,000 (2020: RMB1,290,389,000).

As at December 31, 2021, other non-current assets with carrying amount of approximately RMB50,000,000 (2020: Nil) were pledged to secure other borrowings granted to the Group as set out in note 45.

* The English name of the company which was established in the PRC is for reference only and has not been registered.

21. INTERESTS IN JOINT VENTURES

	2021 **RMB'000**	2020 RMB'000
Cost of investments in joint ventures	**61,000**	61,000
Share of post-acquisition profit (losses)	**98,413**	(32,926)
	159,413	28,074

21. INTERESTS IN JOINT VENTURES (Continued)

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of entities	Place of establishment and operation	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
		2021	2020	2021	2020	
Beijing Maorui Properties Co., Ltd.* (北京茂瑞置業有限公司) ("**Maorui Zhiye**")	The PRC	**20%**	20%	**20%**	20%	Property development
Beijing Ruimao Zhiye Co., Ltd.* (北京瑞茂房地產開發有限公司) ("**Ruimao Real Estate**")	The PRC	**51%**	51%	**51%**	51%	Property development

Note: The Group holds 20% (2020: 20%) of the registered capital of Maorui Zhiye and 51% (2020: 51%) of the registered capital of Ruimao Real Estate. The relevant activities of both investees require the unanimous consent of all parties sharing control. Accordingly, both entities are classified as joint ventures of the Group.

Aggregate information of joint ventures that are not individually material

	2021 RMB'000	2020 RMB'000
The Group's share of profit and total comprehensive income	**131,339**	1,603
Aggregate carrying amount of the Group's interests in these joint ventures	**159,413**	28,074

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

22. INTERESTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Cost of investments in associates	**7,000**	7,000
Share of post-acquisition profit (losses)	**7,571**	(7,000)
	14,571	–

22. INTERESTS IN ASSOCIATES (Continued)

Details of the Group's associates at the end of the reporting periods are as follows:

Name of entities	Place of establishment and operation	Proportion of ownership interest by the Group		Proportion of voting rights held by the Group		Principal activity
		2021	2020	2021	2020	
Wuxi Glory Real Estate Development Co., Ltd.* (無錫國瑞房地產開發有限公司) ("**Wuxi Glory**")	The PRC	**49%**	49%	**49%**	49%	Property development
Beijing Ruida Properties Co., Ltd.* (北京鋭達置業有限公司) ("**Ruida Zhiye**")	The PRC	**35%**	35%	**35%**	35%	Property development

Aggregate information of associates that are not individually material

	2021 RMB'000	2020 RMB'000
The Group's share of profit (loss) and total comprehensive expense	**35,046**	(6,705)
Aggregate carrying amount of the Group's interests in these associates	**14,571**	–

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

23. EQUITY INSTRUMENTS AT FVTOCI

	2021 RMB'000	2020 RMB'000
Unlisted investments:		
– Equity securities *(note)*	**13,481**	31,300

Note:

The above unlisted equity securities represent the Group's equity interest in private entities: (1) 0.15% (2020: 0.15%) equity interest in Bohai Life Insurance Co., Ltd.* (渤海人壽保險股份有限公司) ("**Bohai Life**"), a private entity established in the PRC, which is principally engaged in insurance business, with a carrying amount of approximately RMB8,481,000 (2020: RMB26,300,000); and (2) 10% (2020:10%) equity interest in Yongqing Jiyin Rural Bank Co., Ltd.* (永清吉銀村鎮銀行股份有限公司) ("**Yongqing Jiyin Rural Bank**"), a private entity established in the PRC, which is principally engaged in banking operation, with a carrying amount of approximately RMB5,000,000 (2020: RMB5,000,000). The equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

24. ASSETS CLASSIFIED AS HELD FOR SALE

In December 2020, the Group entered into the sales and purchase agreements with an independent third-party for the disposal of investments properties for a total consideration of approximately RMB158,940,000, of which deposits of approximately RMB150,993,000 were received as at the end of the year ended December 31, 2020 and included in trade and other payables. On December 21, 2021, the remaining consideration of RMB7,947,000 was fully settled by the independent third-party by cash and the ownership of those investment properties were transferred.

On July 21, 2021 and January 30, 2022, the Group had through its indirectly non-wholly-owned subsidiary of the Company, Hainan Guorui Real Estate Development Co., Ltd.* (海南國瑞房地產開發有限公司) ("**Hainan Guorui**") entered into an equity transfer agreement and a supplement agreement ("**Hainan Junhe Equity Transfer Agreements**") with an independent third party, Haofu Kangju Pension Industry Development Co., Ltd.* (好福康居養老產業發展有限公司) ("**Haofu Kangju**") in relation to the disposal of the entire equity interest in Hainan Junhe Industrial Co., Ltd.* (海南駿和實業有限公司) ("**Hainan Junhe**"), a wholly-owned subsidiary of the Group, with a total cash consideration of RMB1,989,000,000. Part of the consideration of RMB866,897,000 will be used to settle the liabilities of Hainan Junhe before the disposal. The consideration will be settled after the obligation of both parties were fulfilled, the obligation was clearly stated in the Hainan Junhe Equity Transfer Agreements, including but not limited to (i) the land of Hainan Junhe of RMB108,769,000 included in properties under development for sale as below, that pledged to secure bank borrowings of another subsidiary of the Company should be released; (ii) the liabilities of Hainan Junhe of RMB866,897,000 should be settled; and (iii) the rental agreement with the lease term of 20 years between Hainan Junhe and its tenants should be terminated. Due to the unstable environment under the COVID-19 pandemic in the PRC, up to the date of authorization of these consolidated financial statements, these conditions have not been fulfilled. As at December 31, 2021 and at the date of authorization of these consolidated financial statements, the Directors are in the opinion that these conditions can be fulfilled and the disposal of the entire equity interest in Hainan Junhe can be completed on or before December 31, 2022.

The major classes of assets and liabilities of Hainan Hunhe classified as held for sale as at December 31, 2021 are, as follows:

	RMB'000
Assets	
Property, plant and equipment *(note 18)*	**249**
Deferred tax assets *(note 25)*	**12,447**
Value added tax and tax recoverable	**9,207**
Properties under development for sale	**957,218**
Trade and other receivables, deposits and prepayments	**3,772**
Bank balances and cash	**355**
Assets classified as held for sale	**983,248**
Liabilities	
Trade and other payables	**(970,036)**
Tax payable	**(2,572)**
Liabilities associated with assets classified as held for sale	**(972,608)**
Net assets directly associated with Hainan Hunhe	**10,640**

25. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the current and prior years:

	Tax losses RMB'000	Temporary differences on sale deposits received RMB'000	LAT RMB'000	Fair value gain on investment properties RMB'000	Fair value change on equity instruments at FVTOCI RMB'000	Revaluation arising from business combination RMB'000	Others RMB'000 *(note)*	Total RMB'000
At January 1, 2020	147,180	385,391	323,443	(3,148,318)	(1,943)	(1,074,134)	(20,736)	(3,389,117)
Credited (charged) to profit or loss	37,776	66,413	(19,399)	(83,782)	–	141,836	(11,727)	131,117
Credited to other comprehensive income	–	–	–	–	275	–	–	275
Disposal of subsidiaries *(note 44)*	(8,000)	(153,573)	(34,799)	148,847	–	932,298	3,221	887,994
At December 31, 2020 and January 1, 2021	**176,956**	**298,231**	**269,245**	**(3,083,253)**	**(1,668)**	**–**	**(29,242)**	**(2,369,731)**
Credited (charged) to profit or loss	**226,490**	**(133,974)**	**169,269**	**(270,396)**	**–**	**–**	**89,370**	**80,759**
Credited to other comprehensive income	**–**	**–**	**–**	**–**	**1,668**	**–**	**–**	**1,668**
Release upon disposal of investment properties credited to profit or loss	**–**	**–**	**–**	**76,881**	**–**	**–**	**–**	**76,881**
Deferred tax assets reclassified to assets classified as held for sale *(note 24)*	**(12,447)**	**–**	**–**	**–**	**–**	**–**	**–**	**(12,447)**
Disposal of a subsidiary *(note 44)*	**(388)**	**(9,188)**	**587**	**–**	**–**	**–**	**–**	**(8,989)**
At December 31, 2021	**390,611**	**155,069**	**439,101**	**(3,276,768)**	**–**	**–**	**60,128**	**(2,231,859)**

Note: The "others" mainly relates to temporary differences on sales commission, exceeding advertising fee and exceeding donation.

25. DEFERRED TAXATION (Continued)

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

	2021 RMB'000	2020 RMB'000
Deferred tax assets	**367,421**	321,149
Deferred tax liabilities	**(2,599,280)**	(2,690,880)
	(2,231,859)	(2,369,731)

No deferred tax asset has been recognized in respect of the following unutilized tax losses due to the unpredictability of future profit streams, estimated at the end of the reporting period. The unrecognized tax losses will be expired in the following years:

	2021 RMB'000	2020 RMB'000
To be expired on:		
December 31, 2021	**–**	26,234
December 31, 2022	**884**	54,532
December 31, 2023	**11,330**	84,388
December 31, 2024	**32,831**	81,665
December 31, 2025	**31,871**	149,394
December 31, 2026	**37,133**	–
Total unused tax losses not recognized as deferred tax assets	**114,049**	396,213

26. DEPOSITS PAID FOR ACQUISITION OF LAND

As at December 31, 2021, the Group has incurred RMB97,250,000 (2020: RMB400,889,000) as deposits paid for public tenders, auctions or listing-for-bidding of land use rights in the PRC for the purpose of development for sale. The related land development project were pending for the approval of the local government.

27. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD FOR SALE

	2021 RMB'000	2020 RMB'000
Properties under development for sale	**22,091,969**	28,222,397
Properties held for sale	**4,174,623**	3,972,620
	26,266,592	32,195,017
Less: Impairment	**(115,218)**	(65,139)
	26,151,374	32,129,878

The properties under development for sale are located in the PRC.

As at December 31, 2021, certain of the Group's properties under development for sale with a carrying amount of approximately RMB9,924,187,000 (2020: RMB20,132,050,000) was pledged to secure bank, trust and other borrowings granted to the Group as set out in note 45.

The carrying amount of leasehold lands is measured under IFRS 16 at cost less any accumulated depreciation and any impairment losses. The residual values are determined as the estimated disposal value of the leasehold land component. No depreciation charge is made on the leasehold lands taking into account the estimated residual values as at December 31, 2021 and 2020.

In the opinion of the Directors, properties under development for sale with carrying amount of approximately RMB6,427,815,000 (2020: RMB15,293,941,000) as at December 31, 2021 are expected to be completed and realized after twelve months from the end of the reporting period.

As at December 31, 2021, the Group was in the process of obtaining the certificates of land use rights for properties under development for sale of approximately RMB411,700,000 (2020: RMB466,120,000) from the relevant authorities.

The Group's properties held for sale are stated at the lower of cost and net realizable value and situated in the PRC. In the opinion of the Directors, properties held for sale of approximately RMB18,175,000 (2020: RMB73,990,000) as at December 31, 2021 are expected to be sold after twelve months from the end of the reporting period.

As at December 31, 2021, properties held for sale of approximately RMB2,313,682,000 (2020: RMB925,403,000) were pledged to secure bank, trust and other borrowings granted to the Group as set out in note 45.

28. JOINT OPERATION

On September 1, 2009, Glory Xingye (Beijing) Real Estate Co., Ltd.* (北京國瑞興業地產股份有限公司) ("**Original Beijing Glory**") entered into an agreement with an independent third party (the "**Project Partner**") in respect of a joint development project of Qinian Street Rebuild Primary Land Development Project in the PRC (the "**Qinian Street Project**").

Pursuant to the agreement, Original Beijing Glory and the Project Partner set up an operation committee to exercise joint control and manage the project together. The two parties contribute the funding, share revenue and bear costs equally.

The amount included in the consolidated financial statements arising from the joint operation is as follows:

	2021 RMB'000	2020 RMB'000
Analysis of profit or loss		
Revenue	**229,081**	214,182
Cost of sales and services	**(218,173)**	(210,833)
Profit before income tax	**10,908**	3,349

The details of the assets arising from the joint operation are set out in note 30.

* The English name of the company which was established in the PRC is for reference only and has not been registered.

29. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Pursuant to the lease agreements, lease payment is required to be settled in advance with no credit period being granted to the tenants. In respect of sales of properties, a credit period of six months to two years may be granted to specific customers on a case-by-case basis.

	2021 RMB'000	2020 RMB'000
Trade receivables, gross		
– contracts with customers *(note (i))*	**364,437**	364,953
– lease receivables	**222,134**	246,645
	586,571	611,598
Less: Allowance for credit losses	**(84,283)**	(4,812)
Trade receivables, net	**502,288**	606,786
Other receivables, deposits and prepayment, gross		
Advances to contractors and suppliers *(note (ii))*	**572,238**	650,415
Performance guarantee deposit paid	**14,940**	17,260
Other receivables and prepayments *(note (iii))*	**798,699**	796,279
Deposits	**96,646**	60,306
	1,482,523	1,524,260
Less: Allowance for credit losses	**(57,893)**	(45,331)
Other receivables, deposits and prepayments, net	**1,424,630**	1,478,929
Total trade and other receivables, deposits and prepayment, net	**1,926,918**	2,085,715

Notes:

(i) As at December 31, 2021 and 2020, trade receivables from contract with customers mainly comprise trade receivable from property development.

(ii) Advances to contractors and suppliers mainly included prepayment to contractors and suppliers for the construction of properties under development for sale. All of the advances to contractors and suppliers are expected to be utilized within the normal operating cycle of the Group.

(iii) Other receivables mainly included payment on behalf of and receivables from independent third-parties which are mainly the project partners and consideration receivable in relation of disposal of a subsidiary (note 44). All other receivables from independent third-parties are of non-trade nature, unsecured, interest-free and repayable on demand in 2021 and 2020, except for the balance of RMB277,650,000 (2020: RMB240,000,000), which was bearing interest at 8% (2020: 10%) per annum and under legal proceedings. All of the other receivables are expected to be recovered within one year.

29. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an aging analysis of trade receivables presented, net of allowance for credit losses, based on the date of recognition of revenue at the end of the reporting period:

	2021 RMB'000	2020 RMB'000
0 to 60 days	**50,146**	89,240
61 to 180 days	**32,068**	53,934
181 to 365 days	**91,925**	57,851
1 to 2 years	**78,900**	316,469
Over 2 years	**333,532**	94,104
Less: Allowance for credit losses	**(84,283)**	(4,812)
	502,288	606,786

As at December 31, 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB227,240,000 (2020: RMB284,715,000) which are past due as at the reporting date. The balances which has been past due over 90 days is not considered as default since the Directors considered such balances could be recovered based on repayment history, the financial conditions and the current credit worthiness of each customer.

Details of impairment assessment of trade and other receivables and deposits are set out in note 50.

30. CONTRACT ASSETS

	2021 RMB'000	2020 RMB'000
Construction and development services	**1,809,172**	1,610,957
Property sales	**8,542**	35,202
	1,817,714	1,646,159
Less: Allowance for credit losses	**(18,846)**	–
	1,798,868	1,646,159

The contract assets primarily related to the Group's right to consideration for work completed and not billed because the rights are conditional upon the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

All contract assets are expected to be settled within the Group's normal operating cycle, and are classified as current.

Details of payment terms of construction and development services and property sales contracts are set out in note 5.

Details of impairment assessment of contract assets are set out in note 50.

As at January 1, 2020, contract assets from contracts with customers amounted to approximately RMB1,442,134,000.

31. CONTRACT COSTS

	2021 RMB'000	2020 RMB'000
Incremental costs to obtain contracts	**59,535**	101,026

Note: Contract costs capitalized as at December 31, 2021 and 2020 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the end of the reporting period. Contract costs are recognized as part of cost of sales in the period in which revenue from the related property sales is recognized. The amount of capitalized costs recognized in profit or loss during the year was approximately RMB131,511,000 (2020: RMB4,592,000). There was no impairment in relation to the capitalized contract costs (2020: Nil).

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

32. RESTRICTED BANK DEPOSITS

	2021 RMB'000	2020 RMB'000
Deposits pledged for banking facilities *(note (a))*	**344**	11,975
Restricted bank deposits for construction of pre-sale properties *(note (b))*	**299,664**	155,974
Restricted bank deposits in relation to litigation proceedings	**80,469**	28,503
Deposits pledged for mortgage loans granted to customers *(note 45)*	**94,316**	114,746
	474,793	311,198
Analysed for reporting purposes as:		
Non-current *(note (c))*	**12,062**	3,592
Current	**462,731**	307,606
	474,793	311,198

Notes:

(a) The amounts represent bank deposits denominated in RMB pledged to banks as security for certain banking facilities granted to the Group and disclosed in note 45.

(b) The amounts represent bank deposits for construction of pre-sale properties. In accordance with relevant government requirements, certain property development subsidiaries of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the construction of the relevant properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained.

32. RESTRICTED BANK DEPOSITS (Continued)

Notes: (Continued)

(c) Deposits pledged as security for mortgage loans of the Group's customers and restricted bank deposits that are not expected to be released within twelve months after the end of the reporting period are classified as non-current assets.

Details of impairment assessment of restricted bank deposits are set out in note 50.

The bank deposits carry prevailing market interest rates ranging from 0.02%-0.55% (2020: 0.30%-2.75%) per annum.

33. BANK BALANCES AND CASH

	2021 RMB'000	2020 RMB'000
Bank balances and cash	**460,225**	1,584,950

Cash and cash equivalents comprise bank balances and cash held by the Group. The bank balances carry interest rates ranging from 0.3%-0.4% (2020: 0.3%-0.4%).

Bank balances and cash as at December 31, 2021 were denominated in RMB, United States dollar ("**US$**") and HK$, and RMB is not a freely convertible currency in the international market. The exchange rate of RMB is determined by the government of the PRC and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

For the years ended December 31, 2021 and 2020, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

34. TRADE AND OTHER PAYABLES

	2021 RMB'000	2020 RMB'000
Trade payables	**2,205,163**	2,853,478
Deposits received	**246,571**	366,717
Rental received in advance	**100,969**	74,909
Refund liabilities	**325,838**	235,341
Accrued payroll	**40,486**	23,357
Value added tax and other tax payables	**919,667**	439,288
Other payables and accruals	**1,198,409**	985,862
Dividends	**135,500**	139,500
	5,172,603	5,118,452
Analysed for reporting purposes as:		
Non-current *(note)*	**84,026**	135,942
Current	**5,088,577**	4,982,510
	5,172,603	5,118,452

Note:

Pursuant to the relevant agreements, rental deposits received as at December 31, 2021 are to be settled after twelve months from the end of the reporting period and are therefore classified as non-current liabilities.

Trade payables comprise construction costs payable and other project-related expenses payable. The average credit period of trade payable is 180 days.

The following is an aging analysis of trade payables based on invoice date at the end of the reporting period:

	2021 RMB'000	2020 RMB'000
0 to 60 days	**816,626**	1,098,459
61 to 365 days	**417,148**	441,170
1 to 2 years	**203,015**	389,066
Over 2 years	**768,374**	924,783
	2,205,163	2,853,478

35. CONTRACT LIABILITIES

	2021 RMB'000	2020 RMB'000
Property sales	**9,101,673**	12,662,331

All contract liabilities are expected to be settled within the Group's normal operating cycle, and are classified as current.

As at January 1, 2020, contract liabilities amounted to approximately RMB17,332,702,000.

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

	Property sales	
	2021 RMB'000	2020 RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	**6,297,215**	3,700,477

The deposits and advance payment received were recognized as contract liabilities throughout the property construction period until the customer obtains control of the completed property.

The Group receives 10% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer a discount to certain customers, provided that the customers agree to make a full payment or pay earlier during the construction period. The deposits and advance payment schemes result in contract liabilities being recognized throughout the property construction period until the customer obtains control of the completed property.

36. TAX PAYABLE

	2021 RMB'000	2020 RMB'000
LAT payable	**1,428,037**	1,364,503
Income tax payable	**1,541,306**	1,233,363
	2,969,343	2,597,866

37. LEASE LIABILITIES

	2021 RMB'000	2020 RMB'000
Within one year	**812**	1,734
Within a period of more than one year but within two years	**–**	1,217
Within a period of more than two years but within five years	**–**	258
	812	3,209
Less: Amount due for settlement within 12 months shown under current liabilities	**(812)**	(1,734)
Amount due for settlement after 12 months shown under non-current liabilities	**–**	1,475

The weighted average incremental borrowing rates applied to lease liabilities was 8.29% (2020: 8.29%) per annum.

38. BANK, TRUST AND OTHER BORROWINGS

	2021 RMB'000	2020 RMB'000
Bank borrowings, secured	**15,977,462**	16,083,662
Trust borrowings, secured	**–**	386,280
Loans from financial institutions, secured	**2,326,528**	2,782,038
Other borrowing, secured	**100,000**	–
	18,403,990	19,251,980
The borrowings are due to be repayable *(note):*		
On demand and within one year	**5,084,974**	3,786,075
More than one year, but not exceeding two years	**4,037,897**	4,326,000
More than two years, but not exceeding five years	**2,747,878**	5,059,735
More than five years	**6,533,241**	6,080,170
	18,403,990	19,251,980
Less: Amount due within one year shown under current liabilities	**(5,084,974)**	(3,786,075)
Amount due after one year shown under non-current liabilities	**13,319,016**	15,465,905

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group's bank, trust and other borrowings and loans from financial institutions are all denominated in RMB. Details of assets that have been pledged to secure bank, trust and other borrowings are set out in note 45.

Borrowings of approximately RMB6,972,151,000 (2020: RMB6,175,218,000), bearing interest at variable rate ranging from 4.75% to 12.00% (2020: 4.75% to 10.00%) per annum as at December 31, 2021 exposed the Group to cash flow interest rate risk. The remaining borrowings, bearing interest at fixed rate, ranging from 4.90% to 14.00% (2020: 4.75% to 13.65%) per annum as at December 31, 2021, exposed the Group to fair value interest rate risk.

In April 2020, Suzhou Glory Real Estate Co., Ltd.* (蘇州國瑞地產有限公司) ("**Suzhou Glory**") entered into a trust loan agreement with Zhongrong International Trust Co., Ltd. (中融國際信託有限公司) ("**Zhongrong Trust**"), in which the total credit facility granted is RMB500,000,000 bearing interest at 13.65% per annum. The loan is secured by land use rights included in properties under development of Suzhou Glory and secured by 15% equity interest of Suzhou Glory. Besides the security, the loan is also guaranteed by Shantou Garden Group Co., Ltd.* (汕頭花園集團有限公司) ("**Garden Group**"), a wholly owned subsidiary of the Company, Mr. Zhang Zhangsun and Ms. Ruan Wenjuan. The respective loan were all settled in March 2021.

38. BANK, TRUST AND OTHER BORROWINGS (Continued)

In April 2020, Beijing Glory Real Estate (Holding) Co., Ltd.* (北京國瑞興業房地產控股有限公司) ("**New Beijing Glory**") and Suzhou Glory, subsidiaries of the Company, entered into a triparty agreement with Zhongrong Trust. Pursuant to the agreement, the loan of RMB42,500,000 was provided by Zhongrong Trust as capital injection to Suzhou Glory, a subsidiary of New Beijing Glory. Upon receipt of the cash contribution, New Beijing Glory and Zhongrong Trust held 15.00% and 85.00% equity interests in Suzhou Glory, respectively. In the opinion of the Directors, the loan is to finance the construction of the properties under development of Suzhou Glory; and the relevant investment agreement required: (i) New Beijing Glory is obliged to repurchase the 85.00% equity interests in Suzhou Glory transferred to Zhongrong Trust with a cash consideration of RMB42,500,000 on 24 April 2021; (ii) Zhongrong Trust does not have any influence over Suzhou Glory or undertake any risk of investment, but only entitled to a fixed interest rate at 13.65% per annum which should be paid quarterly during the 12 months period. In the opinion of the Directors, the arrangement is in substance a financing arrangement from Zhongrong Trust. The Group classified the above loan as a financial liability, and continues to consolidate Suzhou Glory as if Suzhou Glory is a wholly-owned subsidiary of the Group.

The respective trusted loan of RMB42,500,000 was fully settled on March 23, 2021 in cash. However, the repurchase of the 85.00% equity interests in Suzhou Gory were still under processing. In the opinion of the Directors, due to the fact that Zhongrong Trust does not have any influence over Suzhou Glory, undertaking risk of investment or share any results of Suzhou Glory, the Group continues to consolidate Suzhou Glory as if Suzhou Glory is a wholly-owned subsidiary of the Group. There was no addition trust loan agreement initiated during the year.

Set out below were details of the secured entrusted bank borrowings and trust borrowings:

Borrowers	Lenders	Loans period	Interest rates	Carrying amounts	
				2021	2020
			% per annum	RMB'000	RMB'000
- Loans from bank					
Original Beijing Glory	Zhejiang Commercial Bank and Bank of Beijing	January 2019 to December 2033	7.00	**2,749,620**	2,834,600
Original Beijing Glory	Xiamen International Bank	March 2020 to March 2023	8.00	**193,232**	287,695
Original Beijing Glory	Bank of Communications and Bank of Beijing	February 2020 to February 2035	4.90	**3,328,587**	3,472,284
Original Beijing Glory	Bohai Bank	April 2020 to April 2023	7.50	**560,000**	645,000
Glory Xingye (Beijing) Industrial Co., Ltd.* (國瑞興業(北京)實業股份有限公司) ("**Glory Industrial**")	Ping An Bank	July 2018 to June 2028	7.11	**320,000**	340,000
Glory Xingye (Beijing) Investment Co., Ltd.* (國瑞興業(北京)投資有限公司) ("**Glory Investment**")	Beijing Branch of Tianjin Bank	October 2020 to October 2023	7.00	**1,316,000**	1,380,000

38. BANK, TRUST AND OTHER BORROWINGS (Continued)

Borrowers	Lenders	Loans period	Interest rates	Carrying amounts	
				2021	2020
			% per annum	RMB'000	RMB'000
Hainan Glory Investment & Development Co., Ltd.* (海南國瑞投資開發有限公司) ("**Hainan Glory Investment**")	Hainan Bank	January 2019 to December 2026	7.35	**225,570**	348,040
Hainan Glory Investment	China Construction Bank	June 2019 to June 2029	6.37	**171,400**	217,000
Foshan Glory Southern Real Estate Development Co., Ltd.* (佛山市國瑞南方地產開發有限公司) ("**Foshan Glory Southern**")	The Agricultural Bank of China and Bank of Guangzhou	December 2020 to December 2028	5.29	**1,994,860**	930,000
Langfang Guoxing Real Estate Development Co., Ltd.* (廊坊國興房地產開發有限公司) ("**Langfang Guoxing**")	The Agricultural Bank of China	August 2021 to April 2024	4.75	**175,000**	–
Shantou Glory Properties Co., Ltd.* (汕頭市國瑞置業有限公司) ("**Shantou Glory Properties**")	Guangdong Huaxing Bank	December 2021 to December 2031	6.50	**200,000**	–
Shantou Glory Properties	Bank of China	January 2017 to January 2022	4.75	**–**	247,500
Foshan Guofeng Estate Development Co., Ltd.* (佛山市國豐地產開發有限公司)	The Agricultural Bank of China	June 2019 to June 2023	5.23	**1,005,486**	1,129,500
Shanxi Huawei Shida Industrial Co., Ltd.* (陝西華威世達實業有限公司) ("**Shanxi Huawei**")	Bohai Bank	May 2019 to May 2022	9.00	**1,095,000**	1,200,000
Shantou Guorui Hospital Co., Ltd.* (汕頭市國瑞醫院有限公司)	Industrial and Commercial Bank of China, Bank of China and the Agricultural Bank of China	June 2018 to June 2033	5.39	**1,482,643**	1,475,000
Yao Ji (Nantong) Industrial Co., Ltd.* (姚記(南通)實業有限公司)	The Agricultural Bank of China and Zhangjiagang Rural Commercial Bank	November 2018 to July 2023	4.89	**352,849**	564,543
Beijing Guorui Deheng Real Estate Development Co., Ltd.* (北京國瑞德恒房地產開發有限公司) ("**Beijing Deheng**")	China Minsheng Bank	May 2018 to July 2023	7.13	**204,533**	540,000
Qidong Guorui Hotel Management Co., Ltd.* (啟東國瑞酒店管理有限公司)	Bank of Jiangsu	November 2020 to September 2023	6.70	**90,184**	100,000

38. BANK, TRUST AND OTHER BORROWINGS (Continued)

Borrowers	Lenders	Loans period	Interest rates	Carrying amounts	
				2021	2020
			% per annum	RMB'000	RMB'000
Tongren Glory Real Estate Development Co., Ltd.* (銅仁國瑞房地產開發有限公司)	The Agricultural Bank of China	July 2019 to July 2024	6.18	**352,498**	372,500
Shantou Huirui Hotel Management Co., Ltd. (汕頭市薈瑞酒店管理有限公司)	Guangdong Huaxing Bank	September 2021 to September 2024	12.00	**160,000**	–
Subtotal				**15,977,462**	16,083,662
– Trust borrowings					
Suzhou Glory	Zhongrong Trust	April 2020 to April 2021	13.65	**–**	386,280
– Loans from financial institutions					
Original Beijing Glory	China Huarong Asset Management Co., Ltd.	September 2020 to September 2023	13.00	**370,588**	491,226
Beijing Wenhuashengda Real Estate Development Co., Ltd.* (北京文華盛達房地產開發有限公司) ("**Beijing Wenhuashengda**")	China Huarong Asset Management Co., Ltd.	March 2020 to March 2023	12.00	**207,450**	231,345
Beijing Wenhuashengda	China Huarong Asset Management Co., Ltd.	June 2020 to June 2023	12.00	**280,000**	491,797
New Beijing Glory	China Huarong Asset Management Co., Ltd.	March 2019 to May 2022	13.00	**222,078**	453,155
Foshan Glory Southern	Shenzhen Branch of China Great Wall Asset Management Co., Ltd.	June 2020 to June 2023	10.50	**610,000**	642,053
Foshan Guohua Properties Co., Ltd.* (佛山市國華置業有限公司) ("**Foshan Guohua**")	China Huarong Asset Management Co., Ltd.	November 2019 to November 2022	12.00	**324,700**	392,237
Shenzhen Glory Xingye Culture Development Co., Ltd.* (深圳國瑞興業文化發展有限公司) ("**Xinye Culture**")	Shenzhen Hi-tech Investment Small Loan Co., Ltd.	April 2019 to April 2022	8.50	**20,000**	20,000
Shenzhen Tadpole Technology Application Co., Ltd.* (深圳蝌蚪科技應用有限公司) ("**Shenzhen Tadpole Technology**")	Shenzhen Hi-tech Investment Small Loan Co., Ltd.	April 2019 to April 2022	12.10	**25,092**	25,094

38. BANK, TRUST AND OTHER BORROWINGS (Continued)

Borrowers	Lenders	Loans period	Interest rates	Carrying amounts	
			% per annum	2021 RMB'000	2020 RMB'000
Shenzhen Guorui Construction Engineering Co., Ltd.* (深圳國瑞建築工程有限公司) ("**Shenzhen Guorui Construction**")	Shenzhen Hi-tech Investment Small Loan Co., Ltd.	April 2019 to April 2022	12.10	30,077	35,131
Shanxi Huawei	Zhongpu Henghua Asset Management Co., Ltd.	August 2021 to August 2022	14.00	220,883	–
Guangzhou Guorui Real Estate Co., Ltd.* (廣州國瑞置業有限公司) ("**Guangzhou Guorui Real Estate**")	Guangzhou Huiyintong Small Loan Co., Ltd.	September 2021 to March 2022	7.20%	7,830	–
Guangzhou Guorui Industrial Development Co., Ltd.* (廣州國瑞實業發展有限公司) ("**Guangzhou Guorui Industrial**")	Guangzhou Huiyintong Small Loan Co., Ltd.	September 2021 to March 2022	7.20%	7,830	–
Subtotal				2,326,528	2,782,038
– Loans from other independence third parties					
Shenzhen Dachaoshan	Shenzhen Xikeng Co., Ltd.	July 2021 to July 2022	5.75%	100,000	–
Total				18,403,990	19,251,980

In July and August 2021, Shanxi Huawei and Shenzhen Dachaoshan entered into agreement with Zhongpu Henghua Asset Management Co., Ltd. (中普恒華資產管理有限公司) and Shenzhen Xikeng Co., Ltd. (深圳市西坑股份合作公司), respectively, to borrow two short-term loans in one year with interest rate in 14.00% and 5.75% per annum. The principals of the loan were RMB220,881,000 and RMB100,000,000 respectively.

In September 2021, Guangzhou Guorui Real Estate and Guangzhou Guorui Industrial entered into agreements with Guangzhou Huiyintong Small Loan Co., Ltd. (廣州市匯銀通小額貸款股份有限公司), to borrow two half year loan with interest rate in 7.20% per annum. The principals of the loan were both RMB7,830,000.

38. BANK, TRUST AND OTHER BORROWINGS (Continued)

In April 2020, Xingye Culture, Shenzhen Tadpole Technology and Shenzhen Guorui Construction entered into agreements with Shenzhen Hi-tech Investment Small Loan Co., Ltd. (深圳高新投小額貸款有限公司), respectively, to extend the maturity date of the loans from April 2020 to April 2021 and to amend the interest rate from 8.50% to 12.20%. The principals of the loans were RMB20,000,000, RMB25,000,000 and RMB35,000,000 respectively. In April 2021, three subsidiaries entered into the agreement to extend the maturity date of loans from April 2021 to April 2022 and to amend the interest from 12.20% to 12.10%. According to the extension agreement, Xingye Culture, Shenzhen Tadpole Technology and Shenzhen Guorui Construction settled RMB5,000,000 respectively during December 31, 2021.

Beijing Deheng applied the debts reorganization arrangement with China Minsheng Bank in relation to the loan balance of RMB204,533,000 in July 2021 and all the outstanding loan was fully settled on January 7, 2022.

As mentioned below, on February 28, 2022 and up to the date of authorization of these consolidated financial statements, the 2019 Outstanding Notes (as defined below), issued by the Company, are not yet settled on time. The Company is not the contracted parties in these loan agreements and, in the opinion of the Directors, the 2019 Outstanding Notes are not material to the financial statements of the Company which would not material affect the financial ability of the Company as a guarantor. The Directors believe that the Group has not breached of the cross default clause stated in these bank, trust and other borrowings agreements.

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

39. CORPORATE BONDS

Corporate bonds issued in 2016 (the "2016 Corporate Bonds")

On September 22, 2016, Garden Group issued its first tranche of domestic corporate bonds through non-public offering in the PRC with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 5.3% per annum, payable annually, and has a term of 5 years. As at December 31, 2020, the 2016 Corporate Bonds are secured by certain investment properties of the Group with the carrying amounts of approximately RMB803,000,000.

According to the terms and conditions of the 2016 Corporate Bonds, Garden Group has the right to adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before September 21, 2019. At the same time, the bondholder may at its option require Garden Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the 2016 Corporate Bonds is approximately 5.47% per annum after the adjustment for transaction costs.

In 2019, Garden Group has adjusted the coupon rate from 5.30% to 8.50% per annum for the fourth and fifth year at the end of the third year. The 2016 Corporate Bonds with principal amounting to RMB500,000,000 was redeemed by the Garden Group and sold to Shantou Glory Management Co., Ltd.* (汕頭國瑞企業管理有限公司) ("**Shantou Glory**"), a wholly owned subsidiary of the Company. The maturity date of the remaining 2016 Corporate Bond of RMB500,000,000 is September 22, 2021. In September 2021, Garden Group redeemed the remaining 2016 Corporate Bond in cash. The aggregate redemption price was equivalent to the principal amount plus accrued interest to the redemption date.

39. CORPORATE BONDS (Continued)

Corporate bonds issued in 2016 (the "2016 Corporate Bonds") (Continued)

For the purpose of presentation in the consolidated statement of financial position, the 2016 Corporate Bonds held by Shantou Glory have been offset. The following is the analysis of the 2016 Corporate Bonds as at the end of the reporting period:

	2021 RMB'000	2020 RMB'000
Carrying amounts	**–**	1,000,000
Accrued interest	**–**	10,829
	–	1,010,829
Less: Amount held by Shantou Glory	**–**	(500,000)
Amount due within one year shown under current liabilities	**–**	510,829

* The English name of the company which was established in the PRC is for reference only and has not been registered.

40. SENIOR NOTES

	2021 RMB'000	2020 RMB'000
2019 Senior Notes *(note (a))*	**31,240**	3,105,709
2019 Private Placement Notes *(note (b))*	**–**	650,036
2021 Senior Notes *(note (c))*	**2,191,023**	–
2021 Private Placement Notes *(note (d))*	**318,785**	–
Amount due within one year shown under current liabilities	**2,541,048**	3,755,745

40. SENIOR NOTES (Continued)

Notes:

(a) 2019 Senior Notes

On February 27, 2019, the Company issued senior notes with an aggregate nominal value of US$160,000,000 ("**2019 Original Notes**") at 97.0% of the principal amount of the 2019 Original Notes. The 2019 Original Notes bearing interest at 13.50% per annum, payable semi-annually in arrears from August 28, 2019, will mature on February 28, 2022. The effective interest rate is approximately 15.74% per annum after the adjustment for transaction costs. The 2019 Original Notes are listed on the Stock Exchange.

On March 15, 2019, the Company issued senior notes with an aggregate nominal value of US$295,000,000 ("**2019 Additional Notes**") at 97.0% of the principal amount of the 2019 Additional Notes plus accrued interest from February 27, 2019 to March 14, 2019. The 2019 Additional Notes is to be consolidated and form a single series with the 2019 Original Notes (collectively referred to as the "**2019 Senior Notes**"). The principal terms of the 2019 Additional Notes are identical to the terms of the 2019 Original Notes, other than the aggregated principal amount and offer price. The effective interest rate is approximately 15.53% per annum after the adjustment for transaction costs.

The 2019 Senior Notes may be redeemed in the following circumstances:

(1) At any time prior to February 28, 2022, the Company may at its option redeem the 2019 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2019 Senior Notes plus the applicable premium as of, and accrued but unpaid interest, if any, to (but not including) the redemption date.

(2) At any time prior to February 28, 2022, the Company may redeem up to 35% of the aggregate principal amount of the 2019 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.5% of the principal amount of the 2019 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2019 Senior Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

(3) The holders of 2019 Senior Notes have the right, at their option, to require the Company to repurchase all of their 2019 Senior Notes, or any portion of the principal thereof that is equal to US$200,000 or an integral multiple of US$1,000 in excess thereof, on February 27, 2021 at the repurchase price equal to 100% of the principal amount of 2019 Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, February 27, 2021.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the 2019 Senior Notes holders and the trustee.

On January 12, 2021, the Company commenced the exchange offer for the minimum acceptance amount of the outstanding 2019 Senior Notes and the consent solicitation from eligible holders to the amendments to the indenture governing the 2019 Senior Notes ("**Exchange Offer**"). The Exchange Offer and consent solicitation are being made upon the terms and subject to the conditions set forth in the Exchange Offer and Consent Solicitation Memorandum. On January 20, 2021, holders of US$300,600,000 of the 2019 Senior Notes, representing approximately 66.80% of the total aggregate principal amount of the outstanding 2019 Senior Notes, have been validly tendered for exchange (and deemed to have given Consents to the proposed amendments) and accepted pursuant to the Exchange Offer and consent solicitation.

On January 25, 2021, the Company completed the exchange offering of US$300,600,000 of the 2019 Senior Notes ("**Exchange Notes**") with US$323,745,000 of new issue of senior notes due January 25, 2024 (the "**2021 Senior Notes**") which bearing interest at 14.25% per annum (detailed in note (d)). After the completion of the exchange offering, the remaining aggregate principal amount of US$154,400,000 of the 2019 Senior Notes and an aggregate principal amount of US$323,745,000 of the 2021 Senior Notes remain outstanding.

40. SENIOR NOTES (Continued)

Notes: (Continued)

(a) 2019 Senior Notes (Continued)

The Directors consider that the terms of the 2021 Senior Notes are not substantially different as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial liability by less than 10 per cent. Accordingly, such modification of terms is not accounted for as an extinguishment of the original financial liability. Therefore, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. An adjustment to the carrying amount of the financial liability of RMB41,661,000 is recognised in finance costs at the date of modification.

As at March 1, 2021, certain holders, whom have not accepted the Exchange Offer, of the 2019 Senior Notes exercised their redemption options. Therefore, the Company redeemed part of the 2019 Senior Notes, at a price of US$159,591,000 equal to the aggregate principal amount of US$149,500,000 plus accrued interest to the date of redemption.

Upon the completion of the redemption and as at December 31, 2021, the remaining outstanding principal amount of the 2019 Senior Notes were US$4,900,000 ("**2019 Outstanding Notes**"). The holders of 2019 Outstanding Notes has not exercised their redemption options and the outstanding notes will mature on February 28, 2022. Up to the date of authorization of these consolidated financial statements, the 2019 Outstanding Notes are not yet settled.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at December 31, 2021 and 2020.

The fair value of 2019 Senior Notes as at December 31, 2021 is approximately RMB41,069,000 (2020: RMB2,838,972,000) based on quoted market price and classified as level 1 of fair value hierarchy.

(b) 2019 Private Placement Notes

On April 9, 2019, the Company issued the notes with an aggregate nominal value of US$100,000,000 ("**2019 Private Placement Notes**"). The 2019 Private Placement Notes bearing interest at 15.00% per annum, is payable quarterly from 9 April 2019.

The 2019 Private Placement Notes may be redeemed in the following circumstances:

(1) Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the 2019 Private Placement Notes will be redeemed at their principal amount on January 9, 2021.

(2) Redemption at the option of holder of 2019 Private Placement *Notes:* The issuer shall, at the option of holder of 2019 Private Placement Notes redeem all but not some of such holder's 2019 Private Placement Notes on April 9, 2020 at 100% of the principal amount.

No holders had exercised their redemption options on April 9, 2020.

According to the terms and conditions of the 2019 Private Placement Notes, on March 29, 2021, the Company completed the full redemption with cash. The aggregate redemption price was equivalent to the principal amount plus accrued interest to the redemption date.

40. SENIOR NOTES (Continued)

Notes: (Continued)

(c) 2021 Senior Notes

Pursuant to note (a) above, the Company issued senior notes with an aggregate nominal value of US$323,745,000 ("**2021 Senior Notes**") to settled the Exchange Offer Notes on January 25, 2021. The 2021 Senior Notes bearing interest at 14.25% per annum, payable semi-annually in arrears from July 25, 2021, will mature on January 25, 2024. The effective interest rate is approximately 15.17% per annum after the adjustment for transaction costs. The 2021 Senior Notes are listed on the Stock Exchange and Singapore Exchange Securities Trading Limited.

The 2021 Senior Notes may be redeemed in the following circumstances:

(1) At any time prior to January 25, 2024, the Company may at its option redeem the 2021 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2021 Senior Notes plus the applicable premium as of, and accrued but unpaid interest, if any, to (but not including) the redemption date.

(2) At any time prior to January 25, 2024, the Company may redeem up to 35% of the aggregate principal amount of the 2021 Senior Notes with the net cash proceeds from sales of certain kinds of capital stock of the Company in an equity offering at a redemption price of 15.74% of the principal amount of the 2021 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(3) The holders of 2021 Senior Notes have the right, at their option, to require the Company to repurchase for cash all of their 2021 Senior Notes, or any portion of the principal thereof that is equal to USD200,000 or an integral multiple of USD1,000 in excess thereof, on April 25, 2022 at the repurchase price equal to 100% of the principal amount of 2021 Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, April 25, 2022.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the 2021 Senior Notes holders and the trustee.

The Directors consider that the fair value of the above early redemption options was insignificant on initial recognition and as at December 31, 2021.

The fair value of 2021 Senior Notes as at December 31, 2021 is approximately RMB2,018,072,000 (2020: Nil) based on quoted market price and classified as level 1 of fair value hierarchy.

As aforementioned, on February 28, 2022 and up to the date of authorization of these consolidated financial statements, the 2019 Outstanding Notes are not yet settled. However, as the outstanding amount is below the thresholds of the cross-acceleration clauses, it would not trigger the cross-acceleration provision under the event of default clauses.

(d) 2021 Private Placement Notes

On March 26, 2021, the Company issued the notes with an aggregate nominal value of US$50,000,000 ("**2021 Private Placement Notes**"). 2021 Private Placement Notes bearing interest at 16.0% per annum, is payable quarterly in advance on March 26, June 26, September 26 and December 26 in each year, commencing on June 26, 2021.

2021 Private Placement Notes may be redeemed in the following circumstances:

(1) Scheduled redemption: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on March 26, 2023.

(2) Redemption at the option of holder of 2021 Private Placement Notes: The issuer shall, at the option of the holders of any 2021 Private Placement Notes redeem all but not some of such holder's 2021 Private Placement Notes on March 26, 2022 at 100% of the principal amount of such 2021 Private Placement Notes.

No holders had exercised their redemption options on March 26, 2022.

41. SHARE CAPITAL

	Number of shares	Share capital	Equivalent to
		HK$	RMB'000
Ordinary shares of RMB0.001 each			
Authorized:			
At January 1, 2020, December 31, 2020, January 1, 2021, and December 31, 2021	10,000,000,000	10,000,000	
Issued and fully paid:			
At January 1, 2020, December 31, 2020, January 1, 2021, and December 31, 2021	4,444,417,986	4,444,418	3,520

During the year ended December 31, 2021, no (2020: Nil) share options to subscribe for ordinary shares were exercised.

42. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The group entities in the PRC contribute funds which are calculated on a certain percentage ranging from 12% to 20% of the average employee salary as agreed by local municipal government to the scheme. The principal obligation of the Group with respect to the retirement scheme is to make the required contributions under the scheme. There were no forfeited contributions utilised by the Group to reduce existing level of contributions for each of the years.

The total cost charged to profit or loss for the year ended December 31, 2021 amounted to approximately RMB4,880,000 (2020: RMB3,780,000), represent contributions paid or payable to the scheme by the Group.

43. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

Pursuant to the pre-IPO share option scheme adopted by the Company on June 5, 2014 (the "**Pre-IPO Share Option Scheme**"), the Company granted to 54 grantees options to subscribe for an aggregate of 67,076,800 shares of the Company on June 16, 2014 (the "**Pre-IPO Share Option**").

All options under the Pre-IPO Share Option Scheme were granted on 16 June 2014. No additional performance target or condition applies to the outstanding options granted under the Pre-IPO Share Option Scheme. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of the offer price. All share options will be expired after 7 years since the grant date.

The vesting period of the Pre-IPO Share Option is as follows:

33.33%: from the date of grant to July 7, 2015

33.33%: from the date of grant to July 7, 2016

33.34%: from the date of grant to July 7, 2017

43. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Share Option Scheme (Continued)

The following table discloses movements of the Company's share options held by employees and Directors during the year:

	Outstanding as at January 1, 2021	Lapsed during the year	Outstanding as at December 31, 2021
Pre-IPO Share Option			
– Directors	**11,190,000**	**(11,190,000)**	**–**
– Other employees	**37,516,137**	**(37,516,137)**	**–**
	48,706,137	**(48,706,137)**	**–**
Exercisable at the end of the reporting period			**–**
Weighted average exercise price (HK$)	**1.428**	**1.428**	**–**

	Outstanding as at January 1, 2020	Lapsed during the year	Outstanding as at December 31, 2020
Pre-IPO Share Option			
– Directors	11,190,000	–	11,190,000
– Other employees	37,516,137	–	37,516,137
	48,706,137	–	48,706,137
Exercisable at the end of the reporting period			48,706,137
Weighted average exercise price (HK$)	1.428	–	1.428

44. DISPOSAL OF SUBSIDIARIES

For the year ended December 31, 2021

On September 4, 2021, the Group had through its indirectly non-wholly-owned subsidiary of the Company, Hainan Guorui Real Estate Development Co., Ltd.* (海南國瑞房地產開發有限公司) ("**Hainan Guorui**") entered into an equity transfer agreement ("**Equity Transfer Agreement**") with an independent third party, Hainan Shuangfeng Real Estate Co., Ltd.* (海南雙楓置業有限公司) ("**Shuangfeng**") in relation to the disposal of the entire equity interest (i.e. effective equity interest of 80% held by the Group) in Wanning Guorui Real Estate Development Co., Ltd.* (萬寧國瑞房地產開發有限公司) ("**Wanning Guorui**"), a non-wholly-owned subsidiary of the Group, and repaying the shareholder loan provided by Hainan Guorui to Wanning Guorui, at a total consideration of RMB338,660,000 (the "**Wanning Guorui Disposal**").

Wanning Guorui is principally engaged in property development and composed of third-and-forth-tier projects. The Directors considered that the Wanning Guorui Disposal will be beneficial for the Group to better utilize its strengths and resources to focus on development and construction of its first-and-second-tier projects, as well as to lower the Group's debt ratio to improve liquidity and ensure the steady overall development of the Group. Details of the Wanning Guoru Disposal are set out in the announcement of the Company dated December 13, 2021.

The non-refundable consideration for the Wanning Guorui Disposal would be settled in cash in four instalments: (i) RMB172,717,000 would be paid to Hainan Guorui within three business days from the transfer date of 51% equity interest in Wanning Guorui held by Hainan Guorui, a non-wholly-owned subsidiary of the Company, to Shuangfeng together with relevant licences, official seal, financial records and all relevant documents of Wanning Guorui. In the opinion of the Directors, the Group ceased to have exposure or rights to variable returns from the 49% equity interest in Wanning Guorui on the same day; (ii) RMB67,732,000 would be paid to Hainan Guorui before September, 24, 2021, after which Hainan Guorui would transfer 40% equity interest in Wanning Guorui held by Hainan Guorui, a non-wholly-owned subsidiary of the Company, to Shuangfeng within three business days; (iii) a further RMB67,732,000 would be paid by Shuangfeng to Hainan Guorui before September 27, 2021; and (iv) within 90 days from the transfer of 91% equity interest in Wanning Guorui, the remaining consideration of RMB30,460,000 (to be adjusted after the assets evaluation procedures) would be paid to Hainan Guorui and the remaining 9% equity interest by Hainan Guorui, a non-wholly-owned subsidiary of the Company, shall be transferred to Shuangfeng on the condition that both parties completed the asset evaluation procedures. As at December 31, 2021 and up to the date of authorization of these consolidated financial statements, the remaining 9% equity interest were still yet to transferred since the evaluation procedures were still conducting. Shuangfeng confirmed in writing to the Group that the Wanning Guorui Disposal was still carrying on and they do not have intention to terminate the Wanning Guorui Disposal.

According to the Equity Transfer Agreement, Hainan Guorui is obligated to:

(a) compensate to Wanning Guorui if there are any litigation arising from two completed projects against Wanning Guorui. As far as the Group aware, Wanning Guorui had no litigation in relation to these two completed projects. In the opinion of the Directors, these two projects were completed for years and the probability for legal liability which may be incurred in relation to these two completed projects is remote;

44. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended December 31, 2021 (Continued)

(b) compensate to Wanning Guorui for those existing outstanding litigation against Wanning Guorui as listed in the Equity Transfer Agreement, if the compensation exceeded the provision that has been provided by Wanning Guorui in prior periods. In the opinion of the Directors, the provision for these litigation is sufficiently provided by Wanning Guorui. The likely outcome of these litigation cannot be ascertained at present, but the Directors believe that any possible legal liability which may be incurred from these litigations will not have any material impact on the consolidated financial performance/position of the Group;

(c) compensate to Wanning Guorui for those outstanding trade receivables of RMB3,177,000 as at September 4, 2021 if those trade receivables cannot be collected within 18 months from the date of the Equity Transfer Agreement. In the opinion of the Directors, based on historical settlement records, the probability of failure to collect these trade receivables is remote. The Directors believe that any possible liability which may be incurred from these trade receivables will not have any material impact on the consolidated financial performance/position of the Group; and

(d) bear 50% of reallocation compensation and resettlement cost for these exceeded RMB120,000,000 that was spent by Wanning Guorui for a redevelopment project held by Wanning Guorui. In addition, if Wanning Guorui failed to commence the development for the aforesaid project within 18 months from the date of the Equity Transfer Agreement merely due to the resettlement issue, at the discretionary of Shuangfeng, Hainan Guorui is obligated to acquire the aforementioned project. The consideration is determined based on the reallocation compensation and resettlement cost paid by Shuangfeng, with an interest rate of 15% per annum. In the opinion of the Directors, based on the existing environment, the reallocation compensation and resettlement cost would not be exceed RMB120,000,000 and the probability of bearing reallocation compensation and resettlement cost is remote. The Directors believe that any possible liability which may be incurred from the redevelopment project will not have any material impact on the consolidated financial performance/position of the Group.

Mr. Zhang Zhangsun and New Beijing Glory shall provide guarantees in favour of Hainan Guorui in respect of its obligations under the Equity Transfer Agreement. Hainan Shuangda Group Limited* (海南雙大集團有限公司), the parent company of Shuangfeng and its ultimate controllers, Ms. Wu Dianling and Mr. Zhang Zhaohui shall provide guarantees in favour of Shuangfeng in respect of its obligations under the Equity Transfer Agreement.

On September 7, 2021, Hainan Guorui transferred 51% equity interest in Wanning Guorui to Shuangfeng together with relevant licences, official seal, financial records and all relevant documents of Wanning Guorui. In the opinion of the Directors, the Group ceased to have exposure or rights to variable returns from the 49% equity interest in Wanning Guorui on the same date. On the same day, the director of Wanning Guorui, who is also the legal representative, was employed by the Shuangfeng. Thus, the Wanning Guorui Disposal was deemed to be completed on September 7, 2021. As at December 31, 2021, Shuangfeng paid 91% non-refundable consideration to Hainan Guorui and Hainan Guorui transferred 91% equity interest in Wanning Guorui to Shuangfeng.

44. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended December 31, 2021 (Continued)

At December 31, 2021, the fourth instalment, that will be adjusted after the assets evaluation procedures, was not yet paid to the Group and included in other receivables (note 29). In the opinion of the Directors, the Group does not have any influence over Wanning Guorui or undertake any risk of the remaining 9% equity interest in Wanning Guorui, but only entitled to the fourth instalment. In the opinion of the Directors, the arrangement is in substance that the Group withheld the remaining 9% equity interest in Wanning Guorui as security. Therefore, the Group derecognized entire equity interest in Wanning Guorui as mentioned above. The Directors consider that the consideration receivable was insignificant to the Group and the fair value of the consideration receivable is approximate to the carrying amount.

The net assets of Wanning Guorui at the date of disposal and the consideration of disposal were as follows:

	RMB'000
Analysis of assets and liabilities over which control were lost:	
Property, plant and equipment *(note 18)*	144
Deferred tax asset *(note 25)*	8,989
Properties under development for sale	250,772
Properties held for sale	3,317
Trade and other receivables, deposits and prepayments	1,883
Tax recoverable	11,363
Bank balances and cash	1,100
Trade and other payables	(205,374)
Tax payable	(11,632)
Amount due to the Group	(51,016)
Net assets disposed of	9,546
Consideration received and receivable	338,660
Net assets disposed of	(9,546)
Non-controlling interests	1,909
Gain on disposal of a subsidiary recognized in profit or loss *(note 7)*	331,023
Net cash inflow arising on disposal:	
Cash consideration received during the year	338,660
Less:	
Cash consideration receivable included in other receivables *(note 29)*	(30,460)
Bank balances and cash disposed of	(1,100)
	307,100

44. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended December 31, 2020

(a) On November 23, 2020, the Company, Garden Group, Beijing Guoxing Wanxun Technology and Trade Consulting Co., Ltd.* (北京國興萬訊科貿諮詢有限公司) entered into eight termination agreements in respect of capital contribution of 35% equity interest in Guangdong Hongtai Guotong Real Estate Co., Ltd.* (廣東宏泰國通地產有限公司), 68% equity interest in Guangdong Guosha Real Estate Co., Ltd.* (廣東國廈地產有限公司) ("**Guangdong Guosha Real Estate**"), 35% equity interest in Tianjin Tianfu Rongsheng Real Estate Development Co., Ltd.* (天津天富融盛房地產開發有限公司), 35% equity interest in Sanya Jingheng Properties Co., Ltd.* (三亞景恒置業有限公司), 35% equity interest in Handan Guoxia Real Estate Development Co., Ltd.* (邯鄲市國夏房地產開發有限公司), 51% equity interest in Chongqing Guosha Real Estate Development Co., Ltd.* (重慶國廈房地產開發有限公司), 52% equity interest in Jiangmen Yinghuiwan Real Estate Co., Ltd.* (江門映暉灣房地產有限公司) (collectively referred to the "**Seven Real Estate Project Companies**") and 51% equity interest in Shijiazhuang Guosha Real Estate Development Co., Ltd.* (石家莊國廈房地產開發有限公司) ("**Shijiazhuang Guosha**") with their respective existing shareholders, which are controlled by Mr. Zhang Zhangqiao, the younger brother of Mr. Zhang Zhangsun, Chairman and the executive Director of the Company, to terminate capital contribution arrangements.

Upon completion of the termination agreements on 14 December 2020, the Group ceased to hold any equity interest in the Seven Real Estate Project Companies and Shijiazhuang Guosha.

(b) Disposal of Shantou Glory Construction Materials and Household Exhibition Center Co., Ltd.* (汕頭國瑞建材家居博覽中心有限公司) ("**Shantou Glory Construction Materials**")

In 2020, the Group disposed its entire 90% equity interest in Shantou Glory Construction Materials to an independent third-party for a consideration of RMB540,000,000. Upon completion of the transaction on July 22, 2020, Shantou Glory Construction Materials ceased to be a subsidiary of the Company.

44. DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended December 31, 2020 (Continued)

The net assets of subsidiaries at the date of disposal were as follows:

	Seven Real Estate Project Companies RMB'000 *(note a)*	Shijiazhuang Guosha RMB'000 *(note a)*	Shantou Glory Construction Materials RMB'000 *(note b)*	Total RMB'000
Analysis of assets and liabilities over which control were lost:				
Investment properties *(note 17)*	850,875	–	591,000	1,441,875
Property, plant and equipment *(note 18)*	4,933	1,149	35,375	41,457
Right-of-use assets *(note 19)*	–	–	1,917	1,917
Other non-current asset	–	327,000	–	327,000
Interest in an associate	5,000	–	–	5,000
Deposits paid for acquisition of a subsidiary	230,278	–	–	230,278
Deferred tax assets	128,734	43,610	–	172,344
Value added tax and tax recoverable	297,988	70,675	–	368,663
Properties under development for sale	8,790,290	2,765,758	–	11,556,048
Properties held for sale	1,032,193	–	–	1,032,193
Trade and other receivables, deposits and prepayments	1,055,313	43,141	370,793	1,469,247
Contract costs	19,600	–	–	19,600
Amounts due from related parties	3,388,129	254,886	–	3,643,015
Restricted bank deposits	369,037	76,163	–	445,200
Bank balances and cash	390,724	12,273	716	403,713
Trade and other payables	(2,229,050)	(747,928)	(76,793)	(3,053,771)
Contract liabilities	(6,783,382)	(1,663,524)	–	(8,446,906)
Amounts due to related parties	(1,329,733)	–	(135,340)	(1,465,073)
Tax payable	(286,550)	(2,182)	–	(288,732)
Bank and trust borrowings – due within one year	(1,086,683)	(320,000)	(250,320)	(1,657,003)
Bank and trust borrowings – due after one year	(1,010,330)	(220,000)	–	(1,230,330)
Deferred tax liabilities	(774,597)	(157,701)	(128,040)	(1,060,338)
Net assets disposed of	3,062,769	483,320	409,308	3,955,397
Consideration received and receivable	–	–	540,000	540,000
Net assets disposed of	(3,062,769)	(483,320)	(409,308)	(3,955,397)
Non-controlling interests	3,012,718	411,316	51,762	3,475,796
(Loss) gain on disposal of subsidiaries recognized in profit or loss *(note 7)*	(50,051)	(72,004)	182,454	60,399
Net cash (outflow) inflow arising on disposal:				
Cash consideration *(note)*	–	–	100,000	100,000
Less: bank balances and cash disposed of	(390,724)	(12,273)	(716)	(403,713)
	(390,724)	(12,273)	99,284	(303,713)

Note: The remaining consideration of RMB440,000,000 was assigned by the Group to settle other payables due to certain creditors during the year ended December 31, 2020.

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

45. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank, trust and other borrowings granted to the Group at the end of each reporting period:

	2021 RMB'000	2020 RMB'000
Investment properties *(note 17)*	**19,343,500**	17,293,600
Property, plant and equipment *(note 18)*	**1,043,949**	1,110,272
Other non-current assets *(note 20)*	**50,000**	–
Properties under development for sale *(note 27)*	**9,924,187**	20,132,050
Properties held for sale *(note 27)*	**2,313,682**	925,403
Restricted bank deposits *(note 32)*	**344**	11,975
Assets classified as held for sale *(note 24)*	**108,769**	–
	32,784,431	39,473,300

As at December 31, 2021, bank deposits of approximately RMB94,316,000 (2020: RMB114,746,000) were pledged as security for mortgage loans of the Group's customers.

45. PLEDGE OF ASSETS (Continued)

The equity interest of the following subsidiaries were pledged to secure certain bank and other loans facilities granted to the Group:

	2021 %	2020 %
Foshan Glory Southern	80	80
Glory Investment	100	100
Beijing Wenhuashengda	80	80
Foshan Guohua	–	44
Shantou Guorui Hospital Co., Ltd.* (汕頭市國瑞醫院有限公司)	100	100
Suzhou Glory	80	85
Beijing Deheng	80	80
Hainan Junhe	80	80
Glory Industrial	91	91
Original Beijing Glory	80	80
Langfang Guoxing	–	100
Guoyang Holdings Co., Ltd.* (國洋股份有限公司)	–	100
Guochi Holdings Co., Ltd.* (國馳控股有限公司)	–	100
Shanxi Huawei	80	80
Shenzhen Guorui Technology Investment Co., Ltd.* (深圳國瑞科技投資有限公司)	80	80
Shenyang Great Eastern Real Estate Co., Ltd.* (瀋陽大東方置業有限公司)	80	–

As at December 31, 2021 and 2020, 35% equity interest in Ruida Zhiye was also pledged to secure bank borrowing of Ruida Zhiye.

In addition, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd.* (海南國瑞投資開發有限公司) ("**Hainan Glory Investment**") to Hainan Haidao Linkong Industry Group Co., Ltd.* (海南海島臨空產業集團有限公司) in order to secure the performance obligation as at December 31, 2021 and 2020. The pledge shall be released within 10 days after the completion of the construction contract.

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

46. OPERATING LEASING ARRANGEMENTS

The Group as lessor

Operating leases, in which the Group is the lessor, relate to investment properties owned by the Group. All of the offices, shopping mall and retail stores held for rental purposes have committed lessees for 1 to 20 (2020: 1 to 20) years respectively, with unilateral rights to extend the lease beyond initial period held by the lessees only. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last years. The Group did not identify any indications that this situation will change.

Undiscounted lease payments receivable on leases are as follows:

	2021 RMB'000	2020 RMB'000
Within one year	**516,132**	507,382
Within a period of more than one year but not more than two years	**354,257**	391,582
Within a period of more than two years but not more than three years	**221,262**	279,601
Within a period of more than three years but not more than four years	**159,413**	190,539
Within a period of more than four years but not more than five years	**130,458**	136,386
After five years	**200,253**	351,106
	1,581,775	1,856,596

47. COMMITMENTS

	2021 RMB'000	2020 RMB'000
Contracted but not provided for in the consolidated financial statements:		
– Expenditure in respect of investment properties under development	**135,447**	150,661
– Construction of properties for own use	**888,174**	1,066,318
	1,023,621	1,216,979

In addition to the above capital commitments, the Group had contracted expenditure in respect of properties under development for sale of approximately RMB3,547,729,000 (2020: RMB6,000,745,000) as at December 31, 2021, which have not provided for in the consolidated financial statements.

48. CONTINGENT LIABILITIES

	2021 RMB'000	2020 RMB'000
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers *(note)*	**5,752,325**	6,734,656
– corporate property buyers *(note)*	**1,210**	34,440
	5,753,535	6,769,096

Note: The Group has pledged certain bank deposits (details set out in note 45) and provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition is not significant and the Directors consider the default rate is low and a large portion of consideration from property pre-sales contract has been received and recognized as contract liabilities. Accordingly, no loss allowance has been recognized as at December 31, 2021 and 2020.

As at December 31, 2021, Garden Group has provided guarantee to a bank for a banking facility granted to an associate, Ruida Zhiye, of which the bank borrowing guaranteed by the Group was amounting to approximately RMB540,000,000 (2020: RMB567,000,000) with the maturity date in January 2023.

As at December 31, 2021 and 2020, the Group was the defendant of certain non-material litigations, and also a party to certain litigations arising from the ordinary course of business. The likely outcome of these contingent liabilities, litigations or other legal proceedings cannot be ascertained at present, but the Directors believe that any possible legal liability which may be incurred from these cases will not have any material impact on the financial performance and financial position of the Group.

49. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to equity holders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes bank, trust and other borrowings as disclosed in note 38, corporate bonds as disclosed in note 39 and senior notes as disclosed in note 40, net of cash and cash equivalents as disclosed in note 33, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through issuance of new shares, payment of dividends, as well as raising of bank and trust borrowings and redemption of bank and trust borrowings.

50. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2021 RMB'000	2020 RMB'000
Financial assets		
Financial assets at amortized cost	**4,457,449**	5,762,054
Equity instruments at FVTOCI	**13,481**	31,300
	4,470,930	5,793,354
Financial liabilities		
Financial liabilities amortized cost	**28,934,273**	33,918,065

Financial risk management objectives and policies

The Group's financial instruments include equity instruments at FVTOCI, trade and other receivables, deposits, amounts due from related parties, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, lease liabilities, bank, trust and other borrowings, corporate bonds and senior notes. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates and other prices.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over each of the reporting period.

50. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(1) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank, trust and other borrowings (see note 38 for details), corporate bonds, senior notes and lease liabilities (see note 37 for details). The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances, restricted bank deposits and variable rate bank, trust and other borrowings (see note 38 for details) which carry at prevailing deposit interest rates or variable rate based on the interest rates quoted by the People's Bank of China.

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

The Group's cash flow exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to interest rates on variable rate bank, trust and other borrowings at the end of the reporting period. No sensitivity analysis has been presented for bank balances and restricted bank deposits as the management of the Group considers that the fluctuation in interest rates on bank balances and restricted bank deposits is minimal. For variable rate bank, trust and other borrowings, the analysis is prepared assuming the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 basis points (2020: 50 basis points) increase or decrease for variable rate bank, trust and other borrowings are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rate in respect of bank, trust and other borrowings.

If interest rates had been increased/decreased by 50 basis points (2020: 50 basis points) in respect of variable rate bank, trust and other borrowings and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2021 (net of interest capitalization effect) would be decreased/increased by approximately RMB4,708,000 (2020: RMB3,787,000).

50. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(2) Foreign currency risk

Most of the Group's revenue and expenditures are in RMB.

The Group has certain bank deposits and senior notes in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in foreign currency at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Denominated in:				
HK$	**–**	792	**(58)**	–
US$	**330**	434	**(2,573,312)**	(3,755,745)
	330	1,226	**(2,573,370)**	(3,755,745)

Sensitivity analysis

The sensitivity analysis below has been determined based on a 5% (2020: 5%) possible appreciation or depreciation in other currencies against RMB. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust its translation at the end of the reporting period for a 5% change in the foreign currency rates. The sensitivity rate used is the rate when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates.

For financial assets, if the foreign currencies appreciates 5% against RMB and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2021 would be increased by approximately RMB17,000 (2020: RMB61,000). There would be an equal and opposite impact on post-tax profit for the year if the foreign currencies depreciate 5% against RMB.

For financial liabilities, if the foreign currencies appreciates 5% against RMB and all other variables were held constant, the Group's post-tax profit for the year ended December 31, 2021 would be decreased by approximately RMB128,669,000 (2020: RMB187,787,000). There would be an equal and opposite impact on post-tax profit for the year if the foreign currencies depreciate 5% against RMB.

In the opinion of the Directors, the sensitivity analysis is unrepresentative of the inherent currency risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

50. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

(3) Other price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTOCI. The Group invested in certain unlisted equity securities for investees for long term strategic purposes which had been designed as FVTOCI. The Group has monitored the price risk and will consider hedging the risk exposure should the need arise.

As the Group does not have significant exposure to equity price risk, the Group's income and operating cash flows are substantially independent of changes in equity price.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risk in relation to its trade and other receivables, deposits, contract assets, amounts due from related parties, restricted bank deposits, bank balances and financial guarantees issued by the Group.

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantee contracts issued by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position and the financial guarantee amount as disclosed in note 48.

To manage this risk, bank deposits are mainly placed with state-owned financial institutions and reputable banks. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

The Group has no concentration of credit risk in respect of trade and other receivables and deposits, with exposure spread over a number of customers, who are individual purchasers for residential properties and various types of corporations and other business entities for commercial properties.

In order to minimize the credit risk, monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the management of the Group reviews regularly the recoverable amount of trade and other receivables and deposits at the end of each reporting period. The amounts presented in the consolidated statement of financial position are net of allowances for credit losses, estimated by the management of the Group based on historical settlement records, forward-looking information and their assessment of the current economic environment. The Group performs impairment assessment under ECL model on trade receivable balances individually or based on provision matrix.

For those other receivables and deposits that there had been no significant increase in credit risk since initial recognition, 12m ECL basis is adopted. These other receivables and deposits are due to various group of debtors and the Directors consider the credit risk of these parties is low. For those other receivables and deposits that there had been no significant increase in credit risk since initial recognition, ECL of other receivables and deposits are assessed on lifetime ECL basis. The Group performs impairment assessment under ECL model on other receivables and deposits balances individually.

50. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The Group has concentration of credit risk on amounts due from related parties as at December 31, 2021 and 2020 with details set out in note 51. The management of the Group considers the credit risk and probability of default are low for those related parties, no material loss allowance was recognized in respect of the amounts due from related parties accordingly.

For properties that are presold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the sales deposit received and resell the reprocessed properties. Therefore, the management of the Group considers it would likely recover any loss incurred arising from the guarantee provided by the Group. The management of the Group considers the credit risk exposure to financial guarantees provided to banks is limited because the facilities are secured by the properties, the amount drawn down was held by the Group, and the market price of the properties is higher than the guaranteed amounts.

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

	12-month or lifetime ECL	2021 Gross carrying amount RMB'000	2020 Gross carrying amount RMB'000
Financial assets at amortized cost			
Trade receivables	Lifetime ECL	**364,437**	364,953
Lease receivables	Lifetime ECL	**222,134**	246,645
Other receivables and deposits	12m ECL	**518,935**	495,558
Other receivables and deposits	Lifetime ECL (credit-impaired)	**148,399**	252,026
Amounts due from related parties	12m ECL	**2,415,042**	2,559,853
Restricted bank deposits	12m ECL	**474,793**	311,198
Bank balances	12m ECL	**460,225**	1,584,950
Other items			
Contract assets	Lifetime ECL	**1,817,714**	1,646,159
Financial guarantee contracts *(note)*	12m ECL	**6,293,535**	7,336,096

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

50. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The following table shows reconciliation of loss allowances that has been recognized for trade receivables, lease receivables, other receivables and deposits and amounts due from related parties.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At January 1, 2020	4,363	559	25,318	30,240
– Impairment losses recognized	20,000	–	20,394	40,394
– Write-off	–	–	(16,814)	(16,814)
– Disposal of subsidiaries	–	–	(691)	(691)
At December 31, 2020 and January 1, 2021	**24,363**	**559**	**28,207**	**53,129**
– Impairment losses (reversed) recognized	**(13,421)**	**83,724**	**23,084**	**93,387**
At December 31, 2021	**10,942**	**84,283**	**51,291**	**146,516**

For contract assets, the gross amount was approximately RMB1,817,714,000 (2020: RMB1,646,159,000) as at December 31, 2021. At the end of the reporting period, the Directors have performed impairment assessment, and concluded that the ECL for contract assets of approximately RMB18,846,000 (2020: Nil) should be recognised during the year. The following table shows the reconciliation of loss allowances that has been recognised for contract assets. Details of the contract assets are set out in note 30.

	Lifetime ECL (not credit-impaired) RMB'000
At January 1, 2020, December 31, 2020 and January 1, 2021	**–**
– Impairment losses recognized	**18,846**
At December 31, 2021	**18,846**

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was approximately RMB6,293,535,000 (2020: RMB7,336,096,000) as at December 31, 2021. At the end of the reporting period, the Directors have performed impairment assessment, and concluded that the ECL since initial recognition of the financial guarantee contracts is insignificant. Details of the financial guarantee contracts are set out in note 48.

50. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings and its available credit facilities. The Directors closely monitor the liquidity position and ensure it has adequate sources of funding to finance the Group's projects and operations.

As mentioned in note 3, as at December 31, 2021, the Group's bank, trust and other borrowings with aggregate carrying amount of approximately RMB5,084,974,000 was due within one year, while its cash and cash equivalents amounted to only approximately RMB460,225,000 and restricted bank deposits for construction of pre-sale properties and for mortgage loans granted to customers amounted to approximately RMB393,980,000, which can be used for payments for project costs when approval from related government authority is obtained. The Group monitored its compliance with covenants and repayment schedules of bank, trust and other borrowings, and took measures to improve the Group's financial position.

Based on the business model, the Group relied to a great extent on proceeds received from properties pre-sale to finance its development and construction of real estate projects. As there is no assurance that proceeds received from future pre-sales of the Group's current real estate projects will be sufficient to meet the Group's needs, the Group's operating plan requires it to raise additional funds to finance the development and construction of its current real estate projects. If the Group is unable to raise additional equity or debt financing, the Group's operations might need to be curtailed.

The management of the Group performed cash flow forecasts for the Group's operations and monitors the forecasts of the Group's liquidity requirements from time to time to ensure the Group has sufficient cash to meet its operational needs and settle liabilities when they fall due. The management of the Group takes into account the following considerations in projecting their cash flow forecasts: (a) estimated cash inflows from property sales; and (b) further loans under provisional approvals of certain banks which are subject to application by the Group. The Directors consider that the Group will be able to maintain sufficient financial resources to meet its operational needs. However, the current economic conditions continue to create uncertainty particularly over the level of demand for the Group's properties for sale and the availability of banking facility for the foreseeable future. Any delay or unavailability of any of the above measure or sources of finance would impact the Group's liquidity position. The management of the Group will closely monitor the liquidity position and set out alternative measures which include adjusting the construction progress as appropriate, reducing the Group's spending on land investments, accelerating sales with more flexible pricing and obtaining other external financing through security market.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are variable rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The amounts included below for variable rate financial liabilities is subject to change if change in interest rates differ to those estimates of interest rates determined at the end of the reporting period.

50. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

		Undiscounted cash flows					
	Interest rate	On demand and less than 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At December 31, 2021							
Trade and other payables	–	3,963,737	–	–	–	3,963,737	3,963,737
Lease liabilities	8.29%	1,014	–	–	–	1,014	812
Amounts due to related parties	–	3,876,942	–	–	–	3,876,942	3,876,942
Rental deposits received	–	66,490	40,451	36,447	23,733	167,121	147,744
Bank, trust and other borrowings							
– Fixed interest rate borrowings	4.90% - 14.00%	3,745,890	2,915,788	2,240,229	6,205,238	15,107,145	11,431,839
– Variable interest rate borrowings	4.75% - 12.00%	2,569,202	1,881,528	1,984,304	2,339,235	8,774,269	6,972,151
Senior notes	13.50%-16.00%	377,063	624,797	2,211,168	–	3,213,028	2,541,048
		14,600,338	5,462,564	6,472,148	8,568,206	35,103,256	28,934,273
Financial guarantee contracts		6,293,535	–	–	–	6,293,535	–
		20,893,873	5,462,564	6,472,148	8,568,206	41,396,791	28,934,273
At December 31, 2020							
Trade and other payables	–	4,434,143	–	–	–	4,434,143	4,434,143
Lease liabilities	8.29%	1,935	1,430	520	–	3,885	3,209
Amounts due to related parties	–	5,815,404	–	–	–	5,815,404	5,815,404
Rental deposits received	–	10,813	25,086	110,856	–	146,755	146,755
Bank, trust and other borrowings							
– Fixed interest rate borrowings	4.75%-13.65%	3,213,966	3,334,210	4,271,993	5,230,428	16,050,597	13,076,762
– Variable interest rate borrowings	4.75%-10.00%	1,753,343	1,750,468	2,368,043	1,216,211	7,088,065	6,175,218
Corporate bonds	8.50%	542,500	–	–	–	542,500	510,829
Senior notes	13.50%-15.00%	4,086,048	–	–	–	4,086,048	3,755,745
		19,858,152	5,111,194	6,751,412	6,446,639	38,167,397	33,918,065
Financial guarantee contracts		7,336,096	–	–	–	7,336,096	–
		27,194,248	5,111,194	6,751,412	6,446,639	45,503,493	33,918,065

50. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

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

Fair value

The Group's investment in unlisted investments were measured at fair value, and grouped into Level 3.

Financial assets	Fair value as at December 31, 2021 RMB'000	2020 RMB'000	Fair value hierarchy
Equity instruments at FVTOCI (see note 23)			
– 0.15% equity investment in Bohai Life	**8,481**	26,300	Level 3
– 10% equity investment in Yongqing Jiyin Rural Bank	**5,000**	5,000	Level 3
	13,481	31,300	

The fair value of the unlisted equity instruments at FVTOCI, was determined by the Directors, based on market approach using the net book value of the investee multiply to the market price-to-book ratio, and adjusted for the lack of marketability. The change in unobservable inputs would not have significant impact to the fair value measurement.

The movements during the years in the balance of level 3 fair value measurement is as follows:

	0.15% equity investment in Bohai Life RMB'000	10% equity investment in Yongqing Jiyin Rural Bank RMB'000	Total RMB'000
At January 1, 2020	27,400	5,000	32,400
Total losses – included in other comprehensive income	(1,100)	–	(1,100)
At December 31, 2020 and January 1, 2021	**26,300**	**5,000**	**31,300**
Total losses – included in other comprehensive income	**(17,819)**	**–**	**(17,819)**
At December 31, 2021	**8,481**	**5,000**	**13,481**

During the year ended December 31, 2021, there was no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (2020: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Except as disclosed in note 40, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated statement of financial position approximate their fair values.

51. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group has the following related party balances and transactions.

A. The following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related parties	Relationship
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Company
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Ms. Zhang Jin	Then executive Director and daughter of Mr. Zhang Zhangsun
Ms. Lin Yaoquan	Then executive Director and brother-in-law of Mr. Zhang Zhangsun
Mr. Zhang Zhangqiao	Younger brother of Mr. Zhang Zhangsun
Beijing Glory Commercial Management Co., Ltd.* (北京國瑞興業商業管理有限公司) ("**Glory Commercial Management**")	Controlled by Ms. Zhang Jin
Jinming Wujin Material Co., Ltd.* (汕頭市金明五金材料有限公司) ("**Jinming Wujin**")	Controlled by Mr. Zhang Zhangsun
Foshan Yinhe Ruixing Commercial Management Co., Ltd.* (佛山市銀和瑞興商業管理有限公司) ("**Foshan Yinhe**")	Controlled by Ms. Zhang Jin
Shenyang Glory Xingda Management Co., Ltd.* (瀋陽國瑞興達企業管理有限公司) ("**Shenyang Xingda**")	Controlled by Ms. Zhang Jin
Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司) ("**Longhu Huamu**")	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun
Shantou Garden Hotel Management Co., Ltd.* (汕頭市花園賓館管理有限公司) ("**Shantou Garden Hotel**")	Controlled by Mr. Zhang Zhangsun
Beijing Glory Property Services Co., Ltd.* *(Note 1)* (北京國瑞物業服務有限公司) ("**Glory Services**")	Controlled by Mr. Zhang Zhangsun
Alltogether Land	Parent and ultimate holding company controlled by Mr. Zhang Zhangsun
Shenzhen Glory Industrial Development Co., Ltd.* (深圳國瑞興業發展有限公司) ("**Shenzhen Glory Industrial**")	Controlled by Mr. Zhang Zhangsun
Maorui Zhiye	Joint venture
Ruida Zhiye	Associate

Note 1: The related party "**Glory Services**" was disposed by the Group in August, 2021.

51. RELATED PARTY TRANSACTIONS (Continued)

A. The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related parties	Relationship
Ruimao Real Estate	Joint venture
Guangdong Guosha Investment Holding Group Co., Ltd.* (廣東國廈投資控股集團有限公司) ("**Guangdong Guosha Investment**")	Controlled by Mr. Zhang Zhangqiao
Hainan Glory Commercial Management Co., Ltd.* (海南國瑞興業商業管理有限公司) ("**Hainan Glory Commercial Management**")	Controlled by Ms. Zhang Jin
Xi'an Ruihe Xingda Commercial Management Co., Ltd.* (西安瑞和興達商業管理有限公司) ("**Xi'an Ruihe**")	Controlled by Ms. Zhang Jin
Wuxi Glory	Associate
Shantou Garden Property Services Co., Ltd.* (汕頭市花園物業管理有限公司) ("**Shantou Garden Services**")	Controlled by Ms. Zhang Jin
Beijing Guoyin Investment Fund Management Co., Ltd.* (北京國銀投資基金管理有限公司) ("**Guoyin Fund Investment Management**")	Controlled by Ms. Zhang Jin
Tung Wo International Investment Limited ("**Tung Wo International**")	Controlled by Mr. Zhang Zhangsun
Beijing Yinhe Guorui Commercial Investment Co., Ltd.* (北京銀和國瑞商業投資有限公司) ("**Beijing Yinhe**")	Controlled by Ms. Zhang Jin
Beijing Dayuan Tongrui Investment Center (limited partnership)* (北京達源通瑞投資中心(有限合夥)) ("**Beijing Dayuan Tongrui**")	Controlled by Ms. Zhang Jin
Beijing Huirui Capital Investment Co., Ltd.* (北京匯瑞資本投資有限公司) ("**Beijing Huirui**")	Controlled by Ms. Zhang Youxi
Shijiazhuang Guolong Properties Development Co., Ltd.* (石家莊國龍房地產開發有限公司) ("**Shijiazhuang Guolong**")	Controlled by Ms. Zhang Youxi
Shantou Chenghai Garden Hotel Co., Ltd.* (汕頭市澄海花園酒店有限公司) ("**Shantou Chenghai**")	Controlled by Mr. Zhang Zhangsun
Guangdong Guosha Real Estate	Controlled by Mr. Zhang Zhangqiao
Shenzhen Guokesheng Robot Technology Co., Ltd.* (深圳國科盛機器人科技有限公司)	Controlled by Ms. Zhang Jin

51. RELATED PARTY TRANSACTIONS (Continued)

A. The following parties are identified as related parties to the Group and the respective relationships are set out below: (Continued)

Name of related parties	Relationship
Shenzhen Deep Sea Entertainment Management Co., Ltd.* (深圳深海謎底娛樂管理有限公司) ("**Shenzhen Deep Sea**")	Controlled by Mr. Zhang Zhangsun
Shantou Chenghai Glory Howard Johnson Guorui Hotel Co., Ltd.* (汕頭市澄海國瑞豪生大酒店有限公司) ("**Shantou Chenghai Glory**")	Controlled by Ms. Zhang Youxi
Shenzhen Glory Medical Industry Development Co., Ltd.* (深圳國瑞醫療產業發展有限公司) ("**Shenzhen Glory Medical**")	Controlled by Ms. Zhang Jin
Shenzhen Aiguoyi Children's Paradise Management Co., Ltd.* (深圳愛國懿兒童樂園管理有限公司) ("**Shenzhen Aiguoyi**")	Controlled by Mr. Zhang Zhangsun
Shenzhen Guoyu Network Technology Co., Ltd.* (深圳國裕網絡科技有限公司) ("**Shenzhen Guoyu**")	Controlled by Ms. Zhang Jin
Shenzhen Diyun Real Estate Consulting Co., Ltd.* (深圳地雲地產諮詢有限公司) ("**Shenzhen Diyun**")	Controlled by Mr. Zhang Zhangsun
Shenzhen Kesong Investment Co., Ltd.* (深圳科松投資有限公司) ("**Shenzhen Kesong**")	Controlled by Ms. Zhang Jin
Shenzhen Ruibutler Electronic Commerce Co., Ltd.* (深圳瑞管家電子商務有限公司) ("**Shenzhen Ruibutler**")	Controlled by Mr. Zhang Zhangsun
Guangzhou Yipiantian Tourism Development Co., Ltd.* (廣州一片天旅遊開發有限公司) ("**Guangzhou Yipiantian**")	Controlled by Ms. Zhang Jin
Beijing Fangyun Online Network Technology Co., Ltd.* (北京房雲在線網絡科技有限公司) ("**Beijing Fangyun**")	Controlled by Ms. Zhang Jin
Beijing Guorui Commercial Operation Management Co., Ltd.* (北京國瑞商業運營管理有限公司) ("**Beijing Guorui Commercial Operation**")	Controlled by Ms. Zhang Jin
Shenzhen Guorui Commercial Management Co., Ltd.* (深圳國瑞商業管理有限公司) ("**Shenzhen Guorui Commercial**")	Controlled by Ms. Zhang Jin
Shenzhen Xiangrui Investment Co., Ltd.* (深圳祥瑞投資有限公司) ("**Shenzhen Xiangrui**")	Non-controlling shareholders of a subsidiary

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

51. RELATED PARTY TRANSACTIONS (Continued)

B. At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below:

Name of related parties	2021 RMB'000	2020 RMB'000
Trade nature *(note (i))*:		
Foshan Yinhe	**26,965**	24,345
Non-trade nature *(note (ii))*:		
Ruida Zhiye	**1,376,442**	1,317,035
Maorui Zhiye	**825,617**	1,005,415
Wuxi Glory	**77,782**	70,981
Shenzhen Diyun	**25,096**	16,584
Shenzhen Xiangrui	**23,279**	–
Shantou Chenghai	**9,116**	–
Shenzhen Glory Industrial	**8,310**	9,110
Beijing Huirui	**7,475**	–
Shenzhen Guoyu	**7,081**	11,714
Shenzhen Glory Medical	**5,526**	5,526
Xi'an Ruihe	**4,486**	4,486
Beijing Dayuan Tongrui	**4,000**	–
Glory Commercial Management	**3,029**	13,084
Shenyang Xingda	**2,817**	2,702
Beijing Guorui Commercial Operation	**1,947**	–
Hainan Glory Commercial Management	**1,552**	–
Shantou Chenghai Glory	**1,500**	–
Jinming Wujin	**1,421**	2,727
Shantou Garden Services	**850**	700
Shenzhen Kesong	**446**	442
Beijing Fangyun	**194**	–
Guangzhou Yipiantian	**70**	–
Foshan Yinhe	**32**	32
Mr. Zhang Zhangsun	**9**	–
Guangdong Guosha Investment	**–**	50,000
Glory Services	**–**	17,888
Ruimao Real Estate	**–**	4,592
Shenchen Aiguoyi	**–**	1,843
Alltogether Land	**–**	542
Shenzhen Ruibutler	**–**	105
	2,388,077	2,535,508
Amounts due from related parties, gross	**2,415,042**	2,559,853
Allowance for credit losses	**(4,340)**	(2,986)
Amounts due from related parties, net	**2,410,702**	2,556,867

Notes:

(i) Balances of trade nature are unsecured, interest-free and aged within one year.

(ii) Balances of non-trade nature are unsecured and repayable on demand. Included in the balances were approximately RMB2,202,059,000 (2020: RMB2,322,450,000) bearing interest ranging from 4.75% to 9.30% (2020: 4.75% to 9.30%).

51. RELATED PARTY TRANSACTIONS (Continued)

B. At the end of the reporting period, the Group has deposit paid to or amounts receivable from the following related parties and the details are set out below: (Continued)

Maximum amount outstanding for non-trade receivables	2021 RMB'000	2020 RMB'000
Ruida Zhiye	1,376,442	1,317,035
Maorui Zhiye	1,009,119	1,005,415
Guangdong Guosha Investment	125,100	2,817,490
Wuxi Glory	78,157	76,521
Shenzhen Xiangrui	28,000	–
Foshan Yinhe	27,038	17,001
Shenzhen Diyun	25,562	16,584
Glory Services	17,888	20,171
Shenzhen Guoyu	17,581	11,714
Glory Commercial Management	16,634	14,573
Alltogether Land	12,159	120,770
Shantou Chenghai	9,359	–
Shenzhen Glory Industrial	9,310	9,110
Beijing Huirui	7,475	–
Shenzhen Glory Medical	5,526	5,526
Shantou Chenghai Glory	4,724	–
Ruimao Real Estate	4,592	16,580
Xi'an Ruihe	4,486	4,486
Beijing Dayuan Tongrui	4,000	–
Shenyang Xingda	2,821	2,702
Jinming Wujin	2,727	5,689
Beijing Guorui Commercial Operation	1,947	–
Hainan Glory Commercial Management	1,851	1,264
Shenzhen Aiguoyi	1,843	1,843
Shantou Garden Services	1,500	700
Shenzhen Kesong	446	442
Beijing Fangyun	194	–
Shenzhen Ruibutler	105	105
Guangzhou Yipiantian	70	–
Mr. Zhang Zhangsun	9	7

51. RELATED PARTY TRANSACTIONS (Continued)

C. At the end of the reporting period, the Group has amounts due to the following related parties and the details are set out below:

Name of related parties	2021 RMB'000	2020 RMB'000
Trade nature: *(note (i))*		
Glory Commercial Management	**13,520**	57,762
Foshan Yinhe	**10,129**	8,798
Glory Services	**–**	22,656
Shenyang Xingda	**–**	376
Hainan Glory Commercial Management	**–**	965
	23,649	90,557
Non-trade nature: *(note (ii))*		
Guangdong Guosha Investment	**1,483,970**	1,322,724
Longhu Huamu	**1,026,054**	3,222,289
Alltogether Land *(note (iii))*	**738,474**	761,994
Ruimao Real Estate	**250,827**	254,733
Shijiazhuang Guolong	**193,925**	–
Guangdong Guosha Real Estate	**76,000**	76,000
Mr. Lin Yaoquan	**65,780**	60,000
Shenzhen Guorui Commercial	**16,100**	–
Ms. Zhang Jin	**1,810**	–
Shenzhen Deep Sea	**200**	200
Beijing Yinhe	**148**	148
Guoyin Fund Investment Management	**5**	–
Shenzhen Glory Industrial	**–**	12,487
Glory Services	**–**	12,096
Shantou Chenghai Glory	**–**	908
Shenzhen Xiangrui	**–**	721
Hainan Glory Commercial Management	**–**	204
Shantou Chenghai	**–**	235
Shenzhen Ruibutler	**–**	105
Mr. Zhang Zhangsun	**–**	3
	3,853,293	5,724,847
Amounts due to related parties	**3,876,942**	5,815,404

Notes:

(i) Balances of trade nature are unsecured, interest-free and aged within one year.

(ii) Balances of non-trade nature are unsecured, interest-free and repayable on demand.

(iii) The amount represented dividend payable and advance from shareholder of the Company recorded under amounts due to related parties.

51. RELATED PARTY TRANSACTIONS (Continued)

D. During the reporting period, the Group entered into the following transactions with its related parties:

Name of related parties	Nature of transaction	2021 RMB'000	2020 RMB'000
Glory Commercial Management	Commercial management services fee	**22,752**	26,550
Shenyang Xingda	Commercial management services fee	**379**	376
Foshan Yinhe	Commercial management services fee	**11,034**	8,798
Hainan Glory Commercial Management	Commercial management services fee	**1,736**	965
Xi'an Ruihe	Commercial management services fee	**1,754**	–
Glory Services	Property management services fee	**15,550**	26,036

Except for the transactions above, during the year ended 31 December 2020, the Group disposed of the Seven Real Estate Project Companies and Shijiazhuang Guosha to a related party. Details of the disposal are set out in note 44.

E. Financial guarantees

Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain bank loans and trust loans granted to certain subsidiaries of the Group for nil consideration. As at December 31, 2021, the Group has bank loans and other loans guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to approximately RMB13,671,156,000 (2020: RMB15,556,658,000).

As at December 31, 2021, Garden Group has provided guarantee to a bank for a banking facility granted to the Ruida Zhiye, of which the bank borrowing guaranteed by the Group was amounting to approximately RMB540,000,000 (2020: RMB567,000,000).

F. Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including Directors and other key management of the Group. The key management personnel compensation is as follows:

	2021 RMB'000	2020 RMB'000
Short-term employee benefits	**16,679**	24,834
Retirement benefit contributions	**284**	39
	16,963	24,873

52. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at the end of the reporting period are set out below.

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group		Principal activities
			2021	2020	
Garden Group^ *(note (a))*	The PRC	Paid up capital RMB48,000,000	**100%**	100%	Investment holding
Glory Industrial	The PRC	Paid up capital RMB458,224,110	**91%**	91%	Property development and rental business
Original Beijing Glory	The PRC	Paid up capital RMB1,166,000,000	**80%**	80%	Property development, primary land construction development services and rental business
New Beijing Glory	The PRC	Paid up capital RMB52,000,000	**80%**	80%	Rental business
Glory Investment	The PRC	Paid up capital RMB10,000,000	**100%**	100%	Property development
Wanning Guorui	The PRC	Paid up capital RMB30,000,000	**–**	80%	Property development
Hainan Tongcheng Industrial Co., Ltd.* (海南同城實業有限公司)	The PRC	Paid up capital RMB74,270,000	**80%**	80%	Property development
Hainan Nandujiang Industrial Development Co., Ltd.* (海南南渡江實業發展有限公司)	The PRC	Paid up capital RMB20,030,000	**80%**	80%	Property development
Haikou Hangrui Development Industrial Co., Ltd.* (海口航瑞實業發展有限公司)	The PRC	Paid up capital RMB110,104,100	**80%**	80%	Property development
Hainan Glory Investment	The PRC	Paid up capital RMB466,869,243	**80%**	80%	Property development
Xinzheng Glory Real Estate Development Co., Ltd.* (新鄭市國瑞房地產開發有限公司)	The PRC	Paid up capital RMB100,000,000	**80%**	80%	Property development

52. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group		Principal activities
			2021	2020	
Foshan Glory Xingye Real Estate Co., Ltd.* (佛山市國瑞興業地產有限公司)	The PRC	Paid up capital RMB10,000,000	80%	80%	Property development
Foshan Guohua *(note (b))*	The PRC	Paid up capital RMB100,000,000	44%	44%	Property development
Langfang Guosheng Real Estate Development Co., Ltd.* (廊坊國盛房地產開發有限公司)	The PRC	Paid up capital RMB30,000,000	80%	80%	Property development
Langfang Glory Real Estate Development Co., Ltd.* (廊坊國瑞房地產開發有限公司)	The PRC	Paid up capital RMB150,000,000	80%	80%	Property development
Langfang Guoxing^	The PRC	Paid up capital RMB200,000,000	100%	100%	Property development
Shenyang Dadongfang Properties Co., Ltd.* (瀋陽大東方置業有限公司)	The PRC	Paid up capital RMB186,362,194	80%	80%	Property development
Shenyang Glory Industrial Commerce Co., Ltd.* (瀋陽國瑞興業商務有限公司)	The PRC	Paid up capital RMB1,000,000	80%	80%	Rental business
Shanxi Huawei	The PRC	Paid up capital RMB200,000,000	80%	80%	Property development
Hainan Junhe	The PRC	Paid up capital RMB50,000,000	80%	80%	Property development
Beijing Wenhuashengda	The PRC	Paid up capital RMB50,000,000	80%	80%	Property development
Foshan Glory Southern	The PRC	Paid up capital RMB33,330,000	80%	80%	Property development and rental business

52. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group 2021	Attributable equity interest of the Group 2020	Principal activities
Shenzhen Wanji Pharmaceutical Co., Ltd.* (深圳萬基藥業有限公司)	The PRC	Paid up capital RMB129,990,000	**80%**	80%	Rental business
Shenyang Guoyi Business Management Co., Ltd.* (瀋陽國益商業管理有限公司)	The PRC	Paid up capital RMB20,000,000	**80%**	80%	Rental business
Shenyang Guorui Business Management Co., Ltd.* (瀋陽國瑞商業管理有限公司)	The PRC	Paid up capital RMB50,000,000	**80%**	80%	Rental business
Shenyang Guosheng Business Management Co., Ltd.* (瀋陽國盛商業管理有限公司)	The PRC	Paid up capital RMB30,000,000	**80%**	80%	Rental business
Shantou Glory	The PRC	Paid up capital RMB40,000,000	**100%**	100%	Property development
Suzhou Glory	The PRC	Paid up capital RMB50,000,000	**80%**	80%	Property development
Qidong Yujiangwan Investment Management Co., Ltd.* (啟東禦江灣投資管理有限公司)	The PRC	Paid up capital RMB50,000,000	**72%**	72%	Property development
Yao Ji (Nantong) Industrial Co., Ltd.* (姚記(南通)實業有限公司)	The PRC	Paid up capital RMB102,500,000	**72%**	72%	Property development
Shantou Glory Properties Co., Ltd.* ^ (汕頭市國瑞置業有限公司)	The PRC	Paid up capital RMB120,100,000	**100%**	100%	Property development
Shenzhen Dachaoshan	The PRC	Paid up capital RMB197,000,000	**85%**	85%	Property development
Beijing Deheng	The PRC	Paid up capital RMB50,000,000	**80%**	80%	Property development

52. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiaries	Place of incorporation/ establishment	Issued and fully paid share capital/ paid up capital	Attributable equity interest of the Group		Principal activities
			2021	2020	
Foshan Guofeng Estate Development Co., Ltd.* (佛山市國豐地產開發有限公司)	The PRC	Paid up capital RMB10,000,000	80%	80%	Property development
Tongren Glory Real Estate Development Co., Ltd.* (銅仁國瑞房地產開發有限公司)	The PRC	Paid up capital	80%	80%	Property development

* The English name of the companies which were established in the PRC are for reference only and have not been registered.

^ These companies are wholly-foreign-owned-enterprises established in the PRC. All other entities established in the PRC are limited liability companies.

Notes:

(a) Except Garden Group that had issued debt securities as set out in note 39, none of the other subsidiaries had issued any debt securities at the end of each reporting period or at any time during the reporting period.

(b) Garden Group held 80% equity interest in New Beijing Glory, which held 55% equity interest in Foshan Guohua. Therefore, the Company indirectly held 44% equity interest in Foshan Guohua.

(c) All subsidiaries which are set out above operate in the PRC.

The above lists of the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

52. PRINCIPAL SUBSIDIARIES (Continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. Majority of these subsidiaries operate in the PRC, Hong Kong and the British Virgin Islands ("**BVI**"). The principal activities of these subsidiaries are summarized as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2021	2020
Property development	The PRC	6	7
Inactive subsidiaries	The PRC	40	39
Investment holding	Hong Kong	12	11
Investment holding	The BVI	4	3
		62	60

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	Profit (loss) attributable to non-controlling interests RMB'000	Accumulated non-controlling interests RMB'000
December 31, 2021				
Original Beijing Glory	The PRC	20%	20,444	1,540,341
New Beijing Glory (excluding non-controlling interests of New Beijing Glory's subsidiaries)	The PRC	20%	43,371	502,029
Non-wholly owned subsidiaries of New Beijing Glory	The PRC		11,206	313,335
Total			75,021	2,355,705

52. PRINCIPAL SUBSIDIARIES (Continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests: (Continued)

Name of subsidiaries	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests	(Loss) profit attributable to non-controlling interests RMB'000	Accumulated non-controlling interests RMB'000
December 31, 2020				
Original Beijing Glory	The PRC	20%	5,765	1,519,897
New Beijing Glory (excluding non-controlling interests of New Beijing Glory's subsidiaries)	The PRC	20%	79,718	458,658
Non-wholly owned subsidiaries of New Beijing Glory	The PRC		33,972	302,129
Total			119,455	2,280,684

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

52. PRINCIPAL SUBSIDIARIES (Continued)

Original Beijing Glory

	2021 RMB'000	2020 RMB'000
Non-current assets	**14,897,856**	15,060,633
Current assets	**5,130,695**	19,397,141
Current liabilities	**(3,448,996)**	(16,879,090)
Non-current liabilities	**(8,878,392)**	(9,979,199)
Equity attributable to owners of the Company	**6,160,822**	6,079,588
Non-controlling interests of Original Beijing Glory	**1,540,341**	1,519,897

	2021 RMB'000	2020 RMB'000
Revenue	**923,349**	693,311
Cost of sales and expenses	**(870,752)**	(670,484)
Change in fair value of investment properties	**49,625**	6,000
Profit and total comprehensive income for the year	**102,222**	28,827
Profit and total comprehensive income attributable to:		
– owners of the Company	**81,778**	23,062
– non-controlling interests of Original Beijing Glory	**20,444**	5,765
	102,222	28,827
Net cash inflow from operating activities	**847,721**	673,292
Net cash inflow from investing activities	**6,821**	49,506
Net cash outflow from financing activities	**(849,792)**	(743,305)
Net cash inflow (outflow) from the above activities	**4,750**	(20,507)

52. PRINCIPAL SUBSIDIARIES (Continued)

New Beijing Glory and subsidiaries

	2021 RMB'000	2020 RMB'000
Non-current assets	**6,359,879**	4,914,453
Current assets	**30,425,022**	42,631,752
Current liabilities	**(30,170,690)**	(40,117,553)
Non-current liabilities	**(3,790,729)**	(4,833,232)
Equity attributable to owners of the Company	**2,008,118**	1,834,633
Non-controlling interests of New Beijing Glory	**502,029**	458,658
Non-controlling interests of New Beijing Glory's subsidiaries	**313,335**	302,129

	2021 RMB'000	2020 RMB'000
Revenue	**8,021,539**	2,588,452
Cost of sales and expenses	**(7,821,952)**	(2,299,340)
Change in fair value of investment properties	**28,475**	143,453
Profit and total comprehensive income for the year	**228,062**	432,565
Profit and total comprehensive income attributable to:		
– owners of the Company	**173,485**	318,874
– non-controlling interests of New Beijing Glory	**43,371**	79,718
– non-controlling interests of New Beijing Glory's subsidiaries	**11,206**	33,972
	228,062	432,564
Net cash inflow from operating activities	**17,895**	1,083,542
Net cash inflow from investing activities	**247,179**	438,016
Net cash outflow from financing activities	**(831,470)**	(1,521,562)
Net cash outflow from the above activities	**(566,396)**	(4)

53. CASH FLOW INFORMATION

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

	Non-trade amounts due to related parties RMB'000 *(note 51)*	Lease liabilities RMB'000 *(note 37)*	Bank and trust borrowings RMB'000 *(note 38)*	Corporate bonds RMB'000 *(note 39)*	Senior notes RMB'000 *(note 40)*
At January 1, 2020	5,277,869	4,574	22,066,604	510,886	4,811,294
Changes from financing cash flows:					
New bank borrowings raised	–	–	7,968,100	–	–
New trust borrowings raised	–	–	500,000	–	–
New loans from financial institutions raised	–	–	1,940,500	–	–
Repayments of bank borrowings	–	–	(5,579,007)	–	–
Repayments of trust borrowings	–	–	(4,724,000)	–	–
Repayments of loans from financial institutions	–	–	(623,688)	–	–
Repayments of lease liabilities	–	(1,672)	–	–	–
Advances from related parties	2,338,206	–	–	–	–
Repayments of corporate bonds	–	–	–	(54,350)	–
Repayments of senior notes	–	–	–	–	(923,326)
Interest paid	–	–	(963,060)	–	(813,208)
Total changes from financing cash flows	2,338,206	(1,672)	(1,481,155)	(54,350)	(1,736,534)
Other changes:					
Disposal of subsidiaries	(1,465,073)	–	(2,887,333)	–	–
Interest expenses	–	307	1,745,804	46,753	680,985
Others	(426,155)	–	(191,940)	7,540	–
Total other changes	(1,891,228)	307	(1,333,469)	54,293	680,985
At December 31, 2020 and January 1, 2021	**5,724,847**	**3,209**	**19,251,980**	**510,829**	**3,755,745**
Changes from financing cash flows:					
New bank borrowings raised	**–**	**–**	**1,835,000**	**–**	**–**
New loans from financial institutions raised	**–**	**–**	**316,881**	**–**	**–**
New loans from other borrowings	**–**	**–**	**100,000**	**–**	**–**
Repayments of bank borrowings	**–**	**–**	**(1,941,200)**	**–**	**–**
Repayments of trust borrowings	**–**	**–**	**(386,280)**	**–**	**–**
Repayments of loans from financial institutions	**–**	**–**	**(772,391)**	**–**	**–**
Repayments of lease liabilities	**–**	**(1,610)**	**–**	**–**	**–**
Repayments to related parties	**(1,871,554)**	**–**	**–**	**–**	**–**
Repayments of corporate bonds	**–**	**–**	**–**	**(538,573)**	**–**
Repayments of senior notes	**–**	**–**	**–**	**–**	**(1,171,861)**
Interest paid	**–**	**–**	**(1,222,565)**	**–**	**–**
Total changes from financing cash flows	**(1,871,554)**	**(1,610)**	**(2,070,555)**	**(538,573)**	**(1,171,861)**
Other changes:					
Early termination of lease agreements	**–**	**(914)**	**–**	**–**	**–**
Interest expenses	**–**	**127**	**1,222,565**	**27,744**	**(42,836)**
Total other changes	**–**	**(787)**	**1,222,565**	**27,744**	**(42,836)**
At December 31, 2021	**3,853,293**	**812**	**18,403,990**	**–**	**2,541,048**

54. EVENT AFTER THE REPORTING PERIOD

On February 23, 2022, the Company completed the exchange offering of US$315,159,000 of the 2021 Senior Notes with US$334,790,000 of new issue of senior notes due on August 23, 2024 (the "**2022 Senior Notes**") which bearing interest at 14.25% per annum. The 2022 Senior Notes may be redeemed in the following circumstances:

(1) At any time prior to May 25, 2024, the Company may at its option redeem the 2022 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2022 Senior Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(2) At any time on or after May 25, 2024, the Company may at its option redeem the 2022 Senior Notes, in whole but not in part, at a redemption price equal to 106.63% of the principal amount of the redeemed 2022 Senior Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

(3) Under the mandatory redemption clause, the Company shall redeem the 2022 Senior Notes in aggregate principal amount equal to at least (i) US$9,600,000 by April 25, 2022; (ii) an additional 7.5% of the principal amount of the 2022 Senior Notes by November 30, 2022; (iii) an additional 10% of the principal amount of the 2022 Senior Notes by August 31, 2023; (iv) an additional 15% of the principal amount of the principal amount of the 2022 Senior Notes by November 30, 2023 and (v) an additional 15% of the principal amount of the 2022 Senior Notes by May 31, 2024, in each case, at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the redemption date).

After the completion of the exchange offering, an aggregate principal amount of US$8,586,000 of the 2021 Senior Notes remain outstanding.

55. COMPARATIVE FIGURES

To conform with the presentation for the current year, impairment of properties under development of sale included in other gains and losses, net for the year ended December 31, 2020 has been included in cost of sales and services.

56. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2021 RMB'000	2020 RMB'000
Non-current assets		
Unlisted investments in subsidiaries	**1,279,734**	1,279,734
Amounts due from subsidiaries	**6,015,342**	5,882,045
	7,295,076	7,161,779
Current assets		
Trade and other receivables, deposits and prepayments	**–**	401
Bank balances and cash	**260**	338
	260	739
Current liabilities		
Trade and other payables	**100**	105
Senior notes	**2,541,048**	3,755,745
Amounts due to subsidiaries	**2,360,546**	1,190,581
Amounts due to related parties	**838,261**	682,283
	5,739,955	5,628,714
Net current liabilities	**(5,739,695)**	(5,627,975)
Net assets	**1,555,381**	1,533,804
Capital and reserves		
Share capital	**3,520**	3,520
Reserves	**1,551,861**	1,530,284
Total equity	**1,555,381**	1,533,804

The financial statements were approved and authorized for issue by the Board of Directors on March 31, 2022 and are signed on its behalf by:

Zhang Zhangsun *Chairman*	**Ruan Wenjuan** *Director*

56. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At January 1, 2020	8,027	56,242	35,740	1,022,422	1,122,431
Profit and total comprehensive income for the year	–	–	–	557,853	557,853
Dividend declared to owners of the Company	–	–	–	(150,000)	(150,000)
At December 31, 2020 and January 1, 2021	8,027	56,242	35,740	1,430,275	1,530,284
Profit and total comprehensive income for the year	–	–	–	21,577	21,577
Lapse of share option	–	–	(35,740)	35,740	–
At December 31, 2021	8,027	56,242	–	1,487,592	1,551,861

Five-Year Financial Summary

	For the year ended December 31, (RMB million)				
	2021	2020	2019	2018	2017
Revenue	**9,898**	5,769	8,093	6,612	6,787
Gross profit	**1,247**	980	2,139	2,599	3,169
Profit before income tax	**877**	517	2,046	2,697	3,567
Profit for the year attributable to	**345**	134	1,220	1,569	2,040
– attributable to owners of the Company	**228**	99	860	1,009	1,750
– attributable to non-controlling interests	**117**	35	360	560	290
Earnings per share attributable to ordinary equity holders of the Company, in Renminbi cents:					
– Basic	**5.14**	2.22	19.34	22.70	39.46
– Diluted	**5.14**	2.22	19.33	22.60	39.20

	At December 31, (RMB million)				
	2021	2020	2019	2018	2017
Total assets	**61,073**	67,515	82,166	75,680	58,544
– Non-current assets	**25,933**	25,710	28,042	25,817	22,990
– Current assets	**35,140**	41,805	54,124	49,863	35,554
Total liabilities	**45,638**	52,406	63,538	57,850	44,952
– Non-current liabilities	**16,002**	18,294	23,376	18,940	18,054
– Current liabilities	**29,636**	34,112	40,162	38,910	26,898
Total equity	**15,435**	15,109	18,629	17,831	13,592
– equity attributable to equity owners of the Company	**12,707**	12,493	12,545	11,903	10,902
– equity attributable to non-controlling interests	**2,728**	2,616	6,084	5,928	2,690

GUORUI PROPERTIES LIMITED
國瑞置業有限公司